6.18 MAJOR CUSTOMERS

Our top 5 major customers for the Financial Years Under Review and FPE 2021 are as follows:

FYE 2018

Major customers	Principal activities of major customers	Main type of services provided by our Group	Projects / Locations	RM'000	% of total revenue [(1)]	Length of business relationship (years) [(2)]
Group A of companies [(3)]	Exploration of oil and gas, the marketing of petroleum and petroleum products and investment holding [(4)]	Container haulage, land transportation, warehousing and freight forwarding	Malaysia	[(5)] 91,908	18.5	8
Customer Y [(6)]	Manufacturing and distribution of industrial and other gasses, and other products and services [(7)]	Land transportation and freight forwarding	Malaysia	39,760	8.0	4
Customer Z [(8)]	Operation of retail outlets [(7)]	Land transportation	Malaysia	11,722	2.4	10
Customer AA [(9)]	Manufacturing, export and import of stainless steel and other metal products [(7)]	Container haulage and freight forwarding	Malaysia	10,880	2.2	5
Tasco Berhad	Integrated logistics solutions provider [(10)]	Container haulage, land transportation, and warehousing and depot	Malaysia	8,994	1.8	5
Total				**163,264**	**32.9**	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2019

Major customers	Principal activities of major customers	Main type of services provided by our Group	Projects / Locations	RM'000	% of total revenue (11)	Length of business relationship (years) (2)
Group A of companies (3)	Exploration of oil and gas, the marketing of petroleum and petroleum products and investment holding (4)	Container haulage, land transportation and warehousing	Malaysia	(12) 101,307	16.6	9
Customer Z (8)	Operation of retail outlets (7)	Land transportation	Malaysia	27,976	4.6	11
Customer Y (6)	Manufacturing and distribution of industrial and other gasses, and other products and services (7)	Land transportation	Malaysia	21,001	3.4	5
Customer AB (13)	Marketing, distribution and sale of food and beverage products (7)	Container haulage and land transportation	Malaysia	13,761	2.3	8
Xinyi Energy Smart (Malaysia) Sdn Bhd	Manufacturing and selling float glass (7)	Container haulage and freight forwarding	Malaysia	13,396	2.2	2
Total				**177,441**	**29.1**	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2020

Major customers	Principal activities of major customers	Main type of services provided by our Group	Projects / Locations	RM'000	% of total revenue (14)	Length of business relationship (years) (2)
Group A of companies (3)	Exploration of oil and gas, the marketing of petroleum and petroleum products and investment holding (4)	Container haulage, land transportation, warehousing and freight forwarding	Malaysia	(15) 95,006	17.1	10
Customer Z (8)	Operation of retail outlets (7)	Land transportation	Malaysia	24,665	4.4	12
Xinyi Energy Smart (Malaysia) Sdn Bhd	Manufacturing and selling float glass (7)	Container haulage and freight forwarding	Malaysia	14,022	2.5	3
Customer AB (13)	Marketing, distribution and sale of food and beverage products (7)	Container haulage and land transportation	Malaysia	11,110	2.0	9
Customer AC (16)	Fast moving consumer goods (7)	Container haulage and freight forward	Malaysia	9,348	1.7	5
Total				**154,151**	**27.7**	

6. INFORMATION ON OUR GROUP (Cont'd)

FPE 2021

Major customers	Principal activities of major customers	Main type of services provided by our Group	Projects / Locations	RM'000	% of total revenue [17]	Length of business relationship (years) [2]
Group A of companies [3]	Exploration of oil and gas, the marketing of petroleum and petroleum products and investment holding [4]	Container haulage, land transportation, warehousing and freight forwarding	Malaysia	[18] 35,218	14.2	11
Customer Z [8]	Operation of retail outlets [7]	Land transportation	Malaysia	14,390	5.8	13
Xinyi Energy Smart (Malaysia) Sdn Bhd	Manufacturing and selling float glass [7]	Container haulage and freight forwarding	Malaysia	8,648	3.5	4
Customer AB [13]	Marketing, distribution and sale of food and beverage products [7]	Container haulage and land transportation	Malaysia	5,977	2.4	10
Tasco Berhad	Integrated logistics solutions provider [10]	Container haulage, land transportation, and warehousing and depot	Malaysia	4,931	2.0	8
Total				**69,164**	**27.9**	

Notes:

(1) Our Group's total revenue for FYE 2018 was RM496.979 million.

(2) Length of business relationship is determined as at the respective FYE 2018, FYE 2019 and FYE 2020.

(3) The ultimate holding company of the Group A of companies, which principally operates in Malaysia, is a multinational non-listed petroleum company with business interests in 35 countries. We have not disclosed the names of our customers under Group A of companies as we are bound by the confidentiality provisions under the fixed term service contracts with the respective companies, which are standard provisions, and we are unable to obtain unanimous consent from them to be named in this Prospectus.

(4) Based on information from the latest available annual report of the ultimate holding company of the Group A of companies.

(5) For FYE 2018, our customers that are part of the Group A of companies, all of which principally operate in Malaysia, comprised the following:

Group A of companies	Principal activities	RM'000	% of total revenue
Customer B	Marketing of petrochemical products	44,492	8.95
Customer C	Production and sale of ethylene oxide derivatives, propylene derivatives and related chemical products	13,296	2.68
Customer D	Promoting and retailing of natural gas for vehicles	9,855	1.98
Customer E	Production and sale of low-density polyethylene pellets	8,746	1.76
Customer F	Marketing of crude oil and trading in crude oil and petroleum	4,888	0.98
Customer G	Production and sale of polyethylene	4,301	0.87
Customer H	Development and ownership of Refinery and Petrochemical Integrated Complex	3,338	0.67
Customer I	Production and sale of ethylene	1,658	0.33
Customer J	Processing and transmission of natural gas	599	0.12
Customer K	Wholesale distribution of petroleum and petroleum products	286	0.06
Customer L	Production and sale of ethylene oxide, ethylene glycol and other	186	0.04
Customer M	Shipping and shipping related activities	118	0.02

6. INFORMATION ON OUR GROUP (Cont'd)

Group A of companies	Principal activities	RM'000	% of total revenue
Customer N	Production and sale of ammonia, syngas and carbon monoxide	74	0.01
Customer O	Investment holding, manufacturing and trading of lubricant products	42	0.01
Customer P	Production and sale of aromatics products	15	0.01
Customer Q	Developing, constructing, owning, operating and maintaining an integrated floating natural gas liquefaction, storage and off loading facility	9	*
Customer R	Production and sale of methyl tertiary butyl ether and propylene	3	*
Customer S	Production and sale of ammonia and urea	2	*
Total		**91,908**	**18.49**

(6) Customer Y, which principally operates in Malaysia, is part of the group of companies under a multinational industrial gas company, which is listed on the New York Stock Exchange and the Frankfurt Stock Exchange, and has market presence in more than 100 countries. We have not disclosed the name of Customer Y as we are bound by the confidentiality provisions under the fixed term service contracts with the company, which are standard provisions, and we are unable to obtain consent from Customer Y to be named in this Prospectus.

(7) Based on information from CCM.

(8) Customer Z, which principally operates in Malaysia, is part of the group of companies under a private Thai conglomerate involved in agro-industry and food, retail and distribution, media and telecommunications, e-commerce and digital business, property development, automotive and industrial products, pharmaceuticals, as well as finance and investments, with investments in 21 countries. We have not disclosed the name of Customer Z as we are bound by the confidentiality provisions under the fixed term service contracts with the company, which are standard provisions, and we are unable to obtain consent from Customer Z to be named in this Prospectus.

(9) Customer AA, which principally operates in Malaysia, is part of the group of companies under a multinational stainless steel manufacturing company, which is listed on the Madrid Stock Exchange, and has market presence in 81 countries. We have not disclosed the name of Customer AA as we are bound by the confidentiality provisions under the fixed term service contracts with the company, which are standard provisions, and we are unable to obtain consent from Customer AA to be named in this Prospectus.

(10) Based on information from Tasco Berhad's latest available annual report.

6. INFORMATION ON OUR GROUP (Cont'd)

(11) Our Group's total revenue for FYE 2019 was RM610.201 million.

(12) For FYE 2019, our customers that are part of the Group A of companies, all of which principally operate in Malaysia, comprised the following:

Group A of companies	Principal activities	RM'000	% of total revenue
Customer B	Marketing of petrochemical products	67,974	11.14
Customer T	Supply and service of utilities and common facilities and infrastructures	9,494	1.56
Customer D	Promoting and retailing of natural gas for vehicles	8,951	1.47
Customer C	Production and sale of ethylene oxide derivatives, propylene derivatives and related chemical products	8,190	1.34
Customer H	Development and ownership of Refinery and Petrochemical Integrated Complex	3,502	0.57
Customer U	Production and sale of ethylene, propylene and other hydrocarbon by-products	1,809	0.30
Customer J	Processing and transmission of natural gas	662	0.11
Customer L	Production and sale of ethylene oxide, ethylene glycol and other related by-products	235	0.04
Customer Q	Developing, constructing, owning, operating and maintaining an integrated floating natural gas liquefaction, storage and off loading facility	158	0.03
Customer O	Investment holding, manufacturing and trading of lubricant products	155	0.02
Customer N	Production and sale of ammonia, syngas and carbon monoxide	89	0.01
Customer V	Production and sale of polyethylene	62	0.01
Customer P	Production and sale of aromatics products	19	*
Customer K	Wholesale distribution of petroleum and petroleum products	7	*
Customer W	Production and sale of methyl tertiary butyl ether and propylene	#	*
Customer X	Management of a petroleum discovery centre	#	*
Total		**101,307**	**16.60**

6. INFORMATION ON OUR GROUP (Cont'd)

(13) Customer AB, which principally operates in Malaysia, is part of the group of companies under a multinational food and beverages company, which is listed on the SIX Swiss Exchange in Switzerland, and has market presence in 186 countries. We have not disclosed the name of Customer AB as we are bound by the confidentiality provisions under the fixed term service contracts with the company, which are standard provisions, and we are unable to obtain consent from Customer AB to be named in this Prospectus.

(14) Our Group's total revenue for FYE 2020 was RM555.838 million.

(15) For FYE 2020, our customers that are part of the Group A of companies, all of which principally operate in Malaysia, comprised the following:

Group A of companies	Principal activities	RM'000	% of total revenue
Customer B	Marketing of petrochemical products	69,268	12.46
Customer T	Supply and service of utilities and common facilities and infrastructures	11,734	2.11
Customer D	Promoting and retailing of natural gas for vehicles	7,568	1.36
Customer H	Development and ownership of Refinery and Petrochemical Integrated Complex	2,444	0.44
Customer C	Production and sale of ethylene oxide derivatives, propylene derivatives and related chemical products	1,526	0.28
Customer E	Production and sale of low-density polyethylene pellets	814	0.15
Customer J	Processing and transmission of natural gas	623	0.11
Customer O	Investment holding, manufacturing and trading of lubricant products	506	0.09
Customer U	Production and sale of ethylene, propylene and other hydrocarbon by-products	192	0.04
Customer L	Production and sale of ethylene oxide, ethylene glycol and other related by-products	191	0.03
Customer N	Production and sale of ammonia, syngas and carbon monoxide	72	0.01
Customer K	Wholesale distribution of petroleum and petroleum products	47	0.01
Customer P	Production and sale of aromatics products	13	*
Customer M	Shipping and shipping related activities	8	*
Total		**95,006**	**17.09**

(16) Customer AC, which principally operates in Malaysia, is part of the group of companies under a multinational consumer goods company, which is listed on London Stock Exchange, Euronext Amsterdam and New York Stock Exchange, and has market presence in over 190 countries. We have not disclosed the name of Customer AC as we are bound by the confidentiality provisions under the fixed term service contracts with the company, which are standard provisions, and we are unable to obtain consent from Customer AC to be named in this Prospectus.

(17) Our Group's total revenue for FPE 2021 was RM248.533 million.

(18) For FPE 2021, our customers that are part of the Group A of companies, all of which principally operate in Malaysia, comprised the following:

Group A of companies	Principal activities	RM'000	% of total revenue
Customer B	Marketing of petrochemical products	27,204	10.95
Customer T	Supply and service of utilities and common facilities and infrastructures	3,545	1.43
Customer D	Promoting and retailing of natural gas for vehicles	2,331	0.94
Customer H	Development and ownership of Refinery and Petrochemical Integrated Complex	970	0.39
Customer O	Investment holding, manufacturing and trading of lubricant products	560	0.23
Customer J	Processing and transmission of natural gas	280	0.11
Customer C	Production and sale of ethylene oxide derivatives, propylene derivatives and related chemical products	231	0.09
Customer N	Production and sale of ammonia, syngas and carbon monoxide	35	0.01
Customer L	Production and sale of ethylene oxide, ethylene glycol and other related by-products	33	0.01
Customer E	Production and sale of low-density polyethylene pellets	20	0.01
Customer P	Production and sale of aromatics products	5	*
Customer K	Wholesale distribution of petroleum and petroleum products	4	*
Customer M	Shipping and shipping related activities	#	*
Customer AD	Ownership of offshore floating terminals	#	*
Total		**35,218**	**14.17**

* Negligible.

\# Less than RM1,000.

The Group A of companies accounted for RM91.9 million (18.5%), RM101.3 million (16.6%), RM95.0 million (17.1%) and RM35.2 million (14.2%) of our total revenue for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. We provide them with a range of services, namely container haulage, land transportation, warehousing and container depot, and freight forwarding. We are not dependent on Group A for the Financial Years Under Review on the basis that the group constitutes individual companies, each of whom makes autonomous decisions on logistics. Furthermore, we do not allocate prime movers and containers trailers exclusively to Group A, and they can be used to serve other customers. Revenue derived from the CNG tankers that are currently used solely to the Group A of companies accounted for 1.98%, 1.47%, 1.36% and 0.94% of our total revenue for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. If these CNG tankers are not used to provide services to the Group A of companies, they can be redeployed to other customers that require CNG tankers, as this has been done in the past.

Our largest customer within the Group A of companies namely Customer B accounted for RM44.5 million (9.0%), RM68.0 million (11.1%), RM69.3 million (12.5%) and RM27.2 million (11.0%) of our total revenue for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. We are not dependent on this customer based on the following reasons:

- our business with them is for the provision of container haulage, land transportation and warehousing services and individually, each of these services accounted for 2.0% to 5.0% of our total revenue during the Financial Years Under Review and FPE 2021;

- for the provision of container haulage, we do not allocate prime movers and container trailers exclusively to Customer B and they can be used to serve other customers; and

- the increase in our revenue from this customer for FYE 2020 was for the provision of logistics services for a one-off plant maintenance project.

As for the remaining individual companies within the Group A of companies, we are not dependent on them by virtue of their low revenue contribution of between less than 0.01% and 2.68% of our total revenue during the Financial Years Under Review and FPE 2021. Similarly, this applies to the remaining 4 customers within the top 5 customers for the Financial Years Under Review and FPE 2021 with revenue contribution of between 1.7% and 8.0% of our total revenue. As at the LPD, we serve a customer base for logistics services of approximately 1,809 companies which will help to minimise any dependency on any one single customer.

As at the LPD, none of our Directors, Promoters and / or substantial shareholders has any interest, direct or indirect, in any of our major customers.

6.19 MAJOR SUPPLIERS

Our top 5 major suppliers for the Financial Years Under Review and FPE 2021 are as follows:

FYE 2018

Major suppliers	Principal activities of major suppliers	Main types of products / services offered	RM'000	% of total purchases [(1)]	Length of business relationship (years) [(2)]
Shell group	International energy company engaged in the principal aspects of the oil and gas industry [(3)]	Diesel	[(4)]40,755	21.4	6
Supplier A [(7)]	Domestic marketing of petroleum products [(8)]	Diesel	[(9)] 28,293	14.8	9
Supplier B [(10)]	Assembly and distribution of motor vehicles, and related services [(5)]	Prime movers, spare parts and maintenance services	28,204	14.8	8
Volvo Malaysia	Trading in commercial vehicles, spare parts and other products, and related services [(5)]	Spare parts and maintenance services	9,132	4.8	10
Hap Seng Trucks Distribution Sdn Bhd [(11)]	Wholesale distribution of trucks and vans, and sales of spare parts (including importation and assembly) [(5)]	Prime movers, spare parts and maintenance services	6,118	3.2	1
Total			**112,502**	**59.0**	

FYE 2019

Major suppliers	Principal activities of major suppliers	Main types of products / services offered	RM'000	% of total purchases[12]	Length of business relationship (years)[2]
Shell group	International energy company engaged in the principal aspects of the oil and gas industry [3]	Diesel	[4]39,886	17.6	7
Supplier A [7]	Domestic marketing of petroleum products [8]	Diesel	28,624	12.6	10
Hap Seng Trucks Distribution Sdn Bhd [11]	Wholesale distribution of trucks and vans, and sales of spare parts (including importation and assembly) [5]	Prime movers, spare parts and maintenance services	21,277	9.4	2
Volvo Malaysia Sdn Bhd	Trading in commercial vehicles, spare parts and other products, and related services [5]	Spare parts and maintenance services	19,730	8.7	11
Pandamaran Synergy Petroleum Sdn Bhd	Trading of diesel, petrol, lubricants, fuel oil related products, and transportation services [5]	Diesel	9,960	4.4	4
Total			**119,477**	**52.7**	

6. INFORMATION ON OUR GROUP (Cont'd)

FYE 2020

Major suppliers	Principal activities of major suppliers	Main types of products / services offered	RM'000	% of total purchases[13]	Length of business relationship (years)[2]
Pandamaran Synergy Petroleum Sdn Bhd	Trading of diesel, petrol, lubricants, fuel oil related products, and transportation services [5]	Diesel	22,968	11.3	5
Supplier A [7]	Domestic marketing of petroleum products [8]	Diesel	17,121	8.4	11
Shell group	International energy company engaged in the principal aspects of the oil and gas industry [3]	Diesel	[4]14,584	7.2	8
Sutra (AZ) Sdn Bhd	Manpower and equipment supply [5]	Sub-contracted labour services	8,437	4.1	2
Chevron Malaysia Limited	Marketing of petroleum products [5]	Diesel	7,109	3.5	2
Total			**70,219**	**34.5**	

6. INFORMATION ON OUR GROUP (Cont'd)

FPE 2021

Major suppliers	Principal activities of major suppliers	Main types of products / services offered	RM'000	% of total purchases[14]	Length of business relationship (years)[2]
Pandamaran Synergy Petroleum Sdn Bhd	Trading of diesel, petrol, lubricants, fuel oil related products, and transportation services [5]	Diesel	15,938	16.9	6
Shell group	International energy company engaged in the principal aspects of the oil and gas industry [3]	Diesel	[4] 6,371	6.8	9
Supplier A [7]	Domestic marketing of petroleum products [8]	Diesel	3,478	3.7	12
Chevron Malaysia Limited	Marketing of petroleum products [5]	Diesel	3,476	3.7	3
Adtine Container Services Sdn Bhd	Container repair and other services [5]	Container repair services	2,608	2.8	6
Total			**31,871**	**33.9**	

Notes:

(1) Our Group's total purchases for FYE 2018 was RM190.564 million.

(2) Length of business relationship is determined as at the respective FYE 2018, FYE 2019 and FYE 2020.

(3) Based on information from latest available annual report of the ultimate holding company of the Shell group.

6. INFORMATION ON OUR GROUP (Cont'd)

(4) For the Financial Years under Review, our suppliers that are part of the Shell group comprised the following:

			FYE 2018		FYE 2019		FYE 2020		FPE 2021	
Shell group	**Principal activities**	**Country of operation**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**	**RM'000**	**% of total purchases**
Shell Malaysia Trading Sdn Bhd	Blending of lubricant oils and marketing of petroleum products[(5)]	Malaysia	30,524	16.0	29,424	13.0	6,923	3.4	1,988	2.1
The Shell Company of Thailand Limited	Marketing of oil and chemical products, and other activities[(6)]	Thailand	10,231	5.4	10,462	4.6	7,661	3.8	4,383	4.7
Total			**40,755**	**21.4**	**39,886**	**17.6**	**14,584**	**7.2**	**6,371**	**6.8**

(5) Based on information from CCM.

(6) Based on information from The Shell Company of Thailand Limited's website.

(7) Supplier A, which principally operates in Malaysia, is part of the Group A of companies as described in Section 6.18 of this Prospectus. As we are bound by the confidentiality provisions under the fixed term supply contracts with the respective companies, which are standard provisions, and we are unable to obtain unanimous consent from Group A of companies to be named in this Prospectus, we have not disclosed the name of Supplier A.

(8) Based on information from Supplier A's latest available annual report.

(9) Some of the purchases of diesel from Supplier A in FYE 2018 were through Redberry Sdn Bhd, a media and advertising company, whereby our Group enjoyed rebates of RM0.04 per litre of diesel purchased between 1 July 2018 and 1 February 2019.

(10) Supplier B, which principally operates in Malaysia, is part of the group of companies under a multinational automotive company, which is listed on the Frankfurt Stock Exchange, and has market presence worldwide. We have not disclosed the name of Supplier B as we are bound by the confidentiality provisions under the fixed term supply contracts with the respective companies, which are standard provisions, and we are unable to obtain consent from Supplier B to be named in this Prospectus.

(11) Our dealership for Mercedes-Benz and Fuso commercial vehicles and spare parts was novated from Supplier B to Hap Seng Trucks Distribution Sdn Bhd on 2 July 2018.

(12) Our Group's total purchases for FYE 2019 was RM227.193 million.

(13) Our Group's total purchases for FYE 2020 was RM203.532 million.

(14) Our Group's total purchases for FPE 2021 was RM94.104 million.

During the Financial Years Under Review, we were not dependent on any individual supplier for our business operations based on the value of purchases of materials, consumables and services. Although the Shell group collectively was our largest supplier for the FYE 2018 (21.4%) and FYE 2019 (17.6%), the third largest supplier (7.2%) for the FYE 2020 and the second largest supplier (6.8%) for FPE 2021, these were relating to the supply of diesel fuel, which is readily available in the market. Our suppliers during the Financial Years Under Review and FPE 2021 were mainly for diesel fuel.

As at the LPD, none of our Directors, Promoters and / or substantial shareholders has any interest, direct or indirect, in any of our major suppliers.

6. INFORMATION ON OUR GROUP (Cont'd)

6.20 PROPERTIES, PLANT AND EQUIPMENT

6.20.1 Properties owned

A summary of the material land and buildings owned by our Group for our operations as at the LPD is as follows:

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
1.	H.S.(D) 116350, PT 162, Bandar Sultan Sulaiman, Klang, Selangor/ Lot 11, Jalan Sultan Mohd 2, Kawasan Industri Bandar Sultan Suleiman, Pelabuhan Klang, Selangor	Fleet Engineering Services	Industry/ Industry	3-storey office and single-storey workshop Age of building: 24 years	This alienated land cannot be transferred, leased or charged except with the consent of the state authority/ Charged to AmInvestment Bank Berhad by Fleet Engineering Services vide: (i) Presentation No. 714/2021 presented 5 January 2021 (Approval letter 330/2021); and (ii) Presentation No. 715/2021 presented 5 January 2021 (Approval letter 331/2021). Charged to Eon Bank Berhad vide Presentation No. 102929/2011.	Leasehold for 99 years / expiring 30 June 2105	Land area: 196,021 Built up area: 71,204	30 December 1997	12,994.54

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
					The abovementioned Charge was transferred to Hong Leong Bank Berhad pursuant to Court Vesting Order 24 NCC-175-2011 (vide Presentation No. 66875/2011 presented 19 December 2011). The land is the subject matter of a Private Caveat in favour of Eon Bank Berhad registered vide Presentation No. 21211/2010. The abovementioned Caveat was transferred to Hong Leong Bank Berhad of Court Vesting Order 24NCC-175-2011 (vide Presentation No. 52103/2011 presented 7 October 2011).				

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
2.	H.S.(D) 116379, PT 198, Bandar Sultan Sulaiman, Klang, Selangor Lot 11, Jalan Sultan Mohamed 4, Bandar Sultan Suleiman, 42000, Pelabuhan Klang, Selangor	Swift Haulage Sdn Bhd	Industry/ Industry	Haulage yard	This alienated land cannot be transferred, leased or charged except with the consent of the state authority	Leasehold for 99 years / expiring 30 June 2105	Land area: 127,628 Built up area: Nil	N/A [1]	6,571.13
3.	H.S.(D) 116353, PT 167, Bandar Sultan Sulaiman, Klang, Selangor Lot 3, Jalan Sultan Mohamed 5, Kawasan Perindustrian Bandar Sultan Suleiman, Pelabuhan Klang, Selangor	Swift Haulage	Industry/ Industry	2 ½ storey office, haulage yard and single-story warehouse Age of building: 8 years	This alienated land cannot be transferred, leased or charged except with the consent of the state authority/ Charged to United Overseas Bank (Malaysia) Bhd by Swift Haulage vide: (i) Presentation No. 18179/2015 presented 2 March 2015 (Approval letter 6455/2015); (iii) Presentation No. 18180/2015 presented 2 March 2015 (Approval letter 6456/2015); and	Leasehold for 99 years / expiring 30 June 2105	Land area 348,481 Built up area: 128,373	12 September 2013	28,417.91

[1] CF/CCC not required as no building has been erected on the land

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
					(iv) Presentation No. 82897/2020 presented 26 November 2020 (Approval Letter 32156/2020)				
4.	PN 117749, Lot 87989, Mukim Klang, Klang, Selangor Lot 87989, Jalan Perigi Nenas 8/7, Seksyen 7, Taman Perindustrian Pulau Indah, 42000 Port Klang, Selangor	Swift Haulage	Industry / This land shall be used for industrial purposes only	Haulage yard and container depot	This alienated land cannot be sold, leased or transferred in any manner whatsoever including by way of using all types of agreement for the purpose of relinquishing or selling the land without the consent of the state authority/ Charged to AmInvestment Bank Berhad by Swift Haulage vide: (i) Presentation No. 17362/2021 presented 8 March 2021 (Approval letter no 7054/2021); and (ii) Presentation No. 17363/2021 presented 8 March 2021 (Approval letter no 7157/2021).	Leasehold for 99 years / expiring 30 March 2097	Land area 2,553,770 Built up area: Nil	N/A[(2)]	76,020.53

[2] CF/CCC not required as no building has been erected on the land

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
5.	GRN 66327, Lot 2939, Mukim 16, Seberang Perai Utara, Pulau Pinang Lot 2939-2980, Lorong Perusahaan Sg Lonkan 6, Kawasan Perusahaan Sg Lonkan, 13400 Butterworth, Penang	Swift Integrated Logistics	Industry / This land shall be used for industrial purpose only	Single-story warehouse, double-storey office-cum-canteen, single-story workshop with a double-storey office section and haulage yard Age of building: 25 years	The land shall not be subdivided into building lots without the written permission of the state authority/ Nil/ Charged to AmInvestment Bank Berhad by Swift integrated Logistics vide: (i) Presentation No. 0799SC2020022564 presented 2 October 2020; and (ii) Presentation No. 0799SC2020022569 presented 2 October 2020.	Freehold	Land area: 9,365 Combined built up area: 152,991[(3)]	17 April 1996	55,134.52[(4)]

[3] The built-up area of 152.991 sq. ft represents the total built up area of the buildings located on Lots 2939-2941, 2946-2954 and 2978 -2980, which are located adjacent to each other.
[4] The total NBV as at 31 May 2021 of the properties located on Lots 2939-2941, 2946-2954 and 2978-2980, which are located adjacent to each other, amounted to RM55,134,517.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
6.	GRN 66328, 66329, 66334-66341 Lots 2940, 2941, 2946-2953 Mukim 16, Seberang Perai Utara, Pulau Pinang Lot 2939-2980, Lorong Perusahaan Sg Lonkan 6, Kawasan Perusahaan Sg Lonkan, 13400 Butterworth, Penang	Swift Integrated Logistics	Industry / This land shall be used for industrial purpose only	Single-storey warehouse, double-storey office-cum-canteen, single-storey workshop with a double-storey office section and haulage yard Age of building: 25 years	Nil/ Charged to AmInvestment Bank Berhad by Swift integrated Logistics vide: (i) Presentation No. 0799SC2020022564 presented 2 October 2020; and (ii) Presentation No. 0799SC2020022569 presented 2 October 2020.	Freehold	Combined land area: 640,184[(5)] Combined Built up area: 152,991[(3)]	17 April 1996	55,134.52[(4)]
7.	GRN 66342, Lot 2954, Mukim 16, Seberang Perai Utara, Pulau Pinang Lot 2939-2980, Lorong Perusahaan Sg Lonkan 6, Kawasan Perusahaan Sg Lonkan, 13400 Butterworth, Penang	Swift Integrated Logistics	Industry / This land shall be used for industrial purpose only	Single-storey warehouse, double-storey office-cum-canteen, single-storey workshop with a double-storey office section and haulage yard Age of building: 25 years	Nil/ Charged to AmInvestment Bank Berhad by Swift integrated Logistics vide: (i) Presentation No. 0799SC2020022564 presented 2 October 2020; and (ii) Presentation No. 0799SC2020022569 presented 2 October 2020	Freehold	Land Area: 76,069 Combined built up area: 152,991[(3)]	17 April 1996	55,134.52[(4)]

[5] The combined land area of 637,277 sq.ft represents the total land area of Lots 2940,2941 and 2946-2953 which are located adjacent to each other.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
					A part of the land has been leased to Tenaga Nasional Berhad for a term of 30 years expiring 14 February 2025 vide Presentation No. 0799SC1996006629 presented 26 April 1996.				
8.	GM 1015-1017 Lots 2978-2980 Mukim 16, Seberang Perai Utara, Pulau Pinang Lot 2939-2980, Lorong Perusahaan Sg Lonkan 6, Kawasan Perusahaan Sg Lonkan, 13400 Butterworth, Penang	Swift Integrated Logistics	Industry / This land shall be used for industrial purpose only and shall be developed together with the adjacent lot	Single-storey warehouse, double-storey office-cum-canteen, single-storey workshop with a double-storey office section and haulage yard Age of building: 25 years	This alienated land cannot be partitioned, transferred, leased, sublease or in any manner whatsoever disposed of without the consent of the state authority/ Nil	Freehold	Combined land area: 23,982[(6)] Combined built up area: 152,991[(3)]	17 April 1996	55,134.52[(4)]

[6] The land area of 23,982 sq. ft represents the total land area of the lands located at Lots 2978-2980, which are located adjacent to each other.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
9.	PM 183, Lot 7518, Mukim Bukit Baru, Melaka Tengah, Melaka Lot 2113-1 Jalan PAK 2/1, Kawasan Perindustrian Ayer Keroh, 75450 Ayer Keroh, Melaka.	Swift Integrated Logistics	Industry / This land shall be used for industrial purpose only	Haulage yard and single-storey office Age of building: 28 years	This land cannot be transferred or leased except with the consent of the state authority/ This restriction is exempted for first buyer. Charged to United Overseas Bank (Malaysia) Berhad by Swift Integrated Logistics vide Presentation No. 0401SC20177008202 presented 26 December 2017.	Leasehold for 99 years / expiring 24 May 2091	Land area: 241,327 Built up area: 2,809	18 May 1993	3,749.15
10.	H.S.(D) 116365, PT 181, Bandar Sultan Sulaiman, Klang, Selangor/ No 23, Lebuh Sultan Mohamad 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor	Swift Integrated Logistics	Industry / Industry	3-storey office, single-storey warehouse annexed to the 3-storey office block and haulage yard Age of building: 28 years	This alienated land cannot be transferred, leased or charged except with the consent of the state authority/ Charged to AmInvestment Bank Berhad by Swift Integrated Logistics vide: (i) Presentation No. 720/2021 (presented 5 January 2021); and	Leasehold for 99 years / expiring 30 June 2105	Land Area: 2,232,952 Built up area: 590,534	8 April 1993 (original structure) 19 September 1995 (renovations)	133,155.03

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
					(ii) Presentation No. 721/2021 (presented 5 January 2021 (Approval letter 335/2021)				
11.	CL 015317263 Menggatal, District of Kota Kinabalu, Sabah No. 3, Kampung Kapa, Batu 6 1/2, Jalan Tuaran, 88450, Kota Kinabalu, Sabah	Swift Integrated Logistics	Agriculture	Vacant Yard	The Land is expressly and only for the purpose of the cultivation of agricultural crop of economic value. Charged to United Overseas Bank (Malaysia) Sdn Bhd vide: (i) Memo MC1709010227 presented 11 September 2017; and (ii) Memo MC2012010147 presented 10 December 2020.	Leasehold for 99 years / expiring 21 October 2068	Land area: 36,590 Built up area: Nil	N/A[7]	14,496.73[8]

[7] No CCC/CF is required as no structure has been erected on this land.
[8] The NBV of RM14,496,730.00 is the aggregate NBV as at 31 May 2021 of the properties located on CL 015317263, CL 015325112 and CL 015091737 which are located adjacent to each other.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
12.	CL 015325112 No. 3, Kampung Kapa, Batu 6 1/2, Jalan Tuaran, 88450, Kota Kinabalu, Sabah Menggatal, District of Kota Kinabalu, Sabah	Swift Integrated Logistics	N/A	Vacant yard	Charged to United Overseas Bank (Malaysia) Sdn Bhd vide: (i) Memo MC1709010224 presented 11 September 2017; and (ii) Memo MC2012010149 presented 10 December 2020.	Leasehold for 99 years / expiring 25 April 2061	Land area: 32,103 Built up area: Nil	N/A[9]	14,496.73[8]
13.	CL 015091737 Menggatal, District of Kota Kinabalu, Sabah No. 3, Kampung Kapa, Batu 6 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Swift Integrated Logistics	N/A	Vacant	Charged to United Overseas Bank (Malaysia) Sdn Bhd vide: (i) Memo MC1709010222 presented 11 September 2017; and (ii) Memo MC2012010148 presented 10 December 2020.	999 Years expiring 24 June 2926	Land area: 184,258	N/A[9]	14,496.73[8]

[9] No CCC/CF required as no structure has been erected on this land.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
14.	GRN 290794, Accessory Plots A107, A108 A109 and A113 68056, Mukim Kapar, Klang, Selangor Suite 8.01, 88 Jalan Batai Laut 4/KU1, Taman Intan, 41300 Klang, Selangor	Swift Integrated Logistics	Retail / Retail Building	Strata Office Unit Space Age of building: 11 years	Nil/ Charged to AmBank Islamic Berhad vide Presentation No. 61362/1029 (GO) presented on 26 September 2019	Freehold	Built up area: 13,993	27 August 2009	5,384.23
15.	GRN 290794, Accessory Plots A110, A111 A112 and A114 68056, Mukim Kapar, Klang, Selangor Suite 8.02, 88 Jalan Batai Laut 4/KU1, Taman Intan, 41300 Klang, Selangor	Persada Bina / Swift Logistics TA[(10)]	Retail Building	Strata Office Unit Space Age of building: 11 years	Nil/ Charged to United Overseas Bank (Malaysia) Bhd vide Presentation No. 12621/2015(GD) presented on 28 April 2015	Freehold	Built up area: 14,089	27 August 2009	5,082.24

[10] This property is an office space held under a strata title, and was the subject matter of the sale and purchase agreement dated 19 March 2020 between Persada Bina (as Vendor) and Swift Logistics TA (as Purchaser). The SPA has been completed and Persada Bina is in the midst of transferring the strata title to Swift Logistics TA.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
16.	GRN 209203, Lot 10488 Seksyen 20, Bandar Serendah, Ulu Selangor, Selangor No. 17 (PT 8553), Jalan Kamunting 2, Perindustrian Jalan Kamunting, Bukit Beruntung, 48300 Rawang, Selangor	Tanjong Express	Industry / Industry	Single-storey open-sided workshop with a double-storey office, and land transportation yard Age of building: 7 years	Nil/ Charged to Public Bank Berhad by Tanjong Express vide Presentation No. 42053/2017 presented on 25 May 2017	Freehold	Land Area: 66,704 Built up area: 23,789	26 June 2014	5,815.36

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6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
17.	HS(D) 26396, PT 345, Mukim 13, Seberang Perai Tengah, Pulau Pinang[(11)] 1020, Jalan Perindustrian Bukit Minyak, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang	Tanjong Express	Industry / The first registered owner after the Penang Development Corporation shall: (a) within 2 years from the date of the registered transfer or within a specified period of time approved by the state authority, erects a factory building or factory buildings on the alienated land in accordance with the plan approved by the local authority and shall maintain the buildings that have been erected to the satisfaction of the local authority.	3-storey office block with an annexed single-storey, workshop, land transportation yard Age of building: 12 years	This alienated land cannot be transferred, charged, leased or sublease, rented or dealt in any manner whatsoever without the written consent from the state authority/ This alienated land cannot be partitioned or subdivided This alienated land and any buildings on the land cannot be used for any purpose other than that approved by the Penang Development Corporation and the state authority/ Charged to AmBank (M) Berhad by Tanjong Express vide: (i) Presentation No. 0799SC2006004881 presented 2 March 2006;	Leasehold for 60 years / expiring 29 October 2058	Land Area: 131,363 Built up area: 67,460	4 March 2009	17,193.53[(12)]

[11] This land is the subject matter of a conditional sale and purchase agreement ("**SPA**") dated 19 April 2021 between Tanjong Express (as vendor) and MEP Enviro Technology Sdn Bhd (as purchaser). The SPA is expected to complete by the fourth quarter of 2021.
[12] The NBV of RM17,193,530.00 is the aggregate NBV as at 31 May 2021 of the properties located on PT 345 and Lot 6838 of Mukim 13, which are located adjacent to each other.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
			(b) clean, dispose of or cause the cleaning or disposal of trade effluents in a form or manner that satisfies the relevant authorities (c) pay and settle all taxes, rates of revenue payments and other payments assessed at the time of the grant of land or any relevant parts imposed by Seberang Perai City Council/ City Council of Penang Island (d) ensure that 30% of the workers for each rank of management taken in for the purposes of business of this alienated land shall be made up of Bumiputera		(ii) Presentation No. 0799SC2007007235 presented 30 March 2007; (iii) Presentation No. 0799SC2008012714 presented 23 April 2008; (iv) Presentation No. 0799SC2010037321 presented 20 October 2010; and (v) Presentation No. 0799SC2012018986 presented 31 May 2012. Charged to AmBank Islamic Berhad by Tanjong Express Sdn Bhd vide: (i) Presentation No. 0799SC2014008246 presented 18 March 2014; (ii) Presentation No. 0799SC2018014654 presented 5 June 2018; and				

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
			(e) comply with all the terms and conditions contained in the sale and purchase agreement signed between the registered owners after the Penang Development Corporation		(iii) Presentation No. 0799SC2019014220 presented 17 May 2019.				

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6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
18.	PN 7671, Lot 6838, Mukim 13, Seberang Perai Tengah, Pulau Pinang[(13)] Plot 174 b, Jalan Perindustrian, Bukit Minyak Industrial Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Tanjong Express	Industry/ (a) This land shall be used for industrial purpose only (b) The registered owner after the Penang Development Corporation shall within 2 years from the date of the registered transfer or within a specified period of time approved by the state authority, erect a factory building or factory buildings on this alienated land in accordance with the plan approved by the local authority.	Transportation yard	This alienated land cannot be transferred, charged, leased or sublease, rented or dealt in any manner whatsoever without the written consent from the state authority/ Charged to RHB Bank Berhad by Tanjong Express vide: (i) Presentation No. 0799SC2011010901 presented 11 April 2011; and (ii) Presentation No. 0799SC201513351 presented 23 April 2015.	Leasehold for 60 years expiring 6 November 2067	Land Area: 129,253 Built up area: Nil	N/A[(14)]	17,193.53[(13)]

[13] This land is the subject matter of a conditional sale and purchase agreement ("**SPA**") dated 19 April 2021 between Tanjong Express (as vendor) and MEP Enviro Technology Sdn Bhd (as purchaser). The SPA is expected to complete by the fourth quarter of 2021.
[14] CF/CCC is not required as no building has been erected on the land.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
			(c) ensure that 30% of the workers for each rank of management taken in for the purposes of business of this alienated land shall be made up of Bumiputera						
19.	PN 98092, Lot 19298, Bandar Sijangkang, Kuala Langat, Selangor PT 79/Lot 19298, Jalan Sijangkang Utama 1, Kawasan Perindustrian Sijangkang, Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor	Tanjong Express	Industry/ Industry	Double-storey Office and Transportation yard	This land can be transferred, leased or charged after obtaining the consent from the state authority/ Charged to CIMB Islamic Bank Berhad by Tanjong Express vide Presentation No. 40074/2018 presented 3 May 2018.	Leasehold for 99 years / expiring 9 April 2094	Land Area: 108,877 Built up area: 9,600	Pending issuance of CCC[(15)]	7,352.98

[15] Tanjong Express has commenced the process of procuring the approval building plans from the Majlis Perbandaran Kuala Langat and the Fire Department, and as at LPD, is awaiting the issuance of the CF/CCC by the architect which is likely to take approximately 6 months as the progress has been delayed due to the restrictions under the MCO.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
20.	GRN 209204, Lot 10489 Seksyen 20, Bandar Serendah, Ulu Selangor, Selangor No. 15 (PT 8554), Jalan Kamunting 2, Perindustrian Jalan Kamunting, Bukit Beruntung, 48300 Rawang, Selangor	Tanjong Express Logistic	Industry/ Industry	Transportation yard	Nil/ Nil	Freehold	Land Area: 66,704 Built up area: Nil	N/A[(16)]	4,489.16
21.	GRN 209197 and GRN 209198, Lot 10480 and Lot 10481, Seksyen 20, Bandar Serendah, Ulu Selangor, Selangor/ No. 8 (PT 8545), Jalan Kamunting 2, Perindustrian Jalan Kamunting, Bukit Beruntung, 48300 Rawang, Selangor	Tanjong Express Logistic	Industry/ Industry	Parking yard	Nil/ Charged to AmBank Islamic Berhad by Tanjong Express Logistic vide: (i) Presentation No. 111874/2018 presented 6 December 2018; and (ii) Presentation No. 111875/2018 presented 6 December 2018.	Freehold	Land Area: 120,567[(17)] Built up area: 9,147[(18)]	25 March 2019	10,205.66

[16] CF/CCC is not required as no building has been erected on the land.
[17] The land area of 120,567 sq.ft represents the combined land area of GRN 209197 and GRN209198, which are located adjacent to each other.
[20] The built-up area of 9,147 sq.ft represents the combined built up area of GRN 209197 and GRN209198, which are located adjacent to each other.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
					Charged to Eon Bank Berhad vide Presentation No. 44645/2002; The abovementioned Charge was transferred to Hong Leong Bank Berhad pursuant to Court Vesting Order 24NCC-175-2011 (vide Presentation No. 20917/2016 presented 21 April 2016)				

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6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
22.	PN 3316, Lot 5021, Mukim 01, Seberang Perai Tengah, Pulau Pinang 3064, Lorong Jelawat 1, Seberang Jaya, 13700 Perai, Pulau Pinang	Tanjong Express Logistic	Industry/ The registered owner after the Penang Development Corporation shall: (a) within 2 years from the date of the registered transfer or within a specified period of time approved by the state authority, erects a factory building or factory buildings on the alienated land in accordance with the plan approved by the local authority and shall maintain the buildings that have been erected to the satisfaction of the local authority.	Double-storey office, haulage yard and single-storey workshop Age of building: 11 years	This alienated land cannot be transferred, charged, leased or dispose of without the written consent from the state authority This alienated land cannot be partitioned or subdivided/ Charged to AmBank Islamic Berhad by Tanjong Express Logistics vide Presentation No. 0799SC2019007588. A private registered caveat in favour of AmBank Islamic Berhad over the land was entered/registered vide Presentation No. 0799B2018012861 presented 7 December 2018.	Leasehold for 60 years / expiring 3 December 2050	Land area: 166,647 Built up area: 14,331	20 August 2010	7,784.00

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
			(b) clean, dispose of or cause the cleaning or disposal of trade effluents in a form or manner that satisfies the relevant authorities (c) pay and settle all taxes, rates of revenue payments and other payments assessed at the time of the grant of land or any relevant parts imposed by Seberang Perai City Council (d) ensure that 30% of the workers for each rank of management taken in for the purposes of business of this alienated land shall consist of Bumiputera						

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Registered/ Beneficial owner	Category of land use/ Express conditions of land use	Description/ Existing use/ Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure/ Date of expiry of lease	Land/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	NBV as at 31 May 2021 RM'000
23.	PN 20510, Lot 21687, Bandar Sultan Sulaiman, Klang, Selangor Lot 21687, Jalan Pelabuhan Klang Utara, Kawasan Perindustrian Selat Klang Utara, 42000 Pelabuhan Klang, Selangor	Sentiasa Hebat	Industry / Industry	Haulage yard	This alienated land cannot be transferred, leased or charged except with the consent of the state authority/ Charged to Malayan Banking Berhad by Sentiasa Hebat vide Presentation No. 3397/2015 presented 20 January 2015 (Approval Letter 1409/2015)	Leasehold for 99 years expiring 13 July 2088	518,390 sq. ft Built up area: Nil	N/A[19]	33,165.31

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[19] CF/CCC is not required as no building has been erected on the land.

6.20.2 Properties leased by our Group

A summary of the material land and buildings leased by our Group as at the LPD is as follows:

No.	Title details/ Property address	Lessor	Lessee	Category of land use/ Express conditions of land use	Description/ Existing use Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure	Land area/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	Consideration (RM'000)
1.	H.S.(D) 473445, PTD 97072 (PLO 137 & PLO 138), Mukim Tebrau, Johor Bahru, Johor PLO 137-138, Jalan Angkasa Mas Utama, Kawasan Perindustrian Tebrau II, 81100, Johor Bahru	Johor Corporation	Swift Integrated Logistics	Industry / (a) This land shall be used as a medium industrial area for industry, warehousing, container handling and storage and other related use, built according to the plan approved by the relevant local authorities.	3-storey office, 2-storey office annexed with a single-storey warehouse, single-storey canteen, single-storey workshop land transportation yard. Age of building: 23 years	The alienated land may not be transferred, leased or charged by the landowner subsequent to Johor Corporation except with the consent of the state authority Charged to United Overseas Bank Malaysia Bhd by Swift Integrated Logistics vide:	An initial period of 13 years, expiring on 7 July 2023; and A subsequent period of 30 years expiring 7 April 2053	Land area: 894,287 Built-up area 140,225	24 January 1998 Pending issuance of CCC for recently constructed warehouse(20)	44,672.16

[20] Swift Integrated Logistics has applied for a CCC in respect of the warehouse measuring 200,000 sq. ft. constructed on this land parcel. The CCC application was submitted on 1 May 2021 and the CCC is expected to be issued by the first quarter of 2022.

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Lessor	Lessee	Category of land use/ Express conditions of land use	Description/ Existing use Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure	Land area/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	Consideration (RM'000)
				(b) All contamination and pollution caused by these activities shall be channeled or disposed to areas designated by the relevant local authorities. (c) All policies and conditions set and enforced by the relevant local authorities from time to time shall be observed.		Presentation No. 17032/2018 registered on 11 March 2018 (Approval Letter 2566/2018); and Presentation No. 80362/2020 presented on 29 November 2020 (Approval Letter 19428/2020).				

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Lessor	Lessee	Category of land use/ Express conditions of land use	Description/ Existing use Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure	Land area/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	Consideration (RM'000)
2.	H.S.(D) 247730, PTD 119780, Mukim Plentong, Johor Bahru, Johor PLO 516, Jalan Keluli 3, Kawasan Perindustrian Pasir Gudang, Johor	Johor Corporation	Swift Integrated Logistics	Industry/ (a) This land shall be used as a moderate industrial area for factory purposes and other related use, built according to the plan approved by the relevant local authorities. (b) All contamination and pollution caused by these activities shall be channelled or disposed to areas designated by the relevant local authorities.	Haulage yard, single-storey workshop and single-storey office building Age of building: 25 years	The alienated land may not be transferred, leased or charged by the landlord/(developer) except with the consent of the state authority Charged to United Overseas Bank (Malaysia) Berhad by Swift Integrated Logistics vide Presentation No. 17037/2018 presented 11 March 2018 (Letter of Approval 3573/2018 and 3572/2018); Charged to AmInvestment Bank Berhad by Swift Integrated Logistics vide: (i) Presentation No. 69157/2020 presented 21 October 2020 (Letter of Approval no 16547/2020 and16548/2020; and	An initial term of 30 years, expiring April 2025 An extended period of 30 years, expiring 13 April 2055	Land area: 217, 800 Built-up area 21,837	9 December 1996 22 March 2021	7,336.75

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Lessor	Lessee	Category of land use/ Express conditions of land use	Description/ Existing use Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure	Land area/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	Consideration (RM'000)
				(c) All policies and conditions set and enforced by the relevant local authorities from time to time shall be observed.		(ii) Presentation No. 69158/2020 presented 21 October 2020 (Letter of Approval no 16547/2020 and16548/2020)				
3.	HSD 7490, PT 4127, Mukim Sungai Laka, Kubang Pasu, Kedah/ Plot 9, Kawasan Perindustrian Bukit Kayu Hitam, 06050 Bandar Bukit Kayu Hitam, Kedah	Perbadanan Kemajuan Negeri Kedah	Tanjong Express	Industry/ Nil	Vacant	The alienated land may only be used as a site for industrial buildings only. Charged to RHB Bank Berhad by Tanjong Express vide: (i) Presentation No. 17656/2007 presented 19 September 2007; and (ii) Presentation No. 6498/2011 presented 13 April 2011	An initial term of 60 years, expiring 9 April 2065.	Land area: 128,822 Built up area: Nil	N/A[21]	1,081.23

[21] CF/CCC is not required as no building has been erected on the land

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Title details/ Property address	Lessor	Lessee	Category of land use/ Express conditions of land use	Description/ Existing use Approximate age of building	Restrictions in interest/ Material encumbrance(s)	Tenure	Land area/ Built-up area (sq. ft.)	Date of issuance of CF / CCC	Consideration (RM'000)
						Charged to RHB Islamic Bank Berhad by Tanjong Express vide: Presentation No. 7570/2015 presented 22 April 2015 (Letter of Approval no 197/2015)				

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6. INFORMATION ON OUR GROUP (Cont'd)

6.20.3 Properties rented by our Group

A summary of the material land and buildings rented by our Group as at the LPD is as follows:

No.	Property address	Landlord	Tenant	Description and existing use	Tenure	Land area/ Built-up area (sq. ft.)	Rental per annum RM'000
1.	Lot 18, Lebuh Sultan Mohamed 1, Kawasan Perusahaan Bandar Sultan Sulaiman, 42000 Port Klang, Selangor	North Klang Logistics (M) Sdn Bhd	Container Connections	Container Depot	2 years expiring 30 November 2022	Land area: 557,132	2,206.23
2.	Westport CT4, Pulau Indah, 42009, Port Klang, Selangor	Westports Malaysia Sdn Bhd	Container Connections	Container Depot	3 years expiring 31 December 2022	Land area: 230,869	Range between 400.00 to 430.00
3.	Malaysia Airlines Freight Forwarders Complex Lot C15, Block C, Free Commercial Zone, KLIA Cargo Village, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan	MAB Kargo Sdn Bhd	Swift Integrated Logistics	1 ½ storey office with a mezzanine	2 years expiring 31 December 2022	Built up area: 3,513	200.26
4.	Unit 1.2.01 & Unit 1.2.02 located at Admin Complex, Tok Bali Supply Base, Jalan Tok Bali, 16700 Pasir Puteh, Kelantan, Malaysia	TB Supply Base Sdn Bhd	Swift Integrated Logistics	6-storey office	1 year expiring 31 January 2022	Built up areas: Unit 1.2.01: 295 Unit 1.2.02: 258	37.00

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Property address	Landlord	Tenant	Description and existing use	Tenure	Land area/ Built-up area (sq. ft.)	Rental per annum RM'000
5.	Lot 8855, Jalan Pelabuhan Kelang Utara, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Supreme City Sdn Bhd	Northern Gateway Depot	Container Depot	2 years expiring 20 September 2022	Land area: 202,728	600.00
6.	Plot P821 and part of Plot P832, Precinct 8, Jalan FZ 1-P8, Port Klang Free Zone/KS12 42920, Pulau Indah, Selangor.	Port Klang Authority; Port Klang Free Zone Sdn Bhd	Swift Haulage	Single-storey warehouse pending commencement of construction work	30 years expiring 30 March 2051	Land area: 300,564	1,316.46
7.	Precinct 1, Jalan FZ3-P1, part of P146 and P147, Port Klang Free Zone/KS12, 42920 Pulau Indah	Superb Fast Logistics Sdn Bhd	Swift Haulage	General cargo warehouse	18 months expiring on 10 April 2023	45,560 square feet	1,114.51

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6.21 BUSINESS STRATEGIES AND PLANS

6.21.1 Overview of our Business Strategies and Plans

Moving forward, our business strategy is focused on leveraging from our core competencies and strengths in integrated logistics as a platform to address business opportunities and grow our business. From that perspective, our business strategies will be based on strengthening and expanding our operational facilities including warehousing and container depot as well as expanding our fleet operations. This is summarised in the following diagram:

Expansion of operational facilities

- Construction of a new warehouse
- Purchase of land

Expansion of business activities

- Acquisition of cold chain logistics companies

Expansion of vehicle fleet

- Purchase of prime movers

We intend to implement the above business strategies between 2021 and 2022, as further detailed in the sections below. In light of the reintroduction of the COVID-19 pandemic containment measures, we may experience a delay in implementing these business strategies in accordance with the expected timeline. Please refer to Section 8.1.3 of this Prospectus for further details on the impact of the prolonged COVID-19 pandemic on our business and financial performance.

6.21.2 Expansion of Operational Facilities

6.21.2.1 Construction of a new warehouse

As part of our business strategy, we intend to construct a new warehouse on a piece of leasehold land of approximately 300,564 sq. ft. in the Port Klang Free Zone in Selangor. The leasehold land tenure is for a period of 30 years commencing from 31 March 2021. Our plan is to build an ambient temperature warehouse for the storage of general goods with approximately 178,000 sq. ft. of floor storage and racking space.

Upon completion of the warehouse construction, we will relocate our existing warehousing operations at the Westport Warehouse, which is currently a rented premise, to this new warehouse. The anticipated benefits of the relocation include the following:

- The new warehouse has a larger capacity with a planned floor space of approximately 178,000 sq. ft. compared to the Westport Warehouse, which has 54,300 sq. ft.;

- The larger capacity would enable us to serve our existing and potential customers as the Westport Warehouse was fully utilised in the FYE 2019, FYE 2020 and FPE 2021; and

- This new warehouse will enable us to address business opportunities in providing warehousing services to potential as well as existing customers within the Port Klang Free Zone.

The cost of relocating our existing warehousing operations from the Westport Warehouse to the new warehouse is estimated at approximately RM0.3 million. The relocation, including transfer of customers' goods from the Westport Warehouse to the new warehouse, will take approximately 20 working days. We do not anticipate any material disruptions to our business operations as the relocation will be carried out progressively.

During the FYE 2020, we also operated approximately 354,300 sq. ft of warehousing space (SLC Warehouse, Port Klang Warehouse and Westport Warehouse) within the vicinity of Port Klang with a utilisation rate of approximately 94%.

Since the rental agreement for the Westport Warehouse has expired on 31 October 2021 and the construction of the new warehouse has yet to commence, we have temporarily rented a warehouse located in Port Klang Free Zone in order to avoid disrupting our warehousing services operations at the Westport Warehouse. We have relocated and commenced our operations at the temporary warehouse on 8 November 2021. Upon the completion of the new warehouse and issuance of the CCC, the operations at the temporary warehouse will be relocated to the new warehouse.

As at the LPD, we have executed the lease agreement and we have submitted the building plan for approval, while construction has not commenced as yet. However, since the approval for the sub-structural works has been obtained from Majlis Perbandaran Klang, we have commenced the sub-structural works for the construction of the warehouse. The indicative timeline for the construction of the new warehouse is as follows:

Indicative Timeline	**Milestones**
Fourth quarter of 2020	Submission of development plan and building plan application to the local authority.
First quarter of 2021	Execution of lease agreement with lessor has been finalised, pending signature from the lessor. (1)
Third quarter of 2021	Commencement of sub-structural works upon approval from Majlis Perbandaran Klang.
Fourth quarter of 2021	Expected approval for building plan and commencement of construction works of the new warehouse.
Second quarter of 2022	Completion of construction of new warehouse completed including installation of racking system and purchase of warehouse equipment. (1) Expected issuance of CCC for the new warehouse. (2) Operations from the Westport Warehouse will be fully relocated to the new warehouse. (3) Commencement of operations.

Notes:

(1) On condition that construction works are permitted with the easing of the restrictions and there are no prolonged interruptions from containment measures relating to the COVID-19 pandemic. In the event of any extension of the restrictions relating to the COVID-19 pandemic, this could have an impact on the timing of completion of the new warehouse which is scheduled to be completed by second quarter of 2022.

(2) We expect that the issuance of the CCC will take 2 months from the completion of construction works.

(3) We expect to take approximately 20 working days from the issuance of the CCC to fully relocate operations from Westport Warehouse to the new warehouse.

The estimated cost of constructing the new warehouse is estimated at RM28.6 million, which is broken down as follows:

		Source of Funds for Remaining Amount	
	Total Estimated Cost (RM'000)	**Internally Generated Funds/Bank Borrowings (RM'000)**	**IPO Proceeds (RM'000)**
Architecture and engineering	300	-	300
Building construction	26,850	-	26,850
Racking and storage systems	1,000	-	1,000
Other equipment (1)	415	-	415
TOTAL	**28,565**	**-**	**28,565**

Note:

(1) Other equipment includes information technology infrastructure, closed-circuit television system and office equipment.

6.21.2.2 Purchase of land

On 28 May 2021, we entered into a share sale agreement to acquire the entire equity interest in Ann Joo Properties, a company involved in investment holding and letting of real property, for total consideration of RM10.0 million. The acquisition of Ann Joo Properties has been completed on 15 July 2021.

Ann Joo Properties has, among others, leased the Bandar Sultan Sulaiman Land from the developer, PKNS. The Bandar Sultan Sulaiman Land is approximately 1,263,231 sq. ft. in size, and it is a leasehold land with land tenure valid until 30 June 2105. It is currently leased out to 2 external tenants.

As part of the lease agreement for the Bandar Sultan Sulaiman Land, Ann Joo Properties has the option to purchase the Bandar Sultan Sulaiman Land from PKNS ("**Option to Purchase**"). The salient terms and conditions related to the Option to Purchase are as follows:

- Ann Joo Properties may exercise the Option to Purchase after the rental for the lease has been paid in full to PKNS.
- To exercise the Option to Purchase, Ann Joo Properties shall give a notice in writing to PKNS no later than 12 months from the expiry date of the lease agreement i.e., 20 November 2022.
- Upon the receipt of such notice, PKNS may offer the land to Ann Joo Properties at a price and upon terms to be determined by PKNS subject to the consent of the relevant authorities.

On 6 July 2021, PKNS issued its offer letter to Ann Joo Properties to purchase the Bandar Sultan Sulaiman Land at a price of approximately RM59.4 million ("**Offer Price**"), which was duly accepted by Ann Joo Properties on 19 July 2021, and is subject to the definitive agreement to be entered into by PKNS and Ann Joo Properties later. Prior to PKNS' offer, Ann Joo Properties had procured an independent valuation on the Bandar Sultan Sulaiman Land which supports the reasonableness of the Offer Price. Subsequent to the acceptance of the Offer Price, Ann Joo has made the 1st tranche payment to PKNS amounting to RM8.9 million, which is equivalent to 15% of the Offer Price. It should be noted that this Offer Price is separate from the RM10.0 million for the purchase of the entire equity interest in Ann Joo Properties. The salient terms under the offer letter dated 6 July 2021 include, amongst others, the following:

(i) Ann Joo Properties shall pay the 2nd tranche payment which is equivalent to 15% of the Offer Price to PKNS on execution of the definitive agreement.

(ii) Ann Joo Properties shall pay the final tranche payment which is equivalent to 70% of the Offer Price to PKNS within 3 months from the execution of the definitive agreement.

(iii) The construction of any building on the Bandar Sultan Sulaiman Land shall commence upon the approval of the local authority.

(iv) Ann Joo Properties must obtain prior written consent from PKNS for change in equity structure or shareholding of Ann Joo Properties before the purchase consideration is paid in full to PKNS and perfection of transfer of the Bandar Sultan Sulaiman Land to Ann Joo Properties. The Company has sought for the consent from PKNS on 8 July 2021. Subsequently, PKNS has confirmed in its letter dated 13 July 2021 that it has no objection to Swift Haulage being the shareholder of Ann Joo Properties as the said land is not a Malay Reserved Land. PKNS has provided us with a confirmation that the requirement to obtain the consent of PKNS for any change in the shareholding structure of Ann Joo Properties does not extend to the change in the shareholding structure of our Company.

(v) The title for the Bandar Sultan Sulaiman Land shall be delivered to Ann Joo Properties upon the payment of the purchase consideration in full, management charges (if any) and any charges related to the land, upon the execution of the definitive agreement and compliance of the terms and conditions as stated in the offer letter and definitive agreement.

(vi) In the event of termination of the definitive agreement in accordance with the offer letter and definitive agreement, the rights of Ann Joo Properties under the lease agreement will not be affected and Ann Joo Properties shall remain as the lessee until the expiry of the lease agreement on 20 November 2022.

On 26 August 2021, Ann Joo Properties has entered into the PKNS SPA for the acquisition of the Bandar Sultan Sulaiman Land from PKNS. In addition to the salient terms under the offer letter dated 6 July 2021 as set out above, which forms part of the PKNS SPA, the acquisition of the Bandar Sultan Sulaiman Land is subject to, among others, the following conditions under the PKNS SPA:

(i) PKNS shall apply for the state's approval for the transfer of ownership of the Bandar Sultan Sulaiman Land to Ann Joo Properties ("**Transfer Approval**")(1) within 14 working days from the date of the stamping of the PKNS SPA, or upon receipt of the complete set of documentation required for the application from Ann Joo Properties, whichever is the later, and subject to compliance with any circulars and/or regulations of the land office or the requirement for appointment with the land office in relation to the application;

(ii) Ann Joo Properties shall submit to the Economic Planning Unit ("**EPU**") an application for the acquisition of Bandar Sultan Sulaiman Land ("**EPU Approval**") within 14 days from the date of receipt of the Transfer Approval(2); and

(iii) In the event the Transfer Approval or EPU Approval, as the case may be, is not obtained by the respective party set out in (i) and (ii) above within 90 days from the date of application for such approval, the period to obtain approval shall be extended for a further 30 days ("**Extended Period**"). In the event the Transfer Approval or EPU Approval, is not obtained by the respective party within the Extended Period, Ann Joo

Properties (in the case of the Transfer Approval) or PKNS (in the case of the EPU Approval), shall have the right to terminate the PKNS SPA and upon termination of the PKNS SPA, Ann Joo Properties will be entitled to a refund of the payment made to PKNS without interest within 30 days from the date of the termination notice.

Notes:

(1) The Selangor Land and Mines Office provided PKNS with a confirmation of the Transfer Approval vide a letter dated 1 October 2021.

(2) The Garis Panduan Perolehan Hartanah issued by the EPU ("**Garis Panduan EPU**"), which came into effect on 1 March 2014, states that EPU's approval is required for acquisition of property with a purchase consideration of RM20.0 million and above, between a Bumiputera and/or government agency interest and a company with less than 30% Bumiputera equity holding. PKNS' solicitors have confirmed to us that EPU Approval is not required in view that Ann Joo Properties is a wholly-owned subsidiary of our Company, and our Company meets the minimum 30% Bumiputera equity holding requirement of the Garis Panduan EPU. However, for the purpose of facilitating the land ownership transfer process at the relevant land office, the EPU's concurrence on the fulfilment of the equity requirement will be sought. The application to the EPU was submitted on 3 November 2021 with mutual consent from both parties.

We expect to complete the acquisition of the Bandar Sultan Sulaiman Land by the fourth quarter of 2021, following which we intend to continue leasing the Bandar Sultan Sulaiman Land to the 2 existing tenants. For information, the tenancy agreements with the 2 existing tenants expire on 15 January 2022 and 28 February 2022, respectively. After the expiry of the tenancy agreements, we intend to use the land to expand our existing container haulage, land transportation and/or warehousing and container depot services. Part of the Bandar Sultan Sulaiman Land is used as a container depot by one of the current tenants, and consequently we can use it as a container haulage yard, inland yard or container depot without carrying out further development. However, should our plans be delayed, we propose to extend the tenancy to the 2 existing tenants accordingly.

In the event of termination of the PKNS SPA, we shall obtain a refund in accordance with the PKNS SPA and shall continue to look for other opportunity to acquire land, which is suitable for our expansion plans. In the meantime, Ann Joo Properties shall continue to lease the Bandar Sultan Sulaiman Land from PKNS until the expiry date of the lease agreement on 20 November 2022. Upon the expiry of the tenancy agreements with the 2 existing tenants on 15 January 2022 and 28 February 2022 respectively, we shall offer to extend the tenancy agreements with the tenants until the expiry date of the lease agreement. Consequently, the IPO proceeds, which was initially earmarked for the purchase of Bandar Sultan Sulaiman Land, will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions until the proceeds are used to acquire another land.

The total cost of acquiring the entire equity interest of Ann Joo Properties and the Bandar Sultan Sulaiman Land is estimated at approximately RM69.4 million, which is segmented as follows:

		Source of Funds for Remaining Amount	
	Total Estimated Cost (RM'000)	**Internally Generated Funds/Bank Borrowings (RM'000)**	**IPO Proceeds (RM'000)**
Acquisition of Ann Joo Properties	10,000	10,000	-
Acquisition of Bandar Sultan Sulaiman Land	59,372[(1)]	17,812[(2)]	41,560[(2)]
TOTAL	**69,372**	**27,812**	**41,560**

Notes:

(1) Based on the Offer Price accepted by Ann Joo Properties on 19 July 2021.

(2) The source of funds shall be RM41.6 million from IPO proceeds with the balance sourced from internally generated funds and/or bank borrowings, which may be equal to or more than RM17.8 million. Pending the receipt of our IPO proceeds, we may proceed with the settlement of the final tranche payment for the Bandar Sultan Sulaiman Land by utilising our internally generated funds/banking facilities. Therefore, when the IPO proceeds that we have allocated for this purpose are received, we will use the proceeds allocated to replenish our internally generated funds/repay the banking facilities.

6.21.3 Expansion of Business Activities

6.21.3.1 Acquisition of cold-chain logistics companies

On 16 June 2021, our wholly-owned direct subsidiary, Swift Integrated Logistics have acquired 50.0% equity interest of Hypercold Logistics and 15.0% equity interest of Platinium Coldchain Sdn Bhd ("**Platinium Coldchain**"). Save for having common shareholders namely, Swift Integrated Logistics and Tasco Yusen Gold Cold Sdn Bhd, there is no other relationship between Hypercold Logistics and Platinium Coldchain. Hypercold Logistics and Platinium Coldchain are currently involved in providing cold-chain logistics services in Sabah. This is in line with our intention in providing cold chain logistics services in Sabah, East Malaysia.

Cold-chain logistics involve the storage and transportation of goods that require temperature control such as fresh produce and seafood, perishable food and beverage products and pharmaceutical products. As at the LPD, Hypercold Logistics owns and operates a cold-chain warehouse in Kota Kinabalu, Sabah and 6 refrigerated trucks while Platinium Coldchain owns 6 refrigerated trucks that are rented to and operated by Hypercold Logistics.

Part of our future plans is to expand on Hypercold Logistics' existing cold-chain facilities by expanding its cold-chain storage capacity from approximately 3,000 pallets to approximately 4,500 pallets. The total estimated cost of this expansion is RM6.0 million, of which our portion is RM3.0 million based on 50.0% equity interest. As at the LPD, Hypercold Logistics has obtained the approval for the building plan to construct the additional cold-chain warehouse space but has yet to commence construction. We plan to begin construction works in December 2021 and expect to complete construction by the third quarter of 2022. Our Group does not have any other plans for Platinium Coldchain as our Group only has 15.0% equity interest in the company and it is categorised as other investment.

The anticipated benefits of acquiring Hypercold Logistics and Platinium Coldchain include the following:

- expand the scope of our integrated logistics services operations to provide cold-chain logistics, which we currently do not provide;

- expand our business operations in Sabah, where we currently provide inland distribution, warehousing and freight forwarding services;

-

- increase our base of operational facilities in Kota Kinabalu through the addition of the Hypercold Logistics cold-chain warehouse; and

- secure the use of 12 refrigerated trucks to provide cold-chain logistics services in Sabah.

The indicative timeline to acquire the equity interests in the companies and expand the cold-chain warehouse is as follows:

Indicative Timeline	Milestones
Second quarter of 2021	Complete the acquisition of 50.0% equity interest in Hypercold Logistics and 15.0% equity interest in Platinium Coldchain.
Fourth quarter of 2021	Commence construction work to expand the Hypercold Logistics cold-chain warehouse.
Third quarter of 2022	Complete the expansion of the Hypercold Logistics cold-chain warehouse.

Our portion of expanding the cold-chain warehouse is estimated at RM3.0 million, which is as follows:

	Total Estimated Cost (RM'000)	Expenditure as at the LPD (RM'000)	Source of Funds for Remaining Amount	
			Internally Generated Funds/Bank Borrowings (RM'000)	IPO Proceeds (RM'000)
Expansion of Hypercold Logistics' cold chain warehouse (1)	3,000		3,000	-
TOTAL	**3,000**	**-**	**3,000**	**-**

Note:

(1) The total estimated cost of the expansion is RM6.0 million, of which our portion is RM3.0 million based on 50.0% equity interest in the company.

6.21.4 Expansion of our Vehicle Fleet

6.21.4.1 Purchase of prime movers

Part of our strategy is to purchase new prime movers for our business operations in Malaysia throughout 2022 with the aim of expanding our commercial vehicle fleet. These prime movers are similar to the ones that we currently own and operate to provide our integrated logistics services.

As at the LPD, our integrated logistics was supported by our extensive fleet operations including 1,460 prime movers registered in Malaysia and 86 prime movers registered in Thailand.
For the FYE 2020, the average utilisation rate of prime movers for our container haulage operations and inland transportation and distribution operations in Malaysia were 81% and 89% respectively, while the average utilisation rate of prime movers for our cross-border transportation for Malaysia and Thailand were 88% and 86% respectively. In this respect, the acquisition of new prime movers will provide us with the capacity to grow our container haulage, and land transportation business operations.

We intend to purchase 30 new prime movers, which are estimated to cost RM12.0 million, by using our IPO proceeds.

The number of new prime movers that we intend to purchase are summarised in the following table:

	Number of Units	Estimated Unit Cost (RM'000)	Total Cost (RM'000)
Prime movers	30	400	12,000

The estimated cost of purchasing these new prime movers is expected to be RM12.0 million, which is segmented as follows:

	Total Estimated Cost (RM'000)	Source of Funds for the Remaining Amount	
		Internally Generated Funds/Bank Borrowings (RM'000)	IPO Proceeds (RM'000)
30 Prime movers	12,000	-	12,000

6.22 GOVERNING LAWS AND REGULATIONS

Our Group's business operations are subject to the following laws and regulations:

(i) Customs Act 1967 governing the provision of services as forwarding agents, shipping agents and the use of public bonded warehouses;

(ii) Land Public Transportation Act 2010, governing the use of good freight vehicles;

(iii) Petroleum Development Act 1974, governing the transportation of petroleum or petroleum related products;

(iv) Road Transport Act 1987 and the relevant by laws and regulations governing the repair workshops for vehicles involved in accidents;

(v) Carriage of Goods by Sea Act 1950, governing the rules imposed on goods transported via sea;

(vi) Carriage of Goods by Air Act 1974, governing the rules imposed on goods transported via air;

(vii) Street, Drainage and Building Act 1974 and the by-laws enacted by the relevant state government governing the matters relating to street, drainage and building in local authority areas in Peninsular Malaysia;

(viii) Local Government Act 1976 and the by-laws of the respective local councils and authorities setting out the requirements to obtain business and signage licences;

(ix) Fire Services Act 1988 and the relevant regulations and orders governing the protection of persons and property from fire risks;

(x) National Land Code 1965 governing the administration of land matters in Peninsular Malaysia;

(xi) Employment Act 1955 governing employment laws in Peninsular Malaysia;

(xii) Immigration Act 1959/63 and the relevant regulations governing the employment of foreign workers in Malaysia;

(xiii) Occupational Safety and Health Act 1994 and the relevant regulations and orders governing the safety, health and welfare of all persons at all places of work;

(xiv) Income Tax Act 1967 and the prevailing taxation policies in Malaysia;

(xv) Goods Vehicles Levy Act 1983 governing levies imposed on goods vehicles entering or leaving Malaysia;

(xvi) Free Zones Act 1990 and the relevant regulations governing the regulation of activities in free commercial zones and free industrial zones;

(xvii) The Customs B.E. 2560, governing the provision of customs clearance services in Thailand;

(xviii) The Land Transportation Act B.E. 2522 governing the use of freight vehicles in Thailand; and

(xix) The International Carriage of Goods by Road Act B.E. 2556, governing the import and export of goods through carriage by road in Thailand.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our Group's business is subject to. As at the LPD, there are no breach of laws and regulations governing our business operations, and environmental issues which may materially affect our Group's operation and usage of our properties.

As at the LPD, the certificates of accommodation as required under the EMSHAAA 1990 for our employee accommodations as set out in Section 6.17 of this Prospectus have yet to be issued by the Department of Labour Peninsular Malaysia. The processing of our applications for the certificates is still in progress and these rented properties are pending inspection by the Department of Labour Peninsular Malaysia which had been delayed due to the MCO imposed. In the event that the certificates of accommodation for the rented properties are unable to be obtained, there will be no material impact to the Group's business operations as the Group may seek alternative avenues to provide accommodation to the foreign employees such as outsourcing the provision of accommodation to a centralised accommodation provider.

6.23 MATERIAL INTERRUPTIONS TO OUR BUSINESS AND OPERATIONS

With the exception of the effects of COVID-19, we have not experienced any material interruptions to our business during the past 12 months prior to the LPD.

6.23.1 Effects of COVID-19 on our business

Overview

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government of Malaysia implemented several periods of MCO commencing from 18 March 2020 to control and reduce COVID-19 transmissions in the country. Measures implemented included, among others, controls on the movement of people within Malaysia and international travel, and restrictions on business, government, educational, cultural, recreational and other activities.

MCO 1.0

The first MCO was from 18 March 2020 to 3 May 2020. Control measures implemented included, among others, the closure of all businesses except for those classified as "essential services" or that have received written approval from the MITI to operate, restrictions on the movement of people in Malaysia (including restrictions on inter-state and inter-district travel), and restrictions on international travel into and out of Malaysia.

Conditional MCO

Conditional MCO ("**CMCO**") was implemented from 4 May 2020 to 9 June 2020, where some of the controls implemented during MCO were relaxed including allowing most economic sectors to resume business operations provided that specified guidelines and standard operating procedures ("**SOP**") were followed, and large gatherings avoided. Controls on the movement of people within Malaysia were relaxed, while restrictions on international travel were modified.

Recovery MCO

Recovery MCO ("**RMCO**") was implemented from 10 June 2020, and following several extensions, ended on 31 March 2021. As of 10 June 2020, almost all economic sectors were allowed to resume operations so long as they follow specified guidelines and SOP. The movement of people within Malaysia was relaxed further, although restrictions on international travel into and out of Malaysia remained the same as during the CMCO period.

However, during this RMCO period, the Government re-imposed CMCO measures in specific areas in response to localised areas with a surge in COVID-19 transmissions. The control measures put in place following the re-imposition of CMCO included, among others, restrictions on the movement of people including the prohibition of inter-district travel, limiting the operating hours of certain service-based businesses, and the closure of schools.

MCO 2.0

In response to a surge in new COVID-19 cases, commencing from 13 January 2021 MCO restrictions were re-introduced to Johor, Kelantan, Melaka, Sabah, Selangor, Sibu in Sarawak and Wilayah Persekutuan Kuala Lumpur, Labuan and Putrajaya, while other states and territories were placed under CMCO or RMCO restrictions. Subsequently, MCO restrictions were progressively lifted as specific states and territories were placed under CMCO or RMCO restrictions, depending on the number of new COVID-19 cases reported.

MCO 3.0

Following increases in the number of new COVID-19 cases reported, MCO restrictions were reimposed in Kelantan commencing from 16 April 2021, and to several districts and mukims in Johor, Kuala Lumpur, Penang, Sarawak, and Selangor commencing from 3 May 2021. Districts, mukims and states that were not placed under MCO restrictions were placed under CMCO or RMCO restrictions. On 10 May, the MCO restrictions were extended nationwide.

Following the steep increase in COVID-19 cases, a National Recovery Plan (NRP) was implemented comprising four phrases. During Phase 1 of the NRP which commenced on 1 June 2021, all sectors were not allowed to operate during this period except for those in the essential economic and service sectors. Other control measures implemented included restrictions on the movement of people in Malaysia.

The second phase will be implemented after Phase 1 is successful in reducing the number of daily COVID-19 cases, which will allow the reopening of some economic sectors that do not involve large gatherings of people and where physical distancing can be maintained. This will be followed by Phase 3 where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Phase 4 will see the reopening of the economy.

As at the LPD, the list of individual states and federal territories by phase of the NRP and listed in alphabetical order is as follows:

- Phase 1: None;
- Phase 2: None;
- Phase 3: Kedah, Kelantan, Penang, Perak, Perlis, Sabah and Sarawak; and
- Phase 4: Johor, Melaka, Negeri Sembilan, Pahang, Selangor, Terengganu, and Wilayah Persekutuan Kuala Lumpur, Labuan and Putrajaya.

Effect of COVID-19 on our business operations in Malaysia

As our businesses were deemed as "essential services" as prescribed by the MITI, none of our operations were halted as a result of MCO, and we continued to operate during the first MCO period and all subsequent MCO periods. Restrictions were not placed on commercial vehicles operating during MCO.

We conducted our business operations as normal, subject to the implementation of SOP to reduce the risk of COVID-19 transmission. Our SOP included the following measures:

- employees based at operational facilities who can perform their jobs from home are encouraged to work from home;
- our employees are encouraged to hold meetings via teleconference whenever possible. If employees have to host in-person meetings at our operational facilities, the number of visitors allowed to attend must be minimised;
- all employees and visitors who wish to enter our operational facilities are required to make a health declaration, pass a temperature check and record the result, provide their contact information and wear a face-covering before they are allowed to enter the premises. While at the premises, they have to wear a face-covering at all times and maintain social distancing whenever possible; and
- while they are outside of their vehicle, all drivers must wear a face-covering at all times and maintain social distancing whenever possible.

We have also developed the following guidelines to assist our employees and group to manage the COVID-19 situation:

- **Guidelines on COVID-19 Situation Faced by Staff** for our employees to follow if they receive a positive diagnosis for COVID-19 (Category A), have come into close contact with someone who has tested positive (Category B), or have come into close contact with someone who is Category B (Category C).
- **COVID-19 BCP** (business continuity plan) to provide a plan of action to take if there is an interruption or shutdown to an individual business unit resulting from a staff member testing positive for COVID-19.

Effect of COVID-19 on our business operations in Thailand

The government of Thailand imposed restrictions in movement and operation of factories and businesses, except for those classified as essential, commencing from early 2020.

The government of Thailand subsequently imposed a restriction movement order from 20 July 2021 to 2 August 2021 and some of the measures implemented to control the spread of COVID-19 include, among others, restrictions on travel and inter-province movement of people, curfew, and closure of public spaces and certain businesses. For the FYE 2020, our revenue from customers in Thailand declined by 27.1% from approximately RM15.0 million for FYE 2019 to RM10.9 million for FYE 2020. This was due to various measures implemented such as tighter border controls and lockdown which had impacted worldwide import and export volumes, hence reducing our business activities in Thailand.

However, for FPE 2021 our revenue from customers in Thailand increased by RM1.2 million, or 21.3% to RM7.0 million compared to RM5.8 million in FPE 2020. This was mainly due to an increase in the number of cross-border transportation trips made, which increased from 3,843 trips in FPE 2020 to 4,755 trips in FPE 2021 as more economic sectors and trade activities were allowed to operate.

Impact on our financial performance

Our revenue for the FYE 2020 was still affected by, among others, measures taken by the Government of Malaysia to control COVID-19, lockdowns and tighter border controls imposed by governments, and actions taken by some of our customers including the following:

- For the FYE 2020, our revenue contributed by container haulage decreased by RM26.1 million, or 9.4%, from RM278.8 million for FYE 2019 to RM252.7 million for FYE 2020. Our container haulage volume decreased by 29,849 TEU, or 4.8% for FYE 2020 (from 618,476 TEU in FYE 2019 to 588,627 TEU in FYE 2020). Although our container haulage operations were categorised as an essential service, the decrease in sales volume was mainly due to the decrease in shipment volume by customers that were categorised as non-essential services by the Government of Malaysia, and consequently had to temporarily halt their operations during some portion of the MCO period. For comparison purpose, total revenue from container haulage segment for the first half of 2020 was approximately RM111.8 million, as compared to approximately RM131.1 million for the corresponding period in FYE 2019.

- For the FYE 2020, revenue from our land transportation business decreased by RM17.2 million, or 8.9%, from RM193.2 million for FYE 2019 to RM176.0 million for FYE 2020. This decreased was mainly attributable to a 5.9%, or 10,396 decrease in trips, from 174,856 trips made during FYE 2019 to 164,460 trips during FYE 2020. The temporary halt on non-essential services during the first MCO period from 18 March to 3 May 2020 contributed towards the reduction in the number of trips made. While our land transportation services are classified as an essential service, many of our customers were not categorised as essential services and consequently had to stop receiving their cargos during this period. In addition, general reduction in economic activity and consumption reduced demand for inland transportation and cross-border transportation.
- Revenue from our freight forwarding business decreased by RM10.5 million, or 16.2%, from RM64.7 million for FYE 2019 to RM54.2 million for FYE 2020. The number of jobs handled during FYE 2020 decreased by 5.9%, mainly due to the first MCO period from 18 March to 3 May 2020, and lockdowns and tighter border controls imposed by governments, which consequently reduced demand for freight forwarding. In addition, the average revenue per job decreased by 10.9% mainly due to fewer add on services provided per job, in view of cost cutting measures undertaken by our customers in response to COVID-19.

Between January and May 2021, our business operations were not materially affected by the COVID-19 pandemic as business sectors were allowed to operate following the relaxation of movement, business operations and other restrictions. Our revenue for FPE 2021 increased by RM24.4 million or 10.9% to RM248.5 million compared to RM224.1 million in FPE 2020. The COVID-19 control measures implemented by the government of Malaysia during FPE 2021 were less restrictive compared to those implemented during part of FPE 2020, which contributed towards the increase in revenue.

The implementation of Phase 1 lockdown commencing from 1 June 2021 resulted in some reduction in sales volume as customers that were not in essential economic and services sectors, such as furniture, tiles, building materials and steel products manufacturers, were required to temporarily cease operations, while customers that were allowed to operate were required to do so with reduced workforce. However, we expect sales volume to increase as more areas move into Phase 2 lockdown, whereby more of our customers are expected to be allowed to operate. Consequently, as at the end of July 2021 we have not experienced a material reduction in our business compared to the previous year.

As for Thailand, our business operations were not negatively affected by measures taken by the government of Thailand to control the spread of COVID-19, as most of our customers in the country were deemed as essential.

However, there can be no assurance that our business operations in Malaysia and Thailand would not be negatively affected with the further tightening of COVID-19 related control measures.

As at the LPD, we had cash and cash equivalents of RM24.3 million, total bank borrowings of RM622.0 million and total lease liabilities of RM70.7 million. As at the LPD, we had RM268.6 million in undrawn credit facilities comprising term loans of RM7.4 million, unrated Islamic medium term notes of RM140.0 million, trade financing of RM39.8 million, bank overdrafts of RM31.5 million and revolving credits of RM49.8 million.

Based on the above and after taking into consideration our funding requirements for our committed capital expenditure, expected cash flows from operations, existing level of cash and cash equivalents and credit sources together with the estimated net proceeds to be raised from our IPO, our Board is of the opinion that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

Positive diagnosis for COVID-19

Since the start of the MCO and as at the LPD, a total of 351 of our employees have received positive diagnoses for COVID-19. As at the LPD, 337 of these employees had recovered, 9 are classified as active cases and 5 are deceased. These 351 positive diagnoses for COVID-19 were received over a period of time, and were spread out across all 24 of our business units. About 75% of the positive diagnoses for COVID-19 were recorded in July 2021 and August 2021, during the height of COVID-19 outbreak in Malaysia in 2021. However, since the positive diagnoses were spread out over a period of time and across 24 business units, the positive diagnoses for COVID-19 did not result in any business interruptions or shutdowns of any of our individual business units. We did not experience an outbreak of COVID-19 which tantamount to a cluster at our business units and as such, we were not instructed to shut down our operations by any authorities. Further, there was no downtime in our operations as we perform sanitisation whenever there is a positive diagnosis of COVID-19 at our business units as well as periodic sanitisation after office hours, which did not require us to shut down our business units. The affected employees were isolated and required to self-quarantine (as described below) and the affected employees' workplaces were immediately disinfected, including sanitation of frequently touched surfaces.

The steps that we have taken in response to an employee receiving a positive diagnosis for COVID-19 are based on the "Guidelines on COVID-19 Situation Faced by Staff" and "COVID-19 BCP (business continuity plan)" that we have developed. The steps taken include the following:

- The employee who has received the positive diagnosis for COVID-19 (Category A) is required to self-quarantine and is not allowed to return to their workplace for a period of 14 days. They must undergo a Covid-19 test at the end of that period, and are only allowed to return to the workplace after they obtain a negative test result and receive their Clearance or Discharge Letter from the Ministry of Health Malaysia.
- We conduct contact tracing to identify all close contacts of the Category A staff, who are classified as Category B staff. All Category B are required to self-quarantine for 14 days. Category B staff who exhibit COVID-19 symptoms are required to undergo a Covid-19 swab test. If the result is positive, they will be classified as Category A staff. Category B staff who do not exhibit symptoms are required to self-quarantine for at least 14 days and are allowed to return to their workplace if they do not develop symptoms. If symptoms develop during the self-quarantine period, they must undergo a COVID-19 swab test.
- Employees who had close contact with Category B staff (Category C staff) are required to self-quarantine until their Category B contact completes their self-quarantine period or receives their COVID-19 test result. If the test result is negative, the Category C staff is permitted to return to the workplace. If the test result is positive, the person's classification will be changed to Category B.
- The workplace and/or commercial vehicle of the Category A staff will be fully sanitised by our in-house employees using equipment and chemicals provided by our Group.

For information purposes, since the MCO was first introduced in March 2020 and as at the LPD, our employees have undertaken a total of 1,443 COVID-19 tests that were paid for by our Group, at total cost of approximately RM157,166 However, such cost is not expected to have any material impact to our Group's financial performance. Additionally, as at the LPD, 95.4% of our employees have received 2 vaccine doses, 3.9% have received their first vaccine dose and 0.7% are pending vaccination.

6.24 SEASONALITY

We do not experience any material seasonality or cyclicality in our business as the demand for our services are neither subject to seasonal fluctuations nor cyclical variations.

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15 November 2021

The Board of Directors
Swift Haulage Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Dear Sirs/Madam

Independent Assessment of the Third-Party Logistics Industry in Malaysia

We, Vital Factor Consulting Sdn Bhd (Vital Factor), are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996. To date, we have assisted approximately 100 companies for initial public offerings as well as other corporate exercises such as mergers and acquisitions, and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above subject for inclusion into the prospectus of Swift Haulage Berhad in relation to its proposed listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of the readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report includes assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. While such statements are made based on, among others, secondary information, primary market research, and after careful analysis of data and information, the industry is subjected to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results. In light of these and other uncertainties, the inclusion of assessments, opinions and forward-looking statements may differ from actual events.

Yours sincerely

Wai L

Wong Wai Ling
Director

Wong Wai Ling has a Bachelor of Arts degree from Monash University, Australia and a Graduate Diploma in Management Studies from the University of Melbourne, Australia. She has more than 20 years of experience in business consulting and market research including initial public offering for companies seeking listing on Bursa Securities.

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INDEPENDENT ASSESSMENT OF THE THIRD-PARTY LOGISTICS INDUSTRY IN MALAYSIA

1. INTRODUCTION

- Swift Haulage Berhad and its subsidiaries (herein referred to as Swift Group) are an integrated logistics service provider involved in providing container haulage, land transportation focusing on road transportation, warehousing and container depot, and freight forwarding in Malaysia. The Group also has operations in Thailand focusing on cross-border transportation. For the FYE 2018, 2019 and 2020, Malaysia was its principal market which accounted for 96.5% (RM479.57 million), 96.2% (RM587.14 million) and 96.8% (RM537.95 million) of its total revenue respectively. Therefore, this report will focus on Malaysia.

- In the context of this report, logistics refers to the international and domestic movement and storage of goods and related services but does not include postal, courier, hired vehicles, and localised pick-up and delivery services. It also refers to third-party logistics, which is the provision of logistics services for external customers. In the context of this report, warehousing refers to public warehousing which involves the storage and management of goods for third parties and does not cover warehousing for internal use.

2. INDUSTRY STRUCTURE

2.1 Overall Logistics Industry

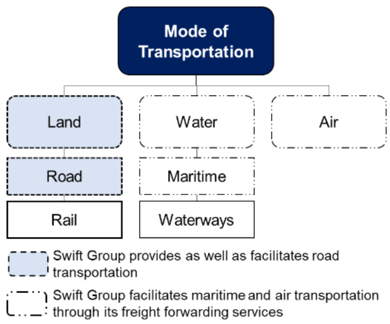
- A supply chain comprises a series of activities starting from goods that are produced, extracted, manufactured, processed or procured, up to delivery to their respective final destinations. Logistics is part of the supply chain that plans, organises, manages and carry out the movement and storage of goods from one point to another.

- The logistics industry is segmented into transportation, warehousing and freight forwarding. Swift Group operates in all three sectors of the logistics industry.

Swift Group operates in all the above segments of the logistics industry

- Transportation involves the physical movement of goods over land, sea and air. Goods transported are categorised as containerised or non-containerised. Containerised goods are goods packed within standardised 20-foot or 40-foot containers. Non-containerised goods are segmented into dry bulk such as grains and coal, general cargo transported separately such as cars, and oversized cargo that are too heavy or large to fit into a standard container, and liquid bulk such as crude oil, liquified natural gas and palm oil. Swift Group is involved in the transportation of containerised and non-containerised goods.

- The common modes of transportation are as follows:
  - **Land transportation** can be further segmented into road and rail transportation:
    - road transportation is involved in the movement of containerised (referred to as container haulage), and non-containerised cargo; and
    - rail transportation uses the railway system for transportation of containerised and non-containerised cargo.



- **Water transportation** is categorised into maritime which is transportation across oceans and seas, and waterways such as rivers. Maritime transportation provides extensive coverage globally that promotes international freight.

- **Air transportation** delivers cargo using scheduled passenger or cargo flights, or chartered flight. It provides prompt and more secured deliveries relative to other modes of transportation, although at a higher cost.

• **Warehousing** is the process of storing goods in a warehouse or an open yard but does not include the storage of liquids or gases in storage tanks. It also includes the operation of warehouse facilities.

Warehousing facilities can be private or public. Private warehousing facilities are for their own use while public warehousing facilities are used to store and manage goods for customers. Warehouses include ambient temperature for general goods, and temperature and humidity-controlled warehouses such as chillers, cold rooms, air-conditioned and humidity-controlled warehouses. Warehousing facilities can be bonded or non-bonded. Bonded warehousing facilities are designated secured areas or buildings where stored goods are exempted from customs duties and taxes.

A container depot is an open yard for the storage of empty shipping containers and laden containers held in transit.

Swift Group provides bonded and non-bonded warehousing for ambient temperature general cargo, as well as operations and management of warehousing services for private warehouses. Swift Group also provides container depot services.

• **Freight forwarding** is a service that is mainly involved in arranging cross-border transportation of freight, including land transportation of containerised and non-containerised goods, and warehousing where necessary.

A freight forwarder's main function is to organise and manage end-to-end transportation of goods on behalf of its customers. Among others, it involves arranging and booking cargo space on vessels such as ships or planes, preparing all relevant documentation, permits and approvals including those for customs and port authorities, clearing customs and ports, and ensuring that freight arrives at its destination promptly and safely. Swift Group provides sea, air and land freight forwarding services.

2.2 Value-added Logistics Services

• Some of the value-added logistics services include the following:

- **Distribution logistics** focuses on domestic point to multipoint land transportation as well as warehousing where required. It includes picking and packing goods and delivering them to their respective destinations. A common form of distribution logistics is a central warehouse serving multiple retail outlets within an area or a country.

- **E-fulfilment** involves fulfilling purchases made online which comprises storage and management of goods, and pick, pack and labelling parcels ready for delivery to buyers (referred to as the last-mile delivery).

- **Warehousing related services** such as palletising, bulk breaking, minor product assembly, packaging, procurement, quality control, labelling or other related activities.

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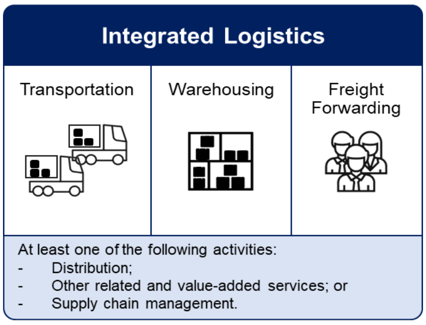
2.3 Integrated Logistics Services

- According to MIDA, the main activities in integrated logistics services (ILS) include the provision of three main services including transportation, warehousing and freight forwarding with at least one additional value-added activity on an integrated basis. It also applies to international ILS (IILS) that provides end-to-end cross border logistics services. Swift Group is an IILS provider as they provide the three main logistics services and value-added services such as distribution logistics and e-fulfilment services.



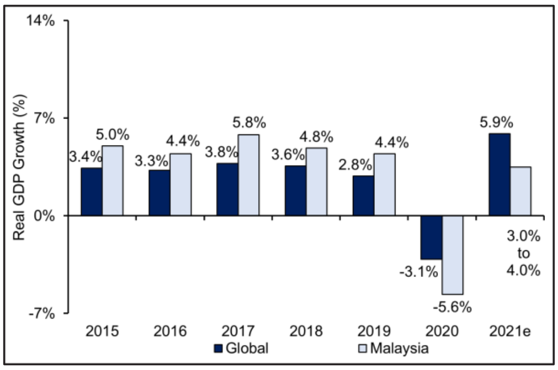
3. SUPPLY AND DEMAND DEPENDENCIES

3.1 Global and Malaysia's Economic Activities

- Logistics service providers are dependent on economic activities at the domestic and global levels which drives the demand for logistics services. Gross Domestic Product (GDP) is a measurement of the gross value added in the output of goods and services indicating its overall size in monetary terms. GDP growth is commonly measured by comparing a particular period with the preceding or corresponding period. Real GDP removes the effect of inflation or deflation, which provide "real" changes in output due to changes in the quantity of goods and services produced, rather than changes in their prices. GDP quoted in current prices without adjustments for inflation or deflation is termed nominal GDP. In the context of this report, all GDP figures are nominal GDP, unless specified otherwise.

- In 2020, the global economy was impacted severely by the COVID-19 pandemic, resulting in a global real GDP contraction of 3.1%. Malaysia was also adversely affected by the temporary closures of businesses and restrictions on movements including border closures resulting in lower trade, commerce and social activities, leading to a 5.6% decline in real GDP in 2020.

Global and Malaysia's Real GDP Growth



e = estimate (Sources: BNM; Vital Factor analysis)

- In the first quarter (Q1) of 2021, the global economy continued to recover with improvements in global manufacturing and trade activities with the US economy expanding by 0.5%, Euro Area registering a slower decline of 1.3% while China's economy continuing to grow by 18.3%. In the second quarter (Q2) of 2021, global growth gained strength where the US, Euro Area and China economies grew by 12.2%, 14.2% and 7.9% respectively. The improvement in the advanced economies was broad-based with the easing of containment measures while emerging economies continued to be disrupted due to containment measures during the second quarter. The improvement was also partially attributed to the low base effects from the lockdowns worldwide during the corresponding period in 2020. In the third quarter (Q3) of 2021, the growth in the US, Euro Area and China moderated to 4.9%, 3.7% and 4.9% respectively. *(Source: Bank Negara Malaysia (BNM))*.

- However, the uncertainties on the effectiveness of the vaccines against the new COVID-19 strains remains a key concern. In addition, the reintroduction of containment measures due to the resurgence of COVID-19 cases in some of the economies may contribute to an uneven pace of global recovery. In Q1 2021, Malaysia's real GDP recorded a smaller decline of 0.5%, before it expanded with a growth of 16.1% in Q2 2021 which was supported by improvement in domestic demand and robust export performance. *(Source: BNM).*

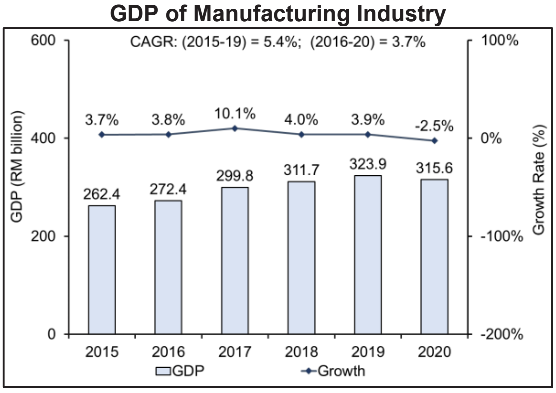
- In response to the escalating number of COVID-19 cases in the country, the Government of Malaysia implemented a four-phase National Recovery Plan (NRP) effective from 1 June 2021 to provide an exit strategy from the COVID-19 crisis. The first phase of the NRP entails restrictions on movement and economic activities where all sectors, except for sectors classified as essential services, were not allowed to operate. In Q3 2021, real GDP contracted by 4.5% due to containment measures under NRP. Overall, the economy in Malaysia is estimated to grow within the range of 3.0% to 4.0% in 2021 with a forecasted real GDP growth between 5.5% and 6.5% in 2022 *(Source: MoF)*.

3.2 Manufacturing Industry

- Malaysia's manufacturing industry is one of the key drivers of growth for the logistics industry as raw and input materials, and intermediate and finished products, will need to be stored and transported to various locations. Commonly, it also involves imports and exports of goods.

- In 2020, the GDP of the manufacturing industry declined by 2.5% amounting to RM315.6 billion, which represented 22.3% of Malaysia's GDP. The contraction of the manufacturing industry was due to restriction in operations, supply-chain disruptions and subdued demand conditions which weighed on production activities *(Source: BNM).*

GDP of Manufacturing Industry



(Source: Department of Statistics, Malaysia (DOSM))

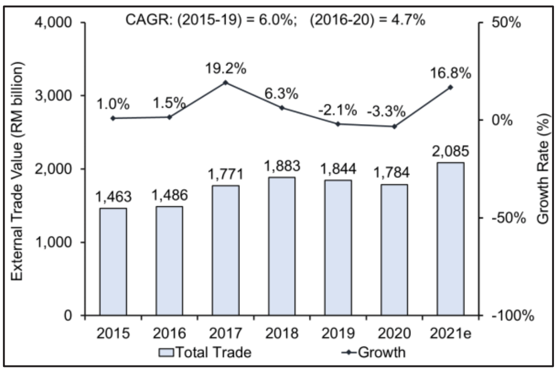
- However, production activities, particularly in the electrical and electronics (E&E) industry rebounded quickly as operating restrictions were lifted by Q3 2020.

- In Q1 2021, real GDP of the manufacturing industry grew by 6.6% which was mainly driven by external demand for E&E products and the recovery in the consumer related manufacturing sectors. In Q2 2021, the real GDP grew by 26.6% due to the export demand conditions which remained resilient amid the continued global technology upcycle and recovery in global growth before contracting marginally by 0.8% in Q3 2021 *(Source: BNM).* The real GDP of the manufacturing industry is estimated to grow at 8.1% in 2021 with a forecasted real GDP growth of 4.7% in 2022 *(Source: MoF)*.

3.3 External Trade Activities

- Global trade activities are some of the key drivers of the logistics industry. In 2020, the import and export value of Malaysia's external trade activities contracted by 5.8% and 1.1% respectively. This resulted in a decline in external trade activities by 3.3% from RM1,844 billion in 2019 to RM1,784 billion in 2020.

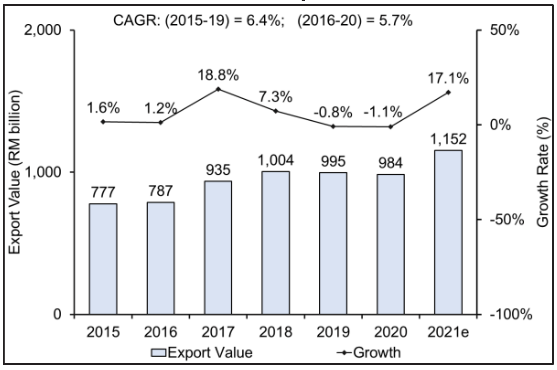
External Trade Activities



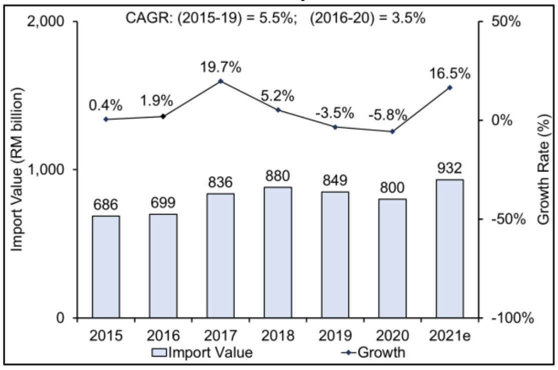
e = estimate (Source: DOSM; MoF)

The decline in external trade in 2019 was due to the softer global demand attributed to the US-China and Japan-South Korea trade tensions and unfavourable external economic conditions. In 2020, external trade activities slowed down further due to restrictions in travel and transportation activities due to the COVID-19 pandemic. In Q1, Q2 and Q3 2021, external trade activities grew by 14.3%, 39.0% and 18.1% respectively. Malaysia's external trade activities in terms of value are estimated to grow

Gross Exports



Gross Imports



e = estimate (Source: DOSM; MoF)

by 16.8% in 2021 with a forecasted growth of 1.6% in 2022 *(Source: MoF)*.

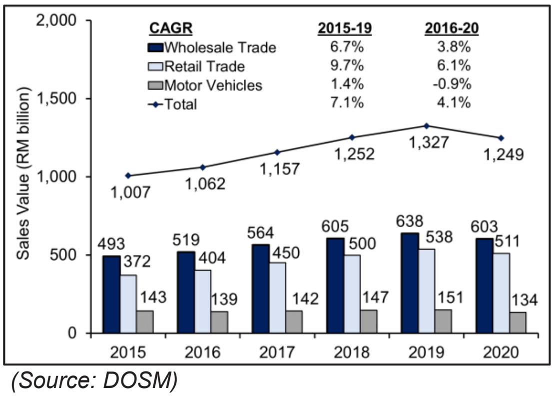
- In 2020, Malaysia's gross exports declined by 1.1%. This was mainly contributed by the decline in the exports of mining goods due to the slowdown in global industrial demand and a slump in global prices. In Q1, Q2 and Q3 2021, Malaysia's gross exports grew by 18.0%, 44.0% and 15.8% respectively. In 2021 as a whole, Malaysia's gross exports are estimated to grow by 17.1% due to strong external demand, particularly for E&E products as economic activities normalise in tandem with accelerated global vaccine roll-outs. Malaysia's gross exports are forecasted to grow by 1.5% in 2022 *(Source: MoF)*.

- Similarly, in 2020, Malaysia's gross imports declined by 5.8% and this was due to lower imports of intermediate and capital goods as a result of slower economic and investment activities. In Q1, Q2 and Q3 2021, Malaysia's gross imports grew by 10.0%, 33.3% and 21.0% respectively. In 2021 as a whole, Malaysia's gross imports are estimated to grow by 16.5% due to recovery in economic sectors, while growth in 2022 was forecasted to be 1.7% *(Source: MoF)*.

3.4 Domestic Distributive Trades

- The distributive trade comprises the sales value of wholesale and retail trades, and the sales, maintenance and repair of motor vehicles. The chart provides segmentation for motor vehicles as their values are relatively large compared to other wholesale and retail trade goods. Distributive trade requires the movement of goods within the domestic market.

Distributive Trade Activities



(Source: DOSM)

- The wholesale and retail trades in Malaysia have been growing steadily at a CAGR of 6.7% and 9.7% respectively between 2015 and 2019 before the COVID-19 pandemic.

- In 2020, the wholesale, retail and motor vehicle trade fell by 5.5%, 4.9% and 10.9% respectively. This was mainly due to the impact of COVID-19. In Q1 2021, the distributive trade grew slightly by 1.7%, and continued to grow by 22.6% in Q2 2021. In particular, the wholesale, retail and motor vehicle trade sectors in Q1 2021 grew by 0.4%, 1.6% and 8.2% respectively compared to Q1 2020. The trend continued into Q2 2021, where wholesale, retail and motor vehicle trade grew by 23.2%, 19.8% and 33.5% respectively compared to Q2 2020.

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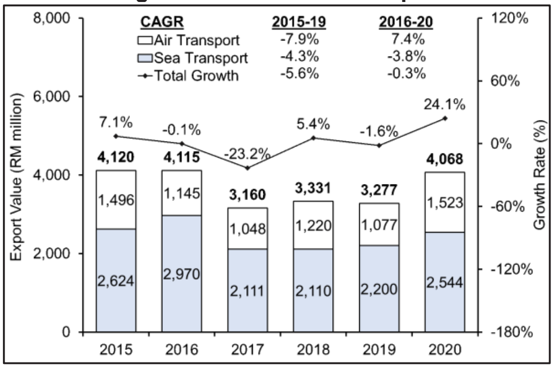
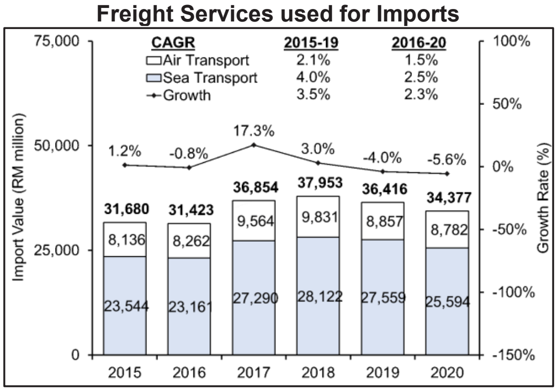
4. PERFORMANCE OF THE TRANSPORTATION SECTOR

4.1 Freight Services used for Exports and Imports

Freight Services used for Exports



Freight Services used for Imports

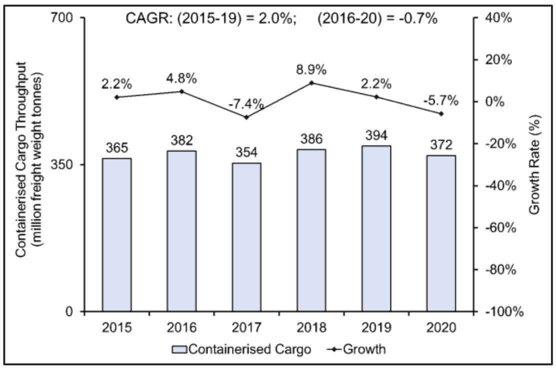


(Source: DOSM)

- In 2020, freight services used for exports grew by 24.1% where both air and sea freight grew by 41.4% and 15.6% respectively. In 2020, freight services used for imports declined by 5.6%, where both air freight and sea freight declined by 0.8% and 7.1% respectively.

4.2 Sea Freight Transportation

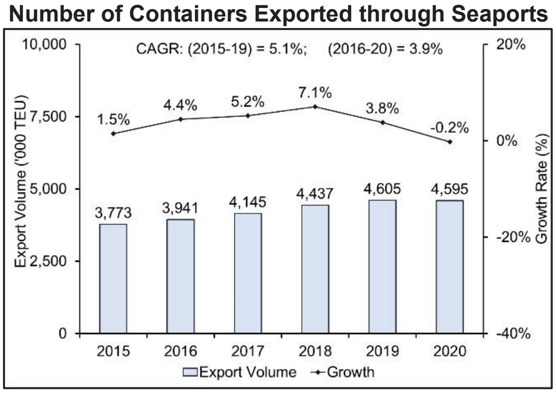
Containerised Cargo Throughput



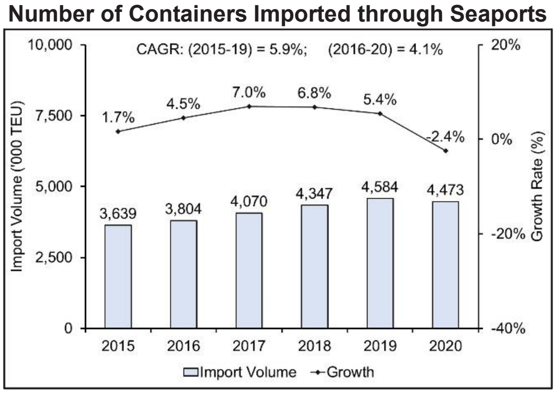
(Source: Ministry of Transport Malaysia (MoT))

- Swift Group's container haulage, sea freight and freight forwarding services are focused on containerised goods. Before the COVID-19 pandemic, containerised cargo throughput based on freight weight tonnes recorded a CAGR of 2.0% between 2015 and 2019. In 2020, containerised cargo fell by 5.7% in freight weight tonnes, which accounted for 65.9% of the total sea freight cargo throughput comprising containerised and non-containerised cargo. In Q1, Q2 and Q3 2021, containerised cargo throughput recorded 9.6%, 25.8% and -0.3% respectively.

Number of Containers Exported through Seaports



Number of Containers Imported through Seaports



TEU = Twenty-foot equivalent unit (Source: MoT)

- In 2020, sea freight transportation based on container throughput declined by 0.2% and 2.4% for exports and imports respectively. Total container movements were only slightly impacted by the COVID-19 pandemic as the Government of Malaysia designated ports, shipping and land transportation services as "essential services", thereby exempting them from lockdown

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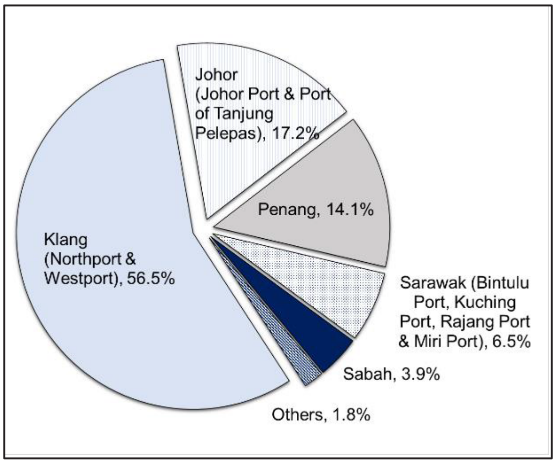
measures. In Q1 2021, container throughput grew by 5.7% compared to Q1 2020, and it subsequently recorded 21.7% and -14.7% respectively in Q2 and Q3 2021 compared to the corresponding periods in 2020. In 2020, the container port market was largely dominated by ports in Port Klang (56.5%), ports in Johor (17.2%), and Penang Port (14.1%) which accounted for 87.8% of the total container throughput among 12 seaports in Malaysia. Other ports include Kuantan Port and Tanjung Bruas Port in Melaka, which collectively accounted for 1.8%. while Sabah and Sarawak ports collectively accounted for 10.4% of the container throughput in Malaysia.

Container Throughput* by Seaports, 2020



** Total number of TEU in 2020 = 9.07 million TEU. Includes imports and exports, excluding transhipments (Source: MoT)*

- Swift Group's container haulage services are mainly to and from Malaysia's largest port locations namely Port Klang, Johor and Penang.

Container Throughput* from Seaports in Port Klang, Johor and Penang									
	Port Klang[(1)] ('000 TEU)	%age of total (%)	Growth (%)	Johor ports[(2)] ('000 TEU)	%age of total (%)	Growth (%)	Penang Port ('000 TEU)	%age of total (%)	Growth (%)
2015	3,956	53.4	1.3	1,247	16.8	3.8	1,216	16.4	5.0
2016	4,102	53.0	3.7	1,287	16.6	3.2	1,343	17.3	10.4
2017	4,336	52.8	5.7	1,401	17.1	8.9	1,430	17.4	6.5
2018	4,749	54.1	9.5	1,490	17.0	6.4	1,422	16.2	-0.5
2019	5,034	54.8	6.0	1,597	17.4	7.2	1,407	15.3	-1.1
2020	5,121	56.5	1.7	1,562	17.2	-2.2	1,278	14.1	-9.1
Q1 21	1,386	58.1	9.8	389	16.3	2.8	323	13.5	-5.0
Q2 21	1,399	59.2	27.3	370	15.7	13.4	292	12.4	3.0
Q3 21	1,230	58.7	-11.2	312	14.9	-27.9	278	13.3	-16.4

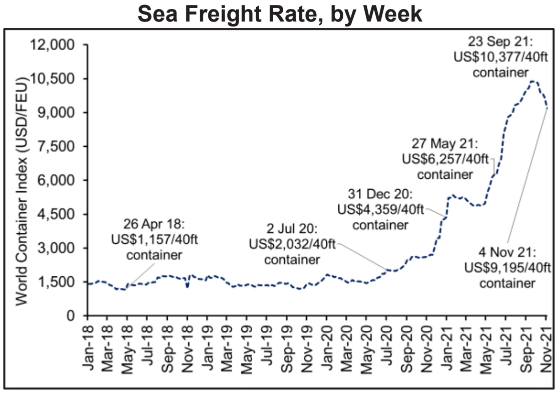
** Includes imports and exports, excluding transhipments (Source: MoT)*
Notes: (1) Combined Northport and Westport; (2) Combined Johor Port and Port of Tanjung Pelepas

- Between 2015 and 2019, container throughput in Port Klang and Johor ports have been recording positive growth every year, while Penang Port experienced negative growth in container throughput in 2018 and 2019. In 2020, container throughput from Port Klang continued to experience growth, while Johor ports and Penang Port experienced a decline in container throughput. In Q1 2021, container throughput in Port Klang and Johor ports continued to register growth while Penang Port declined compared to Q1 2020. In Q2 2021, container throughput in the above 3 seaports registered growth compared to Q2 2020, while negative growth was recorded in Q3 2021 *(Source: MoT)*.

4.3 Sea Freight Rate

- Sea freight rate has been increasing since the beginning of the COVID-19 pandemic. In 2018, the weekly freight rate on 26 April 2018 was at US$1,157/forty-foot equivalent unit (FEU). It has been fluctuating around an average weekly rate of US$1,518/FEU until the second

Sea Freight Rate, by Week



(Source: Vital Factor analysis)

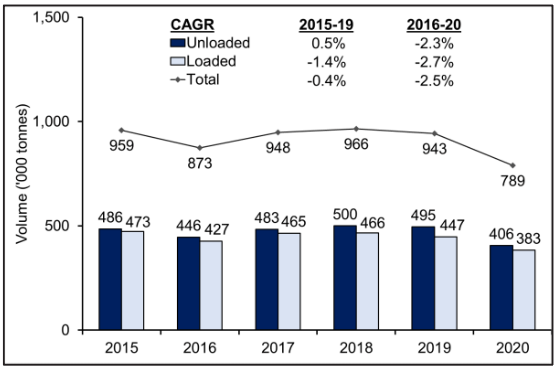
half of 2020. Since then, the sea freight rate generally kept increasing from US$2,032/FEU on 2 July 2020 to US$10,377/FEU on 23 September 2021, and subsequently decreased to US$9,195/FEU on 4 November 2021.

- The increase in freight rates was mainly driven by the increase in demand for container shipping resulting from many economies, especially the US, bouncing back from an initial slowdown during the early part of the COVID-19 pandemic. Additionally, some economies continued to face lockdowns which caused empty containers to be stuck in these countries causing a shortage of empty containers. This situation is exacerbated by an imbalance in trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. This caused the price of new containers to increase substantially, which was ultimately reflected in the sea freight rates. The increase in sea freight rate largely affects consignors (sending parties) or consignees (receiving parties) as they are the ones who have to pay for the sea freight rates.

4.4 Air Freight Transportation

- In 2020, the total air cargo handled by airports in Malaysia declined by 16.3%, which was mainly contributed by the abrupt cessation of scheduled air passenger services *(Source: Malaysian Aviation Commission)*. This is because a large proportion of air freight uses scheduled passenger aircraft. The total airfreight volume in 2020 was approximately 789,000 tonnes, of which 79.6% was handled by Kuala Lumpur International Airport (KLIA), KLIA 2 and Penang Airport.

Total Cargo Handled by Malaysian Airports

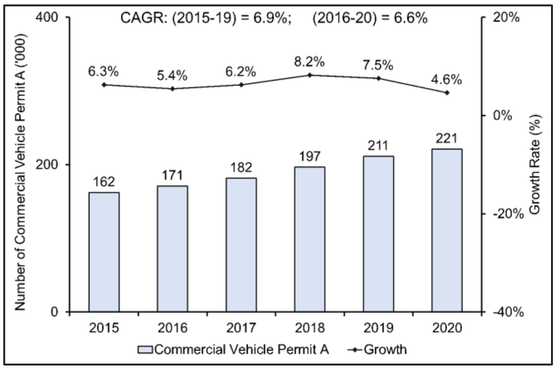


(Source: Ministry of Transport, Malaysia (MoT))

4.5 Commercial Vehicle Permits

- Operators providing land transportation to third parties are required to obtain Permit A for their commercial vehicles from the Commercial Vehicles Licensing Board. In 2020, despite the decline in external trade activities, the number of active Permit A licensees on the road increased by 4.6% to 221,000 permits.

Number of Active Commercial Vehicles - Permit A



(Source: MoT)

5. REGULATIONS GOVERNING THE INDUSTRY AND MASTERPLAN

- Some licences required to provide logistics services in Malaysia include the following:
  - companies providing non-bonded warehousing services is required to obtain an ordinary warehousing licence from MIDA;
  - companies providing bonded warehousing services must apply for a licence from the Royal Malaysian Customs Department;
  - companies providing transportation services to third parties using commercial vehicles are required to obtain Carrier Licence A from the Public Transport Commission for operators in Peninsular Malaysia and Commercial Vehicles Licensing Board for operators in Sabah and Sarawak;

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- companies that qualify for a Freight Forwarding Agent/Customs Agent licence must first obtain an IILS status from MIDA before acquiring the licence from the Royal Malaysian Customs Department; and
- for companies to be qualified for IILS status, they must provide warehousing, transportation and freight forwarding including customs clearance, plus at least one of distribution, supply chain management or other related and value-added logistics services. In addition, they must manage at least 20 units of commercial vehicles and 5,000 square metres of warehouse space. The approved IILS company will be issued the Freight Forwarding Agent/Customs Agent licence by the Royal Malaysian Customs Department *(Source: MIDA)*.

6. COMPETITIVE LANDSCAPE

- The logistics industry in Malaysia is fragmented with a large number of operators. As of 1 November 2021, there were 1,500 operators registered with the Federation of Malaysian Freight Forwarders (FMFF) and 131 operators registered with the Association of Malaysian Hauliers (AMH). It should also be noted that there are operators who are not members of either FMFF and/or AMH. The industry is expected to consolidate in the future as existing operators in the industry continue to adopt a merger and acquisition strategy to enlarge their market share

- Following are some logistics service operators and Swift Group in Malaysia, listed in descending order of revenue. This is not an exhaustive list.

Operators in the Industry	FYE(1)	Revenue(2) (RM'000)	GP(2) (RM'000)	GP Margin(2) (%)	NP/(NL)(2) (RM'000)	NP/(NL) Margin(2) (%)
*TASCO Bhd (3)	Mar-21	946,612	151,166	16.0	43,669	4.6
*Freight Management Holdings Bhd (4)	Jun-21	763,431	194,030	25.4	29,469	3.9
*CJ Century Logistics Holdings Bhd (5)	Dec-20	635,707	85,740	13.5	1,046	0.2
*Tiong Nam Logistics Holdings Bhd (6)	Mar-21	602,120	105,712	17.6	11,882	2.0
Swift Group	**Dec-20**	**555,838**	**185,739**	**33.4**	**42,480**	**7.6**
^Taipanco S/B	Dec-19	112,057	25,833	23.1	7,818	7.0
^Integrated Logistics Solutions S/B	Dec-20	101,184	n.a.	n.a.	1,546	1.5
*Xin Hwa Holdings Bhd (7)	Mar-21	97,756	35,247	36.1	3,056	3.1
^Sing Chuan Aik Transport S/B	Dec-20	97,360	20,628	21.2	11,966	12.3
*Tri-Mode System (M) Bhd (8)	Dec-20	83,432	14,883	17.8	5,538	6.6
*See Hup Consolidated Bhd (9)	Mar-21	79,664	n.a.	n.a.	(4,720)	(5.9)
^Seagull Logistics S/B	Dec-19	45,677	10,022	21.9	478	1.0
*Transocean Holdings Bhd (10)	Dec-20	16,992	n.a.	n.a.	(2,825)	(16.6)

* Public listed company; ^ Private company; FYE = financial year ended; GP = gross profit; NP = net profit after tax; NL = net loss after tax; Bhd = Berhad; S/B = Sdn Bhd; n.a. = information not available

(1) Latest audited financial information from annual reports, Companies Commission of Malaysia and Swift Group's audited financial statements.
(2) Revenue derived may also include other business activities, products or services.
(3) Provides air and sea freight forwarding, contract logistics, trucking and cold supply chain services.
(4) Provides logistics services.
(5) Provides total logistics, procurement logistics and courier services.
(6) Provides logistics and warehousing services, property development and hotel and dormitory operations.
(7) Provides land freight transport, warehousing and distribution services.
(8) Provides sea and air freight, container haulage, freight forwarding, warehousing and marine insurance.
(9) Provides transportation and logistics services, trading of general merchandise and construction activities.
(10) Provides logistics solutions, as well as manufacturing and trading of tyre products.

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The above public listed and private companies provide container haulage, road transportation, warehousing and freight forwarding services.

7. MARKET SIZE AND MARKET SHARE

The following market sizes and shares of Swift Group for container haulage are as follows:

2020 - Container Haulage	Malaysia	Pen. Malaysia	Port Klang[(1)]	Johor ports[(2)]	Penang Port	Kuantan Port	Tanjung Bruas Port
Market Size[(a)(3)]('000 TEU)	9,068	8,126	5,121	1,562	1,278	150	14
Swift Group[(b)]('000 TEU)	589	589	290	73	166	53	6
Swift Group's share (%)	6.5	7.2	5.7	4.6	13.0	35.7	42.1

TEU = 20-foot equivalent unit. Sources: (a) MoT (b) Swift Group
(1) Northport and Westport on a combined basis; (2) Johor Port and Port of Tanjung Pelepas on a combined basis; (3) Includes imports and exports of laden containers, excluding transhipments.

2020	Malaysia[(a)(1)] (tonnes)	Swift Group[(b)] (tonnes)	Swift Group's share (%)
Air freight	789,138	803	Less than 1%

Sources: (a) MoT (b) Swift Group; (1) Includes loaded and unloaded, but exclude cargo in transit

There were no publicly available statistics or data on the market size for third-party warehousing and container depot services, therefore it is not possible to derive market share.

8. LOOKING AHEAD IN THE LOGISTICS INDUSTRY IN MALAYSIA

The logistics industry plays an important role in the economy, enabling all forms of trade and distribution activities. Logistics form an integral part of the supply chain both domestically and internationally, transporting raw and input materials to be processed or manufactured, as well as intermediate and finished products to intermediaries and end-users.

In 2020, the GDP of the manufacturing and distributive trade sectors represented 22.3% and 16.9% of Malaysia's total GDP respectively and logistics play an essential role in the movement and storage of goods in these sectors. The manufacturing sector in Malaysia is a major contributor to the nation's export revenue and this is supported by the exports of manufactured goods which accounted for 86.4% (RM847.66 billion) of Malaysia's total exports in 2020. E&E products accounted for the largest share at 39.4% (RM386.11 billion) of Malaysia's total exports in 2020.

In 2020, the logistics industry in Malaysia was affected by border closures and lower economic and trade activities due to the adverse impact of the COVID-19 pandemic. The lockdown in China at the beginning of 2020 disrupted their manufacturing activities which in turn impacted on the global supply chain. As the COVID-19 pandemic began to spread outside of China, many countries implemented lockdown measures which interrupted economic activities. The various restrictions imposed and closure of international borders disrupted the flow of import and export of goods globally including Malaysia.

With the rollout of vaccines which commenced at the end of 2020, the global economy is expected to recover in 2021. However, the recovery is expected to vary across economies, with recovery dependent on each of the country's ability to contain the COVID-19 pandemic as well as the effectiveness of fiscal measures implemented. Malaysia's economy is projected to grow within the range of 3.0% to 4.0% in 2021, with a forecasted real GDP growth between 5.5% and 6.5% in 2022 *(Source: MoF)*. However, Malaysia's recovery will be subject to the downside risks relating to the resurgence of the COVID-19 infections globally and domestically, the reintroduction of containment measures, the effectiveness of the vaccines amidst the new strains of COVID-19, progress of major infrastructure projects and volatility of the financial markets.

8. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we and to a large extent, our business and operations are subject to legal, regulatory and business risks where we operate. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below.

8.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

8.1.1 We may not be able to renew or obtain licences and permits required to carry on our business

The logistics industry in Malaysia and Thailand is regulated by specific legislations requiring companies which undertake logistics business to have various registrations, permits and licences from the regulatory authorities. In providing our services, our Group has obtained various licences, permits and approvals to carry on its business, including but not limited to forwarding agent licences, shipping agent licences, public bonded warehouse licences, operator licences and service permits. These licences, and permits are subject to compliance of conditions imposed by the regulatory authorities in Malaysia and Thailand, including bumiputera participation conditions in Malaysia. The inability of our Group to comply with such conditions will result in a revocation or non-renewal of these permits and licences. The revocation or non-renewal of these permits and licences, or the variations, modifications or imposition of additional conditions by the regulatory authorities, may adversely affect our ability to continue operation and hence affect our financial performance.

Please refer to Section 6.14 for details of the major licenses and permits obtained by our Group and the conditions including the bumiputera participation conditions (where applicable), attached to these licences and permits.

New laws and regulations may also be enforced from time to time to require additional approvals, licences and/or permits other than those we currently have or provide additional requirements on the operation of our business. If additional approvals, licences or permits are required for the operation of any part of our business and we are not able to obtain such approvals, licences, or permits or adjust our business model to comply with such new laws in a timely manner, we could be subject to operational disruption and penalties.

8.1.2 We are dependent on the experience and expertise of our Executive Director and key senior management for the continued success of our Group

Our Executive Director and key senior management who have on average 24 years of experience in the industry, are key to our continued success as they have extensive industry experience and expertise. The loss of any of our Executive Director or key senior management may adversely affect our future development, business operations and our relationships with our major customers if we are unable to find suitable replacements in a timely manner.

In order to ensure smooth succession planning, our Group has put in numerous efforts 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 younger management team who have been earmarked in our succession plan.

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 senior management or ensuring a smooth management succession plan. Should we experience any significant, material changes to the composition of our key senior management team, and we are unable to recruit or train suitable replacements in a timely manner, this could have a material and adverse effect on our business operations, financial results and future prospects.

8.1.3 Our business operations and financial performance may be adversely affected by the COVID-19 pandemic

Although our business operations are deemed as "essential services", our financial performance was affected by the economic disruptions caused by COVID-19 which were felt across the logistics sector due to the lockdowns and tighter border control imposed by the governments of other countries.

During the MCO, we are allowed to conduct our business operations as normal, subject to compliance with the requirements and implementation of standard operating procedures to minimise the spread of the COVID-19 virus. However, if any of our employees do not comply with our standard operating procedures and are inadvertently infected with the COVID-19 virus, we may be required to temporarily shut down our operations for a period of time as advised by the Ministry of Health, Malaysia before we are allowed to resume our operations. Since the start of 2020 and as at the LPD, 351 of our employees received positive diagnosis for COVID-19, 337 of these employees had recovered, 9 are classified as active cases and 5 are deceased. As at the LPD, 95.4% of our employees have received 2 vaccine doses, 3.9% have received their first vaccine dose and 0.7% are pending vaccination.

Although our business operations have continued throughout the MCO, the operating environment has changed since the COVID-19 pandemic with the need to adhere to strict standard operating procedures at additional costs. Any deterioration in the conditions of the COVID-19 pandemic may also potentially result in a tightening of the MCO including targeted enhanced MCO in a specific location, which could potentially interrupt and/or suspend our customers' operations. This could lead to an adverse impact on our business and financial conditions.

In addition, we may also face delays in implementing our business strategies and capital expenditure in accordance with the expected timeline as set out in Section 6.21 of this Prospectus, due to the COVID-19 pandemic. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

Please refer to Section 6.23.1 of this Prospectus on the effect of COVID-19 on our business operations and the implementation of standard operating procedures by us to reduce the risk of COVID-19 transmission.

8.1.4 We face threat of cargo hijacking and theft incident

Risks of cargo hijacking and theft incidents are inherent to the nature of our business. The potential impact of cargo hijacking or theft includes among others, a reduction in the demand for our services by customers, the loss of traffic thereby affecting revenue, increased security and insurance costs and delays due to tightened security. In such event, the reputation, business and results of our operations may be materially and adversely affected. In the past, we had encountered 2 occurrences of cargo hijacking and theft incident in 2014 and 2015 amounting to claims of USD158,552.18 and USD123,786.65 respectively, which did not materially affect our financial performance. Although there has not been any cargo hijacking and theft incidents since the last incident in 2015 and up to the LPD, we cannot assure you that such incidents will not occur in the future. In the event that such incidents occur, we may be liable for the losses of and subject to claims by our customers. This may in turn damage our reputation and adversely affect our financial performance.

8.1.5 We may fail to identify referral shipments which carry goods of dangerous or illicit nature

Containers and cargoes entering Malaysia are generally subject to customs clearance whereby we have no control over, and no actual knowledge of the goods our customers carry other than as declared in relevant declaration forms. It is possible that actual containers and cargo handled by us may differ from that what is described in the declarations. Our standard terms and conditions entered into with our customers include amongst others, that the customers are responsible to provide us with complete, accurate and correct information about the description and particulars of the cargoes. In addition, our contracts entered with the customers allow us to seek indemnity from the customers in the event of act, omission, error or misstatement, negligence, default or breach by the customers. Nevertheless, should there be discrepancies or illegal activities occurring on the part of the customers, the containers and cargoes may end up being impounded by customs, or give rise to any unexpected accidents, and we may be subject to investigations, and exposed to fines by authorities to the extent if we are found liable under the applicable laws and regulations, such as abetment with the customer in breach under the Customs Act 1967. In such event, our reputation, business and results of operations may be materially and adversely affected.

8.1.6 Our Group may face difficulty in implementing its business strategies

The successful implementation of our business strategies and future plans are based on our current circumstances and bases and assumptions that certain circumstances will or will not occur in the future. It is also dependent on a number of factors including the availability of funds, our ability to execute our business strategies well and to retain and recruit competent management and employees. There are also factors beyond our control that affect the successful implementation of our strategies such as the general market conditions in Malaysia and Southeast Asia, or changes in the Malaysian government's policy or regulatory regime for the logistics industry in Malaysia. There is no assurance that our business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of our business strategies and plans may have a material adverse effect on the profitability and prospects of our Group.

As disclosed in Sections 4.6.1(a) and 4.6.1(b) of this Prospectus, we intend to utilise part of the IPO proceeds for the following purposes:

(i) Construction of a new warehouse

Our plan is to construct the new warehouse in Port Klang Free Zone in Selangor to relocate our existing warehouse operations at the Westport Warehouse, which was under rented premises, the lease of which ended in October 2021. The new warehouse is expected to provide us with larger capacity to serve our existing and potential customers, as well as to enable us to address business opportunities in providing warehousing services to potential and existing customers within the Port Klang Free Zone. The construction of the new warehouse is expected to complete within the second quarter of 2022, after which we plan to commence our operations at the new warehouse.

The construction and completion of the new warehouse is subject to, among others, the approval for the building plan, as well as the issuance of CCC. There is no assurance that the necessary approval and CCC can be obtained according to our timeline, which could impact our warehousing services operations. If the construction and/or issuance of the CCC for the new warehouse are delayed and if we are unable to extend the lease period of our Westport Warehouse, this would result in disruption to our warehousing services operations and loss of revenue.

Please refer to Section 6.21.2.1 of this Prospectus for further details on the construction of the new warehouse.

(ii) **Purchase of land**

While we intend to utilise a portion of the IPO proceeds to purchase the Bandar Sultan Sulaiman Land, there is no assurance that the acquisition of the said land will be successful or completed due to factors beyond our control such as the non-approval from the Selangor State Land Office for its consent to transfer the Bandar Sultan Sulaiman Land and failure to settle the payment for the acquisition to PKNS due to insufficient internal funds or inability to obtain bank borrowings to partially finance the acquisition. If the acquisition of the said land is not successful or is unable to be completed, there is a risk that we may not be able to achieve our business strategies and plans related to the land in a timely manner nor can we provide assurance that our business strategies and plans for the said land will be commercially successful or that we will be able to anticipate and to mitigate all the business and operational risks associated with our strategies for the said land.

Please refer to Section 6.21.2.2 of this Prospectus for further details on the purchase of the said land.

Additionally, we also plan to expand our business activities via the acquisition of cold-chain logistics companies. On 16 June 2021, our wholly-owned direct subsidiary, Swift Integrated Logistics had acquired 50.0% equity interest of Hypercold Logistics and 15.0% equity interest of Platinium Coldchain, which are currently involved in providing cold-chain logistics services in Sabah. This is in line with our intention in providing cold chain logistics services in Sabah, East Malaysia.

Part of our future plans is to expand on Hypercold Logistics' existing cold-chain facilities by expanding its cold-chain storage capacity, and Hypercold Logistics has obtained the approval for the building plan to construct the additional cold-chain warehouse space but has yet to commence construction. The construction works are expected to commence in December 2021, with expected completion by the third quarter of 2022.

In the event there is any failure or delay in the construction works, there is a risk that we may not be able to achieve our business strategies and plans related to the cold-chain logistic services in a timely manner nor can we provide assurance that our business strategies and plans for the cold-chain logistic services will be commercially successful or that we will be able to anticipate and to mitigate all the business and operational risks associated with our strategies for the said services.

Please refer to Section 6.21.3.1 of this Prospectus for further details on the above.

8.1.7 Adequacy of insurance coverage

Our Group is mainly involved in container haulage, freight forwarding, warehousing and container depot and land transportation services. As such, there is a risk of non-delivery due to among others cargo hijacking, 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 warehouses are susceptible to natural disasters and security risks, such as breakout of fire, flood or theft. Such incidences may affect the operational and financial performance of our Group.

Our Group is aware of the adverse consequences arising from inadequate insurance coverage for the above risks that could disrupt our business operations. In order to ensure that such risks are minimised, we regularly review and ensure adequate insurance coverage for our business. In addition to the insurance to our fleet of vehicles, our Group has other insurance coverage for our business such as fire insurance, burglary insurance and inland transit insurance. Although we maintain adequate insurance coverage for such incidents, however, there is no assurance that this coverage is adequate to cover all potential losses and indemnify us against all possible liabilities arising from our operations. There is also no assurance that this coverage is adequate to offset the potential financial losses arising from public liability fire, flood, theft and personal accidents. We cannot guarantee that we will be successful in all of our claims submitted to the respective insurers. Our business and financial performance may be adversely affected in the event that such claims exceed the coverage of our insurance policies or our claims are not successful.

8.1.8 We are dependent on our customers' business performance and continuing demand for our services

Our Group is principally engaged in the provision of integrated logistics services in Malaysia. We serve our customers' needs by providing, among others container haulage and land transportation services, as well as providing warehousing, container depot and freight forwarding services. We are indirectly and largely dependent on our customers' business performance and developments in their markets and industries. If our customers' sales in Malaysia decline, such decline will likely lead to a corresponding decrease in demand for our services.

Our customers' business performance could likely be affected by factors such as global or regional economic conditions, trade restrictions, changes in trade policies, tariff regulations or embargoes. If our customers' business performance is affected by these factors, and their demand for our services decline, our business, financial condition and results of operations could be adversely affected.

8.1.9 Our business is dependent on information technology and may be affected by system disruptions

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

Our technology systems may experience telecommunication failures, cyber-attacks, failures during the process of upgrading or replacing software, databases or components, power outages or hardware failures which may result in the unavailability or slowdown of our technology platform. Although our Group seeks to limit these risks through, among others, 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. As such, any inability to respond to technological changes or compromises on our technology systems could materially and adversely affect our business and results of operations.

8.1.10 Credit risk and default in payment by our customers

Generally, the normal trade credit terms granted to a majority of customers range from 30 days to 90 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 credit worthy customers and we deal with all other customers solely on a 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 during the Financial Years Under Review 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 problems in the future. In the event that our customers default or delay on their payments, this could affect our cash flow, lead to impairment losses on trade receivables or bad debts which may materially and adversely affect our financial condition and results of operations.

8.1.11 We may not be able to successfully enter into necessary or desirable strategic alliances or make acquisitions or investments, and we may not be able to achieve the anticipated benefits from the alliances, acquisitions or investments we make.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. Investments or acquisitions involve numerous risks, including potential failure to achieve the expected benefits of the integration or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; and potential write-offs of acquired assets or investments. These transactions will also divert the management's time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses.

We may also in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

In addition, if we do not successfully execute or effectively operate, integrate, leverage and grow the acquired businesses, our business operations and financial results may suffer. Our strategy for long-term growth, productivity and profitability depends in part on our ability to make prudent strategic investment or acquisition decisions and to realise the benefits we expect when we make those investments or acquisitions.

8.1.12 Our ability to fulfil our debt obligations is not assured

Based on our pro forma statements of financial position as at 31 May 2021 after adjusting for subsequent events, Share Split, our Listing and IPO assuming that they were completed on 31 May 2021, our total contracted financial liabilities, including future finance costs, was approximately RM775.2 million, of which RM280.8 million were current liabilities. Our ability to service our debts and other fixed payment obligations will depend on our future operations and cash flow generation, which in turn will be affected by various factors which may be beyond our control. Hence, if we are unable to make payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions or our trade and other creditors decline to lend additional funds to us or to refinance or extend our existing liabilities when they mature on acceptable terms, whether as a result of our perceived credit risk or otherwise, and we fail to raise financing through other means, our business prospects, financial condition and results of operations may be materially and adversely affected.

8.1.13 We face risk of chemical spillage, erosion and contamination as we carry hazardous materials in the provision of our container haulage and land transportation services

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

While we have not experienced any chemical spillage, erosion, contaminations, accidents or injuries involving the transportation of hazardous materials which result in disruption to our business operations in the past up to the LPD, we cannot assure you that accidents or injury will not occur during transportation of such materials. Any damage caused or injuries sustained as a result of transportation of hazardous materials may result in claims for compensation and reparations. In the event of accidents or injuries and we are required to make such compensation or reparations, our business, operations and financial performance may be adversely affected.

8.1.14 The logistic activities are exposed to risks relating to workplace health, safety and environment ("HSE")

Our logistic industry is bound by the laws and regulations relating to workplace safety and workers' health enacted or issued by the government bodies. The primary legislation and regulations that are applicable to our daily logistic works includes but is not limited to Occupational Safety and Health Act 1994 ("**OSHA**"), Road Transport Act 1987, Land Public Transportation Act 2010 and Customs Act 1967.

As a logistic player, we are obliged to ensure that a healthy and safe working environment is provided especially at our sites. The HSE risks include any accidents and injury caused during the course of logistic activities. Any failure to comply with the relevant HSE laws and regulations may result in penalties and closure of the sites. Our operations may also be affected if there are changes in the HSE laws and regulations and the compliance with new laws and regulations may impose a significant cost to our Group.

As at the LPD, we have encountered two accidents at our site. The first accident which occurred at a container yard tenanted by our subsidiary, Container Connections, resulted in injuries being sustained by one of our employees and a third-party driver. Pursuant to the investigation carried out by the Department of Occupational Safety and Health Malaysia ("**DOSH**") in July 2020, the DOSH was of the view that the accident was caused by the uneven road surface at the accident location rendering it unsafe for loading and unloading activities and issued Container Connections a prohibition notice under Section 48 of the OSHA. Upon the issuance of a prohibition notice, we are prohibited from using or operating at the place of work until the danger is rectified to the satisfaction of DOSH under Section 48(2) of the OSHA. Pursuant to Section 49(2) of the OSHA, in the event we fail to comply with the prohibition notice, on conviction, we may be exposed to fines not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or to both and to a further fine of RM500 for each day during which the offence continues. Preventive actions have since been taken, such as the establishment of enhanced hazard identification, risk assessment and risk controls (HIRARC) and revising our standard operating procedures, and no similar incident has occurred since then. Further, Container Connections has completed its rectification works to resurface the uneven surface . On 27 July 2021, DOSH has withdrawn the earlier mentioned prohibition notice and we are able to continue to operate in the affected area on condition that we ensure that the area is safe for operations.

The second accident resulted in the fatality of one of our employees at our subsidiary, Tanjong Express Logistic's workshop in Seberang Jaya, Penang. Pursuant to our investigation of the accident, the root cause of the accident was due to the modified cable extension not being in accordance with the manufacturer's specification. We have since implemented a preventive action plan, which includes the establishment of standard operating procedures for weekly safety checks, inspection checklists and the enhancement of our employee education programmes.

Since the commencement of the DOSH investigation in June 2020, we have cooperated fully with the DOSH investigation and provided to them all necessary documents requested. As at the LPD, the DOSH investigation is pending, and our Group has not been issued any improvement or prohibition notices in relation to this incident. Although we have cooperated fully with the DOSH investigation and the DOSH has not issued any notices in relation to this incident, we cannot assure you that we will not face any liability arising from this accident. Pursuant to Section 19 of the OSHA, in the event we are held to be liable for this accident, we may be exposed to statutory fines of up to RM50,000, imprisonment for a term not exceeding 2 years or both, which may have an adverse effect on our reputation, financial position and financial performance.

Additionally, the DOSH may issue an improvement and/or prohibition notice under Section 48 of the OSHA if the DOSH is of the view that our workshop is likely to cause bodily injury or poses a serious risk of health. In the event such notices are issued, Tanjong Express Logistic would be required to cease activities at the workshop (or part thereof) until the risk or danger is rectified to the satisfaction of the DOSH. Nevertheless, the ceasure of activities at the abovementioned workshop is not expected to have significant impact on our Group's operations as we have other workshops within close proximity of the Tanjong Express Logistic's workshop. Alternatively, third-party workshops are readily available to conduct the repair and maintenance works.

Although our Group has put in place standard operating procedures and preventive action plans in place to ensure a safe and healthy working environment in accordance with the laws, further accidents may occur in the future, and such accidents may lead to negative publicity and/or suspension of our relevant licences which, will have an adverse impact on our reputation, financial position and financial performance.

8.1.15 We are subject to interest rate fluctuations

As at FPE 2021, we have borrowings and lease liabilities which are subject to floating interest rate amounting to approximately RM525.7 million and RM32.2 million respectively. Our cost of financing namely floating interest rates for the abovementioned borrowings and lease liabilities in FPE 2021 ranges from 3.09% to 4.81% per year (for borrowings) and 5.58% per year (for lease liabilities). As such, we are subject to interest rate fluctuations for borrowings and lease liabilities. In the event of any increase in interest rates and/or we are unable to obtain alternative financing with more favourable interest terms, we may incur additional financing costs which would result in higher repayments to our financiers. Such repayments may have an adverse effect on our financial performance and results of operations.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We operate in a competititive industry

We operate in a competitive industry in Malaysia, with 1,500 operators registered with the Federation of Malaysian Freight Forwarders (FMFF) and 131 operators registered with the Association of Malaysian Hauliers (AMH) as of 1 November 2021. It should also be noted that there are operators who are not members of either FMFF and/or AMH. *(Source: IMR Report)* We compete against other logistics services providers on the basis of, among others, rates, range of services, availability of commercial vehicles, warehouses and other facilities, and areas of coverage. As a result of the large number of operators in the industry, our existing customers and prospective customers may have the option of selecting one or more of our competitors to provide them with logistics services. This competition may result in, among others, reduction in our rates and profit margins, and/or loss of business, which could materially affect the results of our business operations and financial performance.

As an integrated logistics service provider, we have our strengths and advantages including a comprehensive coverage of the main seaports in Peninsular Malaysia for our container haulage operations supported by our fleet of commercial vehicles, services and facilities, our track record, our large customer base of approximately 1,809 customers as at the LPD and experienced Directors and key senior management team. Despite our strengths and advantages, there is no assurance that we may be able to continue to compete effectively in the market and in the event that we are unable to do so, this may adversely affect our financial performance.

8.2.2 An increase in diesel prices may reduce our profitability

Diesel is a commodity whose price fluctuates from time to time depending on, among others, fluctuations in global crude oil prices and global supply and demand. Currently, the cost of fuel (including diesel) is one of the costs for operators in the logistics industry and any sustained increases in the price of fuel (including diesel) may increase their operating costs, resulting in adverse effects on the financial performance.

Diesel was our largest category of the purchases used to operate our fleet of commercial vehicles in Malaysia and Thailand. Purchases of diesel accounted for 36.4% 42.3%, 37.9% and 44.3% of our total purchases of materials, consumables and services respectively for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021. An increase in diesel prices may increase our operating costs and have an adverse impact on our profitability, if we are unable to pass on the increase to our customers through corresponding increases in our rates. Notwithstanding that we may be able to pass on part of any increases in diesel prices to some of our customers through fuel adjustment factors, we may not be able to pass on the full effect of diesel price increase. The price of diesel fluctuates from time to time, and it is subject to economic and political factors that are beyond our control, including but not limited to demand and supply of fuel, performance of the economy and government policies.

8.2.3 There is a risk of shortage of drivers

Operators in the logistics services industry employ drivers to operate commercial vehicles, including prime movers and trucks, to carry out services such as container haulage and land transportation services. There is a risk that the industry may face a shortage of drivers, whereby the number of suitable drivers is not sufficient to meet the requirements of operators. This may affect service delivery to customers and/or increase drivers' wages and benefits resulting in higher costs for operators.

Our container haulage and land transportation services businesses employ drivers to operate our prime movers. As at the LPD, we employ a total of 1,477 drivers in Malaysia and 144 drivers in Thailand.

We only recruit drivers who hold relevant licences that are currently valid. The measures that we take to maintain sufficient drivers include, among others, employing drivers as permanent employees to provide job stability (as opposed to on a contract basis), offering competitive wages and benefits, providing drivers with rewards for good performance, providing a path for career advancement by assigning jobs to drivers based on their experience, managing the allocation of jobs to drivers to give them the opportunity to earn consistent and stable income and providing on the job training to drivers. While we have not experienced any shortage of drivers in the past and as at the LPD, there can be no assurance that we will not face shortages of drivers which may result in material disruptions to our business operations and financial performance in the future.

8.2.4 We are subject to economic, social, political and regulatory risks in Malaysia as well as global pandemic risks

Like all other business entities, adverse developments in economic, social, political and regulatory conditions in Malaysia as well as the emergence of pandemics that spread to the country (such as COVID-19), could unfavourably affect our financial position and business prospects. These risks include, amongst others, changes in political leadership, risk of war, civil war, rebellion or civil disobedience, global pandemic risks, changes in economic conditions, international trade, corporate ownership or investment policies, nationalisation or expropriation, global, regional or domestic economic recession or slowdown, changes in logistic industry regulations, spread of pandemic or other widespread infectious disease in Malaysia, changes in interest rates, methods of taxation and unfavourable changes in government policies such as the introduction of new regulations, import duties and tariffs.

8.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

8.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no prior public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or if developed, that such market can be sustained. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There can be no assurance that the Institutional Price or Retail Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Institutional Price or Retail Price.

8.3.2 Our Share price and trading volume may be volatile

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include material variations in our results and operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. Market sentiment is also influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Other factors that may negatively affect investor sentiment include natural disasters, and health epidemics including outbreaks of contagious diseases. These factors contribute to the volatility of trading volumes on Bursa Securities, and of the market price of our Shares.

8.3.3 There is no assurance of payment of dividends to our shareholders

It is the intention of our Board to recommend and distribute a dividend of up to 30% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded, excess of funds not required to be retained for working capital for our business, capital expenditure and other investment plans. In addition, some of our subsidiaries have entered into facility agreements which contain certain financial covenants restricting our ability to pay dividends. If our subsidiaries are in breach of any of these covenants, it may affect our ability to pay dividends. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to Section 11.8 of this Prospectus for further information on our dividend policy.

8.3.4 The interest of our Promoters who control our Group may not be aligned with the interest of our shareholders

As disclosed in Section 5.1 of this Prospectus, our Promoters will directly or indirectly hold at least approximately 35.87% of our enlarged issued share capital upon Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends and influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will always be aligned with those of our shareholders.

8.3.5 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 889,804,502 Shares, of which up to 314,142,900 Shares, will be held by investors participating in our Listing (representing approximately 35.30% of our enlarged issued share capital) and not less than 52.78% will be held by the Promoters and substantial shareholders via their direct interests in our Company. Our Shares offered pursuant to our Listing will be tradable on the Main Market of Bursa Securities following our Listing.

Notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares in connection with our financing activities or otherwise. In addition, the Promoters and substantial shareholders could dispose of some or all of our Shares that they hold after the Moratorium Period pursuant to their own investment objectives. If the Promoters and substantial shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

8.3.6 Failure or potential delay in our Listing

The occurrence of certain events, including the following, may cause a delay in, or failure of, our Listing:

(i) the Joint Underwriters exercising their rights under the Retail Underwriting Agreement to discharge themselves of their obligations under such agreement;

(ii) our inability to meet the minimum public spread requirement under the Listing Requirements, i.e. at least 25% of the total number of our Shares for which our Listing is sought to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or

(iii) the revocation of the approvals from the relevant authorities prior to our Listing and / or admission for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall refund all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA upon expiration of that period until full refund is made; or

(ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA upon expiration of that period until full refund is made; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

(aa) the sanction of our shareholders by special resolution in a general meeting, consent by 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, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

(bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

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9. RELATED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

Save as disclosed below, there is no material related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the Financial Years Under Review and up to the LPD.

				Transaction value			
				FYE 2018	FYE 2019	FYE 2020	Financial period from 1 Jan 2021 up to LPD
No.	Transacting parties	Nature of relationship	Nature of transaction	RM'000	RM'000	RM'000	RM'000
1.	Kaypi Technologies and Container Connections	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar is a director of Kaypi Technologies. Kaypi Technologies is a wholly-owned subsidiary of Persada Bina. Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Yong Hui are the shareholders of Persada Bina. Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Hooi Keat are directors of Persada Bina.	Supply of office equipment rental to Container Connections by Kaypi Technologies	(1)1.6	(1)0.1	-	-
2.	Kaypi Technologies and Swift Consolidators		Supply of office equipment rental to Swift Consolidators by Kaypi Technologies	5.4 (0.01% of our Group's PAT)	2.7 (0.01% of our Group's PAT)	(1)1.0	-
3.	Kaypi Technologies and Swift Haulage		Supply of office equipment rental to Swift Haulage by Kaypi Technologies	70.5 (0.17% of our Group's PAT)	23.9 (0.06% of our Group's PAT)	20.6 (0.05% of our Group's PAT)	1.4
4.	Kaypi Technologies and Swift Integrated Logistics		Supply of office equipment rental to Swift Integrated Logistics by Kaypi Technologies	-	-	25.6 (0.06% of our Group's PAT)	2.4
5.	Kaypi Technologies and Swift Logistics TA		Supply of computers repairs and maintenance services, and office equipment rental to Swift Logistics TA by Kaypi Technologies	17.7 (0.04% of our Group's PAT)	24.6 (0.07% of our Group's PAT)	15.0 (0.04% of our Group's PAT)	0.5

9. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction value			
				FYE 2018	FYE 2019	FYE 2020	Financial period from 1 Jan 2021 up to LPD
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
6.	Kaypi Technologies and Q-Team	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar is a director of Kaypi Technologies.	Supply of office equipment rental to Q-Team by Kaypi Technologies	-	22.6 (0.06% of our Group's PAT)	10.9 (0.03% of our Group's PAT)	2.4
7.	Kaypi Technologies and Swift Haulage	Kaypi Technologies is a wholly-owned subsidiary of Persada Bina.	Purchase of computers by Swift Haulage from Kaypi Technologies	-	[(2)]11.5	22.8 (0.01% of our Group's NA)	15.8
8.	Kaypi Technologies and Swift Integrated Logistics	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Yong Hui are the shareholders of Persada Bina.	Purchase of computers by Swift Integrated Logistics from Kaypi Technologies	549.7 (0.16% of our Group's NA)	529.9 (0.14% of our Group's NA)	49.8 (0.01% of our Group's NA)	11.7
9.	Kaypi Technologies and Swift Logistics TA	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Hooi Keat are directors of Persada Bina.	Purchase of computers by Swift Logistics TA from Kaypi Technologies	-	-	45.8 (0.01% of our Group's NA)	55.5
10.	Kaypi Technologies and Tanjong Express		Purchase of computers by Tanjong Express from Kaypi Technologies	-	-	[(2)]18.9	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction value			
				FYE 2018	FYE 2019	FYE 2020	Financial period from 1 Jan 2021 up to LPD
No.	Transacting parties	Nature of relationship	Nature of transaction	RM'000	RM'000	RM'000	RM'000
11.	Persada Bina and Container Connections	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Yong Hui are the shareholders of Persada Bina. Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Hooi Keat are directors of Persada Bina.	Supply of stackers rental to Container Connections by Persada Bina	53.7 (0.13% of our Group's PAT)	-	-	-
12.	Persada Bina and Swift Consolidators		Management fees[3] chargeable by Persada Bina to Swift Consolidators for corporate and strategic advisory services provided by Persada Bina through Loo Hooi Keat	120.0 (0.29% of our Group's PAT)	120.0 (0.32% of our Group's PAT)	120.0 (0.28% of our Group's PAT)	50.0
13.	Persada Bina and Swift Haulage		Management fees[3] chargeable by Persada Bina to Swift Haulage for corporate and strategic advisory services provided by Persada Bina through Loo Hooi Keat	300.0 (0.73% of our Group's PAT)	300.0 (0.81% of our Group's PAT)	300.0 (0.71% of our Group's PAT)	125.0
14.	Persada Bina and Swift Haulage		Supply of stackers rental to Swift Haulage by Persada Bina	310.0 (0.76% of our Group's PAT)	-	-	-
15.	Persada Bina and Swift Haulage		Purchase of stacker by Swift Haulage from Persada Bina	-	1,500.0 (0.39% of our Group's NA)	-	-
16.	Persada Bina and Swift Logistics TA		Payment by Swift Logistics TA to Persada Bina for rental of office unit	501.0 (1.22% of our Group's PAT)	520.7 (1.41% of our Group's PAT)	477.4 (1.12% of our Group's PAT)	[4] -

9. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction value			
				FYE 2018	FYE 2019	FYE 2020	Financial period from 1 Jan 2021 up to LPD
No.	Transacting parties	Nature of relationship	Nature of transaction	RM'000	RM'000	RM'000	RM'000
17.	Persada Bina and Swift Logistics TA	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Yong Hui are the shareholders of Persada Bina. Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar and Loo Hooi Keat are directors of Persada Bina.	Purchase of office space located at Suite 8.02, Level 8, Intan Millennium Square 2 (IMS2) No. 88, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor by Swift Logistics TA from Persada Bina	-	-	4,950.0 (1.15% of our Group's NA)	-
			Purchase of furniture & fittings by Swift Logistics TA from Persada Bina	-	-	550.00 (0.13% of our Group's NA)	-
18.	Pelikan Asia and Swift Consolidators	Loo Hooi Keat is a director and substantial shareholder of Pelikan International. Pelikan Asia is an indirect subsidiary of Pelikan International held through Pelikan Holding AG which is incorporated in Switzerland.	Provision of freight forwarding services by Swift Consolidators to Pelikan Asia	2.5 (0.01% of our Group's PAT)	8.4 (0.02% of our Group's PAT)	3.9 (0.01% of our Group's PAT)	1.7
19.	Pelikan Asia and Swift Logistics TA		Provision of freight forwarding services by Swift Logistics TA to Pelikan Asia	11.9 (0.03% of our Group's PAT)	41.6 (0.11% of our Group's PAT)	12.9 (0.03% of our Group's PAT)	4.5
20.	Pelikan Asia and Swift Integrated Logistics		Provision of warehousing services by Swift Integrated Logistics	243.0 (0.59% of our Group's PAT)	273.6 (0.74% of our Group's PAT)	208.1 (0.49% of our Group's PAT)	161.4
21.	Pelikan Asia and Delta Express		Provision of freight forwarding services by Delta Express to Pelikan Asia	25.1 (0.06% of our Group's PAT)	-	-	50.1
22.	Pelikan Asia and Q-Team		Provision of storage services by Q-Team to Pelikan Asia	[(1)]1.8	[(1)]1.8	[(1)]0.9	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

				Transaction value			
				FYE 2018	FYE 2019	FYE 2020	Financial period from 1 Jan 2021 up to LPD
No.	Transacting parties	Nature of relationship	Nature of transaction	RM'000	RM'000	RM'000	RM'000
23.	Pelikan Asia and Fleet Engineering	Loo Hooi Keat is a director and substantial shareholder of Pelikan International. Pelikan Asia is an indirect subsidiary of Pelikan International held through Pelikan Holding AG which is incorporated in Switzerland.	Provision of storage services by Fleet Engineering to Pelikan Asia	-	-	[(1)]2.1	1.5
24.	Pelikan Asia and certain companies within Swift Group		Pelikan Asia supplies stationery to certain companies within Swift Group, namely Swift Haulage, Swift Consolidators, Swift Logistics TA, Q-Team, Container Connections, Swift Integrated Logistics, Swift Commerce, Tanjong Express, Tanjong Express Logistic and Agenda Wira	397.9 (0.97% of our Group's PAT)	353.5 (0.96% of our Group's PAT)	364.0 (0.86% of our Group's PAT)	382.2
25.	SM Security (M) Sdn Bhd and Swift Haulage	Dato' Haji Md Yusoff @ Mohd Yusoff Bin Jaafar is a director and shareholder (direct 30% interest) of SM Security (M) Sd Bhd.	Provision of security services to Swift Haulage	225.8 (0.55% of our Group's PAT)	229.2 (0.62% of our Group's PAT)	229.1 (0.54% of our Group's PAT)	190.9

Notes:

(1) Less than 0.01% of our Group's PAT.

(2) Less than 0.01% of our Group's NA.

(3) With the termination of management services agreements entered into between Persada Bina and Swift Consolidators and Swift Haulage respectively pursuant to notice dated 29 April 2021 issued by Swift Consolidators and Swift Haulage respectively, Persada Bina is no longer entitled to the management fees under the management services agreements with effect on 1 June 2021 and such transactions will not recur in the future.

(4) Persada Bina and Swift Logistics TA have mutually agreed to terminate the tenancy arrangement and ceased the payment of rental upon the completion date for the purchase of the office unit by Swift Logistics TA on 11 November 2020.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Save for the management services agreements entered by Swift Consolidators and Swift Haulage respectively, for corporate and strategic advisory services provided by Persada Bina which was conducted on terms no less favourable to us than those generally available to the public, our Directors confirm that the above related party transactions were conducted at market value and on an arm's length basis and are based on terms and conditions which are not detrimental to us nor our minority shareholders based on, among others, the following benchmarks:

(i) Quotations for similar services and purchases provided by our other suppliers;
(ii) Comparable rates of services or goods (as the case may be) provided to external customers by our Group or the related parties;
(iii) For rental of office rates, the comparable rental rates of office units located in the vicinity of the relevant property; and
(iv) For purchase of property, the purchase consideration of comparable transactions of similar properties located in the vicinity of the relevant property.

In addition, there is no management services fee transacted between Persada Bina and Swift Consolidators and Swift Haulage respectively with effect from 1 June 2021 subsequent to the notice of termination by way of a letter dated 29 April 2021 given to Persada Bina by Swift Consolidators and Swift Haulage respectively.

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and / or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon our Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

9.1.2 Related party transactions that are unusual in nature or condition

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

9.1.3 Loans and/or financial assistance made to or for the benefit of related parties

Our Directors have confirmed that there is no material loan (including guarantees of any kind) and / or financial assistance made by our Group to or for the benefit of related parties for the Financial Years Under Review and up to the LPD.

9.1.4 Loans and/or financial assistance from related parties to our Group

For the Financial Years Under Review, Persada Bina, Loo Hooi Keat and Loo Yong Hui have provided corporate guarantees and personal guarantees (as the case may be) for the banking facilities extended by Public Bank Berhad, United Overseas Bank (Malaysia) Berhad, and AmBank Islamic Bank to our Group. Further, Persada Bina, Loo Hooi Keat and Loo Yong Hui have also provided corporate guarantees and personal guarantees (as the case may be) for hire purchase facilities extended by AmBank Islamic Berhad, Malayan Banking Berhad, ORIX Credit Malaysia Sdn Bhd, MBSB Bank Berhad and Mercedes-Benz Services Malaysia Sdn Bhd to our Group.

In addition to the above, the former directors and/or shareholders of Agenda Wira, Northern Gateway Depot, Sentiasa Hebat, Sentiasa Hebat (Penang), and Tanjong Express prior to the acquisition of these companies by our Group, had also provided personal guarantees for banking facilities and hire purchase facilities extended by Malayan Banking Berhad, Public Bank Berhad, BMW Credit (Malaysia) Sdn Bhd, RHB Bank Berhad, Affin Bank Berhad, SMFL Hire Purchase (Malaysia) Sdn Bhd, Hitachi Capital Malaysia Sdn Bhd and MBSB Bank Berhad to these companies for the Financial Years Under Review. Further, the former shareholders of Sentiasa Hebat and a company owned by one of the former shareholders of Sentiasa Hebat prior to the acquisition of the company by our Group, had also provided personal guarantees and corporate guarantees, respectively for banking facilities extended by Public Bank Berhad to the company.

In conjunction with the Listing, we have written to the abovementioned financiers to seek approval for the release and/or discharge of the above corporate and personal guarantors, or substituting the same with a corporate guarantee from our Company (as the case may be). As at the LPD, we have received conditional approvals (subject to the Listing) for the release and/or discharge or substitution of the said corporate and personal guarantees, with a corporate guarantee from our Company. The conditions include:

(i) the Listing is to be completed by March 2022; and

(ii) the release of the personal guarantees is subject to all the banks agreeing to the release and/or substitute of the personal guarantees as well as subject to all the banks being ranked pari passu.

As all the relevant banks have issued letters agreeing to the release and/or substitution of the personal guarantees, the above conditions will be met upon Listing.

In addition, the redemption sum and/or outstanding amount in relation to the following term loans and hire purchase facilities have been paid:

(i) a term loan granted by United Overseas Bank (Malaysia) Berhad ("**UOB Bank**") to our Company, where UOB Bank has issued the letter of discharge for the corporate guarantee for RM566,211,307.44 executed by Persada Bina.

(ii) a term loan granted by AmBank Islamic Bank to Tanjong Express, where the bank has confirmed on 7 October 2021 that the facility has been fully settled and cancelled, and the discharge of Loo Hooi Keat and Loo Yong Hui as personal guarantors is in progress.

(iii) the hire purchase facilities in relation to Malayan Banking Berhad, ORIX Credit Malaysia Sdn Bhd, MBSB Bank Berhad, BMW Credit (Malaysia) Sdn Bhd, RHB Bank Berhad, Affin Bank Berhad, SMFL Hire Purchase (Malaysia) Sdn Bhd, Hitachi Capital Malaysia Sdn Bhd and Public Bank Berhad granted to the Group, and the discharge of the relevant corporate and personal guarantors are in progress.

9.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

9.2.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interests situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

9.2.2 Our Group's policy on related party transactions and conflicts of interest

Some of our Directors and / or substantial shareholders are also directors and / or shareholders of a related party to our Group, as disclosed in Section 4.1.1(a) of this Prospectus and / or directors of companies that are in similar business to our Group, as disclosed in Section 10.1 of this Prospectus. It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, in line with the MCCG and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and / or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

10. CONFLICT OF INTEREST

10.1 CONFLICT OF INTEREST

10.1.1 Interest in similar business of our Group

The involvement of our Directors or substantial shareholders in other businesses or corporations does not give rise to any existing and potential conflict of interest situation as the aforesaid businesses or corporations are not similar to our Group's business nor are they customers or suppliers to our Group.

Details of the interests, shareholdings and directorships in other businesses of our Directors are disclosed in Section 5.2.4 of this Prospectus.

Moving forward, our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations that may arise and review our Group's current and future related party transactions to ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Please refer to Section 9.2 of this Prospectus for further details of our monitoring and oversight policy on conflicts of interest.

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.2.1 Principal Adviser, Joint Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter

Malaysia Industrial Development Finance Berhad ("**MIDF**") is the holding company of MIDF Investment. MIDF, MIDF Investment and other subsidiaries of MIDF (collectively referred to as "**MIDF Group**") and its related and associated companies are involved in diversified financial activities. MIDF Group has been engaged, and may in the future be engage, in transactions with and/or perform services for our Group and its affiliates, in addition to MIDF Investment's role as the Principal Adviser, Joint Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter for our IPO. Further, in the ordinary course of business, any member of the MIDF Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group and our affiliates or any other entity or transactions for its own account or the account of its customer. This is a result of the business of the MIDF Group generally acting independent of each other and accordingly, there may be situations where parts of the MIDF Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, MIDF Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

MIDF Investment has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Joint Lead Bookrunner, Joint Bookrunner, Managing Underwriter and Joint Underwriter for our IPO. The Retail Underwriting Agreement, which certain details are set out in Section 4.8.1 of this Prospectus, was entered into on arm's length basis and on market terms.

10. CONFLICT OF INTEREST (Cont'd)

10.2.2 Joint Lead Bookrunner, Joint Bookrunner and Joint Underwriter

AmInvestment Bank, is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB, AmInvestment Bank, its subsidiaries ("**AmBank Group**") and its related and associated companies are a diversified financial group and are involved in a wide range of businesses relating to amongst others, retail banking, investment banking, commercial banking, brokerage, securities trading, asset and funds management and credit transaction services. AmBank Group has been engaged, and may in the future be engage, in transactions with and/or perform services for our Group and our affiliates, in addition to AmInvestment Bank's role as the Joint Lead Bookrunner, Joint Bookrunner and Joint Underwriter for our IPO.

In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our affiliates, and/or any other entity or person, hold long or short positions in securities issued by our Group, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group and our affiliates. This is a result of the business of the AmBank Group generally acting independent of each other and accordingly, there may be situations where parts of the AmBank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, AmBank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

As at 31 October 2021, AmBank Islamic Berhad has extended total credit facilities of RM392.1 million to our Group, which are not material when compared to the audited net assets of the AmBank Group as at 30 June 2021 of RM15.9 billion (representing approximately 2.5% of the AmBank Group's audited net assets).

AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in a conflict of interest situation which would prevent it from to act as Joint Lead Bookrunner, Joint Bookrunner and Joint Underwriter for our IPO as the extension of such credit facilities to our Group arose in the ordinary course of business of the AmBank Group.

10.2.3 Joint Bookrunners and Joint Underwriters

Kenanga IB

Kenanga IB and/or its related and associated companies (collectively, "**Kenanga Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. Kenanga Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

10. CONFLICT OF INTEREST (Cont'd)

In the ordinary course of Kenanga Group's businesses, any member of Kenanga Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. This is a result of the business of Kenanga Group generally acting independent of each other, and accordingly, there may be situations where parts of Kenanga Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Company and/or its subsidiaries. Nonetheless, Kenanga Group is required to comply with the applicable laws and regulations issued by the relevant authorities, which require amongst others, segregation between dealing and advisory activities, and Chinese walls between different business divisions.

As at 31 October 2021, Kenanga IB has extended total credit facilities of RM23.8 million to certain Promoters, which are not material when compared to the audited net assets of the Kenanga Group as at 31 December 2020 of RM999.8 million (representing approximately 2.4% of the Kenanga Group's audited net assets).

Kenanga IB confirms that the abovementioned extension of credit facilities does not result in a conflict of interest as the credit facilities were granted in the ordinary course of business, and in light of the fact that Kenanga IB will not receive any material amount of proceeds from our IPO, except with respect of the fees and expenses of Kenanga IB in connection with our IPO. Kenanga IB confirms that there is no conflict of interest in its capacity as the Joint Bookrunner and Joint Underwriter in relation to our IPO.

UOBKH

UOBKH has given its confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Joint Bookrunner and Joint Underwriter for our IPO.

10.2.4 Solicitors

Chooi & Company + Cheang & Ariff has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to our Listing.

10.2.5 Auditors and Reporting Accountants

BDO PLT has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.

10.2.6 Independent Business and Market Research Consultants

Vital Factor has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Group in relation to our Listing.

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

The following historical combined financial information for the Financial Years Under Review and FPE 2021 have been extracted from the Accountants' Report as set out in Section 12 of this Prospectus.

The historical combined financial information presented below should be read in conjunction with the *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* in Section 11.3 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 12 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS. For information, our Group adopted MFRS 16 effective from 1 January 2019 using modified retrospective approach, for which the cumulative effect of initial application is recognised in the retained earnings as at 1 January 2019. Accordingly, the financial information for the FYE 2018 is not restated.

11.1.1 Combined Statements of Profit and Loss and Other Comprehensive Income

	FYE 31 December			FPE 31 May	
	Audited			Unaudited	Audited
	2018	2019	2020	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	496,979	610,201	555,838	224,159	248,533
Cost of sales and services	(319,653)	(400,047)	(370,099)	(151,462)	(168,568)
Gross profit	**177,326**	**210,154**	**185,739**	**72,697**	**79,965**
Other income	39,010	9,242	29,335	2,867	9,930
Net gain on impairment of financial instruments	5,756	8,904	3,888	1,905	650
Administrative and operating expenses	(122,480)	(134,724)	(135,373)	(49,823)	(48,866)
Profit from operations	**99,612**	**93,576**	**83,589**	**27,646**	**41,679**
Finance costs	(38,466)	(35,154)	(29,562)	(12,482)	(11,013)
	61,146	58,422	54,027	15,164	30,666
Share of results of associates	583	728	(134)	10	(1,431)
Profit before tax	61,729	59,150	53,893	15,174	29,235
Tax expense	(20,673)	(22,177)	(11,413)	(3,596)	(6,902)
Profit for the financial year/period	**41,056**	**36,973**	**42,480**	**11,578**	**22,333**
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations	(335)	(254)	(239)	12	75
Total comprehensive income for the financial year/period	**40,721**	**36,719**	**42,241**	**11,590**	**22,408**
Profit attributable to:					
Owners of the parent	40,883	36,317	41,686	11,173	21,454
Non-controlling interests	173	656	794	405	879
Profit for the financial year/period	**41,056**	**36,973**	**42,480**	**11,578**	**22,333**

11.1.1 Combined Statements of Profit and Loss and Other Comprehensive Income (Cont'd)

	FYE 31 December			FPE 31 May	
	Audited			Unaudited	Audited
	2018	2019	2020	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the parent	40,548	36,063	41,447	11,185	21,529
Non-controlling interests	173	656	794	405	879
Total comprehensive income for the financial year/period	**40,721**	**36,719**	**42,241**	**11,590**	**22,408**
Other selected financial data:					
GP margin (%)(1)	35.7	34.4	33.4	32.4	32.2
EBITDA (RM'000)(2)	133,749	144,028	137,068	49,869	62,473
EBITDA margin (%)(3)	26.9	23.6	24.7	22.2	25.1
PBT margin (%)(4)	12.4	9.7	9.7	6.8	11.8
PAT margin (%)(5)	8.3	6.1	7.6	5.2	9.0
Basic EPS (sen)(6)	60.9	49.8	57.2	15.3	26.9
Diluted EPS (sen)(7)	37.5	31.6	34.1	9.1	17.6

Notes:

(1) GP margin is computed based on GP over revenue of our Group.

(2) EBITDA is computed as follows:

	FYE 31 December			FPE 31 May	
	Audited			Unaudited	Audited
	2018	2019	2020	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	61,729	59,150	53,893	15,174	29,235
Add: Finance costs	38,466	35,154	29,562	12,482	11,013
Add: Depreciation	35,140	50,400	54,061	22,423	22,360
Less: Interest income	(1,586)	(676)	(448)	(210)	(135)
EBITDA	**133,749**	**144,028**	**137,068**	**49,869**	**62,473**

(3) EBITDA margin is computed based on EBITDA over revenue of our Group.

(4) PBT margin is computed based on PBT over revenue of our Group.

(5) PAT margin is computed based on PAT over revenue of our Group.

(6) Basic EPS is computed based on PAT attributable to owners of our Group divided by the weighted average number of ordinary shares outstanding in each of the Financial Years Under Review, FPE 2020 and FPE 2021.

(7) Diluted EPS is computed based on PAT attributable to owners of our Group divided by the weighted average number of ordinary shares outstanding in each of the Financial Years Under Review, FPE 2020 and FPE 2021 adjusted for effects of dilutive potential ordinary shares.

11. FINANCIAL INFORMATION (Cont'd)

11.1.2 Combined Statements of Financial Position

	FYE 31 December			FPE 31 May
	Audited			Audited
	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	765,717	367,031	383,955	405,538
Investment property	-	-	1,693	1,686
Right-of-use assets	-	468,883	496,280	471,269
Other investments	2,443	743	309	460
Investments in associates	19,287	20,015	20,186	18,755
Goodwill	71,821	75,304	68,813	68,813
Deferred tax assets	1,238	1,709	2,513	1,569
	860,506	933,685	973,749	968,090
Current assets				
Inventories	11,415	14,960	10,959	10,122
Trade and other receivables	209,093	191,058	178,129	201,128
Current tax assets	11,062	5,523	4,605	7,091
Derivative financial asset	2,119	860	-	694
Short term fund	1,012	1,160	2,009	2,024
Cash and bank balances	49,669	29,310	32,891	34,371
	284,370	242,871	228,593	255,430
Non-current assets held for sale	-	6,996	10,000	27,194
TOTAL ASSETS	**1,144,876**	**1,183,552**	**1,212,342**	**1,250,714**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Invested equity	102,786	121,180	121,180	228,042
Convertible redeemable loan stock	106,863	106,863	106,863	
Retained earnings	125,097	161,234	202,920	224,374
Exchange translation reserve	(72)	(326)	(565)	(490)
	334,674	388,951	430,398	451,926
Non-controlling interests	(138)	(502)	(349)	530
TOTAL EQUITY	**334,536**	**388,449**	**430,049**	**452,456**

11. FINANCIAL INFORMATION (Cont'd)

11.1.2 Combined Statements of Financial Position (Cont'd)

	FYE 31 December			FPE 31 May
	Audited			Audited
	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Cont'd)				
LIABILITIES				
Non-current liabilities				
Borrowings	356,133	190,843	366,512	353,203
Lease liabilities	-	154,554	96,117	82,539
Deferred tax liabilities	45,976	49,998	52,708	53,825
Other payable	-	20,000	-	-
	402,109	415,395	515,337	489,567
Current liabilities				
Trade and other payables	154,411	107,231	110,790	96,551
Borrowings	251,595	221,767	112,805	172,544
Lease liabilities	-	49,444	41,945	38,949
Derivative financial liability	-	-	734	-
Current tax liabilities	2,225	1,266	682	647
	408,231	379,708	266,956	308,691
TOTAL LIABILITIES	**810,340**	**795,103**	**782,293**	**798,258**
TOTAL EQUITY AND LIABILITIES	**1,144,876**	**1,183,552**	**1,212,342**	**1,250,714**
NET ASSETS	**334,536**	**388,449**	**430,049**	**452,456**

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11.2 CAPITALISATION AND INDEBTEDNESS

The table below sets out our Group's capitalisation and indebtedness as at 1 October 2021 and is based on the assumption that our IPO, Listing, the use of proceeds from our Public Issue to repay RM69.7 million outstanding amount of our borrowings as set out in Section 4.6 of this Prospectus had occurred on 1 October 2021. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 1 October 2021 and is provided for illustrative purposely only.

	Unaudited	**As adjusted**
	As at 1 October 2021	**After our IPO, Listing and Use of IPO Proceeds**
	RM'000	**RM'000**
Borrowings		
Current		
Secured and guaranteed		
Bank overdrafts	476	476
Trade financing	16,191	-
Term loans	13,629	13,629
	30,296	14,105
Secured and unguaranteed		
Bank overdraft	450	450
Trade financing	111,276	57,735
Revolving credit	10,700	10,700
Unrated Islamic medium term notes	34,650	34,650
Term loans	12,394	12,394
	169,470	115,929
Non-current		
Secured and guaranteed		
Term loans	43,271	43,271
Secured and unguaranteed		
Unrated Islamic medium term notes	325,350	325,350
Term loans	52,163	52,163
	377,513	377,513
Total borrowings	620,550	550,818

11.2 CAPITALISATION AND INDEBTEDNESS (CONT'D)

	Unaudited	As adjusted
	As at 1 October 2021	After our IPO, Listing and Use of IPO Proceeds
	RM'000	RM'000
Total borrowings (cont'd)	620,550	550,818
Current		
Unsecured and unguaranteed		
Lease liabilities	6,827	6,827
Secured and guaranteed		
Lease liabilities	9,862	9,862
Secured and unguaranteed		
Lease liabilities	15,214	15,214
	31,903	31,903
Non-current		
Unsecured and unguaranteed		
Lease liabilities	6,013	6,013
Secured and guaranteed		
Lease liabilities	19,818	19,818
Secured and unguaranteed		
Lease liabilities	19,563	19,563
	45,394	45,394
Total indebtedness	697,847	628,115
Total equity/capitalisation	464,159	616,016(1)
Total capitalisation and indebtedness	1,162,006	1,244,131

Note:

(1) Calculated after taking into account our IPO based on the Retail Price and the estimated listing expenses.

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis on our Group's financial conditions and results of operations for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 should be read in conjunction with the historical combined financial statements and the accompanying notes, assumptions and bases as set out in the Accountants' Report included in Section 12 of this Prospectus.

This discussion and analysis contain data derived from our historical combined financial statements as well as forward-looking statements reflecting our current views with respect to future events and our financial performance. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of a number of factors, including those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

11.3.1 Overview

Our Group is a provider of integrated logistics with services comprising container haulage, land transportation, warehousing and container depot and freight forwarding. Our Group has operations in Malaysia and Thailand. Our integrated logistics operations and headquarters are located in Malaysia, while our operations in Thailand are focused on cross-border transportation and freight forwarding.

As at LPD, our integrated logistics operations are supported by our fleet operations in Malaysia and Thailand including 1,546 prime movers, 5,518 container trailers, 811 box or curtain-siders trailers, 53 trucks and 42 CNG tankers. We operate warehouses with total storage capacity of 849,371 sq. ft. and container depots with total capacity of 28,500 TEU.

We are principally involved in the following business segments:

Business Segment	Description	Basis for revenue recognition[(1)]
Container haulage	Our container haulage services involve transportation of mainly laden containers to and from seaports and other locations within Peninsular Malaysia. We cover major ports in Peninsular Malaysia.	For import - based on invoice issued upon delivery of goods. For export - based on invoice issued upon delivery of cargo to the seaport terminal.
Land transportation	Land transportation services involve the movement of cargo by road comprising inland transportation in Peninsular Malaysia, cross-border transportation and specialised transportation services.	Based on invoice issued upon delivery of goods.
Warehousing and container depot	**<u>Warehousing services</u>** Our warehousing services include the following: (i) warehouse storage service; (ii) rental of property comprising warehouse and open yard; (iii) warehouse operations and management services; and (iv) e-fulfilment services.	For storage/inventory management services – based on invoice issued on a periodic basis (such as weekly, monthly) during storage period. For other warehousing services – based on invoice issued upon completion of services performed.

Business Segment	Description	Basis for revenue recognition[(1)]
	Container depot Due to regulations, container depot only handles empty containers. Our container depot segment provides numerous services to container owners, including: (i) storage of empty containers; (ii) transhipment of empty containers; (iii) container cleaning; and (iv) container repair.	
Freight forwarding	Our freight forwarding services include sea, air and land freight forwarding as well as project logistics services. We organise end-to-end shipment of cargo from one country to another, or to and from Peninsular and East Malaysia, on behalf of our customers, and serve as our customers' representative in dealing with all other parties involved with the shipment, including customs and port authorities, and third party logistics service providers.	Revenue is recognised based on invoice issued and the completion of the delivery of services and acceptance by customers.
Others	Other services which complement and support our Group's core logistics services consist of sales, service and spare parts dealership for commercial vehicles and general insurance agency services. Other services also include e-commerce retailing by our wholly owned subsidiary, namely Swift Commerce since July 2020.	Revenue is recognised at a point in time when control of goods has been transferred to the customers and acceptance by customer and the performance obligation for rendering the service is satisfied at a point in time.

Note:

(1) Revenue from services such as container haulage, land transportation and warehousing and container depot are recognised based on the stage of completion of the transaction and performance obligations are satisfied over time. The customer is able to benefit from our Group's performance as it occurs and the other entity would not need to substantially reperform our Group's performance to date. Our Group has selected the output measure which can most appropriately depict the transfer of control to the service to the customer.

Revenue from the sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

Revenue from services such as freight forwarding is recognised at a point in time when services have been rendered to the customer and it coincides with the delivery of services and acceptance by customers.

Please refer to Section 6 of this Prospectus for further information on our business activities.

11.3.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and will continue to be affected by various key factors primarily relating to the industry in which we operate. These factors include but are not limited to the following:

(i) Fluctuation in fuel prices

The container haulage and land transportation segments are our Group's largest revenue contributors for the Financial Years Under Review and FPE 2021. The cost of fuel price represents one of the key cost inputs to the operations of our container haulage and land transportation segments, comprising an average of 22.2% of total cost of sales over the Financial Years Under Review and FPE 2021. The fluctuation in fuel price is subject to, among others, global demand and supply, global economic activities, and geographical and political factors which are beyond our control.

We are able to mitigate the impact of fluctuation in fuel prices by passing on the fuel cost to our customers via a fuel adjustment clause in our service contracts with our customers ("**Fuel Adjustment Factor**"), which is pegged to the diesel pump price as announced by the Government of Malaysia on a weekly basis or by charging certain customers variable rates based on the current fuel prices. When the fuel prices fluctuate, the Fuel Adjustment Factor aligns the rates quoted in our service contracts with our customers to the current rates when the services are being rendered. Therefore, we will not be materially affected by the fluctuation in fuel prices.

However, a few of our service contracts are not subject to the Fuel Adjustment Factor. Hence, any increase in fuel prices resulting in the increase in fuel cost would be absorbed by our Group but on the contrary, any decrease in fuel price would also benefit our Group. Nonetheless, the revenue generated from these group of customers is less than 2.0% of our Group's total revenue for each of the Financial Years Under Review and FPE 2021.

Hence, fluctuations in fuel price will not have material impact on our operating results. Additionally, as at the LPD, the Government of Malaysia has also set the ceiling price for diesel to be at RM2.15 per litre since 13 February 2021.

Notwithstanding, there is no assurance that any significant increase in fuel prices will not have an adverse impact on our financial performance.

(ii) International trade volume, global and regional economic conditions

Our container haulage and freight forwarding segments contributed approximately 54.8%, 56.3%, 55.2%, and 57.1% of the total revenue of our Group for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively. The business activities of our container haulage and freight forwarding segments are directly affected by the import and export activities to and/or from Malaysia, which are driven by international and regional trade volume, as well as changes in global and regional economic conditions especially in Malaysia, which is our primary market.

Despite Malaysia contributing over 90% of the total revenue of our Group for the Financial Years Under Review and FPE 2021, any significant fluctuation in the international trade volume and economic developments in other countries may also impact the demand for our Group's logistics services. This will ultimately affect our business and financial results of our operations, in particular, our revenue.

(iii) Disruptions due to the COVID-19 pandemic

The COVID-19 pandemic has materially impacted business activities and operations in Malaysia, which is our primary market. As our businesses were deemed as "essential services" as prescribed by the MITI, none of our operations were halted as a result of the MCO implemented by the Government of Malaysia on 18 March 2020. However, our financial performance was still affected by, among others, measures taken by the Government of Malaysia to control COVID-19, and lockdowns and tighter border controls.

We have remained resilient throughout this challenging period with business continuing with reduced activities. Nevertheless, disruptions caused by COVID-19 ultimately affected our revenue for the FYE 2020. Although we anticipate a recovery in our business as a result of loosening of restrictions, our financial condition, result of operations and prospects of our business will still depend on several factors which may be beyond our control, such as any future developments or restrictions which may be imposed due to the pandemic.

(iv) Competition from other operators

The third-party logistics services industry in Malaysia, where we operate, is a competitive industry with a large number of logistics services providers. As of 1 November 2021, there are 1,500 operators registered with the Federation of Malaysian Freight Forwarders ("**FMFF**") and 131 operators registered with the Association of Malaysian Hauliers ("**AMH**"). It should also be noted that there are operators who are not members of either FMFF and/or AMH *(Source: IMR Report)*. We compete against other operators on the basis of, among others, rates, range of services offered, availability of commercial vehicles, warehouses and other facilities, and areas of coverage.

As an integrated logistics services provider, we have our strengths and advantages which include comprehensive coverage of the main seaports in Peninsular Malaysia for our container haulage operations supported by our own fleet of commercial vehicles, services and facilities, our established track record and large customer base and our experienced Directors and key senior management team. Despite our strengths and advantages, there is no assurance that we may be able to continue to compete effectively in the market and in the event that we are unable to do so, this may adversely affect our financial performance.

(v) Government, economic, fiscal or monetary policies

Risks relating to government, economic, fiscal or monetary policies which may materially affect our operations are set out in Section 8 of this Prospectus.

As most of our borrowings are quoted at floating interest rates, the recent cut in Malaysia's Overnight Policy Rate ("**OPR**") as a result of COVID-19 has affected our interest expenses. The OPR for the past 3 years recorded an increase by 0.25% in FYE 2018, a reduction by 0.25% in FYE 2019 and a further reduction by 1.25% in FYE 2020. The OPR has remained constant in FPE 2021. Save for the OPR movements, there were no major changes in government, economic, fiscal or monetary policies that had severely impacted our business activities for the Financial Years Under Review and FPE 2021.

11. FINANCIAL INFORMATION (Cont'd)

11.3.3 Results of operations

(i) Revenue

On a combined basis, our Group's revenue for FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021 are analysed as follows:

Revenue by business activities

The table below sets out the breakdown and analysis of our Group's revenue by business activities for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
Container haulage	213,571	43.0	278,753	45.7	252,664	45.5
Land transportation	160,431	32.2	193,166	31.6	176,021	31.7
Warehousing and container depot	62,210	12.5	68,926	11.3	71,510	12.8
Freight forwarding	58,444	11.8	64,656	10.6	54,195	9.7
Others	2,323	0.5	4,700	0.8	1,448	0.3
Total revenue	**496,979**	**100.0**	**610,201**	**100.0**	**555,838**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Revenue				
Container haulage	96,630	43.1	118,555	47.7
Land transportation	75,942	33.9	74,828	30.1
Warehousing and container depot	29,210	13.0	31,188	12.6
Freight forwarding	21,394	9.5	23,484	9.4
Others	983	0.5	478	0.2
Total	**224,159**	**100.0**	**248,533**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Revenue						
Container haulage	65,182	30.5	(26,089)	(9.4)	21,925	22.7
Land transportation	32,735	20.4	(17,145)	(8.9)	(1,114)	(1.5)
Warehousing and container depot	6,716	10.8	2,584	3.7	1,978	6.8
Freight forwarding	6,212	10.6	(10,461)	(16.2)	2,090	9.8
Others	2,377	102.3	(3,252)	(69.2)	(505)	(51.4)
Total	**113,222**	**22.8**	**(54,363)**	**(8.9)**	**24,374**	**10.9**

Our Group's revenue increased by RM113.2 million or 22.8% to RM610.2 million in FYE 2019, from RM497.0 million in FYE 2018. The increase was mainly due to the full year consolidation of revenue generated by Tanjong Express and Tanjong Express Logistic (collectively hereinafter referred to as "**Tanjong Express Group**") and Komunajaya in FYE 2019 as compared to 6 months revenue consolidated in FYE 2018 in view that the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018.

Our Group's revenue decreased by RM54.4 million or 8.9% to RM555.8 million in FYE 2020, from RM610.2 million in FYE 2019 mainly due to the outbreak of COVID-19 pandemic which resulted in the introduction of MCO by the Government of Malaysia from 18 March 2020 to 3 May 2020.

Our Group's revenue increased by RM24.4 million or 10.9% to RM248.5 million in FPE 2021, from RM224.1 million in FPE 2020. The increase was contributed mainly from container haulage segment due to higher TEU delivered in FPE 2021 of 274,716 TEU as compared to FPE 2020 of 222,665 TEU. In addition, the introduction of MCO 2.0 had lesser impact on the TEU as more economic sectors and trade activities were allowed to operate as compared to the MCO 1.0. Further information on MCO 1.0 and MCO 2.0 is set out in Section 6.23.1 of this Prospectus.

The table below sets forth the breakdown and changes in our Group's revenue by volume, where relevant, for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Unit	**FYE 2018**	**FYE 2019**	**FYE 2020**
Container haulage	TEU	454,085	618,476	588,627
Land transportation	Trips	124,038	174,856	164,460
Warehousing and container depot	Sq. ft (1)	1,110,571	1,058,004	952,871
	Utilisation (%)	87.2	91.7	95.9
Freight forwarding	Job	90,128	92,404	86,942
Others	Sale of prime movers	3	9	3

	Unit	**FPE 2020**	**FPE 2021**
Container haulage	TEU	222,665	274,716
Land transportation	Trips	58,554	55,809
Warehousing and container depot	Sq. ft (1)	952,871	952,871
	Utilisation (%)	94.7	95.3
Freight forwarding	Job	33,831	40,540
Others	Sale of prime movers	3	-

		Increase/ (Decrease) from FYE 2018 to FYE 2019		Increase/ (Decrease) from FYE 2019 to FYE 2020		Increase/ (Decrease) from FPE 2020 to FPE 2021	
	Unit	Unit	%	Unit	%	Unit	%
Container haulage	TEU	164,391[(2)]	36.2	(29,849)	(4.8)	52,051	23.4
Land transportation	Trips	50,818[(3)]	41.0	(10,396)	(5.9)	(2,745)	(4.7)
Warehousing and container depot	Sq. ft	(52,567)	(4.7)	(105,133)	(9.9)	-	-
	Utilisation (%)	4.5	5.2	4.2	4.6	0.6	0.6
Freight forwarding	Job	2,276	2.5	(5,462)	(5.9)	6,709	19.8
Others	Sale of prime movers	6	200.0	(6)	(66.7)	(3)	100.0

Notes:

(1) Consists of the capacity of owned and leased warehouses under our Group. The capacity of third-party warehouses managed by our Group is excluded as our Group only derived revenue from management and handling fees.

(2) The TEU contributed by Tanjong Express Group and Komunajaya for FYE 2018 and FYE 2019 were 113,824 TEU and 211,284 TEU respectively. Lower TEU contribution in FYE 2018 was due to the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018 by our Group.

(3) The number of trips contributed by Tanjong Express for FYE 2018 was 43,650 trips whereas for FYE 2019 was 97,515 trips due to acquisitions of Tanjong Express Group by our Group were completed in July 2018.

The commentaries on our Group's revenue for each of the business segments are as follows:

(a) Container haulage

Container haulage revenue includes charges for arranging transportation of inbound and outbound containers to and from seaports within Peninsular Malaysia. Our container haulage operations cover the main seaports in Peninsular Malaysia including Northport and Westport in Port Klang, Selangor and Tanjung Bruas Port, Melaka for the Central region, Johor Port and the Port of Tanjung Pelepas, Johor for the Southern region, Penang Port, Penang for Northern region and Kuantan Port, Pahang for the Eastern region. Container haulage segment is the main contributor to our Group's revenue which contributed 43.0%, 45.7%, 45.5% and 47.7% to our Group's revenue for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, revenue contributed by container haulage has increased by RM65.1 million or 30.5% to RM278.7 million, from RM213.6 million in FYE 2018 mainly due to:

(i) higher revenue by RM38.1 million contributed by Tanjong Express Group and Komunajaya in FYE 2019 to RM89.7 million (FYE 2018: RM51.6 million). The increase in revenue contributed by Tanjong Express Group and Komunajaya in FYE 2019 was mainly due to the full year consolidation of revenue generated by Tanjong Express Group and Komunajaya in FYE 2019 as compared to 6 months revenue consolidated in FYE 2018 in view that the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018; and

(ii) revenue contributed from the container haulage segment of our Group excluding Tanjong Express Group and Komunajaya was higher for FYE 2019 with an increase in revenue contribution by RM27.0 million or 16.7% to RM189.0 million, from RM162.0 million in FYE 2018. This was supported by higher TEU recorded by our Group (excluding Tanjong Express Group and Komunajaya) with an increase of 66,931 TEU in FYE 2019 as well as the purchase of 142 additional units of prime movers in FYE 2019 by our Group. The increase was mainly contributed by existing and new customers in petrochemical, manufacturing, and food and beverages. The percentage increase in revenue in FYE 2019 contributed by the customers from petrochemical, manufacturing and food and beverages industries was 51.9%, 33.4% and 10.7%, respectively. Revenue per TEU for FYE 2019 for our Group excluding Tanjong Express Group and Komunajaya decreased to RM464.2 per TEU compared to RM476.1 per TEU for FYE 2018 which was mainly attributed to a higher number of mid to long distance container haulage customers as compared to long distance container haulage customers.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our revenue contributed by container haulage decreased by RM26.0 million or 9.4% to RM252.7 million, from RM278.7 million in FYE 2019 mainly due to:

(i) lower average revenue generated per TEU in FYE 2020 of RM429.2 per TEU (FYE 2019: RM450.7 per TEU) mainly due to lower rate of diesel price charged to our customers pursuant to the Fuel Adjustment Factor as a result of lower average diesel price in FYE 2020 of RM1.80 per litre (FYE 2019: RM2.17 per litre); and

(ii) 4.8% or 29,849 decrease in TEU for our container haulage segment to 588,627 TEU in FYE 2020 from 618,476 TEU in FYE 2019. The decrease in sales volume was mainly due to the outbreak of COVID-19 pandemic which resulted in the introduction of MCO by the Government of Malaysia from 18 March 2020 to 3 May 2020. Notwithstanding that our container haulage operation was categorised as an essential service, the decrease in sales volume was mainly due to the decrease in TEU by customers which were categorised as non-essential services by the Government of Malaysia. For comparison purpose, total revenue from our container haulage segment for the first half of 2020 was approximately RM111.8 million, as compared to approximately RM131.1 million for the corresponding period in FYE 2019.

In addition, lockdowns and tighter border controls imposed by other countries have led to a disruption to global production and consumption, resulting in the decrease in demand for shipping and freight activities.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, revenue contributed by container haulage increased by RM21.9 million or 22.7% to RM118.5 million, from RM96.6 million in FPE 2020 mainly due to the following:

i) increase by 52,051 TEU to 274,716 TEU in FPE 2021 from 222,665 TEU in FPE 2020 as introduction of MCO 2.0 had lesser impact on the TEU as more economic sectors and trade activities were allowed to operate as compared to MCO 1.0; and

ii) higher charges for the Fuel Adjustment Factor as a result of increase in average diesel price in FPE 2021 to RM2.12 per litre (FPE 2020: RM1.83 per litre).

However, the average revenue generated per TEU in FPE 2021 decreased to RM431.5 per TEU from RM434.0 per TEU in FPE 2020, mainly due to the shorter distance services requested by a customer of Sentiasa Hebat which resulted in lower rates per TEU.

(b) Land transportation

Our land transportation segment comprises two main services, namely inland distribution and cross border transportation, of which the breakdown is as follows:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Land Transportation						
Inland distribution	117,205	73.1	148,110	76.7	129,853	73.8
Cross border transportation	43,226	26.9	45,056	23.3	46,168	26.2
Total revenue	**160,431**	**100.0**	**193,166**	**100.0**	**176,021**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Land transportation				
Inland distribution	57,931	76.3	52,674	70.4
Cross border transportation	18,011	23.7	22,154	29.6
Total revenue	**75,942**	**100.0**	**74,828**	**100.0**

Our inland distribution operations include land transportation of ambient temperature goods to or from designated points mainly in Peninsular Malaysia.

Cross border transportation covers land transportation of ambient temperature goods to or from Malaysia to or from other neighbouring countries such as Singapore, Thailand, Cambodia, Laos, Myanmar, Vietnam, Laos and the southern border of China.

With our land transportation services, we are responsible for the physical shipment of cargo, whereas for our land freight forwarding services, our function is to organise the shipment of cargo. Please refer to Section 6.5.2.1 of this Prospectus for additional information on the differences between our land transportation services and land freight forwarding services.

The land transportation segment is the second largest source of revenue for our Group which contributed 32.2%, 31.6%, 31.7% and 30.1% to our Group's revenue for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, revenue contributed by land transportation increased by RM32.8 million or 20.4% to RM193.2 million, from RM160.4 million in FYE 2018 mainly due to higher revenue contributed by Tanjong Express in FYE 2019 of RM83.1 million (FYE 2018: RM37.4 million). The increase in revenue contributed by Tanjong Express in FYE 2019 was mainly due to the full year consolidation of revenue generated by Tanjong Express in FYE 2019 as compared to 6 months revenue consolidated in FYE 2018 considering that the acquisition of Tanjong Express was completed in July 2018. However, this was offset by the expiry of contract in December 2018 with a customer which contributed RM15.4 million of revenue in FYE 2018. Also, the lower revenue per trip in the land transportation segment which decreased from RM1,293.4 to RM1,104.7 in FYE 2019. The decrease in revenue per trip was mainly attributed to lower rate per trip for Tanjong Express as compared to our Group (excluding Tanjong Express) due to the different industries that were catered by our Group and Tanjong Express which resulted in a different range of rate per trip charged to customers. Our Group's customers (excluding Tanjong Express) for land transportation were mainly from the petrochemical industry whereby the rate per trip was higher due to the nature of the goods being transported as compared to Tanjong Express' customers which were mainly from the food and beverage and manufacturing industry.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, revenue contributed by land transportation decreased by RM17.2 million or 8.9% to RM176.0 million, from RM193.2 million in FYE 2019 mainly attributable to a 5.9% or 10,396 decrease in trips to 164,460 trips (FYE 2019: 174,856 trips) due to the outbreak of COVID-19 pandemic which caused the Government of Malaysia to impose MCO from 18 March to 3 May 2020. This had greatly affected total number of trips during the period. While land transportation was part of essential services, many of our customers who were not categorised as essential services, such as customers from the manufacturing industry, had to stop receiving their cargos. This was coupled with governments of many countries imposing lockdowns and tighter border controls, which resulted in customers reducing demand for land transportation.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, revenue contributed by land transportation slightly decreased by RM1.1 million or 1.5% to RM74.8 million, from RM75.9 million in FPE 2020 which was mainly attributable to lesser trips by 2,745 trips to 55,809 trips in FPE 2021, from 58,554 trips in FPE 2020. This was mainly due to lesser trips of 5,325 trips being made from an inland distribution customer whose contract had expired in March 2020. However, this was offset by higher trips from cross border transportation business of 7,965 trips in FPE 2021 as compared to 6,251 trips in FPE 2020 and other customers in inland distributions business segment of 47,844 trips in FPE 2021 as compared to 46,978 trips in FPE 2020. In addition, revenue per trip for land transportation in FPE 2021 of RM1,340.8 was higher than FPE 2020 of RM1,297.0 mainly due to higher charges for the Fuel Adjustment Factor as a result of higher average diesel price in FPE 2021 of RM2.12 per litre (FPE 2020: RM1.83 per litre).

(c) Warehousing and container depot

Our warehousing and container depot segment comprises two main services, namely warehousing services and container depot services, the breakdown of which is as follows:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Warehousing and container depot						
Warehousing	42,166	67.8	48,930	71.0	47,800	66.8
Container depot service	20,044	32.2	19,996	29.0	23,710	33.2
Total revenue	**62,210**	**100.0**	**68,926**	**100.0**	**71,510**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Warehousing and container depot				
Warehousing	21,239	72.7	18,143	58.2
Container depot service	7,971	27.3	13,045	41.8
Total revenue	**29,210**	**100.0**	**31,188**	**100.0**

Our warehouses are located in the Central, Northern, Southern and Eastern regions in Peninsular Malaysia as well as Sabah. Our warehousing revenue includes charges based on the following business models:

(i) Provision of storage of goods;

(ii) Rental of property comprising warehouse and open yard; and

(iii) Management of third party warehouses.

Our services for managing third party warehouses include warehouse operations and management services involving normal day-to-day warehousing functions including receiving goods, inventory management, store keeping, retrieving goods for delivery and general upkeep of the warehouse. We are also responsible for providing all the manpower required by the customers.

Our container depots are located near the Northport and Westport area at Port Klang, Selangor. Our customers for container depot services are shipping lines and container leasing companies, who store their unladen containers at our depots before the containers are sent to their respective customers for loading. Revenue from container depot services is mainly derived from charges for the handling, storage, repairs and cleaning of containers.

Revenue generated from warehousing and container depot segment contributed about 12.5% (FYE 2018), 11.3% (FYE 2019), 12.8% (FYE 2020) and 12.6% (FPE 2021) to our Group's total revenue during the Financial Years Under Review and FPE 2021.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, revenue contributed by warehousing services increased by RM6.7 million or 16.0% to RM48.9 million, from RM42.2 million in FYE 2018 mainly due to a new contract secured in November 2018 to manage a third party warehouse for the petrochemical industry for a contract period of 3 years with an option to extend the contract period for another 2 years.

For the FYE 2019, revenue contributed by container depot services remained relatively constant as compared to FYE 2018 in which RM20.0 million was recorded in both years.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, revenue contributed by warehousing services decreased slightly by RM1.1 million or 2.3% to RM47.8 million, from RM48.9 million in FYE 2019 mainly due to lower revenue from lower rates applied in the renewed contract for the management of a third party warehouse in the Eastern region. However, this was offset by higher revenue from new contract secured in November 2018 with a customer involved in the petrochemical industry in the Southern region.

For the FYE 2020, revenue contributed by container depot services increased by RM3.7 million or 18.6% to RM23.7 million, from RM20.0 million in FYE 2019 mainly due to the acquisition of Northern Gateway Depot at the end of August 2020 which contributed RM3.5 million or 14.8% of the total container depot services revenue. On top of the acquisition of Northern Gateway Depot, the increase in container depot services was attributed to a higher revenue contribution from our existing customers in FYE 2020.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, the revenue contributed by warehousing services decreased by RM 3.0 million or 14.6% to RM18.2 million, from RM21.2 million in FPE 2020. This was mainly due to the lower services requested for warehouse operation and management services provided to the third party warehouse.

For the FPE 2021, revenue contributed by container depot services increased by RM5.0 million or 63.7% to RM13.0 million, from RM8.0 million in FPE 2020 mainly due to the:

(i) acquisition of Northern Gateway Depot (completed at the end of August 2020) which contributed RM3.5 million to our Group's revenue; and

(ii) higher revenue recorded by our other existing depots in FPE 2021 by RM1.5 million as compared to FPE 2020 due to higher movement of containers in our other depots.

(d) Freight forwarding

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Freight forwarding						
Sea, air and land freight forwarding	47,668	81.6	49,074	75.9	46,188	85.2
Project logistics	10,776	18.4	15,582	24.1	8,007	14.8
Total revenue	**58,444**	**100.0**	**64,656**	**100.0**	**54,195**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Freight forwarding				
Sea, air and land freight forwarding	18,030	84.3	20,447	87.1
Project logistics	3,364	15.7	3,037	12.9
Total revenue	**21,394**	**100.0**	**23,484**	**100.0**

Our freight forwarding revenue includes sea, air and land freight forwarding, and project logistics. In addition, we also provide in-plant logistics and ship husbandry services.

Sea freight forwarding revenue includes sea freight charges, handling fee of inbound and outbound less than container load (LCL), full container load (FCL), over-sized project cargo and out-of-gauge containerised cargo.

Air freight forwarding revenue comprises air freight charges and handling fee for inbound and outbound air freight shipment arrangements for our customers and overseas freight forwarders.

Land freight forwarding revenue comprises handling fee of inbound and outbound containerised and non-containerised cargo for our cross border transportation.

With our land freight forwarding services, our function is to organise the shipment of cargo whereas for our land transportation services, we are responsible for the physical shipment of cargo. Please refer to Section 6.5.2.1 of this Prospectus for additional information on the differences between our land freight forwarding services and land transportation services.

Project logistics involves organising the transportation of cargo that requires specialised vehicles and handling, commonly for heavy and/or large-sized objects, by sea, air and/or land transportation. Please refer to Section 6.5.4.5 of this Prospectus for further information on project logistics.

Our freight forwarding segment contributed 11.8%, 10.6%, 9.7% and 9.4% to our Group's revenue for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, revenue contributed by freight forwarding increased by RM6.2 million or 10.6% to RM64.7 million, from RM58.5 million in FYE 2018 mainly due to:

(i) increase by 2.5% or 2,276 number of jobs handled to 92,404 jobs in FYE 2019 (FYE 2018: 90,128). This was due to the increase in number of jobs handled for existing customers under our sea, air and land freight forwarding services; and

(ii) 7.9% increase in average revenue per job from RM648.5 for the FYE 2018 to RM699.7 per job for the FYE 2019 mainly due to services provided involved over-sized project cargo handling and sea freight activities for project logistics customers.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, revenue contributed by freight forwarding services decreased by RM10.5 million or 16.2% to RM54.2 million, from RM64.7 million in FYE 2019 mainly due to:

(i) a 5.9% or 5,462 decrease in jobs handled in FYE 2020 compared to FYE 2019 due to:

  (a) the outbreak of COVID-19 pandemic and the introduction of MCO by the Government of Malaysia from 18 March to 3 May 2020;

  (b) the lockdowns and tighter border control imposed by overseas governments which have adversely affected the demand for our freight forwarding services; and

(ii) a 10.9% decrease in average revenue per job from RM699.7 per job in the FYE 2019 to RM623.3 per job in the FYE 2020 mainly due to lesser add on services provided namely, advisory on application licenses i.e. Domestic Offshore Shipping Licence (DSL) and application of Certificate of Approval/ Permit on behalf of foreign customers, in view of cost cutting measures undertaken by the majority of our customers due to the COVID-19 pandemic.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, our revenue from freight forwarding services increased by RM2.1 million or 9.8% to RM23.5 million, from RM21.4 million in FPE 2020 mainly due to increase in jobs handled by 6,709 jobs or 19.8% to 40,540 jobs in FPE 2021 from 33,831 jobs in FPE 2020. This was due to the increase in number of jobs handled for existing customers under our sea, air and land freight forwarding services. Although MCO 2.0 was introduced, it had lesser impact on our freight forwarding services as more economic sectors and trade activities were allowed to operate as compared to MCO 1.0.

(e) Others

	Audited					
	FYE 2018		**FYE 2019**		**FYE 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Sales, services, and spare parts	1,990	85.7	4,384	93.3	1,087	75.0
General insurance agency services	333	14.3	316	6.7	252	17.4
E-commerce retailing	-	-	-	-	109	7.6
	2,323	100.0	4,700	100.0	1,448	100.0

	Unaudited		**Audited**	
	FPE 2020		**FPE 2021**	
	RM'000	**%**	**RM'000**	**%**
Sales, services, and spare parts	858	87.3	56	11.7
General insurance agency services	125	12.7	113	23.6
E-commerce retailing	-	-	309	64.7
	983	100.0	478	100.0

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This segment comprises other revenue generated from the sales of commercial vehicles, spare parts and services from our dealership business, commission as an insurance agent and e-commerce retailing. Total revenue from this segment contributed less than 1% for the Financial Years Under Review.

For the FYE 2019, revenue generated from this segment increased by RM2.4 million or 102.3% to RM4.7 million, from RM2.3 million in FYE 2018 which was mainly contributed by higher number of commercial vehicles sold to third parties from 3 units in FYE 2018 to 9 units in FYE 2019.

For the FYE 2020, revenue generated from this segment decreased by RM3.2 million or 69.0% to RM1.5 million, from RM4.7 million in FYE 2019 which was due to the reduced sales of commercial vehicles from 9 units in FYE 2019 to 3 units in FYE 2020.

For the FPE 2021, revenue generated from this segment decreased by RM0.5 million or 51.4% to RM0.5 million, from RM1.0 million in FPE 2020 mainly due to no sales of commercial vehicles were made in FPE 2021.

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Revenue by geographical regions/country

The table below sets out the breakdown and analysis of our Group's revenue generated by geographical regions, namely Malaysia and overseas (which is determined based on the location of our customers), for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	479,566	96.5	587,138	96.2	537,952	96.8
Overseas	17,413	3.5	23,063	3.8	17,886	3.2
Total	**496,979**	**100.0**	**610,201**	**100.0**	**555,838**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Malaysia	215,206	96.0	233,042	93.8
Overseas	8,953	4.0	15,491	6.2
Total	**224,159**	**100.0**	**248,533**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	107,572	22.4	(49,186)	(8.4)	17,836	8.3
Overseas	5,650	32.4	(5,177)	(22.4)	6,538	73.0
Total	**113,222**	**22.8**	**(54,363)**	**(8.9)**	**24,374**	**10.9**

(a) Malaysia

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, our Group's revenue generated from Malaysian customers increased by RM107.5 million or 22.4% to RM587.1 million, from RM479.6 million in FYE 2018, which was mainly contributed by the acquisitions of Tanjong Express Group and Komunajaya in July 2018, whereby their primary market is in Malaysia and an increase in revenue from all other business segments of our Group.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group's revenue generated from Malaysian customers decreased by RM49.1 million or 8.4% to RM538.0 million, from RM587.1 million in FYE 2019 which was mainly due to the outbreak of COVID-19 pandemic and the introduction of MCO by the Government of Malaysia to curb the COVID-19 spread.

The implementation of MCO had resulted in lower economic activities in Malaysia, which has adversely affected demand for our logistics services in FYE 2020. The COVID-19 pandemic together with the MCO have significantly impacted many businesses including our customers who were not deemed as essential services. In view of the said factors, our Group encountered lower business activities in most of our business segments, namely container haulage, land transportation and freight forwarding for FYE 2020 compared to FYE 2019.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, our Group's revenue generated from Malaysian customers increased by RM17.8 million or 8.3% to RM233.0 million, from RM215.2 million in FPE 2020. This was mainly contributed by higher TEU delivered of 274,716 and more jobs handled of 40,540 in Malaysia as the introduction of MCO 2.0 had lesser impact on the TEU delivered and jobs handled in Malaysia as more economic sectors and trade activities were allowed to operate during the FPE 2021 as compared to FPE 2020.

(b) Overseas

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Thailand	9,803	56.3	14,994	65.0	10,936	61.2
Singapore	5,955	34.2	5,825	25.2	4,247	23.7
Ireland	1,434	8.2	1,720	7.5	1,937	10.8
China	66	0.4	78	0.3	145	0.8
Others [(1)]	155	0.9	446	2.0	621	3.5
Total	**17,413**	**100.0**	**23,063**	**100.0**	**17,886**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Thailand	5,774	64.5	7,005	45.2
Singapore	1,982	22.1	5,287	34.1
Ireland	742	8.3	959	6.2
China	19	0.2	1,083	7.0
Others [(1)]	436	4.9	1,157	7.5
Total	**8,953**	**100.0**	**15,491**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	%
Thailand	5,191	53.0	(4,058)	(27.1)	1,231	21.3
Singapore	(130)	(2.2)	(1,578)	(27.1)	3,305	166.7
Ireland	286	19.9	217	12.6	217	29.3
China	12	18.2	67	85.9	1,064	5600.0
Others [(1)]	291	187.7	175	39.2	721	165.4
Total	**5,650**	**32.4**	**(5,177)**	**(22.4)**	**6,538**	**73.0**

Note:

(1) For FYE 2018, consist of Australia, Cambodia, Hong Kong, India, Japan, Myanmar, Pakistan, South Korea, Taiwan, United Kingdom, United States and Vietnam.

For FYE 2019, consist of Australia, Brazil, Hong Kong, India, Japan, Myanmar, Pakistan, Russia, South Africa, Sri Lanka, United Kingdom and Vietnam.

For FYE 2020 and FPE 2020, consist of Australia, Brazil, Cambodia, Hong Kong, India, Japan, Pakistan, Russia, South Africa, South Korea, Sri Lanka, Taiwan, United Kingdom and Vietnam.

For FPE 2021, consist of Australia, Brazil, Cambodia, Germany, Hong Kong, India, Indonesia, Ireland, Japan, Mauritius, Myanmar, Nepal, New Zealand, Pakistan, Saudi Arabia, Seychelles, Singapore, South Africa, Spain, Taiwan, The Netherlands, United Arab Emirates, United Kingdom, United States and Vietnam.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, revenue contribution from overseas customers increased by 32.4% or RM5.7 million to RM23.1 million from RM17.4 million in FYE 2018. The increase in revenue generated from overseas customers was mainly due to the increase in revenue generated by Swift Crossland Logistics which is involved in the provision of land transportation and freight forwarding agency services as well as investment holding based in Thailand. Such increase in revenue by 53.0% or RM5.2 million was due to more trips secured from new customers in FYE 2019 as a result of our continuous marketing effort.

Comparison between FYE 2019 and FYE 2020

Revenue contribution from overseas customers generated for FYE 2020 decreased by RM5.3 million or 22.4% to RM17.8 million in FYE 2020, from RM23.1 million in FYE 2019 mainly due to reduction in demand from customers based in Thailand and Singapore, which were among the countries in Asia that were negatively affected by the COVID-19 pandemic. Various measures were implemented by the countries such as tighter border controls and lockdown which had impacted worldwide import and export volumes, hence reducing our business activities with overseas customers.

Comparison between FPE 2020 and FPE 2021

Revenue contribution from overseas customers increased by RM6.5 million or 73.0% to RM15.5 million in FPE 2021, from RM9.0 million in FPE 2020. The increase was mainly contributed by the increase in revenue from Singapore by RM3.3 million predominantly due to an order from a customer in food and beverage industry that was secured and executed in January 2021 of RM2.2 million and also the increase in revenue for customers from Thailand and China by RM1.2 million and RM1.1 million respectively due to more trips were made in FPE 2021 of 4,755 trips as compared to 3,843 trips in FPE 2020 for our cross border transportation as more economic sectors and trade activities were allowed to operate.

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(ii) Cost of Sales

On a combined basis, our Group's cost of sales for the Financial Years Under Review, FPE 2020 and FPE 2021 are analysed as follows:

<u>Cost of sales by business activities</u>

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Cost of Sales						
Container haulage	153,759	48.1	200,425	50.1	188,725	51.0
Land transportation	131,748	41.2	154,605	38.6	136,179	36.8
Warehousing and container depot	30,976	9.7	39,558	9.9	43,453	11.7
Freight forwarding	1,858	0.6	1,889	0.5	677	0.2
Others	1,312	0.4	3,570	0.9	1,065	0.3
Total	**319,653**	**100.0**	**400,047**	**100.0**	**370,099**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Cost of Sales				
Container haulage	72,936	48.1	90,718	53.8
Land transportation	58,435	38.6	57,598	34.2
Warehousing and container depot	18,765	12.4	19,326	11.4
Freight forwarding	478	0.3	655	0.4
Others	848	0.6	271	0.2
Total	**151,462**	**100.0**	**168,568**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Cost of Sales						
Container haulage	46,666	30.4	(11,700)	(5.8)	17,782	24.4
Land transportation	22,857	17.3	(18,426)	(11.9)	(837)	(1.4)
Warehousing and container depot	8,582	27.7	3,895	9.8	561	3.0
Freight forwarding	31	1.7	(1,212)	(64.2)	177	37.0
Others	2,258	172.1	(2,505)	(70.2)	(577)	(68.0)
Total	**80,394**	**25.2**	**(29,948)**	**(7.5)**	**17,106**	**11.3**

Our Group's cost of sales is mainly affected by changes in diesel price, toll charges, personnel cost and cost of spare parts and tyres, which are correlated to the movement in our Group's revenue.

The main contributors to our cost of sales are our container haulage and land transportation segments as these segments contributed 89.3%, 88.7%, 87.8% and 88.0% to our Group's cost of sales for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively. In FYE 2019, our Group's cost of sales increased by RM80.4 million or 25.2% to RM400.0 million in FYE 2019, from RM319.6 million in FYE 2018 which was in tandem with higher revenue generated in FYE 2019 of RM610.2 million from the increase in business volume in all business segments.

Our Group's cost of sales decreased by RM29.9 million or 7.5% to RM370.1 million in FYE 2020, from RM400.0 million in FYE 2019, which corresponds to the lower revenue in FYE 2020.

Our Group's cost of sales increased by RM17.1 million or 11.3% to RM168.6 million in FPE 2021, from RM151.5 million in FPE 2020, which corresponds to the higher revenue in FPE 2021.

The commentaries on our Group's cost of sales analysed by business activities are as follows:

(a) Container haulage

	Audited					
	FYE 2018		**FYE 2019**		**FYE 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Direct labour cost	39,258	25.5	61,591	30.7	60,407	32.0
Diesel cost	34,631	22.5	50,316	25.1	39,289	20.8
Repair and maintenance	20,730	13.5	26,190	13.1	24,125	12.8
Rental and contract cost (1)	25,480	16.6	11,000	5.5	11,741	6.2
Depreciation	13,090	8.5	22,167	11.1	24,624	13.0
Depot gate charges and toll charges	12,431	8.1	18,814	9.4	19,229	10.2
Other operating cost (2)	8,139	5.3	10,347	5.1	9,310	5.0
Total	**153,759**	**100.0**	**200,425**	**100.0**	**188,725**	**100.0**

	Unaudited		Audited	
	FPE 2020		**FPE 2021**	
	RM'000	**%**	**RM'000**	**%**
Direct labour cost	24,171	33.1	28,324	31.2
Diesel cost	15,370	21.1	22,352	24.6
Repair and maintenance	9,130	12.5	13,093	14.4
Rental and contract cost (1)	3,412	4.7	2,597	2.9
Depreciation	9,643	13.2	9,962	11.0
Depot gate charges and toll charges	7,369	10.1	9,980	11.0
Other operating cost (2)	3,841	5.3	4,410	4.9
Total	**72,936**	**100.0**	**90,718**	**100.0**

Notes:

(1) Consists of engagement cost to outsourced third party services, such as subcontracted drivers and rental of equipment.

(2) Consists of insurance, road tax, permit, license fee, inspection fees and others.

Our cost of sales for container haulage segment mainly comprises direct labour cost (i.e. drivers and workshop staff); diesel cost; repair and maintenance cost for vehicles including replacement of tyres, spare parts and lubricants, insurance expenses and road tax; rental and contract cost for subcontracted drivers; depreciation of vehicles; and depot gate and toll charges. The cost of sales incurred by container haulage accounted for 48.1%, 50.1%, 51.0% and 53.8% of our Group's total cost of sales for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, cost of sales for our container haulage segment increased by RM46.6 million or 30.4% to RM200.4 million, from RM153.8 million in FYE 2018, due to the following:

(i) 56.9% or RM22.3 million increase in direct labour cost attributable to the increase in drivers' salaries and incentives resulting from:

- higher driver incentives by RM12.2 million which was in tandem with the increase in revenue of the container haulage segment as there were higher number of containers delivered in FYE 2019 of 618,476 TEU compared to 454,085 TEU in FYE 2018;

- higher drivers' salaries by RM10.1 million mainly due to the following:

  - acquisition of Tanjong Express Group and Komunajaya in July FYE 2018, as full 12-month drivers' salaries were consolidated in FYE 2019 compared to only 6-month consolidation in FYE 2018; and

- the revision of Minimum Wages Order 2018 which resulted in an increase in minimum wage from RM1,000 in FYE 2018 to RM1,100 in FYE 2019 as our drivers are paid a basic salary according to the minimum wage plus commissions based on the number of trips performed;

(ii) 45.3% or RM 15.7 million higher diesel cost incurred in FYE 2019 which was in tandem with the higher number of containers delivered, from 454,085 TEU containers in FYE 2018 to 618,476 TEU containers in FYE 2019;

(iii) 26.3% or RM5.5 million increase in repair and maintenance cost attributable to the 304 additional prime movers arising from the acquisitions of Tanjong Express Group and Komunajaya. As the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018, our Group had only consolidated 6 months of such repair and maintenance cost amounting to RM3.8 million in the FYE 2018 as compared to the full 12 months consolidation of RM6.8 million in FYE 2019.

In addition, as most of the prime movers owned by Tanjong Express Group and Komunajaya were reconditioned units, the repair and maintenance cost in relation to the reconditioned prime movers is generally higher compared to brand-new prime movers owned by the rest of our Group;

Further, the increase in repair and maintenance cost was attributable to the higher utilisation of our prime movers which is in line with the increase in TEU in FYE 2019 by 66,931 TEU recorded by our Group (excluding Tanjong Express and Komunajaya) as compared to FYE 2018;

(iv) depreciation which is mainly related to our Group's prime movers, trailers, reach stackers and other machineries which are directly related to our container haulage segment. The increase in depreciation was mainly due to the additional 304 units of prime movers in our assets from the acquisitions of Tanjong Express Group and Komunajaya in July 2018, as well as the purchase of 142 additional units of prime movers in FYE 2019; and

(v) 51.3% or RM6.4 million increase in depot gate charges and toll charges for the FYE 2019, which was in tandem with the higher number of containers delivered from 454,085 TEU containers in 2018 to 618,476 TEU containers in FYE 2019.

The increase in costs mentioned above was offset by lower rental and contract cost which was mainly due to a reduction in sub-contracted drivers engaged by Tanjong Express Group and Komunajaya.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, cost of sales for our container haulage segment decreased by RM11.7 million or 5.8% to RM188.7 million, from RM200.4 million in FYE 2019, mainly due to the following:

(i) 21.9% or RM11.0 million decrease in diesel cost for the FYE 2020, mainly due to lower average diesel pump price from RM2.17 per litre in FYE 2019 to RM1.80 per litre in FYE 2020 as well as lower TEU volume due to the COVID-19 pandemic and MCO introduced by the Government of Malaysia;

(ii) lower direct labour cost as less driver incentives were paid due to lower movement in FYE 2020 as less TEU was recorded during the year of 588,627 as compared to 618,476 in FYE 2019; and

(iii) decrease in repair and maintenance cost by 7.9% or RM2.1 million which was in tandem with lower revenue in FYE 2020 attributable to lower TEU volume due to COVID-19 pandemic.

However, the decrease in cost of sales was partly offset by:

(i) higher depreciation by 11.1% or RM2.5 million in FYE 2020 mainly due to the acquisitions of Sentiasa Hebat and Sentiasa Hebat (Penang) in August 2020 which added 146 additional prime movers to our Group;

(ii) increase in rental and contract cost by 6.7% or RM0.7 million mainly due to the acquisitions of Sentiasa Hebat and Sentiasa Hebat (Penang) in August 2020 which resulted in 70 additional subcontract drivers; and

(iii) slight increase in depot gate charges and toll charges by RM0.4 million or 2.2% which was mainly contributed by the increase in depot gate charges during the year and higher toll charges due to higher number of long distance haulage services performed.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, our cost of sales for our container haulage segment increased by RM17.8 million or 24.4% to RM90.7 million, from RM72.9 million in FPE 2020, mainly due to the following:

(i) increase in direct labour cost by RM4.1 million or 17.2% to RM28.3 million in FPE 2021, from RM24.2 million in FPE 2020 which was in tandem with the increase in revenue as more drivers' incentive were paid due to higher number of containers delivered in FPE 2021 of 274,716 TEU as compared to 222,665 TEU in FPE 2020;

(ii) increase in diesel cost by RM7.0 million or 45.4% to RM22.4 million in FPE 2021, from RM15.4 million in FPE 2020 which was mainly due to the increase in TEU delivered in FPE 2021 as mentioned above and the higher diesel price during the financial period averaging at RM2.12 per litre in FPE 2021 as compared to RM1.83 per litre in FPE 2020;

(iii) increase in repair and maintenance cost by RM4.0 million or 43.4% to RM13.1 million, from RM9.1 million in FPE 2020 due to increase in standard preventive maintenance services done by our Group in line with the increase in revenue during the financial period;

(iv) increase in depreciation cost by RM0.3 million to RM9.9 million in FPE 2021, from RM9.6 million in FPE 2020 mainly due to the acquisition of Sentiasa Hebat in August 2020 and the purchase of 15 new prime movers and 20 trailers for our container haulage operations during the FPE 2021; and

(v) increase in depot gate charges and toll charges by RM2.6 million or 35.4% to RM10.0 million in FPE 2021, from RM7.4 million in FPE 2020 in line with the increase in TEU delivered in FPE 2021 as mentioned above.

However, the above was offset with lower rental and contract cost by RM0.8 million to RM2.6 million in FPE 2021, from RM3.4 million in FPE 2020, mainly due to lesser rental of equipment required by our customer.

(b) Land transportation

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Direct labour cost	28,454	21.6	35,739	23.1	36,678	26.9
Diesel cost	33,584	25.5	44,835	29.0	36,484	26.8
Repair and maintenance	14,251	10.8	16,434	10.6	15,565	11.4
Rental and contract cost	34,073	25.9	29,315	19.0	18,762	13.8
Depreciation	10,621	8.1	12,084	7.8	12,752	9.4
Depot gate charges and toll charges	6,978	5.3	10,261	6.6	10,271	7.5
Other operating cost	3,787	2.8	5,937	3.9	5,667	4.2
Total	**131,748**	**100.0**	**154,605**	**100.0**	**136,179**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Direct labour cost	15,813	27.0	14,327	24.9
Diesel cost	15,636	26.7	18,344	31.8
Repair and maintenance	5,949	10.2	6,644	11.5
Rental and contract cost	9,018	15.4	7,046	12.2
Depreciation	5,880	10.1	4,597	8.0
Depot gate charges and toll charges	4,124	7.1	4,183	7.3
Other operating cost	2,015	3.5	2,457	4.3
Total	**58,435**	**100.0**	**57,598**	**100.0**

Our cost of sales for land transportation segment mainly comprises diesel cost, rental and contract cost of sub-contracted drivers, direct labour cost for drivers and workshop staff, repair and maintenance of vehicles such as replacement of tyres, spare parts and lubricants, insurance and road tax, depreciation of vehicles and depot gate charges and toll charges. The cost of sales incurred by our land transportation segment accounted for 41.2%, 38.6%, 36.8% and 34.2% of our Group's total cost of sales for FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively.

Comparison between FYE 2018 and FYE 2019

For the FYE 2019, cost of sales for our land transportation segment increased by RM22.9 million or 17.3% to RM154.6 million, from RM131.7 million in FYE 2018, due to the following:

(i) higher diesel cost by 33.5% or RM11.3 million for FYE 2019 as compared to FYE 2018 which was in tandem with the increase in revenue generated from the land transportation segment;

(ii) 25.6% or RM7.3 million increase in direct labour cost attributable to the increase in drivers' salaries and incentives resulting from:

- the revision of Minimum Wages Order 2018 which resulted in an increase in the minimum wage from RM1,000 in FYE 2018 to RM1,100 in FYE 2019 as our drivers are paid a basic salary according to the minimum wage plus commissions based on the number of trips performed; and

- higher drivers' salaries by RM5.8 million mainly due to the acquisition of Tanjong Express in July 2018, as full 12-month drivers' salaries were consolidated in FYE 2019 as compared to only 6-month consolidation in FYE 2018 and additional drivers employed for our land transportation services as our Group reduced the number of trips outsourced to third parties;

(iii) higher repair and maintenance and depreciation costs by 15.3% or RM2.2 million and 13.8% or RM1.5 million respectively, mainly due to the additional 297 units of prime movers from the acquisition of Tanjong Express in July 2018. Thus, higher repair and maintenance costs and depreciation were recorded in FYE 2019 as full 12-month repair and maintenance and depreciation for Tanjong Express in FYE 2019 was consolidated as compared to only 6-month consolidation in FYE 2018; and

(iv) higher toll charges in FYE 2019 which was in tandem with higher revenue generated in FYE 2019.

These were offset by lower cost of sales attributable to lower rental and contract cost in FYE 2019 as compared to FYE 2018 due to less third parties outsourcing of transport services, in line with our Group's long term plan to shift all of our transport services in-house.

Comparison between FYE 2019 and FYE 2020

For the FYE 2020, cost of sales for our land transportation segment decreased by RM18.4 million or 11.9% to RM136.2 million, from RM154.6 million in FYE 2019, due to the following:

(i) 18.6% or RM8.4 million decrease in diesel cost in FYE 2020 resulting from lower average diesel pump price of RM1.80 per litre in FYE 2020 as compared to RM2.17 per litre in FYE 2019. The decrease in diesel cost for the FYE 2020 was also in tandem with lower revenue generated by land transportation segment for the FYE 2020;

(ii) 36.0% or RM10.6 million decrease in rental and contract cost due to less third party outsourcing of transport services, in line with our Group's long term plan to shift all of our transport services in-house; and

(iii) marginally lower repair and maintenance cost as a result of lower business trips due to the outbreak of COVID-19 pandemic and introduction of the MCO by the Government of Malaysia.

However, the decrease in cost of sales was partly offset by:

(i) higher direct labour cost by 2.6% or RM0.9 million in FYE 2020 mainly due to additional drivers employed from 513 drivers in FYE 2019 to 558 drivers at the end of FYE 2020 to support operational requirements for land transportation in line with our Group's long term plan to shift all of our transport services in-house. Accordingly, third party outsourcing of transport services were reduced; and

(ii) increase in depreciation by 5.5% or RM0.7 million in FYE 2020 mainly due to the new purchase of additional 24 prime movers and 101 trailers.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, cost of sales for our land transportation segment decreased by RM0.8 million or 1.4% to RM57.6 million, from RM58.4 million in FPE 2020, which was in line with the decrease in revenue from the segment and mainly due to the following:

(i) decrease in direct labour cost by RM1.5 million or 9.4% to RM14.3 million in FPE 2021, from RM15.8 million in FPE 2020 in line with the decrease in the number of trips in FPE 2021 to 55,809 trips from 58,554 trips in FPE 2020 as incentives were only paid to drivers based on the number of trips completed;

(ii) decrease in depreciation cost by RM1.3 million or 21.8% to RM4.6 million in FPE 2021, from RM5.9 million in FPE 2020 mainly due to the disposal of 37 prime movers (the depreciation cost of which amounted to RM0.7 million in FPE 2020) and 19 CNG tankers for our specialised transportation business were fully depreciated in December 2020 (the depreciation cost of which amounted to RM0.3 million in FPE 2020);

(iii) decrease in rental and contract cost by RM2.0 million or 21.9% to RM7.0 million in FPE 2021, from RM9.0 million recorded in FPE 2020 which was in line with lower revenue as less trips were outsourced to third party in FPE 2021;

However, the decrease in cost of sales was partly offset by:

(i) increase in diesel cost by RM2.7 million or 17.3 % to RM18.3 million in FPE 2021, from RM15.6 million in FPE 2020 mainly due to higher diesel price with an average price of RM2.12 per litre in FPE 2021 as compared to RM1.83 per litre in FPE 2020; and

(ii) increase in repair and maintenance cost by RM0.7 million to RM6.6 million in FPE 2021, from RM5.9 million in FPE 2020 and increase in other operating costs by RM0.4 million mainly in relation to permit, road tax, vehicle inspection and other related costs. The increase was mainly due to the purchase of 22 prime movers, 47 trailers and 23 containers for our land transportation activities during the FPE 2021.

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(c) Warehousing and container depot

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Rental and contract cost [1]	13,731	44.3	16,497	41.7	22,944	52.8
Direct labour cost	9,847	31.8	11,000	27.8	8,376	19.3
Depreciation	533	1.7	4,817	12.2	6,653	15.3
Repair and maintenance	3,792	12.3	3,498	8.8	2,606	6.0
Consumables and others[2]	3,073	9.9	3,746	9.5	2,874	6.6
Total	**30,976**	**100.0**	**39,558**	**100.0**	**43,453**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Rental and contract cost [1]	9,798	52.2	9,769	50.6
Direct labour cost	4,742	25.3	4,510	23.3
Depreciation	2,166	11.5	3,135	16.2
Repair and maintenance	600	3.2	643	3.3
Consumables and others[2]	1,459	7.8	1,269	6.6
Total	**18,765**	**100.0**	**19,326**	**100.0**

Notes:

(1) Inclusive of transportation cost, direct labour cost for third party and rental of warehouse and equipment.

(2) Consists of LPG gas, diesel and warehouse consumables items.

Our cost of sales for warehousing and container depot segment mainly comprises rental and contract cost, direct labour cost, as well as depreciation which amounted to 77.8%, 81.7%, 87.4% and 90.1% of our cost of sales for the warehousing and container depot segment for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 to FYE 2019

For the FYE 2019, cost of sales for our warehousing and container depot segment increased by RM8.5 million or 27.7% to RM39.5 million, from RM31.0 million in FYE 2018 which was in line with the increase in revenue from our warehousing and container depot segment.

In FYE 2019, the main components which contributed to the increase in cost of sales were rental and contract cost, as well as depreciation. The increase in rental and contract cost of RM2.8 million or 20.1% was mainly contributed by higher third party direct labour charges and rental of equipment attributable to a new contract secured by our Group in November 2018 for the management of a third party warehouse in the petrochemical industry. The increase in depreciation of RM4.3 million in FYE 2019 was mainly due to rental cost being replaced with depreciation of right-of-use assets upon the adoption of MFRS 16 in FYE 2019.

Comparison between FYE 2019 to FYE 2020

For the FYE 2020, cost of sales for our warehousing and container depot segment increased by RM3.9 million or 9.8% to RM43.4 million, from RM39.5 million in FYE 2019 which was mainly due to higher rental and contract cost as well as depreciation which amounted to 53.9% and 68.1% of the cost of sales for the warehousing and container depot segment for FYE 2019 and FYE 2020 respectively.

The increase of 39.1% or RM6.4 million in rental and contract cost was partly contributed by a higher direct labour cost due to an increase in the outsourcing of supply of manpower for the management of a third party warehouse owned by our customer in the petrochemical industry.

Additionally, the increase in rental and contract cost in FYE 2020 was also partly due to the increase in the outsourcing of repair and maintenance of container services in our container depot as we started to outsource more repair and maintenance works to third parties in order for our Group to focus on depot management. This had resulted in a lower direct labour cost for container depot.

Depreciation increase in FYE 2020 was partly contributed by the acquisition of Northern Gateway Depot by RM1.0 million at the end of August 2020 and depreciation on the additional forklift for the warehouse operations in Eastern and Southern region.

Comparison between FPE 2020 and FPE 2021

For the FPE 2021, cost of sales for our warehousing and container depot segment increased by RM0.5 million or 3.0% to RM19.3 million, from RM18.8 million in FPE 2020 mainly due to the increase in depreciation as the acquisition of Northern Gateway Depot was completed in August 2020. However, this was offset by lower direct labour cost and consumables and others of RM0.2 million and RM0.2 million respectively. The lower direct labour cost and consumables and others were in line with lower revenue contributed by warehousing services and less overtime cost during the FPE 2021.

(d) Freight forwarding

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Warehousing and transportation	1,253	67.4	1,651	87.4	574	84.8
Personnel cost	605	32.6	238	12.6	103	15.2
Total	**1,858**	**100.0**	**1,889**	**100.0**	**677**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Warehousing and transportation	437	91.4	600	91.6
Personnel cost	41	8.6	55	8.4
Total	**478**	**100.0**	**655**	**100.0**

Cost of sales for freight forwarding segment mainly comprises warehousing and transportation services by third parties and personnel cost which are directly allocated for specific customers. The increase and decrease in cost of sales in FYE 2019 and FYE 2020 respectively was in line with the increase and decrease in revenue from our freight forwarding segment during the Financial Years Under Review. The increase in cost of sales in FPE 2021 was in line with the increase in revenue during the financial period.

(e) Others

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Prime movers and related cost	1,312	100.0	3,570	100.0	959	90.0
E-commerce retailing	-	-	-	-	106	10.0
	1,312	100.0	3,570	100.0	1,065	100.0

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Prime movers and related cost	848	100.0	13	4.8
E-commerce retailing	-	-	258	95.2
	848	100.0	271	100.0

Cost of sales for others is mainly represented by cost of prime movers sold to third parties and e-commerce retailing related cost. The movement in cost of sales was in proportion with the increase and decrease in revenue from the others segment for the Financial Years Under Review and FPE 2021.

Cost of sales by geographical region

The cost of sales analysis by geographical regions for the Financial Years Under Review and FPE 2021 is not presented as the information is not available or maintained.

(iii) Gross profit ("GP") and GP margin

GP for the FYE 2019 increased by RM32.8 million or 18.5% to RM210.1 million, from RM177.3 million in FYE 2018 which was in line with increase in revenue due to the full year consolidation of revenue generated by Tanjong Express Group and Komunajaya in FYE 2019 as compared to 6 months revenue consolidated in FYE 2018 in view that the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018.

Notwithstanding the increase in revenue in FYE 2019, our GP margin for the FYE 2019 decreased to 34.4% from 35.7% in FYE 2018. The lower GP margin was mainly attributable to the warehousing and container depot segment as its GP margin decreased to 42.6% from 50.2% in FYE 2018.

For the FYE 2020, GP decreased by RM24.4 million or 11.6% to RM185.7 million, from RM210.1 million in FYE 2019 which was in line with decrease in revenue mainly due to the introduction of MCO by the Government of Malaysia to curb the COVID-19 spread.

For the FPE 2021, GP increased by RM7.3 million or 10.0% to RM80.0 million, from RM72.7 million in FPE 2020 which is in tandem with the increase in revenue as the introduction of MCO 2.0 by the Government had lesser impact on our Group's revenue as more economic sectors and trade activities were allowed to operate as compared to MCO 1.0 introduced by the Government.

The GP margin decreased to 33.4% in FYE 2020 from 34.4% in FYE 2019 which was mainly attributable to the decrease in GP margin of container haulage and warehousing and container depot segments.

For the FPE 2021, our GP margin slightly decreased to 32.2% from 32.4% in FPE 2020 mainly due to higher diesel cost as a result of increase in average diesel price in FPE 2021. However, the impact was being offset slightly by higher GP margin from our warehousing and container depot segment in FPE 2021.

On a combined basis, our Group's GP and GP margin for the FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021 are analysed as follows:

GP and GP margin by business activities

The table below sets out the breakdown and analysis of our Group's GP by business activities for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Container haulage	59,812	33.7	78,328	37.3	63,939	34.4
Land transportation	28,683	16.2	38,561	18.3	39,842	21.5
Warehousing and container depot	31,234	17.6	29,368	14.0	28,057	15.1
Freight forwarding	56,586	31.9	62,767	29.9	53,518	28.8
Others	1,011	0.6	1,130	0.5	383	0.2
GP	**177,326**	**100.0**	**210,154**	**100.0**	**185,739**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Container haulage	23,694	32.6	27,837	34.8
Land transportation	17,507	24.1	17,230	21.5
Warehousing and container depot	10,445	14.4	11,862	14.8
Freight forwarding	20,916	28.8	22,829	28.5
Others	135	0.1	207	0.4
Total	**72,697**	**100.0**	**79,965**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Container haulage	18,516	31.0	(14,389)	(18.4)	4,143	17.5
Land transportation	9,878	34.4	1,281	3.3	(277)	(1.6)
Warehousing and container depot	(1,866)	(6.0)	(1,311)	(4.5)	1,417	13.6
Freight forwarding	6,181	10.9	(9,249)	(14.7)	1,913	9.1
Others	119	11.8	(747)	(66.1)	72	53.3
Total	**32,828**	**18.5**	**(24,415)**	**(11.6)**	**7,268**	**10.0**

The table below sets out the breakdown and analysis of our Group's GP margin by business activities for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited			Unaudited	Audited
	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
	%	%	%	%	%
Container haulage	28.0	28.1	25.3	24.5	23.5
Land transportation	17.9	20.0	22.6	23.1	23.0
Warehousing and container depot	50.2	42.6	39.2	35.8	38.0
Freight forwarding	96.8	97.1	98.8	97.8	97.2
Others	43.5	24.0	26.5	13.7	43.3
GP	**35.7**	**34.4**	**33.4**	**32.4**	**32.2**

The commentaries on our Group's GP and GP margin by business activities are analysed as follows:

(a) Container haulage

GP from our container haulage segment accounted for 33.7%, 37.3%, 34.4% and 34.8% of our Group's GP for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

For the FYE 2019, GP from our container haulage segment increased by RM18.5 or 31.0% to RM78.3 million, from RM59.8 million in FYE 2018 which was predominantly attributable to the business expansion plans undertaken by our Group. The expansion plan included increasing fleet numbers and the acquisitions of Tanjong Express Group and Komunajaya, which resulted in an increase in TEU volume handled from 454,085 TEU to 618,476 TEU. GP margins remained consistent between 28.0% to 28.1%.

For the first half of FYE 2020, GP was severely affected due to the various measures introduced by the Government of Malaysia to combat COVID-19 including the MCO. Our GP reduced by 35.6% or RM13.3 million from RM37.4 million in the first half of FYE 2019 to RM24.1 million in the first half of FYE 2020 due to the reduction of TEU by 35,860 TEU. The GP margin continued to decline from 28.1% in FYE 2019 to 25.3% in FYE 2020 as the decrease in revenue outweighed the decrease in cost of sales, especially during the first half of FYE 2020. The imposition of MCO in the first half of FYE 2020 resulted in a lower margin of 21.5% during that period compared to 28.5% in the corresponding period in FYE 2019. However, as restrictions gradually eased, our GP margin improved to 28.3% in the second half of FYE 2020.

For the FPE 2021, GP from our container haulage segment increased by RM4.1 million or 17.5% to RM27.8 million, from RM23.7 million in FPE 2020, which was in line with the increase in revenue in FPE 2021 as a result of higher TEU delivered in FPE 2021 of 274,716 TEU as compared to FPE 2020 of 222,665 TEU. GP margin slightly reduced to 23.5% in FPE 2021 from 24.5% in FPE 2020 mainly due to the higher diesel cost in FPE 2021 as a result of increase in average diesel price in FPE 2021, however the impact was being mitigated by the Fuel Adjustment Factor.

(b) Land transportation

GP from our land transportation segment accounted for 16.2%, 18.3%, and 21.5% and 21.5% of our Group's GP for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

GP from our land transportation segment increased by RM9.8 million or 34.4% to RM38.5 million in FYE 2019, from RM28.7 million in FYE 2018. The significant increase was due to the acquisition of Tanjong Express in July 2018, which had allowed us to take advantage of the economies of scale, consolidate our existing inland distribution operation by reducing third party outsourcing and futile trips, and optimisation of our internal resources. This led to an increase of GP margin from 17.9% to 20.0%.

For the FYE 2020, GP increased by RM1.3 million or 3.3% to RM39.8 million, from RM38.5 million in FYE 2019. GP margin increased slightly to 22.6% from 20.0% as the reduction in cost of sales outweighed the reduction in revenue.

For the FPE 2021, GP from our land transportation segment slightly decreased by RM0.3 million to RM17.2 million, from RM17.5 million in FPE 2020. The decrease was in line with the decrease in revenue in FPE 2021. The GP margin remained relatively constant as there was only a minimal reduction in GP margin by 0.1% from 23.1% in FPE 2020 to 23.0% in FPE 2021.

(c) Warehousing and container depot

GP from our warehousing and container depot segment accounted for 17.6%, 14.0%,15.1% and 14.8% of our Group's GP for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

For the FYE 2019, GP from our warehousing and container depot segment decreased by RM1.8 million or 6.0% to RM29.4 million, from RM31.2 million in FYE 2018. The decrease was mainly due to lower GP was recorded by our container depot segment as lesser container repair services were provided in FYE 2019 as compared to FYE 2018. GP margin also decreased by 7.6% to 42.6% in FYE 2019, from 50.2% in FYE 2018 mainly due to increase in depreciation by RM4.3 million and increase in rental and contract cost by RM2.8 million, which in aggregate outweighs the increase in revenue in FYE 2019.

For the FYE 2020, GP from our warehousing and container depot segment decreased by RM1.3 million or 4.5% to RM28.1 million, from RM29.4 million in FYE 2019. GP margin decreased to 39.2% in FYE 2020 from 42.6% in FYE 2019. This was mainly contributed by the decrease in GP from warehousing services of RM1.6 million as a result of lesser revenue from lower rates were applied in the renewed contract for the management of a third party warehouse in the Eastern region. The decrease in warehousing services was cushioned by higher GP from container depot services by RM0.3 million which was mainly due to the acquisition of Northern Gateway Depot in August 2020, which contributed to the increase in revenue by RM 3.5 million for container depot services. However, the overall GP margin for warehousing and container depot segment for FYE 2020 remained lower than FYE 2019, as the GP margin for container depot services with an average of 20.0% was relatively lower than GP margin for warehousing services of 50.0%.

For the FPE 2021, GP from our warehousing and container depot segment increased by RM1.4 million or 13.6% to RM11.8 million, from RM10.4 million in FPE 2020. GP margin also increased to 38.0% in FPE 2021 from 35.8% in FPE 2020.

The increase in GP was mainly contributed by container depot services largely due to the acquisition of Northern Gateway Depot which was completed in August 2020. The increase in GP margin by 2.2% in FPE 2021 was mainly contributed by the increase in GP margin from container depot services by 10.2% to 28.3% in FPE 2021, from 18.1% in FPE 2020 which was in line with the increase in revenue. As the cost for container depot services mainly comprised fixed cost, increase in revenue improved its GP margin.

(d) Freight forwarding

GP from our freight forwarding segment accounted for 31.9%, 29.9%, 28.8% and 28.5% of our Group's GP for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

For the FYE 2019, GP for our freight forwarding segment increased by RM6.2 million or 10.9% to RM62.8 million, from RM56.6 million in FYE 2018 due to RM6.2 million increase in revenue as more customers were secured and higher volume was handled for existing customers in FYE 2019.

For the FYE 2020, GP saw a drop of RM9.3 million or 14.7% to RM53.5 million, from RM62.8 million in FYE 2019. This was caused by the decrease in revenue of RM10.5 million due to COVID-19 and MCO imposed by the Government of Malaysia, lockdowns and tighter border controls imposed by overseas governments.

GP margin for our freight forwarding segment was on the increasing trend from 96.8% in FYE 2018 to 97.1% in FYE 2019 and continued to increase to 98.8% in FYE 2020. The slight increase was mainly due to lower personnel cost by RM0.4 million to RM0.2 million in FYE 2019 from RM0.6 million in FYE 2018 as fewer personnel were required to be stationed at our customers' office.

For FYE 2020, higher GP margin was mainly contributed by lower warehousing and transportation cost by RM1.0 million to RM0.6 million in FYE 2020, from RM1.6 million in FYE 2019 as there was lower usage of warehouse for freight forwarding services.

For the FPE 2021, GP from our freight forwarding segment increased by RM1.9 million or 9.1% to RM22.8 million, from RM20.9 million in FPE 2020 which was in line with the increase in revenue during the financial period.

GP margin for our freight forwarding segment decreased by 0.6% to 97.2% in FPE 2021, from 97.8% in FPE 2020. The decrease was mainly due to the higher warehousing and transportation cost because of higher usage of third party warehouse for our LCL services.

(e) Others

GP from others is mainly represented by sales of commercial vehicles to third parties. For the FYE 2019, GP increased by RM0.1 million or 11.7% to RM1.1 million, from RM1.0 million in FYE 2018 mainly due to the increase in the number of commercial vehicles sold which was from 3 units in FYE 2018 to 9 units in FYE 2019. However, the GP margins reduced from 43.5% in FYE 2018 to 24.0% in FYE 2019 mainly due to lower commission received from sales target achievement as our Group cumulatively made less sales of commercial vehicles to third parties and intercompanies in FYE 2019.

For the FYE 2020, GP decreased by RM0.7 million or 66.1% to RM0.4 million, from RM1.1 million in FYE 2019 due to a reduction in sales of commercial vehicles from 9 units in FYE 2019 to 3 units in FYE 2020. GP margin contribution from sales of commercial vehicles are lower as compared to others hence, GP margin for FYE 2020 increased slightly to 26.5% from 24.0% in FYE 2019.

For the FPE 2021, GP increased by RM0.1 million or 53.3% to RM0.2 million, from RM0.1 million in FPE 2020 mainly due to revenue contributed by e-commerce retailing services, which started in July 2020 and higher revenue contributed by general insurance agency services. GP margin for FPE 2021 increased to 43.3% from 13.7% in FPE 2020 mainly contributed by the agency fees generated from general insurance agency services which had a higher margin of 100% and GP margin contributed by e-commerce retailing services of 16.7%. In addition, there were no sales of commercial vehicles made in FPE 2021 which had a lower margin.

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(iv) Other Income

The table below sets out the breakdown and analysis of our Group's other income for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Gain from disposal of property	23,895	61.2	-	-	568	1.9
Dividend income	2,525	6.5	559	6.0	-	-
Fair value gains	2,335	6.0	10	0.1	196	0.7
Gain from disposals of other assets	2,310	5.9	2,614	28.3	854	2.9
Reversal of accruals	2,171	5.6	55	0.6	20,000	68.2
Interest income	1,586	4.1	676	7.3	448	1.5
Waiver of debt	1,046	2.7	3,496	37.8	16	0.1
Rental income	722	1.8	336	3.6	135	0.5
Gain on foreign exchange	191	0.5	975	10.6	1,180	4.0
Reversal of impairment and recovery of amount previously written off	118	0.3	-	-	1,108	3.8
Gain from bargain purchase	-	-	-	-	3,294	11.2
Others	2,111	5.4	521	5.7	1,536	5.2
Total	**39,010**	**100.0**	**9,242**	**100.0**	**29,335**	**100.0**

	Unaudited		Audited	
	FPE 2020		FPE 2021	
	RM'000	%	RM'000	%
Fair value gains	1,519	53.0	1,436	14.5
Gain from disposals of other assets	373	13.0	3,157	31.8
Interest income	210	7.3	135	1.4
Rental income	60	2.1	77	0.8
Gain on foreign exchange	68	2.4	38	0.3
Settlement of claims received	-	-	4,445	44.8
Others	637	22.2	642	6.4
Total	**2,867**	**100.0**	**9,930**	**100.0**

The commentary on our Group's other income for the Financial Years Under Review and FPE 2021 are as follows:

Comparison between FYE 2018 and FYE 2019

Other income for the FYE 2019 decreased by RM29.8 million or 76.3% to RM9.2 million, from RM39.0 million in FYE 2018 as there was a gain from disposal of property of RM23.8 million recognised in FYE 2018.

Gain from disposal of property

Our gain from disposal of property in FYE 2018 relates to the disposal of land at Pulau Indah, Klang as part of disposal of MILS Cold Chain Logistics Sdn Bhd to a third party.

Dividend income

Our dividend income received in FYE 2018 and FYE 2019 of RM2.5 million and RM0.6 million respectively represent dividend received from other investments in Swift Integrated Logistics (NL) B.V.

Fair value gains

The fair value gains were mainly due to fair value gain on derivative of RM2.1 million in relation to cross-currency interest rate swap contract entered into by our Group in FYE 2018 via a term loan of USD15.0 million.

Gain from disposals of other assets

Gain from disposals of other assets mainly relates to disposal of plant and equipment such as prime movers, trailers and other assets within our Group.

Reversal of accruals

In FYE 2018, the reversal of accruals mainly relates to overprovision of expenses of RM2.1 million in relation to one of the joint ventures under Swift Integrated Logistics which was no longer required as the joint venture had been struck off.

Interest income

Our interest income was generated from placement of deposits with licenced banks.

We recorded lower interest income in FYE 2019 as compared to FYE 2018 primarily due to lower placement of deposits with financial institutions, coupled with lower interest rate in FYE 2019 which was between 2.55% to 3.20% as compared to 2.80% to 3.35% in FYE 2018.

Waiver of debts

Our waiver of debts in FYE 2018 relates to waiver of debts granted by former subsidiaries of Tanjong Express prior to its acquisition by our Company, namely Pedoman Wawasan Sdn Bhd, Screw & Nails Manufacturers Sdn Bhd, Media Desa Sdn Bhd and Tanjong Express Distripark Sdn Bhd, which were struck off after the acquisition.

Rental income

Our rental income was generated from rental of our prime movers and yard to third parties.

We recorded lower rental income in FYE 2019 due to a reduction in the number of prime movers and yard space rented out to third parties which recorded a rental of RM0.7 million in FYE 2018 as compared to RM0.3 million in FYE 2019.

Gain on foreign exchange

Our gain on foreign exchange mainly relates to foreign currency loan which was taken up by our subsidiary (Swift Integrated Logistics) of USD15.0 million in FYE 2018.

Higher gain on foreign exchange in FYE 2019 was mainly due to the weakening of the USD in December 2019 (USD1:RM3.998) as compared to December 2018 (USD1:RM4.079). This had resulted in an unrealised foreign exchange gain on the foreign currency loan of RM0.9 million in FYE 2019.

Reversal of impairment and recovery of amount previously written off

Recovery of amount previously written off in FYE 2018 relates to the write back of amount owing by a related party of RM0.1 million.

Others

Others mainly relate to sales of scrap, handling fees, income distribution from short term fund and others. The decrease in other income in FYE 2019 was mainly due to decrease in handling fees.

Comparison between FYE 2019 and FYE 2020

Other income for the FYE 2020 increased by RM20.1 million or 217.4% to RM29.3 million, from RM9.2 million in FYE 2019 mainly due to reversal of accruals amounting to RM20.0 million recognised in FYE 2020.

Gain from disposal of property

Gain from disposal of property in FYE 2020 of RM0.6 million was derived from disposal of leasehold land at Kawasan Perindustrian Pasir Gudang, Johor to a third party.

Fair value gain

In FYE 2020, fair value gain relates to gain on other investment of RM0.2 million.

Gain from disposals of other assets

In FYE 2019 and FYE 2020, our gain on disposal of other assets was mainly due to the disposal of prime movers, trailers and other assets.

Reversal of accruals

In FYE 2020, the reversal of accruals mainly relates to accrual of a legal claim amounting to RM20.0 million made by a customer of Swift Integrated Logistics prior to its acquisition by our Group. The accrual was recognised upon the acquisition as our Group had a possible obligation on the legal claim. However, the accrual was no longer required as the legal claim was fully settled by Swift Integrated Logistics' former shareholder to the insurer of the cargo in FYE 2020.

Interest income

Our interest income was generated from placement of deposits with licenced banks.

We recorded lower interest income in FYE 2020 as compared to FYE 2019 primarily due to lower interest rate which was between 1.70% to 3.35% as compared to 2.55% to 3.20% in FYE 2019.

Waiver of debt

Our waiver of debts in FYE 2019 and FYE 2020 relates to waiver of debts granted by former subsidiaries of our Group, namely Roda Warna Sdn Bhd, Mekar Canggih Sdn Bhd, Tasek Express (M) Sdn Bhd, Suria Kontraktor (M) Sdn Bhd and Panwise Corporation Sdn Bhd.

Rental income

Our rental income was generated from rental of office space to third parties.

We recorded lower rental income in FYE 2020 mainly due to lower office space being rented out to third parties of which rental income for FYE 2020 recorded RM0.1 million compared to RM0.3 million in FYE 2019.

Gain on foreign exchange

Our gain on foreign exchange mainly relates to foreign currency loan which was taken up by our subsidiary (Swift Integrated Logistics) of USD15.0 million in FYE 2018.

Our gain on foreign exchange in FYE 2020 was mainly due to the weakening of USD in December 2020 (USD1:RM3.851) as compared to December 2019 (USD1:RM3.998). This had resulted in an unrealised foreign exchange gain on the foreign currency loan of RM1.1 million in FYE 2020.

Reversal of impairment and recovery of amount previously written off

In FYE 2020, there was reversal of impairment on investment of RM0.3 million in our associate, namely BLG Swift due to an improvement in its business operation.

In the same year, there was recovery from amount previously written off relating to payment made by our associate, BLG Swift, of RM0.8 million.

Gain from bargain purchase

Gain from bargain purchase of RM3.3 million in FYE 2020 arose from the acquisition of Sentiasa Hebat and Top Tyres & Workshop.

Others

Others mainly relate to sales of scrap, income distribution from short term fund, wages subsidy by SOCSO and others.

In FYE 2020 our Group received RM0.5 million for the wages subsidy from SOCSO and insurance claims of RM0.2 million.

Comparison between FPE 2020 and FPE 2021

Fair value gains

In FPE 2021 the fair value gain was in relation to fair value derivative of RM1.4 million for cross-currency interest rate swap contract entered into by our Group in FYE 2018 via a term loan of USD15.0 million.

Gain from disposals of other assets

In FPE 2021, gain from disposal of other assets mainly relate to gain from disposal of 70 units of prime movers, 49 unit of trailers and 10 units of side loaders of RM3.0 million by our Group which was mainly attributable to the disposal of 52 units of prime movers and 48 units of trailers by Sentiasa Hebat after its acquisition by our Group. All the assets including the ones owned by Sentiasa Hebat were disposed as they were no longer operating economically.

Interest income

Our interest income was generated from placement of deposits with licenced banks.

We recorded lower interest income in FPE 2021 as compared to FPE 2020 primarily due to lower interest rate which was between 0.25% to 1.70% in FPE 2021 as compared to between 1.15% to 2.95% in FPE 2020.

Rental income

Our rental income was generated from rental of office space to third parties.

Gain on foreign exchange

Our gain on foreign exchange in FPE 2021 was mainly due to the weakening of USD in May 2021 (USD1:RM4.001) as compared to May 2020 (USD1:RM4.141). This had resulted in foreign exchange gain of RM0.03 million in FPE 2021.

Settlement of claims received

Settlement of claims received relates to settlement by former shareholders of Tanjong Express Group for claims of RM4.4 million which was fully settled in March 2021. These claims were mainly attributable to the additional tax paid by our Group in FYE 2019 upon reviewing tax compliance for the acquired entities in FYE 2018, namely Tanjong Express Group and Komunajaya. Our Group had submitted revised tax submissions under the Special Program for Voluntary Disclosure for eligible taxpayers following the Budget 2019 announcement by the Minister of Finance on 2 November 2018, as set out in Section 11.3.3 (x) of this Prospectus. In addition, the claims also include penalty charges by tax regulators of RM0.5 million and other claims of RM0.5 million by our Group upon the finalisation of the sale and purchase agreement between our Company and the former shareholders of Tanjong Express Group.

Others

Others mainly relate to sales of scrap, handling fees, income distribution from short term fund and others.

(v) Net gain on impairment of financial instruments

	Audited			Unaudited	Audited
	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Reversal of impairment loss	9,129	12,812	8,998	2,621	2,134
Less:					
Impairment loss	(3,373)	(3,908)	(5,110)	(716)	(1,484)
Total	**5,756**	**8,904**	**3,888**	**1,905**	**650**

Net gain on impairment of financial instruments represents impairment loss and reversal of impairment loss on trade and other receivables. Impairment of trade receivables can be categorised into two categories, namely lifetime expected credit loss ("**ECL**") allowance and credit impaired.

Net gain on impairment of financial instruments for the FYE 2019 increased by RM3.1 million or 54.7% to RM8.9 million, from RM5.8 million in FYE 2018. Reversal of impairment loss from lifetime ECL allowance for trade receivables was RM1.3 million and RM3.6 million in FYE 2018 and FYE 2019 respectively, whilst reversal of impairment loss from credit impaired was due to collection from trade receivables amounting to RM6.6 million and RM7.4 million for FYE 2018 and FYE 2019 respectively.

Net gain on impairment of financial instruments for the FYE 2020 decreased by RM5.0 million or 56.3% to RM3.9 million, from RM8.9 million in FYE 2019. In FYE 2020, our reversal of impairment loss of RM9.0 million mainly relates to the reversal of impairment loss from credit impaired of RM7.7 million due to improvement in trade receivables turnover period from 60.5 days in FYE 2019 to 59.9 days in FYE 2020 and also collections made during the year.

Net gain on impairment of financial instruments for the FPE 2021 decreased by RM1.2 million or 65.9% to RM0.7 million, from RM1.9 million in FPE 2020. In FPE 2021, our reversal of impairment loss from lifetime ECL allowance for trade receivables was RM0.4 million, whilst reversal of impairment loss from credit impaired was due to collection from trade receivables amounting to RM1.2 million in FPE 2021.

However, the reversal of impairment was offset by the impairment loss in relation to debtors who have been individually determined to be in significant financial difficulties and have defaulted on their payments. The amount has increased in FYE 2019 by RM0.5 million due to additional provision for debts overdue from customers and further increased in FYE 2020 by RM1.2 million mainly due to impairment of debts of our associates i.e. BLG Swift and its subsidiary, Swift Mega Carriers of RM1.6 million in FYE 2020. In FPE 2021, impairment loss increased by RM0.8 million or 107.3% to RM1.5 million, from RM0.7 million in FPE 2020 mainly due to impairment made on trade and other receivables of RM0.6 million in Sentiasa Hebat, Sentiasa Hebat (Penang), Top Tyres & Workshop, Earth Move International, Agensi Tanjung Bruas and Northern Gateway Depot (collectively, "**Sentiasa Hebat Group**").

(vi) Administrative and other operating expenses

Our Group's administrative expenses are the expenses incurred in the ordinary course of business and can be categorised into staff costs, other administrative expenses, rental and establishment costs, depreciation, marketing expenses, disposal of assets, impairment loss on assets, fair value losses on other investments and write off of assets.

For the FYE 2019, our Group's administrative and other operating expenses increased by RM12.2 million or 10.0% to RM134.7 million, from RM122.5 million in FYE 2018 mainly due to increase in staff cost due to the full year consolidation of costs incurred by Tanjong Express Group and Komunajaya in FYE 2019 as compared to 6 months costs consolidated in FYE 2018 in view that the acquisitions of Tanjong Express Group and Komunajaya were completed in July 2018.

For the FYE 2020, our Group's administrative and other operating expenses increased marginally by RM0.7 million or 0.5% to RM134.7 million, from RM135.4 million in FYE 2019 mainly due to increase in impairment loss of assets but was partially offset by the decrease in staff costs.

For the FPE 2021, our Group's administrative and other operating expenses decreased by RM0.9 million or 1.9% to RM48.9 million, from RM49.8 million in FPE 2020 mainly due to fair value loss from other investments in other logistic company of RM0.7 million in FPE 2020.

The table below sets out the breakdown and analysis of our Group's administrative expenses for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited					
	FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%
Staff costs	70,987	57.9	86,843	64.4	78,099	57.7
Other administrative expenses	16,500	13.5	13,406	10.0	15,423	11.4
Rental and establishment costs	13,077	10.7	13,861	10.3	11,681	8.6
Depreciation	10,791	8.8	11,162	8.3	9,237	6.8
Marketing expenses	4,799	3.9	4,465	3.3	2,383	1.8
Disposal of assets	4,304	3.5	24	0.0	894	0.7
Impairment loss on assets	979	0.8	3,000	2.2	16,267	12.0
Fair value losses on other investments	562	0.5	1,700	1.3	700	0.5
Write off of assets	481	0.4	263	0.2	689	0.5
Total	**122,480**	**100.0**	**134,724**	**100.0**	**135,373**	**100.0**

	Unaudited FPE 2020		Audited FPE 2021	
	RM'000	%	RM'000	%
Staff costs	31,701	63.6	33,294	68.1
Other administrative expenses	7,470	15.0	6,051	12.4
Rental and establishment costs	4,137	8.3	4,100	8.4
Depreciation	4,673	9.4	4,655	9.5
Marketing expenses	1,132	2.3	711	1.5
Disposal of assets	10	-^	36	0.1
Fair value losses on other investments	700	1.4	-	-
Write off of assets	-	-	19	-^
Total	**49,823**	**100.0**	**48,866**	**100.0**

	Increase/(Decrease) from FYE 2018 to FYE 2019		Increase/(Decrease) from FYE 2019 to FYE 2020		Increase/(Decrease) from FPE 2020 to FPE 2021	
	RM'000	%	RM'000	%	RM'000	%
Staff costs	15,856	22.3	(8,744)	(10.1)	1,593	5.0
Other administrative expenses	(3,094)	(18.8)	2,017	15.0	(1,419)	(19.0)
Rental and establishment cost	784	6.0	(2,180)	(15.7)	(37)	(0.9)
Depreciation	371	3.4	(1,925)	(17.2)	(18)	(0.4)
Marketing expenses	(334)	(7.0)	(2,082)	(46.6)	(421)	(37.2)
Disposal of assets	(4,280)	(99.4)	870	3,625.0	26	260.0
Impairment loss on assets	2,021	206.4	13,267	442.2	-	-
Fair value losses on other investments	1,138	202.5	(1,000)	(58.8)	(700)	(100.0)
Write off of assets	(218)	(45.3)	426	162.0	19	100.0
Total	**12,244**	**10.0**	**649**	**0.5**	**(957)**	**(1.9)**

Note:

^ Negligible as the value is less than 0.1%.

The commentaries on our Group's administrative expenses for the Financial Years Under Review and FPE 2021 are as follows:

(a) Staff costs

Our Group's staff costs mainly include salaries and emoluments, EPF and SOCSO contributions, directors' fees and allowances.

The breakdown of our Group's staff costs for the Financial Years Under Review, FPE 2020 and FPE 2021 are as follows:

	Audited			Unaudited	Audited
	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Salaries and other emoluments	59,644	72,482	66,413	26,401	27,976
Defined contribution plan	5,761	8,188	7,123	3,376	3,392
Other benefits	4,676	4,811	3,292	1,375	1,404
Social security contribution	569	639	787	366	328
Directors' fees	337	723	484	183	194
Total	**70,987**	**86,843**	**78,099**	**31,701**	**33,294**

Staff costs represented about 57.9%, 64.4%, 57.7% and 68.1% of our Group's administrative and other operating expenses for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively. Included in the staff costs of our Group are Directors' remuneration of our Group amounting to RM7.1 million, RM7.7 million, RM7.6 million and RM4.7 million for FYE 2018, FYE 2019, FYE 2020 and FPE 2021, respectively.

Comparison between FYE 2018 and FYE 2019

The increase in staff costs by RM15.8 million or 22.3% to RM86.8 million in FYE 2019, from RM71.0 million in FYE 2018 was mainly attributable to the factors below:

(i) acquisitions of Tanjong Express Group and Komunajaya (completed in July 2018) and Agenda Wira (completed in January 2019). In FYE 2019, a full year consolidation was applied to Tanjong Express Group and Komunajaya as compared to 6 months consolidation in FYE 2018. Tanjong Express Group and Komunajaya contributed an additional RM7.5 million while Agenda Wira contributed about RM2.1 million to staff costs in FYE 2019; and

(ii) average annual salary increment of 5% and additional bonus paid of RM3.3 million in FYE 2019 as compared to FYE 2018.

Comparison between FYE 2019 and FYE 2020

The decrease in staff costs by RM8.7 million or 10.1% to RM78.1 million in FYE 2020, from RM86.8 million in FYE 2019 was primarily attributable to lower performance bonus paid in FYE 2020 as compared to FYE 2019 and due to the departure of previous management of Tanjong Express Group and Komunajaya from our Group in FYE 2019.

Comparison between FPE 2020 and FPE 2021

The increase in staff costs by RM1.6 million or 5.0% to RM33.3 million in FPE 2021, from RM31.7 million in FPE 2020 was primarily attributable to average annual salary increment of 5% effective from January 2021.

(b) Other administrative expenses

The breakdown of our Group's other administrative expenses for the Financial Years Under Review, FPE 2020 and FPE 2021 are as follows:

	Audited			Unaudited	Audited
	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Professional and consultancy fees	4,828	3,515	6,289	849	1,354
Loss on foreign exchange	3,497	497	226	2,805	1,248
Fair value loss on derivative	-	1,259	1,594	-	-
Repair and maintenance	3,210	3,843	2,778	1,580	1,416
General expenses	2,153	1,342	2,121	1,293	1,046
Printing and stationery	1,510	1,679	1,444	524	608
Insurance	1,302	1,271	971	419	379
Total	**16,500**	**13,406**	**15,423**	**7,470**	**6,051**

Our other administrative expenses decreased by RM3.1 million or 18.8% to RM13.4 million in FYE 2019, from RM16.5 million in FYE 2018 which was mainly attributable to lower professional and consultancy fees, loss on foreign exchange, general expenses and insurance. However, the decrease was offset by higher fair value loss on derivative, repair and maintenance, printing and stationery costs.

Our other administrative expenses increased by RM2.0 million or 15.0% to RM15.4 million in FYE 2020, from RM13.4 million in FYE 2019 which was mainly attributable to increase in professional and consultancy fees.

Our other administrative expenses decreased by RM1.4 million or 19.0% to RM6.1 million in FPE 2021, from RM7.5 million in FPE 2020 which was mainly attributable to lower loss made on foreign exchange, repair and maintenance, general expenses and insurance.

Our professional and consultancy fees relate to audit fees, management fees, legal fees, secretarial fees, corporate overhead, tax fees and other professional fees.

In FYE 2018, our professional and consultancy fees of RM4.8 million mainly relate to legal and consultancy fees incurred for the acquisitions of Tanjong Express Group and Komunajaya of RM1.6 million, legal fees incurred for banking facilities of RM0.3 million as well as other fees incurred in the ordinary course of business.

In FYE 2019, our professional and consultancy fees amounting to RM3.5 million mainly relate to legal fees incurred for banking facilities of RM0.3 million, professional fees incurred in relation to a corporate exercise of RM0.3 million and legal and consultancy fees incurred for the acquisition of Agenda Wira of RM0.2 million as well as other fees incurred in the ordinary course of business.

In FYE 2020, our professional and consultancy fees of RM6.3 million mainly relate to the legal and consultancy fees incurred for the issuance of the Sukuk Programme amounting to RM2.9 million, professional fees of RM1.2 million incurred for financial, legal and tax due diligence conducted on our Group by potential investors as well as other fees incurred in the ordinary course of business.

In FPE 2021, our professional and consultancy fees of RM1.4 million mainly relate to legal fees incurred for banking facilities of RM0.1 million, professional fees of RM0.04 million incurred for legal and tax due diligence conducted for the acquisitions of Sentiasa Hebat Group, Hypercold Logistics and Ann Joo Properties and other fees incurred in the ordinary course of business.

Loss in foreign exchange in FYE 2018 mainly relates to unrealised loss on the valuation of foreign currency loan which was taken up by our subsidiary (Swift Integrated Logistics) of USD15.0 million during the year. In FYE 2019 and FYE 2020, foreign exchange losses were due to realised loss on foreign currency transaction for trade purposes.

Loss in foreign exchange in FPE 2020 and FPE 2021 mainly relates to unrealised loss on the valuation of foreign currency loan which was taken up by our subsidiary (Swift Integrated Logistics) of USD15.0 million in FYE 2018. The unrealised loss on foreign currency in relation to the loan was RM2.7 million in FPE 2020 and RM1.0 million in FPE 2021.

The fair value loss on derivative mainly relates to the valuation of our cross currency interest rate swap contract in FYE 2018 via a foreign currency loan of USD15.0 million which was taken up by our subsidiary, Swift Integrated Logistics. The fair value loss on derivative in relation to the foreign currency loan was RM1.3 million and RM1.6 million for FYE 2019 and FYE 2020 respectively.

Repair and maintenance cost increased in FYE 2019 by RM0.6 million mainly due to full year consolidation of Tanjong Express Group and Komunajaya as compared to 6 months consolidation in FYE 2018. Besides, the increase in repair and maintenance cost was also due to the acquisition of Agenda Wira in January 2019.

Repair and maintenance cost slightly decreased by RM0.2 million or 10.4% to RM1.4 million in FPE 2021, from RM1.6 million in FPE 2020 mainly due to lower IT maintenance cost during the financial period.

General expenses comprise bank charges, COVID-19 related expenses, consumables and other administrative expenses. The decrease in general expenses by RM0.9 million to RM1.3 million in FYE 2019, from RM2.2 million in FYE 2018 was due to higher expenses incurred in FYE 2018 mainly to strike off Swift Integrated Logistics (NL) B.V. of RM0.5 million which was completed in FYE 2019 and lower bank charges by RM 0.2 million in FYE 2019. The increase in general expenses by RM0.8 million to RM2.1 million in FYE 2020, from RM1.3 million in FYE 2019 was mainly due to provision for repair of reach stackers of RM0.6 million in relation to an incident occurred at a container yard tenanted by Container Connections and increase in consumables and COVID-19 related expenses of RM0.2 million. Please refer to Section 8.1.14 of this Prospectus for further details of the incident. Printing and stationery cost and insurance remain relatively constant for the Financial Years Under Review and FPE 2021.

(c) Rental and establishment costs

The breakdown of our Group's rental and establishment costs for the Financial Years Under Review, FPE 2020 and FPE 2021 are as follows:

	Audited			Unaudited	Audited
	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Utilities and upkeep	6,050	7,014	6,486	2,016	2,076
Rental	3,300	2,622	1,434	472	461
Security charges	2,033	2,196	1,834	806	766
Quit rent and assessment	1,694	2,029	1,927	843	797
Total	**13,077**	**13,861**	**11,681**	**4,137**	**4,100**

Rental and establishment costs comprise utilities and upkeep, rental, security charges and quit rent and assessment. These costs increased slightly by RM0.8 million or 6.0% to RM13.9 million in FYE 2019, from RM13.1 million in FYE 2018 and decreased by RM2.2 million or 15.7% to RM11.7 million in FYE 2020, from RM13.9 million in FYE 2019.

For the FPE 2020 and FPE 2021 rental and establishment costs remain relatively constant at RM4.1 million.

Major contributors to the increase in rental and establishment costs in FYE 2019 were utilities and upkeep and quit rent and assessment mainly due to the full year consolidation following the acquisitions of Tanjong Express Group and Komunajaya in July 2018 as compared to 6 months consolidation in FYE 2018. In FYE 2020, the decrease in utilities and upkeep by RM0.5 million was mainly due to closure of certain offices under Tanjong Express Group as the staff were reallocated to our Group's offices, thus reducing the utilities and upkeep cost. Further, our Group has received discount of 2% on utilities for 6 months period from April 2020 to September 2020 under the 2020 Stimulus Package announced by the Government of Malaysia in March 2020.

In FYE 2019, the decrease in rental expenses by RM0.7 million to RM2.6 million, from RM3.3 million in FYE 2018 was mainly due to the rental cost being replaced by depreciation of right-of-use assets upon the adoption of MFRS 16 in FYE 2019 and expiry of the rental of properties by Komunajaya and Tanjong Express Logistic during the year.

In FYE 2020, the decrease in rental expenses by RM1.2 million to RM1.4 million, from RM2.6 million in FYE 2019 was mainly due to the decrease in rental cost as our Group had purchased two units of offices at Intan Millennium Square 2 (IMS 2), Klang which are currently occupied by our project logistics team and central forwarding team. Our project logistics team was relocated to the new office unit whereas our central forwarding team had previously rented the newly purchased office unit from a related party.

(d) Depreciation

Depreciation comprises depreciation on leasehold land, structure and renovation, right-of-use assets, buildings, computers and peripherals, other vehicles, and furniture, fittings, and office equipment. Depreciation increased in FYE 2019 by RM0.4 million to RM11.2 million in FYE 2019 from RM10.8 million in FYE 2018 mainly due to the adoption of MFRS 16 which relates to the reclassification of rental to depreciation. In FYE 2020, depreciation decreased by RM2.0 million to RM9.2 million in FYE 2020 from RM11.2 million in FYE 2019 mainly due to the disposal of leasehold land at Mukim Plentong, Kawasan Perindustrian Pasir Gudang, Johor to a third party and some property, plant and equipment was fully depreciated in FYE 2020.

Depreciation remained relatively constant in FPE 2020 and FPE 2021 with depreciation cost of RM4.7 million.

(e) Marketing expenses

The breakdown of our Group's marketing expenses for the Financial Years Under Review, FPE 2020 and FPE 2021 are as follows:

	Audited			Unaudited	Audited
	FYE 2018	**FYE 2019**	**FYE 2020**	**FPE 2020**	**FPE 2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Travelling and accommodation	3,715	3,329	1,833	780	471
Advertising and entertainment	1,084	1,136	550	352	240
Total	**4,799**	**4,465**	**2,383**	**1,132**	**711**

Travelling and accommodation represents 77.4%, 74.6%, 76.9% and 66.2% of total marketing expenses for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. Travelling and accommodation mainly relates to cost of accommodation, travelling and petrol allowance. The declining trend in travelling and accommodation costs by RM0.3 million from RM4.8 million in FYE 2018 to RM4.5 million in FYE 2019 was due to realignment of mileage claims and petrol allowance for staffs in FYE 2019 for better monitoring of costs.

Marketing expenses in FYE 2020 have decreased by RM2.1 million or 46.6% from RM4.5 million in FYE 2019 to RM2.4 million in FYE 2020 mainly due to lesser marketing activities were carried out by our Group as a result of MCO whereby interstate travel was limited and most of our customers were working from home which resulted in a lower customer visitation.

In FPE 2021, the decrease in marketing expenses by RM0.4 million or 37.2% to RM0.7 million, from RM1.1 million in FPE 2020 was mainly contributed by lower travelling and accommodation expenses due to the revision of staff entitlement for petrol allowance that was reduced by 50% effective May 2020 and lesser travelling made by staff in FPE 2021 due to the restriction of physical meetings with customers.

(f) Disposal of assets

In FYE 2018, the expense incurred from disposal of assets was due to loss on disposal of other investment namely, MILS Cold Chain Logistics Sdn Bhd of RM4.3 million to a third party.

In FYE 2020, the expense incurred from disposal of assets relates to loss on disposal of prime movers of RM0.9 million as these prime movers were no longer operating economically.

(g) Impairment loss on assets

In FYE 2018, impairment loss on assets relates to impairment of intangible assets of RM1.0 million due to loss of contract with a customer.

For FYE 2019, the impairment loss on assets was mainly due to impairment of goodwill of Agenda Wira amounting to RM3.0 million as a result of reorganisation of its container haulage business to our Company.

For FYE 2020, the impairment loss on assets were mainly due to impairment of goodwill of RM11.8 million for certain subsidiaries within our Group namely, Komunajaya, Delta Express, Agenda Wira, Agensi Tanjung Bruas, Earth Move International and Sentiasa Hebat (Penang). The remaining RM4.5 million relates to impairment of property, plant and equipment as our Group has planned to demolish a warehouse located at Kota Kinabalu, Sabah.

(h) Fair value losses on other investments

For FYE 2018, the fair value losses on other investments were mainly due to fair value loss on investments in Swift Integrated Logistics (NL) B.V. of RM0.5 million and Tasek Express (M) Sdn Bhd of RM0.1 million.

For FYE 2019, the fair value losses on other investments were due to RM1.7 million loss on investments in Roda Warna Sdn Bhd, Mekar Canggih Sdn Bhd, Tasek Express (M) Sdn Bhd, Suria Kontraktor (M) Sdn Bhd and Panwise Corporation Sdn Bhd.

For FYE 2020, there was a fair value loss of RM0.7 million on investment made in a logistics company.

There was no fair value loss on other investments in FPE 2021.

(i) Write off of assets

Write off of assets mainly relates to property, plant and equipment written off. In FYE 2018, RM0.2 million of assets written off were computers and peripherals and RM0.1 million of assets written off were mechanical equipment. In addition to the property, plant and equipment, there were RM0.2 million of inventories written off in FYE 2018.

In FYE 2019, write off of assets mainly relates to write off of mechanical equipment of RM0.2 million.

In FYE 2020 assets written off of RM0.7 million mainly relates to buildings, structure and renovation cost located at the rented properties of Komunajaya and Tanjong Express Logistic in which the rental agreement has expired.

(vii) Finance costs

The table below sets out the finance costs of our Group for the Financial Years, FPE 2020 and FPE 2021 Under Review:

	Audited					
	FYE 2018		**FYE 2019**		**FYE 2020**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Term loans	25,925	67.4	13,564	38.6	11,450	38.7
Trade financing	6,327	16.4	6,613	18.8	4,821	16.3
Hire purchase and finance lease liabilities	4,559	11.9	-	-	-	-
Bank overdrafts	1,270	3.3	1,205	3.4	600	2.0
Revolving credits	229	0.6	1,987	5.7	1,395	4.8
Lease liabilities	-	-	11,733	33.4	9,370	31.7
Unrated Islamic medium term notes	-	-	-	-	1,689	5.7
Others	156	0.4	52	0.1	237	0.8
Total	**38,466**	**100.0**	**35,154**	**100.0**	**29,562**	**100.0**

	Unaudited		**Audited**	
	FPE 2020		**FPE 2021**	
	RM'000	**%**	**RM'000**	**%**
Term loans	4,382	35.1	3,398	30.9
Trade financing	2,612	20.9	1,010	9.2
Bank overdrafts	207	1.7	172	1.6
Revolving credits	746	6.0	-	-
Lease liabilities	4,535	36.3	2,811	25.5
Unrated Islamic medium term notes	-	-	3,473	31.5
Others	-	-	149	1.3
Total	**12,482**	**100.0**	**11,013**	**100.0**

Our finance costs mainly arise from utilisation of our banking facilities which comprise term loans, trade financing, hire purchase and finance lease liabilities, bank overdrafts, revolving credits, lease liabilities and unrated Islamic medium term notes. Our term loan facility was mainly used to part finance the acquisition of subsidiaries, purchase of prime movers, trailers and leasehold land.

Finance costs for the FYE 2019 decreased by RM3.3 million or 8.6% to RM35.2 million, from RM38.5 million in FYE 2018. The term loan interest expense in FYE 2018 includes amortisation of transaction cost of RM7.1 million that was capitalised in prior years upon partial settlement of RM171.0 million and refinancing of RM60.0 million term loan related to the acquisition of Swift Integrated Logistics. This resulted in reduction of term loan interest expense of RM2.4 million in FYE 2019 but was offset by full year term loan interest expenses related to the acquisition of Tanjong Express Group of RM3.2 million.

In FYE 2019, lease liabilities interest expense was incurred due to reclassification of term loan interest amounted to RM5.1 million into lease liabilities interest in relation to the purchase of leasehold land financed via term loan, hire purchase interest of RM6.1million and unwinding of interest of RM0.50 million on the lease liabilities from leased assets upon the adoption of the MFRS 16.

In FYE 2019, revolving credit and trade financing interest expense increased due to additional working capital requirement in line with growth in revenue.

In addition to the above, there was lower interest rate in FYE 2019 as compared to FYE 2018 with weighted average effective interest rate for bank overdrafts of 6.46% (FYE 2019) as compared to 7.88% (FYE 2018).

Finance costs for the FYE 2020 decreased by RM5.6 million or 15.9% to RM29.6 million, from RM35.2 million in FYE 2019. In FYE 2020, our Company secured a total financing of RM731.0 million from three banks namely, AmBank Islamic Berhad, OCBC Al-Amin Bank Berhad and United Overseas Bank (Malaysia) Berhad as follows:

(i) RM500.0 million unrated Islamic medium-term notes ("**Sukuk Programme**"); and

(ii) RM231.0 million of working capital facilities.

RM300.0 million which forms the first tranche of the RM500.0 million Sukuk Programme has been utilised to refinance our Group's existing facilities and for additional working capital purposes. The remaining balance of RM200.0 million (second tranche) of the Sukuk Programme is pending issuance and will be intended to raise funds for our Group's future expansion. As for the working capital facilities, RM9.1 million has been utilised for our Group's working capital requirements and the remaining unutilised balances of RM221.9 million will be used for our Group's future working capital requirement.

The Sukuk Programme's interest rate of 3.38% is lower as compared to the weighted average interest rate in FYE 2020 of 3.73% for trade financing, 5.70% for bank overdrafts and 5.04% for term loans.

In FYE 2020, the lease liabilities interest expense is reduced by RM2.4 million due to repayment of lease liabilities.

In addition to the lower interest rate above, lower weighted average interest rate in FYE 2020 as compared to FYE 2019 as listed below contributed to lower interest expense in FYE 2020.

(i) Bank overdrafts : 5.70% (FYE 2020) as compared to 6.46% (FYE 2019)

(ii) Term loans : 5.04% (FYE 2020) as compared to 5.31% (FYE 2019)

(iii) Trade financing : 3.73% (FYE 2020) as compared to 5.00% (FYE 2019)

(iv) Revolving credits : 3.82% (FYE 2020) as compared to 5.26% (FYE 2019)

In FPE 2021, interest expense reduced by RM1.5 million or 11.8% to RM11.0 million, from RM12.5 million in FPE 2020 mainly due to lower weighted average interest rate in FPE 2021 as compared to FPE 2020 as below:

(i) Bank overdrafts : 4.81% (FPE 2021) as compared to 5.25% (FPE 2020)

(ii) Term loans : 4.46% (FPE 2021) as compared to 5.01% (FPE 2020)

(iii) Trade financing : 3.09% (FPE 2021) as compared to 3.98% (FPE 2020)

(iv) Unrated Islamic medium term notes : 3.61% (FPE 2021)

(viii) Share of results of associates

Based on our audited combined statements of profit or loss and other comprehensive income, our Group's share of results of associates is accounted for using equity accounting method. Our Group's share of results of associates (net of tax) for the Financial Years Under Review, FPE 2020 and FPE 2021 can be analysed as follows:

		Audited					
		FYE 2018		**FYE 2019**		**FYE 2020**	
	% held	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
BLG Swift	60	852	146.1	1,073	147.4	450	(335.8)
Global Vision Logistics	25	(269)	(46.1)	(345)	(47.4)	(584)	435.8
Total		**583**	**100.0**	**728**	**100.0**	**(134)**	**100.0**

		Unaudited		**Audited**	
		FPE 2020		**FPE 2021**	
	% held	**RM'000**	**%**	**RM'000**	**%**
BLG Swift	60	136	1,360.0	(664)	46.4
Global Vision Logistics	25	(126)	(1,260.0)	(767)	53.6
Total		**10**	**100.0**	**(1,431)**	**100.0**

All of our associated companies' revenue is solely derived from Malaysia for the Financial Years Under Review and FPE 2021.

BLG Swift and its subsidiary, Swift Mega Carriers' revenue largely relates to provision of warehousing services and car carrier transportation services and other related services, whilst Global Vision Logistics is principally involved in the provision of warehousing services.

For the FYE 2019, our Group's share of profit from associates increased by RM0.1 million or 24.9% to RM0.7 million, from RM0.6 million in FYE 2018 mainly due to a higher share of profits amounting to RM0.2 million from BLG Swift due to higher demand for warehouse services from customers in the automotive industry. However, this was offset by higher share of loss from Global Vision Logistics of RM0.1 million due to higher interest expenses.

For the FYE 2020, our Group recorded share of loss from associates amounting to RM0.1 million due to lower profit contributed by BLG Swift of approximately RM0.6 million or 58.1% to RM0.5 million, from RM1.1 million in FYE 2019 as a result of lesser warehousing and transportation services provided to its customers in the automotive industry, as the industry was adversely affected by the impact of COVID-19 pandemic and MCO. In addition, share of loss from Global Vision Logistics increased by RM0.2 million due to higher administrative expenses.

For the FPE 2021, our Group recorded share of loss from associates amounting to RM1.4 million. Share of loss contributed from BLG Swift of RM0.6 million in FPE 2021 as compared to share of profit of RM0.1 million in FPE 2020 was mainly due to lower revenue from warehousing and transportation services provided to its customers in the automotive industry in FPE 2021 as the industry was adversely affected by the impact of COVID-19 pandemic. Higher share of loss contributed from Global Vision Logistics by RM0.7 million to RM0.8 million in FPE 2021, from RM0.1 million in FPE 2020 was mainly due to higher operating expenses.

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(ix) Profit before tax ("PBT") and PBT margin

Taking into consideration the various factors affecting our Group's GP, GP margin, other income, administrative expenses, finance costs and share of results of associates, our Group's PBT during the Financial Years Under Review, FPE 2020 and FPE 2021 are depicted as below:

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Profit before tax (RM'000)	61,729	59,150	53,893	15,174	29,235
(Decrease)/Increase as compared to previous financial year/period (RM'000)	-	(2,579)	(5,257)	-	14,061
PBT margin (%)	12.4	9.7	9.7	6.8	11.8

The decrease in PBT by RM2.5 million to RM59.2 million in FYE 2019, from RM61.7 million in FYE 2018 and the decrease in PBT margin by 2.7% to 9.7% in FYE 2019, from 12.4% in FYE 2018 mainly due to a one-off gain on disposal of land recognised in FYE 2018 of RM23.9 million as explained in Section 11.3.3 of this Prospectus. Our Group's PBT for FYE 2018 excluding the one-off gain will be RM37.8 million or 7.6% of PBT margin. In comparison to our PBT (excludes one-off gain of RM23.9 million) for FYE 2018, our PBT for FYE 2019 increased by RM21.3 million or 56.3%. The increase was mainly contributed by the economies of scale resulting from the acquisitions of Tanjong Express Group and Komunajaya in July 2018 and Agenda Wira at the end of January 2019. Apart from the contributions from the newly acquired companies, our Group's performance also improved in 2019 with higher TEU recorded in FYE 2019 with an increase of 66,931 TEU in FYE 2019.

For the FYE 2020, our Group's PBT reduced by RM5.3 million or 8.9% to RM53.9 million, from RM59.2 million in FYE 2019 mainly due to the reduction in GP margin by 1.0% against the GP margin for FYE 2019 which stood at 33.4% resulting from the impact of MCO in the first half of FYE 2020. However, the GP margin gradually increased in the second half of FYE 2020 once the MCO was lifted. The acquisitions of subsidiaries, namely Tanjong Express Group and Komunajaya (at the end of July 2018), Agenda Wira (at the end of January 2019) and Sentiasa Hebat Group (at the end of August 2020) contributed to better economies of scale and an internal restructuring that was performed upon the acquisitions of these companies had assisted in reducing the impact of the COVID-19 pandemic.

Our Group recorded other income from the earlier mentioned one-off reversal of accrual of RM20.0 million in relation to a legal claim made by a customer of Swift Integrated Logistics. However, this was offset by a one-off impairment loss on non-financial instruments of RM16.3 million and RM5.6 million of professional and consultancy fees. Hence, the financial results of our Group were not significantly affected by the one off reversal of accrual recorded during the FYE 2020.

For the FPE 2021, our Group's PBT increased by RM14.0 million or 92.7% to RM29.2 million, from RM15.2 million in FPE 2020. Further, our Group's PBT margin improved by 5.0% to 11.8% in FPE 2021, from 6.8% in FPE 2020. The increase in PBT and PBT margin was mainly due to:

(i) higher GP by RM7.3 million or 10.0% in line with the higher revenue recorded by RM24.4 million to RM248.5 million in FPE 2021, from RM224.1 million in FPE 2020;

(ii) lower administrative and operating expenses by RM1.0 million or 1.9% and lower interest expense by RM1.5 million or 11.8% in FPE 2021; and

(iii) higher other income by RM7.0 million to RM9.9 million in FPE 2021, from RM2.9 million in FPE 2020 mainly due to settlement of claims received from former shareholders of Tanjong Express Group for claims of RM4.4 million.

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11. FINANCIAL INFORMATION (Cont'd)

(x) Tax expenses

The table below sets out our Group's tax expense for the Financial Years Under Review, FPE 2020 and FPE 2021:

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Current tax expenses based on profit for the year/period	12,471	15,897	12,266	3,497	4,841
Deferred tax	5,012	(4,222)	352	99	2,061
Real property gain tax	1,729	-	65	-	-
	19,212	11,675	12,683	3,596	6,902
(Over)/Under provision in prior year/period:					
Income tax	(27)	4,847	146	-	-
Deferred tax	1,488	5,655	(1,416)	-	-
Tax expense	**20,673**	**22,177**	**11,413**	**3,596**	**6,902**

The following sets out the reconciliation of tax expense applicable to PBT:

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Profit before tax	61,729	59,150	53,893	15,174	29,235
Tax at statutory tax rate of 24%	14,815	14,196	12,934	3,642	7,016
Tax effects in respect of:					
Income not subject to tax	(18,494)	(12,552)	(9,567)	(1,339)	(3,055)
Expenses not deductible for tax purposes	21,731	8,752	8,808	1,168	3,636
Movement in deferred tax assets not recognised	940	1,727	528	149	(695)
Effect of tax rate on incremental chargeable income	(1,509)	(448)	(85)	(24)	-
Real property gains tax	1,729	-	65	-	-
(Over)/Under provision in prior year/period:					
Income tax	(27)	4,847	146	-	-
Deferred tax	1,488	5,655	(1,416)	-	-
Tax expense	**20,673**	**22,177**	**11,413**	**3,596**	**6,902**
Effective tax rate	**33.5%**	**37.5%**	**21.2%**	**23.7%**	**23.6%**

Our Company was granted tax incentive under the Investment Tax Allowance ("**ITA**") category as approved by the Malaysian Investment Development Authority (MIDA). The tax incentive allows our Company to claim the ITA of 60% on qualifying capital expenditure for a period of 5 years from 6 July 2017 until 5 July 2022. Our Company intends to apply for the tax incentive as and when MIDA opens the next round of ITA application.

The ITA is allowed to be deducted against our Company's statutory income up to a maximum of 70% for the relevant year of assessment ("**YA**"). The ITA as of YA 2019 which has yet to be utilised by our Company is RM51.7 million. In the event our Company is not able to renew the tax incentive granted under the ITA, we do not expect the non-renewal of the aforementioned tax incentive would have any material impact to our Group's financial position since any unused ITA can be carried forward indefinitely and can be utilised in future years.

For the FYE 2018, our Group's effective tax rate was 33.5%. The effective tax rate for FYE 2018 was higher than the statutory tax rate of 24% mainly due to under provision of prior years' deferred tax of RM1.5 million and non-deductible expenses for tax purposes. The expenses were mainly related to interest expense on term loan and facilities fees of RM9.4 million and RM9.7 million respectively, whereby the term loan was being utilised for the acquisitions of subsidiaries and thus, is non-tax deductible. The non-deductible expenses were offset by capital gain which was subject to real property gain tax on disposal of leasehold land in FYE 2018 with a lower tax rate.

For the FYE 2019, our Group's effective tax rate was 37.5%. The effective tax rate for FYE 2019 was higher than the statutory tax rate of 24% mainly due to interest expense of RM10.0 million on acquisition of subsidiaries which was a non-deductible expense for tax purposes and additional tax paid during the year of RM3.4 million as part of the Special Program for Voluntary Disclosure for eligible taxpayers following the Budget 2019 announcement by the Minister of Finance on 2 November 2018 ("**Special Program**"). As part of our Group's initiative to review tax compliance for the acquired entities in FYE 2018, namely Tanjong Express Group and Komunajaya, the entities have submitted revised tax submissions under the Special Program.

In addition to the additional tax paid under the Special Program, our Group also incurred additional tax expense of RM0.8 million in FYE 2019 as a result of the Group's initiative to finalise Swift Integrated Logistics' tax matters with the Inland Revenue Board for YA 2007 which precedes the acquisition of the Swift Integrated Logistics by our Group in 2016.

For the FYE 2020, our Group's effective tax rate was 21.2% which is lower than the statutory tax rate of 24% mainly due to under claim of ITA for existing vehicles acquired via hire purchase in FYE 2018 of RM14.6 million and FYE 2019 of RM5.0 million. However, the ITA was offset by non-deductible interest expenses of RM 7.7 million on acquisition of subsidiaries.

For the FPE 2020 and FPE 2021, our Group's effective tax rate was 23.7% and 23.6% respectively, which are slightly lower than the statutory tax rate of 24%. The lower effective tax rate was mainly due to the qualifying capital expenditure claimed under the ITA, amounting to RM12.3 million and RM3.4 million for the FPE 2020 and FPE 2021 respectively. In addition to the ITA, there is an amount of RM4.4 million in relation to claims settlement that is investment in nature which is non-taxable in FPE 2021.

(xi) Profit after tax ("PAT")

Taking into consideration the various factors affecting our Group's PBT and effective tax rate, our Group's PAT during the Financial Years Under Review, FPE 2020 and FPE 2021 are depicted below:

	Audited			Unaudited	Audited
	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
Profit after tax (RM'000)	41,056	36,973	42,480	11,578	22,333
Increase/(Decrease) as compared to previous financial year/period (RM'000)	-	(4,083)	5,507	-	10,755
PAT margin (%)	8.3	6.1	7.6	5.2	9.0

The variance between PAT margins for the Financial Years Under Review and FPE 2021 was as a result of the reasons described in Sections 11.3.3 (vi) and 11.3.3 (vii) of this Prospectus with regard to PBT and PBT margins and taxation expenses.

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