

**All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.**

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

If you have sold or transferred all your TNLH Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue of Warrants should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens, North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue of Warrants was obtained at our EGM held on 16 November 2013. Approval from Bursa Securities has also been obtained on 14 October 2013 for the admission of the Warrants to the Official List and the listing of the Warrants as well as the new TNLH Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Warrants. The admission of the Warrants to the Official List and the official listing of and quotation for all the new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

Our Directors have seen and approved all the documentation relating to this Rights Issue of Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on 3 December 2013. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Warrants made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHB Investment Bank, being our Principal Adviser for this Rights Issue of Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of Warrants.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 7 OF THIS ABRIDGED PROSPECTUS.**



## **TIONG NAM LOGISTICS HOLDINGS BERHAD**

(Company No. 182485-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF 210,258,500 FIVE (5)-YEAR WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) ORDINARY SHARES OF RM0.20 EACH HELD IN TIONG NAM LOGISTICS HOLDINGS BERHAD AFTER THE SHARE SPLIT (AS DEFINED HEREIN) AT 5.00 P.M. ON 3 DECEMBER 2013 AT AN ISSUE PRICE OF RM0.20 PER WARRANT**

*Principal Adviser*



**RHB Investment Bank Berhad**

(Company No. 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

### **IMPORTANT RELEVANT DATES AND TIME:-**

Entitlement Date	:	Tuesday, 3 December 2013 at 5.00 p.m.
<b>Last date and time for the:-</b>		
Sale of provisional allotment of rights	:	Tuesday, 10 December 2013 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Friday, 13 December 2013 at 4.00 p.m.
Acceptance and payment	:	Wednesday, 18 December 2013 at 5.00 p.m.*
Excess Warrants application and payment	:	Wednesday, 18 December 2013 at 5.00 p.m.*

\* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.*

**THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE WARRANTS. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.**

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

---

**DEFINITIONS**


---

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	: This Abridged Prospectus dated 3 December 2013 in relation to the Rights Issue of Warrants
"Act"	: The Companies Act, 1965 as amended from time to time and any re-enactment thereof
"Amendments"	: Amendments to our M&A to facilitate the Share Split, whereby the authorised share capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each in TNLH will be amended to RM200,000,000 comprising 1,000,000,000 Subdivided Shares
"Board"	: Board of Directors of TNLH
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account(s)"	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	: The Capital Markets and Services Act 2007
"Code"	: The Malaysian Code on Take-Overs and Mergers, 2010
"Deed Poll"	: The deed poll dated 19 November 2013 constituting the Warrants
"Director(s)"	: Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
"Documents"	: Collectively, this Abridged Prospectus, the NPA and RSF
"EGM"	: Extraordinary General Meeting
"Entitled Shareholder(s)"	: Our shareholders whose names appear in our Record of Depositors on the Entitlement Date
"Entitlement Date"	: 5.00 p.m. on 3 December 2013, being the time and date on which the names of our shareholders must appear in the Record of Depositors in order to participate in the Rights Issue of Warrants
"Entitled Shareholder(s)"	: The shareholders of TNLH whose names appear in the Company's Record of Depositors on the Entitlement Date
"EPS"	: Earnings per Share
"Excess Warrants Application"	: Application(s) for additional Warrants in excess of the Provisional Allotment as set out in <b>Section 3.8</b> of this Abridged Prospectus

**DEFINITIONS (CONT'D)**

"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	8 November 2013, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"M&A"	:	Memorandum and Articles of Association
"Market Day(s)"	:	Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment
"Official List"	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Price Fixing Date"	:	19 November 2013, being the date on which the issue price and exercise price for the Warrants has been fixed at RM0.20 and RM1.00 per Warrant, respectively
"Proposals"	:	Collectively, the Share Split, Rights Issue of Warrants and Amendments
"Provisional Allotment"	:	Warrants provisionally allotted to the Entitled Shareholders and/or their renounee(s) (if applicable) pursuant to the Rights Issue of Warrants
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Depository
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue of Warrants "	:	The renouneable rights issue of 210,258,500 Warrants on the basis of one (1) Warrant for every two (2) Subdivided Shares held on the Entitlement Date at an issue price of RM0.20 per Warrant
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form
"Rules of Bursa Depository"	:	The rules of Central Depository as defined in the SICDA
"SC"	:	Securities Commission Malaysia
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991

**DEFINITIONS (CONT'D)**

“Share Split”	:	Share split involving the subdivision of every one (1) existing ordinary share of RM1.00 in TNLH into five (5) ordinary shares of RM0.20 each held by Entitled Shareholders of the Company on the Entitlement Date
“Subdivided Share(s)”	:	Ordinary shares of RM0.20 each, after the Share Split
“TNLH” or “Company”	:	Tiong Nam Logistics Holdings Berhad (Company No. 182485-V)
“TNLH Group” or “Group”	:	TNLH and its subsidiary companies, collectively
“TNLH Share(s)” or “Share(s)”	:	Ordinary shares of TNLH
“VWAP”	:	Volume weighted average market price
“Warrant(s)”	:	210,258,500 new warrants exercisable within five (5)-years to be issued pursuant to the Rights Issue of Warrants

All references to "our Company" or "TNLH" in this Abridged Prospectus are made to Tiong Nam Logistics Holdings Berhad and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

**TABLE OF CONTENTS**


---

	<b>Page</b>
<b>CORPORATE DIRECTORY</b>	<b>1</b>
<b>LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:-</b>	
<b>1. INTRODUCTION</b>	<b>4</b>
<b>2. DETAILS OF THE RIGHTS ISSUE OF WARRANTS</b>	<b>6</b>
2.1 Details of the Rights Issue of Warrants	6
2.2 Basis and justification of determining the issue price of the Warrants	6
2.3 Basis and justification of determining the exercise price of the Warrants	7
2.4 Ranking of the Warrants and new shares arising from the exercise of the Warrants	7
2.5 Salient terms of the Warrants	8
2.6 Details of other corporate exercises	9
<b>3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION</b>	<b>10</b>
3.1 General	10
3.2 NPA	10
3.3 Last date and time for acceptance and payment	10
3.4 Procedures for acceptance and payment	10
3.5 Procedures for part acceptance	12
3.6 Procedures for sale or transfer of Provisional Allotment	13
3.7 Procedures for acceptance by renouncee(s)	13
3.8 Procedures for excess application	13
3.9 Form of issuance	15
3.10 Laws of foreign jurisdictions	15
<b>4. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE OF WARRANTS</b>	<b>17</b>
<b>5. IRREVOCABLE UNDERTAKINGS AND UNDERTAKING ARRANGEMENT</b>	<b>18</b>
<b>6. UTILISATION OF PROCEEDS</b>	<b>19</b>
<b>7. RISK FACTORS</b>	<b>20</b>
7.1 Risks relating to our Group	20
7.2 Risks relating to the Rights Issue of Warrants	24
7.3 Forward-looking statements	25
<b>8. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP</b>	<b>26</b>
8.1 Overview and outlook of the Malaysian and global economy	26
8.2 Overview and outlook of the logistics and property industries in Malaysia	27
8.3 Prospects of our Group	28
<b>9. FINANCIAL EFFECTS OF THE RIGHTS ISSUE OF WARRANTS</b>	<b>28</b>
9.1 Issued and paid-up share capital	28

**TABLE OF CONTENTS (CONT'D)**

	<b>Page</b>
9.2 Earnings and EPS	29
9.3 NA and gearing	29
9.4 Convertible securities	29
<b>10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS</b>	<b>30</b>
10.1 Working capital	30
10.2 Borrowings	30
10.3 Contingent liabilities	30
10.4 Material commitments	30
<b>11. TERMS AND CONDITIONS</b>	<b>31</b>
<b>12. FURTHER INFORMATION</b>	<b>31</b>
 <b>APPENDICES</b>	
<b>I. CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE PROPOSALS PASSED AT OUR EGM HELD ON 16 NOVEMBER 2013</b>	<b>32</b>
<b>II. INFORMATION ON OUR COMPANY</b>	<b>35</b>
<b>III. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON</b>	<b>45</b>
<b>IV. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON</b>	<b>52</b>
<b>V. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON</b>	<b>127</b>
<b>VI. DIRECTORS' REPORT</b>	<b>145</b>
<b>VII. ADDITIONAL INFORMATION</b>	<b>146</b>

**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan <i>(Independent Non-Executive Chairman)</i>	2 Jalan 5/149K Bandar Baru Sri Petaling 57000 Kuala Lumpur	Malaysian	Company Director
Ong Yoong Nyock <i>(Non-Independent Managing Director)</i>	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	Malaysian	Company Director
Yong Kwee Lian <i>(Non-Independent Executive Director)</i>	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	Malaysian	Company Director
Ong Wei Kuan <i>(Non-Independent Executive Director)</i>	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	Malaysian	Company Director
Chang Chu Shien <i>(Non-Independent Non-Executive Director)</i>	22 Jalan Bulat Taman Century 80250 Johor Bahru Johor	Malaysian	Company Director
Ong Eng Teck @ Ong Eng Fatt <i>(Non-Independent Non-Executive Director)</i>	32, Jalan Ros Merah 3/2 Taman Johor Jaya 81100 Johor Bahru Johor	Malaysian	Company Director
Yong Seng Huat <i>(Non-Independent Non-Executive Director)</i>	No.2, Jalan Keruing 19 Taman Bukit Rinting 81750 Masai Johor	Malaysian	Company Director
Ling Cheng Fah @ Ling Cheng Ming <i>(Independent Non-Executive Director)</i>	15, Jalan Sederhana Serene Park 80300 Johor Bahru Johor	Malaysian	Company Director
Dr. Sia Teck Chin <i>(Independent Non-Executive Director)</i>	No. 16F Jalan Kemaman Kampung Tarom 80100 Johor Bahru Johor	Malaysian	Doctor

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ling Cheng Fah @ Ling Cheng Ming	Chairman	Independent Non-Executive Director
Yong Seng Huat	Member	Non-Independent Non-Executive Director
Dr. Sia Teck Chin	Member	Independent Non-Executive Director



---

**CORPORATE DIRECTORY (CONT'D)**

---

- COMPANY SECRETARY** : Ang Mui Kiow (LS 0001886)  
Suite 7E, Level 7, Menara Ansar  
65 Jalan Trus,  
80000 Johor Bahru,  
Johor  
  
Tel: 07-224 1035  
Fax: 07-221 0891
- REGISTERED OFFICE AND PRINCIPAL OFFICE** : Lot 30462 Jalan Kempas Baru  
81200 Johor Bahru  
Johor  
  
Tel: 07-232 1299  
Fax: 07-236 1299  
Email: [hqm@tiongnam.com.my](mailto:hqm@tiongnam.com.my)  
Website: [www.tiongnam.com](http://www.tiongnam.com)
- SHARE REGISTRAR** : **Tricor Investor Services Sdn Bhd**  
Level 17, The Gardens, North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
  
Tel: 03-2264 3883  
Fax: 03-2282 1886
- AUDITORS AND REPORTING ACCOUNTANTS** : **Messrs KPMG**  
Level 14 Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru  
Johor  
  
Tel: 07-224 2870  
Fax: 07-224 8055
- PRINCIPAL BANKERS** : **United Overseas Bank (M) Berhad**  
South Area Centre  
1st Floor, No. 8, Jalan Ponderosa 2/1  
Taman Ponderosa  
81100 Johor Bahru  
  
Tel: 07-360 6900  
Fax: 07-354 8322 / 07-355 3753  
  
**Malayan Banking Berhad**  
Region Corporate Banking, Johor  
Level 13, Office Tower  
Johor Bahru City Square  
No. 108, Jalan Wong Ah Fook  
80000 Johor Bahru, Johor  
  
Tel: 07-224 1282 / 2282 / 3282  
Fax: 07- 223 9282  
  
**Hong Leong Bank Berhad**  
Business Banking Centre  
Johor Bahru 1  
2<sup>nd</sup> Floor, No. 12-16  
Jalan Wong Ah Fook  
80000 Johor Bahru, Johor  
  
Tel: 07-226 8980 / 8698  
Fax: 07-226 9131

---

**CORPORATE DIRECTORY (CONT'D)**

---

**Bank of China (Malaysia) Berhad**

No. 2, 2-01, 2-02, Jalan Molek 1/10,  
Taman Molek  
81100 Johor Bahru, Johor

Tel: 07-353 0888

Fax: 07-355 2555

**AmBank (M) Berhad**

Level 31, Metropolis Tower  
Jalan Dato' Abdullah Tahir  
80300 Johor Bahru, Johor

Tel: 07-333 2309

Fax: 07-334 3899

**Public Bank Berhad**

275 & 277, Jalan Mahkota  
Taman Maluri, Cheras  
55100 Kuala Lumpur

Tel: 03-9285 9994

Fax: 03-9285 5197

**DUE DILLIGENCE SOLICITORS**

: **Messrs Lee Hishammuddin Allen & Gledhill**

Level 16, Menara Tokio Marine Life  
189, Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Tel: 03-2161 2330

Fax: 03-2161 3933

**PRINCIPAL ADVISER**

: **RHB Investment Bank Berhad**

Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Tel: 03-9287 3888

Fax: 03-9287 2233 / 3355

**STOCK EXCHANGE LISTED AND  
LISTING SOUGHT**

: Main Market of Bursa Securities

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



## **TIONG NAM LOGISTICS HOLDINGS BERHAD**

(Company No. 182485-V)  
(Incorporated in Malaysia under the Companies Act, 1965)

### **Registered Office**

Lot 30462  
Jalan Kempas Baru  
81200 Johor Bahru  
Johor Darul Takzim

3 December 2013

### **Board of Directors**

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	<i>(Independent Non-Executive Chairman)</i>
Ong Yoong Nyock	<i>(Non-Independent Managing Director)</i>
Yong Kwee Lian	<i>(Non-Independent Executive Director)</i>
Ong Wei Kuan	<i>(Non-Independent Executive Director)</i>
Chang Chu Shien	<i>(Non-Independent Non-Executive Director)</i>
Ong Eng Teck @ Ong Eng Fatt	<i>(Non-Independent Non-Executive Director)</i>
Yong Seng Huat	<i>(Non-Independent Non-Executive Director)</i>
Ling Cheng Fah @ Ling Cheng Ming	<i>(Independent Non-Executive Director)</i>
Dr. Sia Teck Chin	<i>(Independent Non-Executive Director)</i>

### **To: Our Entitled Shareholders**

Dear Sir/ Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 210,258,500 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) ORDINARY SHARES OF RM0.20 EACH HELD IN TNLH AFTER THE SHARE SPLIT AT 5.00 P.M. ON 3 DECEMBER 2013 AT AN ISSUE PRICE OF RM0.20 PER WARRANT**

### **1. INTRODUCTION**

On 18 September 2013, RHB Investment Bank, on behalf of our Board, announced that we propose to undertake, amongst others, the Share Split and the Rights Issue of Warrants.

On 16 October 2013, RHB Investment Bank, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 14 October 2013, resolved to approve the following:-

- (i) the Share Split;
- (ii) admission of the Warrants to the Official List of Bursa Securities and the listing and quotation of 210,258,500 warrants to be issued pursuant to the Rights Issue of Warrants; and
- (iii) listing of 210,258,500 new ordinary shares of RM0.20 each to be issued pursuant to the exercise of the Warrants.

The aforesaid approval is subject to, inter-alia, the following conditions:-

Conditions	Status of compliance
i. TNLH and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Warrants;	Noted
ii. TNLH and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue of Warrants;	To be complied
iii. TNLH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Warrants is completed; and	To be complied
iv. Payment of additional listing fees pertaining to the exercise of warrants. In this respect, TNLH is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of warrants as at the end of each quarter together with details of computation of listing fees payable.	To be complied

On 16 November 2013, our shareholders had approved, amongst others, the Share Split and the Rights Issue of Warrants at our EGM. A certified true extract of the resolutions pertaining to the Rights Issue of Warrants passed at the aforesaid EGM is set out in **Appendix I** of this Abridged Prospectus.

On 19 November 2013, RHB Investment Bank had, on behalf of our Board, announced that the issue price and the exercise price of the Warrants have been fixed at RM0.20 and RM1.00 per Warrant, respectively. RHB Investment Bank had on even date, on behalf of our Board, announced that the Entitlement Date has been fixed on 3 December 2013 at 5.00 p.m., along with other relevant dates pertaining to the Rights Issue of Warrants.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue of Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHB Investment Bank in connection with the Rights Issue of Warrants.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2. DETAILS OF THE RIGHTS ISSUE OF WARRANTS

### 2.1 Details of the Rights Issue of Warrants

The Rights Issue of Warrants entails a renounceable rights issue of 210,258,500 Warrants to our Entitled Shareholders on a renounceable basis of one (1) Warrant for every two (2) Subdivided Shares held after the Share Split on the Entitlement Date, at an issue price of RM0.20 per Warrant.

As at the LPD, the issue and paid-up share capital of TNLH is RM84,103,400 comprising 84,103,400 ordinary shares of RM1.00 each in TNLH. After the Share Split, the issue and paid-up share capital of TNLH will be RM84,103,400 comprising 420,517,000 Subdivided Shares on the Entitlement Date.

In determining the entitlements of the Entitled Shareholders, fractional entitlements of the Warrants, if any, will be disregarded and shall be dealt with in such manner as our Board shall in their discretion deem fit and expedient, and to be in the best interest of the Company.

The Rights Issue of Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for or renounce their entitlements to the Warrants in full or in part. The Warrants which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renounees. It is the Board's intention to allocate the Excess Warrants in a fair and equitable manner and on such basis as set out in **Section 3.8** of this Abridged Prospectus.

The Warrants shall be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in **Section 2.5** of this Abridged Prospectus.

As the Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the number of Warrants which you are entitled to subscribe for under the terms of the Rights Issue of Warrants and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for the Excess Warrants if you choose to do so.

Any dealings in our securities will be subject to, inter-alia, the provisions of the SICDA, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Warrants, upon subscription, will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants. A notice of allotment will be despatch to you within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue of Warrants. In regards to the exercise of Warrants, a notice of allotment will be despatched to warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with payment from the date of exercise the Warrants.

### 2.2 Basis and justification of determining the issue price of the Warrants

The issue price of the Warrants has been fixed at RM0.20 per Warrant after taking into consideration, amongst others, the following:-

- (i) the adjusted share price of TNLH at completion of the Share Split. For illustrative purposes, based on the five (5)-day VWAP of the shares in TNLH of RM5.55, up to and including 18 November 2013, being the last trading day of TNLH Shares preceding the Price Fixing Date, the adjusted market price of the Subdivided Shares price would be RM1.11.

- (ii) based on the exercise price of RM1.00 per Warrant and the theoretical ex-share split price of underlying TNLH Shares of approximately RM1.11 each based on five (5)-day VWAP up to and including 18 November 2013 of RM5.55, the theoretical fair value of the Warrants as at 18 November 2013 is approximately RM0.32 per Warrant which was determined using the Black-Scholes Option Pricing Model.
- (iii) the Board has arrived at the issue price of RM0.20 per Warrant based on a discount of approximately 37.5% from the theoretical fair value of the Warrants, whilst seeking to ensure that a reasonable amount of proceeds would be raised from the Rights Issue of Warrants. Such discount is deemed appropriate by the Board after taking into consideration the historical volatility and share price movement of the underlying TNLH Shares as well as the Board's intention to provide an opportunity for the shareholders of TNLH to participate in an equity derivative (i.e. Warrants) of our Company at an attractive entry cost.

### **2.3 Basis and justification of determining the exercise price of the Warrants**

The exercise price of the Warrants has been fixed at RM1.00 per Warrant after taking into consideration, the following:-

- (i) the theoretical ex-share split price of approximately RM1.11 based on the five (5)-day VWAP of TNLH Shares up to and including 18 November 2013 of RM5.55, being the last trading day of TNLH Shares immediately preceding the price-fixing date for the Warrants.
- (ii) the Board has arrived at the exercise price of RM1.00 based on a discount of approximately 9.9% over the theoretical ex-share split price. Such discount is deemed appropriate after taking into consideration the market demand for TNLH Shares, the prevailing market conditions and the market price of TNLH Shares preceding the price-fixing and the par value of TNLH Shares after the Share Split.

### **2.4 Ranking of the Warrants and new Subdivided Shares to be issued arising from the exercise of the Warrants**

The holders of Warrants will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in TNLH until and unless such holders of the Warrants exercise their Warrants to subscribe for new TNLH Shares and are allotted the new TNLH Shares.

The new TNLH Shares arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing TNLH Shares except that they shall not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issue of the said new TNLH Shares.

## 2.5 Salient terms of the Warrants

The salient terms of the Warrants are set out below:-

Issue size	:	210,258,500 new Warrants to be issued to the Entitled Shareholders of TNLH on the basis of one (1) Warrant for two (2) Subdivided Shares held as at the Entitlement Date.
Form and denomination	:	The Warrants will be separately traded and will be issued in registered form and constituted by the Deed Poll.
Exercise Rights	:	Each Warrant entitles the registered holder, at any time during the Exercise Period, to subscribe for one (1) new share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	:	Exercisable at any time within five (5) years commencing on and including the date of issuance of the Warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	:	The Exercise Price of Warrants is RM1.00 per Warrant, after taking into consideration the theoretical ex-share split price of shares at the Price Fixing Date, subject to the exercise price not being less than the par value of the Shares; subject further to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The registered holder of a Warrant is required to lodge an exercise form with the Company's registrar, duly completed, signed and stamped together with payment of the Exercise Price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia.
Mode of transfer	:	The Warrants are transferable by an instrument of transfer in the usual or common form or such other form as the Directors of TNLH and Bursa Securities may approve.
Board lot	:	For the purpose of trading on the Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new shares at any time during the Exercise Period, or such denomination as determined by Bursa Securities.
Listing status	:	Approval has been obtained from Bursa Securities on 14 October 2013 for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for the Warrants and new Shares arising from the exercise of Warrants on the Main Market of Bursa Securities.
Ranking of new shares	:	The new Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotment, and/or other distributions that may be declared, made or paid prior to the relevant date of allotment and issue of the said new Shares.
Rights of warrant holder(s)	:	Warrant holders are not entitled to vote in any general meeting of TNLH or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holder becomes a shareholder by exercising his/her Warrants.
Adjustments in the exercise price and/or number of warrants	:	The Exercise Price and/or number of unexercised Warrants may be adjusted by our Directors, in consultation with its professional advisers or auditors, in the event of alteration to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll.

- Rights in the event of winding-up, liquidation, compromise and/ or arrangement : Where a resolution has been passed for a members' voluntary winding up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then every Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants to the Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants to the extent specified in the relevant exercise forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/ she had on such date been the holder of the new Shares to which he/ she would have been entitled to pursuant to such exercise.
- Modification : Subject to the approval of any relevant authority, any modification or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by the Company must be sanctioned by special resolution of the Warrant holders, effected by a deed poll, executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll.
- The Company may, from time to time, without the consent or sanction of the Warrant holders, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warrant holders or is made to correct a manifest error or to comply with prevailing laws of Malaysia or in accordance with the Deed Poll.
- Governing Law : Laws and regulations of Malaysia.

## 2.6 Details of other corporate exercises

Save as disclosed below, and the Share Split and the Rights Issue of Warrants (which have been approved by our shareholders at our EGM on 16 November 2013), the Board confirms that there is no other outstanding corporate exercise that has been announced but not yet completed as at the LPD:-

- (i) Tiong Nam Logistics Solutions Sdn Bhd ("TNLS"), a wholly-owned subsidiary of TNLH had, on 30 July 2013 –
  - a) issued an exercise notice pursuant to clause 3.1 of the call option agreement dated 26 January 2007 entered between ABS Logistics Berhad ("**ALB**") and TNLS ("**Call Option Agreement**"); and
  - b) entered into a conditional sale and purchase agreement with ALB to purchase twenty (20) properties owned and/or leased/sub-leased by ALB from ALB for a total purchase consideration of approximately RM176.3 million. The consideration of RM176.3 million is to be satisfied by cash of RM125.0 million and the balance of RM51.3 million will be treated as amount owing by TNLS to ALB. This sale and purchase is currently conditional pending the fulfilment of the conditions precedent.
- (ii) Jelas Bagus Sdn Bhd (Company No. 304354-W), a subsidiary of TNLH had, on 18 November 2013 entered into a sale and purchase agreement with Chiu Hang Chuang to purchase the land held under Geran 87084 Lot 1767 in the Mukim of Tebrau, District of Johor Bahru, State of Johor measuring approximately 8.6593 acres/377,199.11 square feet from Chiu Hang Chuang for a total consideration of RM16,973,959.95. The balance purchase price of RM15,276,563.96 shall be settled in full within 6 months from the date of the sale and purchase agreement.



### **3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION**

#### **3.1 General**

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Warrants. You will find enclosed together with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotment into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for Excess Warrants if you choose to do so.

#### **3.2 NPA**

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

#### **3.3 Last date and time for acceptance and payment**

The last date and time for acceptance and payment for the Provisional Allotment is at **5.00 p.m. on 18 December 2013**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

#### **3.4 Procedures for acceptance and payment**

Acceptance and payment for the Provisional Allotment by you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.**

You or your renounee(s) (if applicable) who are accepting the Provisional Allotment are required to fill and complete the Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERY BY HAND**, at your own risk, in the self-addressed envelope provided, to our Share Registrar at the following address:-

**Tricor Investor Services Sdn Bhd**

Level 17, The Gardens, North Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel: 03-2264 3883  
Fax: 03-2282 1886

so as to arrive not later than **5.00 p.m. on 18 December 2013**, being the last time and date for acceptance and payment for the Provisional Allotment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by the Share Registrar for the Rights Issue of Warrants, you are advised to use one (1) reply envelope for each completed RSF.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, the Warrants subscribed for will be credited into your CDS Account(s) where your provisional allotted warrants are standing to the credit.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Warrants will comprise 100 Warrants each, respectively. The minimum number of securities that can be subscribed for or accepted is one (1) Warrant. Fractions of a Warrant will be disregarded and shall be dealt with in such manner as our Board in its absolute discretion deem fit and expedient, and to be in the best interests of our Company.

If acceptance and payment for the Provisional Allotment by you and/or your renounee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on 18 December 2013**, being the last date and time for acceptance and payment for the Provisional Allotment, or any other extended date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated time and date at its discretion, you and/or your renounee(s) (if applicable) will be deemed to have declined the Provisional Allotment made to you and/or your renounee(s) and it will be cancelled. Such Warrants not taken up will be allotted to the applicants applying for Excess Warrants, and subsequently, to the Underwriters, if the Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept any application in full or in part only without providing any reasons.

You and/or your renounee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our registered office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "TNLH RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF WARRANTS WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE OF WARRANTS SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

### **3.5 Procedures for part acceptance**

You are entitled to accept part of your Provisional Allotment. The minimum number of securities that can be subscribed for or accepted is one (1) Warrant for every two (2) Subdivided Shares held.

You must complete Part I(a) and Part II of the RSF by specifying the number of Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in **Section 3.4** of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the Provisional Allotment who have made excess application(s) as set out in **Section 3.8** of this Abridged Prospectus and the balance, if any, thereafter to the Underwriters.

### **3.6 Procedures for sale or transfer of Provisional Allotment**

As the Provisional Allotment are prescribed securities, you may sell or transfer all or part of your entitlement to the Warrants to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale or transfer of such Provisional Allotment, without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose all or part of your entitlement to the Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you and/or your renounee(s) (if applicable) need not deliver any document including the RSF, to your stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

If you have sold or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF. Please refer to **Section 3.4** of this Abridged Prospectus for the acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from his/ her/ their stockbrokers, or from our Share Registrar as stated above. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **3.7 Procedure for acceptance by renounee(s)**

Renounee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our registered office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance to our Share Registrar for the Rights Issue of Warrants in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 3.4** of this Abridged Prospectus also applies to renounee(s) who wish to accept the Provisional Allotment.

**RENOUNEE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedure for excess application**

As an Entitled Shareholder, you and/or your renounee(s) (if applicable) may apply for Excess Warrants in addition to the Provisional Allotment to you and/or your renounee(s) by completing Part I(b) of the RSF (in addition to Part I(a) and II) and forward it (together with a **separate remittance in RM** for the full amount payable in respect of the Excess Warrants applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 18 December 2013**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

**PAYMENT FOR THE EXCESS WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED ABOVE, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "TNLH EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

Our Board reserves the right to allot the Excess Warrants applied for under Part I(b) of the RSF, in a fair and equitable basis and in such manner as they deem fit and expedient. As such, it is the intention of our Board to allot the Excess Warrants in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots calculated based on the quantum of their respective Excess Warrants application for;
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Warrants application; and

Nevertheless, our Board reserves the right to allot any Excess Warrants applied for under Part I(b) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in **Section 3.8(i)-(iv)** of this Abridged Prospectus are achieved. Our Board also reserves the right not to accept or to accept any application for Excess Warrants, in full or in part, without assigning any reason.

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS NEW WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

### **3.9 Form of issuance**

Bursa Securities has prescribed TNLH's Warrants listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical warrant certificate shall be issued to you under the Rights Issue of Warrants. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue of Warrants.

Where the Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your Subdivided Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Provisional Allotment as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Allotment or whom the Provisional Allotment has been transferred and intends to subscribe for the Warrants must state his/her CDS Account number in the space provided in the RSF. The Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issuance.

The Excess Warrants, if allotted to the successful applicant who applied for excess Warrants, will be credited directly as prescribed securities into his CDS Account. The allocation of the Excess Warrants will be made on a fair and equitable basis as disclosed in **Section 3.8** of this Abridged Prospectus.

### **3.10 Laws of foreign jurisdictions**

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue of Warrants will not be made or offered for subscription in any foreign country or jurisdiction.

The foreign Entitled Shareholders and/or their renounee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Warrants only to the extent that it would be lawful to do so. RHB Investment Bank, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue of Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renounee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. RHB Investment Bank, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renounee(s) (if applicable) may collect this Abridged Prospectus including the accompanying NPA and RSF from our Share Registrar for the Rights Issue of Warrants, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents relating to the Rights Issue of Warrants.

The foreign Entitled Shareholders or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/or RHB Investment Bank in respect of their rights and entitlements under the Rights Issue of Warrants. Such foreign Entitled Shareholders and/or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHB Investment Bank, other experts, our Company and our Board and officers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or renounee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are aware that the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have received a copy of this Abridged Prospectus, and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Warrants; and
- (vi) the foreign Entitled Shareholders and/or their renounee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s) (if applicable) in any foreign country or jurisdiction.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### **4. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE OF WARRANTS**

After due consideration of the various funding options available to us, our Board is of the view that the Rights Issue of Warrants is the most appropriate avenue for raising funds after taking into consideration the following factors as the Rights Issue of Warrants will:-

- i. enable TNLH to raise funds without incurring interest cost, as compared to bank borrowings. The Company is expected to raise immediate gross proceeds of approximately RM42.05 million from the issuance of Warrants. The funds raised will be utilised for the purposes highlighted in **Section 6** of this Abridged Prospectus, which are expected to contribute positively towards the future earnings of the TNLH Group;
- ii. provide the Entitled Shareholders with an option to further increase their equity participation in the Company at a pre-determined exercise price over the tenure of the Warrants and to benefit from the future growth and any potential capital appreciation arising therefrom;
- iii. raise further proceeds as and when any of the Warrants are exercised; and
- iv. optimise our Group's capital structure as the exercise of the Warrants will increase the shareholders' funds / capital base of our Company and hence improve its gearing levels.



## 5. IRREVOCABLE UNDERTAKINGS AND UNDERTAKING ARRANGEMENT

Our Company had, on 4 October 2013, procured irrevocable written undertakings from our substantial shareholders, namely TNTT Realty Sdn Bhd, Ong Yoong Nyock and Yong Kwee Lian to subscribe and/or cause to subscribe in full for:-

- (i) their respective entitlements under the Rights Issue of Warrants (“**Entitlement Undertakings**”); and
- (ii) the additional undertaking by Ong Yoong Nyock of up to 124,318,500 Warrants for the remaining unsubscribed new Warrants that are not taken up by other Entitled Shareholders and/or their renounces arising from the Rights Issue of Warrants (“**Additional Undertaking**”).

For illustrative purposes only, a summary of the irrevocable undertakings is set out below:-

Substantial shareholders	(a)		(b)	(c)	(b)+(c)	Funding required
	Shareholdings after Share Split		Entitlement Undertakings	Additional Undertaking	Maximum Warrants to be subscribed	
	No. of Shares	% <sup>*1</sup>	No. of Warrants	No. of Warrants	No. of Warrants	RM
TNTT Realty Sdn Bhd	102,521,000	24.38	51,260,500	-	51,260,500	10,252,100
Ong Yoong Nyock	64,559,000	15.35	32,279,500	124,318,500	156,598,000	31,319,600
Yong Kwee Lian	4,800,000	1.14	2,400,000	-	2,400,000	480,000
<b>Total</b>	<b>171,880,000</b>	<b>40.87</b>	<b>85,940,000</b>	<b>124,318,500</b>	<b>210,258,500</b>	<b>42,051,700</b>

**Note:-**

<sup>\*1</sup> Percentage calculated based on the issued and paid-up share capital of TNLH after the Share Split.

Accordingly, the abovementioned substantial shareholders have confirmed vide their letters dated 4 October 2013 that they have sufficient financial resources to subscribe for their respective Entitlement Undertakings and Additional Undertaking as set out above. All the said confirmations have been verified by RHB Investment Bank, the principal adviser for the Rights Issue of Warrants.

In the event, if the abovementioned substantial shareholders decide to exercise the Warrants and it is envisaged that such exercise will result in the substantial shareholders and their parties acting in concert (if any) triggering the Code, they may seek an exemption under the Code from the SC before they exercise their Warrants, if they choose to do so.

The Rights Issue of Warrants will not be undertaken on a minimum subscription basis and no underwriting arrangements will be made for the Rights Issue of Warrants.

## 6. UTILISATION OF PROCEEDS

The Rights Issue of Warrants is expected to raise immediate gross proceeds of approximately RM42.05 million based on the issue price of RM0.20 per Warrant. The gross proceeds are expected to be utilised in the following manner:-

Details of utilisation	Notes	(RM)	Timeframe for the utilisation of proceeds
Working Capital	(1)	21,551,700	Within 12 months
Land acquisitions for warehouse expansion	(2)	10,000,000	Within 24 months
Land acquisitions for property development	(3)	10,000,000	Within 24 months
Estimated expenses for the Proposals	(4)	500,000	Within 1 month
		<b>42,051,700</b>	

### Notes:-

- (1) *The proceeds have been earmarked to supplement our working capital requirements. As our operations are funded through our internally generated funds and short term bank borrowings, the proceeds will enable us to fund the day-to-day operations of TNLH Group's on-going businesses without having to drawdown further on our trade facilities (i.e. bank overdraft and revolving credits) which as at the LPD stands at approximately RM105 million. We aim to strengthen our working capital as we expect the operating expenditure of our Group to increase in line with the growth of our business. The proceeds are estimated to be utilised in the following manner:-*

Operating expenses	RM'000
Rental of land and buildings (i.e offices, showroom and warehouses) for the logistics business	8,000
General expenses (i.e. administrative expenses and salaries)	13,552
<b>Total</b>	<b>21,552</b>

*The breakdown of proceeds to be utilised for the working capital is merely an estimate at this juncture. The actual proceeds to be utilised for working capital may differ subject to the operating requirements of the Group at the time of utilisation.*

- (2) *For the logistics business, we intend to acquire industrial land for further expansion of our warehouse capacity. We have earmarked approximately RM10 million for the aforesaid land acquisitions with the actual quantum to be spent depending on the suitability of the location and the opportunity arising at the relevant point in time. In this regard, we are constantly looking for potential land in Johor, Selangor and Penang for the purposes of constructing warehouses and expanding our existing warehouse capacity. Our Group is of the view that the additional warehouses in these areas will further enhance our ability to serve a larger number of customers and handle higher traffic volume given the growth in economic activity at these locations and the increasing demand for our logistics services.*
- (3) *For the property development business, our Group has started recognising revenue amounting to RM26 million in the FYE 31 March 2013 following the successful launching of our development of 46 units of semi-detached factories in Shah Alam. In order to further establish our position in the property development business, we intend to allocate approximately RM10 million to partly fund any future land acquisitions with the view of increasing our existing land bank, should the opportunity arise. As at the LPD, we have yet to identify any specific parcels of lands for our future property development projects. However, we intend to actively continue seeking out land, particularly in Johor, for the development of industrial properties and/or shop office buildings.*

*In this regard, the Company will make the appropriate announcement(s), where required, pursuant to Chapter 10 of the Listing Requirements of Bursa Securities.*

- (4) *The proceeds earmarked for estimated expenses related to the Proposals comprising professional fees (i.e. principal adviser, reporting accountant and solicitor), regulatory fees and other related expenses. If the actual expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

Pending the utilisation of proceeds from the Rights Issue of Warrants for the above purposes, the proceeds will be deposited with financial institutions or short-term money market instruments.

The quantum of proceeds that may be raised by TNLH from the exercise of the Warrants in the future would depend upon the actual number of Warrants exercised during the tenure of the Warrants. Based on the exercise price of RM1.00 per Warrant, the proceeds expected to be raised from the exercise of the Warrants is approximately RM210.26 million. Such proceeds will be utilised for the working capital requirements of our Group.

## 7. RISK FACTORS

You and/ or your renounee(s) (if applicable) should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue of Warrants.

### 7.1 Risks relating to our Group

#### 7.1.1 Business risks

Our Group is principally involved in the provision of transportation, warehousing and related services. Its services include integrated logistics services, freight forwarding, warehousing and distribution services, supply chain management services as well as property letting. Leveraging on our previous experiences in the construction of warehouses for our own usage, we have also involved into development of shop-office buildings, factories as well as service apartments.

Based on the above, our Group is subject to the risks inherent in the logistic services industry as well as property industry. Risks inherent in the logistics services industry include, inter-alia, the ability to obtain and/or renew the licences necessary for the operation of warehouses and trucks, potential labour shortages, suitable insurance coverage for its assets, under-utilisation of existing assets, the ability to maintain profitable operating margins and also to procure new contracts with potential and existing customers at rates which are acceptable to the Group.

Risks inherent in the property industry include, inter-alia, changes in demand for industrial, commercial and/ or housing units, shortage of suitable land bank, shortage of building materials and skilled workers, variation in costs of building materials and labour, availability of funding, labour disputes, natural disasters, accidents, failure or postponement of the issuance or grant of licenses, permits and approvals, non-compliance of designs to local standards and unforeseen engineering or environmental problems.

Although our Group seeks to limit these risks through, inter-alia, increasing efficiency of operations, expanding our existing business, adopting prudent cost control strategies, employing experienced key personnel and maintaining good business relationship with our customers, no assurance can be given that such risks will not have material adverse effects on our Group's businesses in the future.

### 7.1.2 Competition risks

Our logistics businesses face competition from both local private and public listed companies of the same industry. This may have an impact on our existing market share. In facing the competitive challenge, our Group will continue to focus on providing value-added total logistics solutions which include warehousing, custom clearing services, cold room facilities. Further, we continuously seek to improve our efficiency and quality in respect of our total logistics solutions services provided and the due performance of our contracts.

Our property development businesses face competition from other property developers. Competitive pressures may arise in terms of acquisition of strategically located and reasonably priced land banks, ability to employ skilled labour and to purchase building materials at reasonable price, quality of development, reputation and reliability of the property developer, pricing as well as sale and marketing of our properties. Our Group will continue to undertake measures to mitigate these risks such as monitoring and adjusting operational and marketing strategies in response to changing economic conditions, and continuously enhance our services to meet the changing market demand from time to time.

Nevertheless, there can be no assurance that competition within these industries will not have any material impact on our business and financial performance.

### 7.1.3 Project completion risks

The timely completion of our property development projects is dependent on many external factors such as major changes in government or local authorities' approval policies, delays in obtaining the necessary approvals from local authorities, acute shortage of construction materials, adverse weather conditions and unsatisfactory performance of the building contractors.

If any of the aforementioned circumstances happen or occur for a prolonged period, our Group may incur additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects, and higher material and labour costs, which may result in our financial performance being materially impacted.

As the timely completion of our projects is critical in ensuring costs are contained and our Group's reputation is maintained, we seek to mitigate such risks by constantly monitoring our projects milestones and working closely with all suppliers, contractors and relevant authorities to ensure that delays in completion of projects are minimised or avoided.

### 7.1.4 Dependence on key personnel

Our Group believes that its continuing success depends, to a significant extent, upon the abilities and continuing efforts of our existing Directors and senior management. The loss of any of our key members may adversely affect our Group's continuing ability to compete in the industry. In this regard, our Group will constantly promote loyalty not only amongst the management team, but also employees of our Group and to inculcate a conducive working environment for the continual growth of our Group. Further, effort is presently being made to groom the younger members of the management team to ensure continuity of the management team.

Whilst we have sought to mitigate the risks associated with the loss of any key personnel, there can be no assurance that the above measures will be successful in attracting and retaining key personnel or mitigating the effects of any loss of key personnel should unforeseen circumstances occur.

#### **7.1.5 Political, economic and Regulatory Considerations**

Like all business entities, changes in political, economic and regulatory conditions in Malaysia as well as other countries could materially and adversely affect the financial and business prospects of our Group. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation or nullification of existing sales orders and contracts, changes in interest rates and method of taxation and currency exchange rules and contracts.

Our Group may take effective measures to mitigate the aforementioned risks, if necessary. There is no assurance that adverse economic, political and regulatory conditions will not materially affect the business activities of the Group.

#### **7.1.6 Licences/Permits**

We have been granted various licences/permits from authorities for our logistics business as well as property development business. These licences/permits include, inter-alia the warehouse licences, truck licences, forwarding and shipping agent licences, development orders, building plans approvals and developer licenses. Certain licences are subject to renewal on periodic basis. The revocation or non-renewal of these licenses and permits would adversely affect our ability to continue operation and hence will affect our operating results.

However, our Group seeks to limit this risk by endeavouring to ensure compliance to the terms and conditions as set out in these licences and any other licences with the respective authorities. Nevertheless, as at LPD, we have not experienced nor do we anticipate any major difficulty in obtaining approvals and renewals for the necessary licenses and permits needed to carry our business operations.

#### **7.1.7 Cost of fuel**

Fuel cost forms a significant portion of our Group's expenses and is subject to fluctuations due to supply and demand in the market. The cost and availability of fuel are subject to various political and economic factors as well as events occurring in certain oil producing nations which may hinder its production. Further, the fuel costs in Malaysia are subsidised by government. In the event that the government reduces fuel subsidies, the rising of fuel cost may adversely affect the profitability of our Group.

In this regards, our Group seeks to mitigate the fluctuations in fuel costs by passing on part of the cost to its clients, wherever possible.

#### **7.1.8 Adequacy of Insurance Coverage**

We are aware of the adverse consequences arising from inadequate insurance coverage. In response, we regularly review and ensure insurance coverage is adequate for our assets on a continuous basis. The major assets of our Group include, amongst others, its fixed assets such as buildings, office as well as its trucks. All these major assets are adequately insured with fire, consequential loss and equipment and office risk insurance policies.

However, there can be no assurance that the insurance coverage would be adequate for the replacement of our assets or any consequential loss arising thereof.

#### **7.1.9 Security and Systems Disruptions**

We operate our business in a fully computerised environment under the Oracle platform. As a result, information flow is highly dependent upon the telecommunication lines, the strength of the software provider companies, our Group's existing systems and the ongoing development of a more efficient system. A team of skilled information technology personnel of our Group, together with the external information technology consultants/specialists, continuously monitor and ensure the smooth and efficient operation of the systems, which includes troubleshooting of any system disruptions and the prevention of infringement of security. Nevertheless, in the event of a system disruption, no assurance can be given that such occurrence will have no material adverse effect on the business operations of our Group of its financial position.

#### **7.1.10 Financial Risks**

Our Group has obtained loan facilities to finance, amongst others, our day-to-day operations. Based on the audited consolidated financial statements of our Group for the FYE 31 March 2013, our Group has debts of approximately RM320.97 million. Any increase in interest rates will increase the burden of our Group with respect of interest payments of the borrowings depending on the total outstanding borrowings as at the point in time and may affect the future prospects and profitability of our Group. Therefore, there can be no assurance that the performance of our Group would remain favourable in the event of adverse changes in the interest rates.

Furthermore, there are also various covenants in the credit facility agreements which may limit our operating and financial flexibilities. Our Directors are of the view that such covenants are common in credit facility agreements within Malaysia. We shall require the consent of the relevant bank or financier if our act falls within the ambit or scope of such covenants. Breach of such covenants may give rise to a right to the bank or financier to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. Our Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

Notwithstanding to the above, our Directors are of the opinion that we would be able to meet our commitments when our debts become due and payable, with internally generated funds and/ or external borrowings, and the commitments would not adversely affect our financial performance.

## 7.2 Risks relating to the Rights Issue of Warrants

### 7.2.1 Market risks of the Warrants

The market price of the Warrants is influenced by, amongst others, the market price of our underlying Shares, the remaining tenure of the Warrants and the volatility of our Share price. In view of this, there can be no assurance that the Warrants will be traded higher or above the issue price of RM0.20 per Warrant subsequent to the listing and quotation of our Warrant on Bursa Securities. Similarly, there can be no assurance that our Shares will be traded at or above the Exercise Price of the Warrants.

On the other hand, the market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of our Shares, the volatility of equity markets, the outlook of the logistics industry and our financial performance. In view of this, there can be no assurance that our Warrants will be in-the-money during the exercise period of the Warrants.

Accordingly, there is no assurance that the market price of the TNLH Shares and Warrants will be at a level that meets the investment objectives of the subscriber of the Warrants.

### 7.2.2 No prior market for the Warrants

As the Warrants are new securities issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon or subsequent to its listing on Bursa Securities or if developed, will be sustainable.

### 7.2.3 Delay in or abortion of the Rights Issue of Warrants

The Rights Issue of Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one (1) or more of the following events:-

- i. Material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations as well as other *force majeure* events, which are beyond the control of our Company and RHB Investment Bank, arising prior to or during the implementation of the Rights Issue of Warrants;
- ii. The parties as set out in **Section 5** who have given their irrevocable undertakings to subscribe for their Entitlement Undertakings and Additional Undertakings under the Rights Issue of Warrants may not fulfil or be able to fulfil their obligations;
- iii. We are unable to meet the public spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital must be held by public shareholders holding not less than 100 Shares each; and
- iv. We are unable to meet the public spread requirements of at least 100 holders of Warrants holding not less than one (1) board lot of Warrants each. In the event we do not meet the aforesaid public spread requirements, the Warrants will not be listed on the Main Market of Bursa Securities.

Nevertheless, our Group will endeavour to ensure the successful listing of the Warrants. However, there can be no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue of Warrants.

In the event the Rights Issue of Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Warrants pursuant to the Rights Issue of Warrants and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

### **7.3 Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on forecasts and assumptions made by our Group, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In light of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



## 8. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP

### 8.1 Overview and outlook of the Malaysian and global economy

Global growth continued at a moderate pace in the second quarter of 2013 supported by a mild expansion in the United States (“**US**”) and Japan, while the euro area improved with a smaller contraction. The US growth was backed by higher business investment as well as improved labour and housing markets. In Japan, economic growth was contributed by exports and private consumption. The euro zone gained from higher growth in Germany and France. Growth also moderated in China due to declining exports and softening investment amid policy reforms to shift from rapid expansion to higher quality growth.

Within the Southeast Asian Nations (“**ASEAN**”), Indonesia’s gross domestic product (“**GDP**”) grew 5.8% (first quarter 2013 (“**Q1 2013**”): 6%), marking the first moderation after ten (10) consecutive quarters of growth above 6%. Growth was mainly driven by investment and household spending which expanded 4.7% (Q1 2013: 5.8%) and 5% (Q1 2013: 5.2%), respectively. In contrast, government spending increased at a faster pace of 2.1% (Q1 2013: 0.4%). Similarly, exports grew 4.8% (Q1 2013: 3.6%) despite lower commodity prices. The Bank of Indonesia increased its policy rate twice from 5.75% to 6.5% to curb inflation; maintain a more sustainable balance of payments; and ensure financial system stability. Meanwhile, Singapore’s growth strengthened to 3.8% (Q1 2013: 0.2%) mainly backed by a rebound in the manufacturing sector. The sector grew 0.2% (Q1 2013: -6.7%), reflecting strong output growth in the biomedical and electronic clusters. The construction sector which grew 5.1% (Q1 2013: 5.8%) further supported growth. Thailand’s GDP growth moderated to 2.8% (Q1 2013: 5.4%) mainly due to weak exports and domestic demand. Household consumption growth eased to 2.4% (Q1 2013: 4.4%), reflecting lower demand for durable and semi-durable goods. Investment also grew at a slower pace of 4.5% (Q1 2013: 5.8%), following subdued construction activity by the private and public sectors.

The Malaysian economy recorded a stronger growth of 4.3% (Q1 2013: 4.1%) during the second quarter of 2013. Growth was driven by strong domestic economic activities amid a weakening external sector. On the supply side, growth in the services sector remained firm at 4.8% (Q1 2013: 5.9%), driven largely by the wholesale and retail trade, business services, and communication subsectors. The construction sector sustained a growth of 9.9% (Q1 2013: 14.2%) on account of strong residential activities. The agriculture sector grew 0.4% (Q1 2013: 6%) largely supported by the expansion in the non-plantation subsector. Meanwhile, the manufacturing sector recorded a higher growth of 3.3% (Q1 2013: 0.3%) following strong expansion in domestic-oriented industries. In the mining sector, growth rebounded 4.1% (Q1 2013: -1.9%) due to higher production of crude oil and natural gas.

The services sector continued to drive growth, albeit at a moderate pace of 4.8%, in the second quarter of 2013 (Q1 2013: 5.9%) supported by resilient domestic demand. Growth of the services sector was, however, weighed down by the finance and insurance subsector, which registered its first decline of 0.2% since the second quarter of 2001. The final services group expanded 5% (Q1 2013: 5.6%) led by the wholesale and retail trade as well as accommodation and restaurant subsectors. Meanwhile, growth of the other services subsector expanded 5.3% (Q1 2013: 5.2%) led by higher private education and health activities. The government services subsector registered a growth of 6.6%. (Q1 2013: 6%).

*(Source: Quarterly Update on the Malaysian Economy, Ministry of Finance Malaysia, Second Quarter 2013)*

## 8.2 Overview and outlook of the logistic and property industries in Malaysia

The transport and storage subsector grew 4% in the first six months of 2013 (January-June 2012: 5.9%) attributed to higher land transport activity to support production for the domestic market. Growth was also supported by rising passenger demand for air transport. In 2013, the subsector is expected to increase 5.2% (2012: 4.9%) on the back of resilient domestic economic activity as well as an improving external sector during the second half.

The land transport segment grew 3.7% (January-June 2012: 6.5%) on account of increased rail ridership amid continuous efforts to improve public transport facilities. Furthermore, freight volume of Keretapi Tanah Melayu Berhad ("KTMB") increased 10.7% to 3.9 million tonnes (January-July 2012: 5.3%; 3.6 million tonnes) with revenue rising 11.3% to RM81.3 million (January-July 2012: 2.6%; RM73.1 million) on higher cargo of construction-related materials. In addition, total air cargo handled at airports nationwide rose 1.6% to 518,210 tonnes (January-July 2012: -1%; 510,179 tonnes) in line with the improved performance of semiconductor exports. Total air cargo handled by Malaysia Airlines Cargo Sdn Bhd ("MASCargo") and AirAsia Berhad rebounded 6.8% to 180,792 tonnes during the first five months of 2013 (January-May 2012: -9.9%; 169,327 tonnes).

*(Source: Economic Report 2013-2014, Ministry of Finance Malaysia)*

The residential subsector expanded 15.7% (January-June 2012: 22%) supported by strong demand and reflected in higher construction activities with housing starts rising 20.3% to 73,804 units (January-June 2012: 13.8%; 61,351 units). In the residential segment, two and three-storey terraced houses as well as condominiums/apartments accounted for 24.9% (18,401 units) and 22.3% (16,422 units) of the total starts, respectively. During the first six months of the year, the Klang Valley continued to dominate the supply, accounting for 31% of housing starts followed by Johor (23.1%), spurred by ongoing infrastructure development (January-June 2012: 39.1%; 15.3%). Sales of new launches remained favourable with a take up rate of 21.8% (January-June 2012: 15.6%). In line with the increasing demand, the property overhang declined 9.5% to 14,576 units (end June 2012: -27.7%; 16,098 units) amid the better sales performance of the residential segment. House prices continue to rise, albeit at a slower pace in 2013. During the second quarter of 2013, the National House Price Index moderated to 7.8% (Q2 2012: 11.2%) with eight states showing increases, including Johor (20%), Kelantan (17.7%), Sarawak (15.6%), Melaka (15.1%), Kuala Lumpur (13.6%), Pulau Pinang (12.6%), Sabah (10.7%) and Kedah (10.6%).

In the non-residential subsector, construction activity was subdued and declined 1% (January-June 2012: 12.8%) as reflected in the lower incoming supply, particularly in the purpose-built office (PBO) and shopping complex segments. The completion for PBO space slowed down during the last six months, with a decline to 16,198 square metres (sm) (January-June 2012: 120,234 sm). The moderating construction activity in the non-residential subsector was also due to near completion of large industrial development projects such as the Samalaju Industrial Park in Sarawak. However, the demand for commercial buildings remained stable with the average occupancy rate of office and retail space at 84.2% and 79.7%, respectively, reflecting sustained demand, particularly for commercial space located in prime area.

*(Source: Economic Report 2013-2014, Ministry of Finance Malaysia)*

### 8.3 Prospects of our Group

Our Group is principally involved in the provision of transportation, warehousing and related services, as well as property development. Its services include integrated logistics services, freight forwarding, warehousing and distribution services, supply chain management services as well as property letting.

Our Group continues to set its sights on growing its logistics network and expanding its existing capacity whilst at the same time maintaining cost efficiencies to meet the challenging operating environment for its logistics services segment. Approximately RM10 million of the proceeds to be raised from the Rights Issue of Warrants will be utilised for land purchase(s) to further expand our warehouse capacity. The increase in warehouse capacity is expected to allow us to serve a larger number of customers as well as to meet the growing demand of our logistics customers.

Under our property development arm, we are involved in the development of 46 units of semi-detached factories in Shah Alam as well as service apartments in Nusajaya, Johor. Our Group expects the property development segment to continue to contribute positively to the revenue and earnings of our Group given that the property market is anticipated to remain promising, particularly, the high growth in Iskandar Development Region which is supported by strong buying interest from overseas.

For the FYE 31 March 2013, our Group recorded a revenue of approximately RM340 million, representing an increase of 12% as compared to RM303 million recorded in previous year. Further, our Group recorded a profit before tax of approximately RM29.4 million, which is a significant increase of RM26.3 million or 848% from the previous year of RM3.1 million. The substantial increase is mainly due to improvements made to operational efficiencies, diligent cost control, increase in freight rates and rental rates, higher occupancy of warehouses and the new recognition of profits from property development.

In view of the above, our Board believes that the prospects of our Group is favourable after having considered all the relevant aspects including the outlook of the related industries which are closely linked to our business performance.

## 9. FINANCIAL EFFECTS OF THE RIGHTS ISSUE OF WARRANTS

For illustration purposes, the effects of the Share Split and Rights Issue of Warrants on our issued and paid-up ordinary share capital, NA per share and gearing, EPS, substantial shareholders' shareholdings and existing convertible securities are as illustrated below.

### 9.1 Issued and paid-up share capital

The proforma effects of the Share Split and Rights Issue of Warrants on the issued and paid-up ordinary share capital of TNLH is as follows:-

	Par Value	No. of Shares	RM
Existing issued and paid-up ordinary share capital as at the LPD	RM1.00	84,103,400	84,103,400
<i>After the Share Split</i>	<i>RM0.20</i>	<i>420,517,000</i>	<i>84,103,400</i>
<i>Shares to be issued assuming full exercise of the Warrants</i>	<i>RM0.20</i>	<i>210,258,500</i>	<i>42,051,700</i>
<b>Enlarged issued and paid-up share capital</b>		<b>630,775,500</b>	<b>126,155,100</b>

## 9.2 Earnings and EPS

The Rights Issue of Warrants is not expected to have an immediate or material effect on the consolidated earnings and EPS of TNLH but is expected to contribute positively to the future earnings of TNLH as and when the returns/benefits from the utilisation of funds, as described in **Section 6** of this Abridged Prospectus, are realised. Nevertheless, the Company's EPS may be diluted as a result of the increase in the number of shares in issue as and when the Warrants are exercised into new Shares.

## 9.3 NA and gearing

Based on the audited consolidated balance sheets of TNLH as at 31 March 2013, the proforma effects of the Share Split and Rights Issue of Warrants on the NA and gearing of our Group are as follows:-

	Audited as at 31 March 2013 RM'000	Proforma I After the Share Split and the Rights Issue of Warrants RM'000	Proforma II After Proforma I and assuming full exercise of the Warrants RM'000
Share capital	84,103	84,103	126,155
Share premium	5,435	5,435	(2) 215,194
Revaluation reserves	51,638	51,638	51,638
Exchange fluctuation reserves	(249)	(249)	(249)
Warrant reserves	-	(1) 41,552	-
Retained earnings	149,883	149,883	149,883
<b>Shareholders' equity / NA</b>	<b>290,810</b>	<b>332,362</b>	<b>542,621</b>
Minority Interest	7,361	7,361	7,361
<b>Total equity</b>	<b>298,171</b>	<b>339,723</b>	<b>549,982</b>
No. of shares ('000)	84,103	420,517	630,776
Par Value (RM)	1.00	0.20	0.20
<b>NA per share (RM)</b>	<b>3.46</b>	<b>0.79</b>	<b>0.86</b>
Total borrowings	320,974	320,974	320,974
<b>Gearing (times) (3)</b>	<b>1.08</b>	<b>0.94</b>	<b>0.58</b>
<b>Cash and cash equivalent</b>	<b>20,619</b>	(2) <b>62,171</b>	<b>272,430</b>

**Notes:-**

- (1) Computed based on the issue price of RM0.20 per Warrant and a deduction of the estimated expenses of RM500,000 relating to the Proposals.
- (2) Based on the exercise price of RM1.00 per Warrant and the warrant reserves will be transferred to share premium account after the full exercise of Warrants.
- (3) Gearing was computed based on total borrowings divided by total equity.

## 9.4 Convertible securities

As at the LPD, TNLH does not have any existing convertible securities.

## 10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 10.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from operations, current cash in hand and banking facilities available, and the proceeds of the Rights Issue of Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

### 10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM403.74 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
<b>Long term borrowings:-</b>	
Secured	281,895
Unsecured	385
	282,280
<b>Short term borrowings:-</b>	
Secured	22,484
Unsecured	98,972
	121,456
Total borrowings	403,736

After having made all reasonable enquiries, there has been no outstanding default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 March 2013 and the subsequent financial period up to the LPD.

### 10.3 Contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

### 10.4 Material commitments

Save as disclosed below, as at the LPD, our Board is not aware of any other material commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of our Group:-

	RM'000
Approved and contracted	192,734

The capital commitments disclosed above are expected to be financed by our Group's internally generated funds and/or external borrowings.

Entitled Shareholders and any other person having possession of this Abridged Prospectus and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotment relating to any acceptance which is treated as invalid will be included in the pool of Excess Warrants available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue of Warrants or to any net proceeds thereof.

**11. TERMS AND CONDITIONS**

The issuance of the Warrants pursuant to the Rights Issue of Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

**12. FURTHER INFORMATION**

You are advised to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**TIONG NAM LOGISTICS HOLDINGS BERHAD**

  
**ONG YOONG NYOCK**  
Non-Independent Managing Director

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS  
PASSED AT OUR EGM HELD ON 16 NOVEMBER 2013**

**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
(Company No. 182485 - V)  
(Incorporated in Malaysia)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT LOT 30462, JALAN KEMPAS BARU, 81200 JOHOR BAHRU, JOHOR, MALAYSIA ON SATURDAY, 16 NOVEMBER 2013 AT 9.30 A.M.

---

**RESOLVED:**

**ORDINARY RESOLUTION 1**

**PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH INTO FIVE (5) NEW ORDINARY SHARES OF RM0.20 EACH IN TNLH ("SUBDIVIDED SHARES") HELD BY ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED SHARE SPLIT")**

**"THAT**, subject to passing of Special Resolution 1 and conditional upon the approvals of all relevant regulatory authorities for the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Directors of the Company to subdivide each of the existing ordinary shares of RM1.00 each in the Company into five (5) ordinary shares of RM0.20 each in TNLH held by entitled shareholders of the Company on an entitlement date to be determined and announced later;

**THAT** the Subdivided Shares will upon allotment and issuance, rank *pari passu* in all respects with each other.

**AND THAT** the Board of Directors of TNLH ("**Board**") be and is hereby authorised to sign and execute all documents to give effect to the Proposed Share Split with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Split."

**ORDINARY RESOLUTION 2**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 210,258,500 WARRANTS ("WARRANT(S)") AT AN ISSUE PRICE TO BE DETERMINED LATER, ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) TNLH SHARES HELD AFTER THE PROPOSED SHARE SPLIT AND ON THE ENTITLEMENT DATE ("PROPOSED RIGHT ISSUE OF WARRANTS")**

**"THAT**, subject to the passing of Ordinary Resolution 1, Special Resolution 1 and conditional upon the approvals of all relevant authorities for the admission of the Warrant to the Official List of Bursa Securities and the listing of and quotation for the Warrants as well as the new ordinary shares in TNLH ("**TNLH Shares**") to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities being obtained, the Board be and is hereby authorised to:-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS PASSED AT OUR EGM HELD ON 16 NOVEMBER 2013 (CONT'D)**

**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
(Company No. 182485 - V)  
(Incorporated in Malaysia)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT LOT 30462, JALAN KEMPAS BARU, 81200 JOHOR BAHRU, JOHOR, MALAYSIA ON SATURDAY, 16 NOVEMBER 2013 AT 9.30 A.M.

- 
- (i) provisionally issue and allot by way of a renounceable rights issue of 210,258,500 Warrants at an issue price to be determined later, on the basis of one (1) Warrant for every two (2) TNLH Shares held by the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on the Entitlement Date, for such purpose and utilisation of proceeds as disclosed in the circular to shareholders of the Company dated 25 October 2013 ("**Circular**");
- (ii) enter into and execute a deed poll ("**Deed Poll**") and to do all acts, deeds and things as he may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll;

**THAT**, the Board be and is hereby authorised to deal with any fractional entitlements of the Warrants that may arise from the Proposed Rights Issue of Warrants, in a fair and equitable manner as they shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

**THAT**, the Company shall allot and issue such appropriate number of new TNLH Shares arising from the exercise by the holders of Warrants in accordance with the provisions in the Deed Poll, respectively;

**THAT** the new Shares will upon allotment and issuance, rank *pari passu* in all respects with the TNLH Shares, save and except that the new TNLH Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions where the entitlement date precedes the date of allotment of such new TNLH Shares;

**AND THAT**, the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Rights Issue of Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue of Warrants."

**SPECIAL RESOLUTION 1**

**PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF TNLH ("PROPOSED AMENDMENTS")**

"**THAT**, subject to the passing of Ordinary Resolution 1, the Memorandum and Articles of Association be amended as follows to facilitate the Proposed Share Split:-



**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS  
PASSED AT OUR EGM HELD ON 16 NOVEMBER 2013 (CONT'D)**

**TIONG NAM LOGISTICS HOLDINGS BERHAD**

(Company No. 182485 - V)

(Incorporated in Malaysia)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING  
HELD AT LOT 30462, JALAN KEMPAS BARU, 81200 JOHOR BAHRU, JOHOR, MALAYSIA  
ON SATURDAY, 16 NOVEMBER 2013 AT 9.30 A.M.

**ORDINARY RESOLUTION 1**

**ORDINARY RESOLUTION 2**


**SPECIAL RESOLUTION 1**


- continuation

Existing	Proposed Amendments
<p><b><u>Memorandum of Association</u></b> <b><u>First sentence of Clause 5</u></b></p> <p>The Share Capital of the Company is RM200,000,000 divided into 200,000,000 shares of RM1.00 each.</p>	<p><b><u>First sentence of Clause 5</u></b></p> <p>The Share Capital of the Company is RM200,000,000 divided into 1,000,000,000 shares of RM0.20 each.</p>

**AND THAT**, the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Amendments with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendments.”

**CONFIRMED AND SIGNED AS A CORRECT RECORD**

  
**DATO' FU AH KIEW @ OH (FU) SOON GUAN**  
*Chairman*

  
**ANG MUI KIEW (LS 0001886)**  
*Secretary*

**INFORMATION ON OUR COMPANY****1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated as a private limited company in Malaysia on 29 May 1989 under the name of Saratoga Holdings Sdn Bhd. We subsequently changed our name to Tiong Nam Transport Holdings Sdn Bhd on 8 March 1990, converted into a public limited company on 6 June 1991 and change our name to our present name. We were listed on 2 January 1992 on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") and were transferred to the Main Board of the KLSE on 16 November 1995 (now known as Main Market of Bursa Securities).

We are an investment holding company. Through our subsidiary companies, we are principally involved in transportation, warehousing and related services, property investment, property development, property letting, trading of diesel and petrol, provision of courier and related services, letting of forklift and trucks as well as management of cold room storage and distribution services.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	<b>No. of Shares</b>	<b>Par value RM</b>	<b>Total RM</b>
Authorised	200,000,000	1.00	200,000,000
Issued and paid-up	84,103,400	1.00	84,103,400

They have been no changes in our issued and paid-up share capital for the past three (3) years preceding the LPD.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the register of substantial shareholders of our Company, the shareholdings of our substantial shareholders as at the LPD and after the Share Split and the Rights Issue of Warrants are set out below:-

Scenario 1 – Assuming all shareholders subscribe for their respective entitlement under the Rights Issue of Warrants

Substantial shareholders	Shareholdings as at the LPD				Proforma I After the Share Split and the Rights Issue of Warrants				Proforma II After Proforma I and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
TNTT Realty Sdn Bhd	20,504,200	24.38	-	-	102,521,000	24.38	-	-	153,781,500	24.38	-	-
Ong Yoong Nyock	12,911,800	15.35	<sup>(1)</sup> 25,293,500	30.07	64,559,000	15.35	<sup>(1)</sup> 126,467,500	30.07	96,838,500	15.35	<sup>(1)</sup> 189,701,250	30.07
Yong Kwee Lian	960,000	1.14	<sup>(2)</sup> 37,245,300	44.29	4,800,000	1.14	<sup>(2)</sup> 186,226,500	44.29	7,200,000	1.14	<sup>(2)</sup> 279,339,750	44.29

Scenario 2 – Assuming all the substantial shareholders subscribe for their respective entitlement and the remaining unsubsribe Warrants that are not taken up by other Entitled Shareholders pursuant to the Entitlement Undertakings and Additional Undertaking as disclosed in **Section 5** of this Abridged Prospectus.

Substantial shareholders	Shareholdings as at the LPD				Proforma I After the Share Split and the Rights Issue of Warrants				Proforma II After Proforma I and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
TNTT Realty Sdn Bhd	20,504,200	24.38	-	-	102,521,000	24.38	-	-	153,781,500	24.38	-	-
Ong Yoong Nyock	12,911,800	15.35	<sup>(1)</sup> 25,293,500	30.07	64,559,000	15.35	<sup>(1)</sup> 126,467,500	30.07	221,157,000	35.06	<sup>(1)</sup> 189,701,250	30.07
Yong Kwee Lian	960,000	1.14	<sup>(2)</sup> 37,245,300	44.29	4,800,000	1.14	<sup>(2)</sup> 186,226,500	44.29	7,200,000	1.14	<sup>(2)</sup> 403,658,250	63.99

**Notes:-**

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in TNTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of his spouse, Madam Yong Kwee Lian.

<sup>(2)</sup> Deemed interested by virtue of her substantial shareholdings in TNTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of her spouse, Mr. Ong Yoong Nyock.

**4. DIRECTORS**

The particulars of our Directors as at the LPD are set out below:-

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>	<b>Designation</b>
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	2 Jalan 5/149K Bandar Baru Sri Petaling 57000 Kuala Lumpur	64	Malaysian	Company Director	Independent Non-Executive Chairman
Ong Yoong Nyock	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	61	Malaysian	Company Director	Non- Independent Managing Director
Yong Kwee Lian	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	62	Malaysian	Company Director	Non- Independent Executive Director
Ong Wei Kuan	47 Bukit Kesenangan Jalan Abdul Samad 80100 Johor Bahru Johor	33	Malaysian	Company Director	Non- Independent Executive Director
Chang Chu Shien	22 Jalan Bulat Taman Century 80250 Johor Bahru Johor	62	Malaysian	Company Director	Non- Independent Non-Executive Director
Ong Eng Teck @ Ong Eng Fatt	32, Jalan Ros Merah 3/2 Taman Johor Jaya 81100 Johor Bahru Johor	66	Malaysian	Company Director	Non- Independent Non-Executive Director
Yong Seng Huat	No.2, Jalan Keruing 19 Taman Bukit Rinting 81750 Masai Johor	53	Malaysian	Company Director	Non- Independent Non-Executive Director
Ling Cheng Fah @ Ling Cheng Ming	15, Jalan Sederhana Serene Park 80300 Johor Bahru Johor	64	Malaysian	Company Director	Independent Non-Executive Director
Dr. Sia Teck Chin	No. 16F Jalan Kemaman Kampung Tarom 80100 Johor Bahru Johor	52	Malaysian	Doctor	Independent Non-Executive Director

## APPENDIX II

The shareholdings of our Directors as at the LPD and after the Rights Issue of Warrants are set out below:-

Scenario 1- Assuming all shareholders subscribe for their respective entitlement under the Rights Issue of Warrants

Directors	Shareholdings as at the LPD				Proforma I After the Share Split and the Rights Issue of Warrants				Proforma II After Proforma I and assuming full exercise of the Warrants			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	250,000	0.30	-	-	1,250,000	0.30	-	-	1,875,000	0.30	-	-
Ong Yoong Nyock	12,911,800	15.35	<sup>(1)</sup> 25,293,500	30.07	64,559,000	15.35	<sup>(1)</sup> 126,467,500	30.07	96,838,500	15.35	<sup>(1)</sup> 189,701,250	30.07
Yong Kwee Lian	960,000	1.14	<sup>(2)</sup> 37,245,300	44.29	4,800,000	1.14	<sup>(2)</sup> 186,226,500	44.29	7,200,000	1.14	<sup>(2)</sup> 279,339,750	44.29
Chang Chu Shien	118,000	0.14	-	-	590,000	0.14	-	-	885,000	0.14	-	-
Ling Cheng Fah @ Ling Cheng Ming	15,000	0.02	<sup>(3)</sup> 5,000	0.01	75,000	0.02	<sup>(3)</sup> 25,000	0.01	112,500	0.02	<sup>(3)</sup> 37,500	-*
Dr. Sia Teck Chin	389,000	0.46	-	-	1,945,000	0.46	-	-	2,917,500	0.46	-	-

**Notes:-**

\* Negligible.

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in TNTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of his spouse, Madam Yong Kwee Lian.

<sup>(2)</sup> Deemed interested by virtue of her substantial shareholdings in TNTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of her spouse, Mr. Ong Yoong Nyock.

<sup>(3)</sup> Deemed interested by virtue of the shareholdings of his spouse, Madam Tan Kwi Ying.

## APPENDIX II

Scenario 2 - Assuming all the substantial shareholders subscribe for their respective entitlement and the remaining unsubscribe Warrants that are not taken up by other Entitled Shareholders pursuant to the Entitlement Undertakings and Additional Undertaking as disclosed in Section 5 of this Abridged Prospectus.

Directors	Shareholdings as at the LPD				Proforma I After the Share Split and the Rights Issue of Warrants				Proforma II After Proforma I and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Fu Ah Kioo @ Oh (Fu) Soon Guan	250,000	0.30	-	-	1,250,000	0.30	-	-	1,250,000	0.20	-	-
Ong Yoong Nyock	12,911,800	15.35	<sup>(1)</sup> 25,293,500	30.07	64,559,000	15.35	<sup>(1)</sup> 126,467,500	30.07	221,157,000	35.06	<sup>(1)</sup> 189,701,250	30.07
Yong Kwee Lian	960,000	1.14	<sup>(2)</sup> 37,245,300	44.29	4,800,000	1.14	<sup>(2)</sup> 186,226,500	44.29	7,200,000	1.14	<sup>(2)</sup> 403,658,250	63.99
Chang Chu Shien	118,000	0.14	-	-	590,000	0.14	-	-	590,000	0.09	-	-
Ling Cheng Fah @ Ling Cheng Ming	15,000	0.02	<sup>(3)</sup> 5,000	0.01	75,000	0.02	<sup>(3)</sup> 25,000	0.01	75,000	0.01	<sup>(3)</sup> 25,000	0.01
Dr. Sia Teck Chin	389,000	0.46	-	-	1,945,000	0.46	-	-	1,945,000	0.31	-	-

## Notes:-

- \* Negligible
- <sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in TMTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of his spouse, Madam Yong Kwee Lian.
- <sup>(2)</sup> Deemed interested by virtue of her substantial shareholdings in TMTT Realty Sdn Bhd and Renitrans Sdn Bhd, and the shareholdings of her spouse, Mr. Ong Yoong Nyock.
- <sup>(3)</sup> Deemed interested by virtue of the shareholdings of his spouse, Madam Tan Kwi Ying.

## 5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
Anugerah Sensasi Sdn Bhd	25.05.1993 Malaysia	100,000	100	Property development (Property investment holding)
Belaian Pinang Sdn Bhd	11.03.1994 Malaysia	50,000	100	Transportation services
Dragon 2012 Sdn Bhd	03.02.2012 Malaysia	250,000	100	Property development
Fair Vista Sdn Bhd	05.07.1996 Malaysia	500,000	90	Property letting and property development
Far East West Lands Sdn Bhd	11.04.1994 Malaysia	100,000	100	Transportation services
Front Field Sdn Bhd	30.06.1993 Malaysia	50,000	100	Transportation services
G-Force Logistics Solutions Sdn Bhd (Formerly known as Excellent Castle Sdn Bhd)	04.04.2013 Malaysia	5,000,000	100	Provision of total logistic services, transportation, general and bonded warehouse facilities, coldroom facilities, container facilities, container haulage services, forwarding, project cargoes
Japan Original Electric (M) Sdn Bhd	30.11.1989 Malaysia	500,000	51	Property development
Jelas Bagus Sdn Bhd	10.06.1994 Malaysia	50,000	100	Transportation and related services
Medini Heritage Sdn Bhd	03.07.2013 Malaysia	2	100	Dormant
Melatrans Sdn Bhd	06.06.1996 Malaysia	100,000	100	Dormant
Pacific Transport Sdn Bhd	30.09.1980 Malaysia	100,000	100	Property letting and trading of diesel and petrol
Pengangkutan Enepec Sdn Bhd	15.03.1990 Malaysia	100,002	100	Transportation services
Semangat Angkut Sdn Bhd	06.10.1980 Malaysia	100,000	100	Transportation services
Terminal Perintis Sdn Bhd	04.08.2010 Malaysia	5,000,000	100	Property development
Tiong Nam Allied Container Depot Services Sdn Bhd	11.03.1996 Malaysia	500,000	100	Storage and management of empty containers

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
Tiong Nam Coldroom & Distribution Centre Sdn Bhd	23.10.2003 Malaysia	2	100	Management of cold room storage and distribution services
Tiong Nam Heavy Transport & Lifting Sdn Bhd	07.08.1991 Malaysia	150,000	100	Transportation and related services
Tiong Nam Logistics (S) Pte Ltd	25.06.2002 Singapore	SGD 300,000	100	Transportation and warehousing services
Tiong Nam Logistics Sdn Bhd	14.10.1999 Malaysia	500,000	100	Transportation, warehousing and related services and property development
Tiong Nam Logistics Solutions Sdn Bhd	19.12.1978 Malaysia	1,000,000	100	Transportation, warehousing and related services and property investment
Tiong Nam Resources Sdn Bhd	24.11.2004 Malaysia	50,000	60	General sales agent for air, land and sea logistics activities
Tiong Nam Truck Rental Services Sdn Bhd	18.12.1993 Malaysia	100,000	100	Letting of forklifts and trucks
TNTT Packages Express Pte Ltd	18.09.2007 Singapore	SGD 5,000	90	Provision of courier and related services
TNTT Packages Express Sdn Bhd	23.11.2000 Malaysia	100,000	60	Provision of transport and distribution services (Provision of courier & related services)

As at the LPD, our associate companies are set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
Bechtrans International (S) Pte Ltd	25.07.1992 Singapore	SGD 380,000	26	Air and sea freight transport agencies
Complete Bayview Sdn Bhd	14.05.2010 Malaysia	12,000,000	40	Property Development



## 6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to FYE 31 March 2013 and unaudited six (6) months consolidated financial statements for the FPE 30 September 2013:-

	← Audited →			Unaudited
	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.3.2012 RM'000	1.4.2012 to 31.3.2013 RM'000	1.4.2013 to 30.9.2013 RM'000
<b>Revenue</b>				
Services rendered	253,325	248,377	250,808	135,744
Rental income	34,490	48,513	57,192	27,295
Property development	-	-	26,066	91,349
Dividend income	468	526	350	174
Interest income	4,753	5,247	5,600	2,989
	293,036	302,663	340,016	257,551
Cost of services	(260,617)	(266,219)	(262,179)	(196,415)
Cost of properties sold	-	-	(15,474)	-
	(260,617)	(266,219)	(277,653)	(196,415)
<b>Gross profit</b>	<b>32,419</b>	<b>36,444</b>	<b>62,363</b>	<b>61,136</b>
Other income	43,409	12,309	10,184	7,706
Distribution expenses	(458)	(550)	(218)	-
Administrative expenses	(28,915)	(31,391)	(30,207)	(17,139)
Other expenses	(7,888)	(3,783)	(1,916)	(1,156)
<b>Results from operating activities</b>	<b>38,567</b>	<b>13,029</b>	<b>40,206</b>	<b>50,547</b>
Finance income	13	32	148	532
Finance costs	(8,761)	(9,799)	(11,868)	(6,178)
Net finance costs	(6,748)	(9,767)	(11,720)	5,646
<b>Operating profit</b>	<b>31,819</b>	<b>3,262</b>	<b>28,486</b>	<b>44,901</b>
Share of profit / loss after tax in a jointly controlled entity	2	(133)	(218)	1,596
Share of profit after tax in associates	-	1	1,114	-
<b>PBT</b>	<b>31,821</b>	<b>3,130</b>	<b>29,382</b>	<b>46,497</b>
Tax expense	(3,032)	(1,541)	(7,588)	(11,880)
<b>PAT</b>	<b>28,789</b>	<b>1,589</b>	<b>21,794</b>	<b>34,617</b>
<b>Other comprehensive Income, net of tax</b>				
Revaluation reserves	52,298	-	-	-
Foreign currency translation difference for foreign operations	(103)	(33)	6	-
<b>Total comprehensive Income for the year</b>	<b>80,984</b>	<b>1,556</b>	<b>21,800</b>	<b>34,617</b>
<b>Profit attributable to:-</b>				
Owners of the Company	28,388	1,071	17,345	27,102
Non-controlling interests	401	518	4,449	7,515
<b>PAT</b>	<b>28,789</b>	<b>1,589</b>	<b>21,794</b>	<b>34,617</b>

## APPENDIX II

Earnings before interests, taxes, depreciation and amortisation	46,484	22,262	50,783	56,884
Weighted average number of Shares in issue	84,103,400	84,103,400	84,103,400	84,103,400
Gross profit margin (%)	11.06	12.04	18.34	23.74
PBT margin (%)	10.86	1.03	8.64	18.05
Net profit margin (%)	9.82	0.53	6.41	13.44
Basic and diluted EPS (sen) <sup>(1)</sup>	33.75	1.27	20.62	32.22

**Notes:-**

<sup>(1)</sup> Computed by dividing the PAT attributable to our shareholders by the weighted average number of Shares in issue

**Commentary on past performance:-****Unaudited six (6) months FPE 30 September 2013**

For the first half FPE 30 September 2013 ("1H2013"), Our Group recorded higher revenue of RM257.6 million, representing an increase of 63.1% as compared to RM158.0 million for the preceding year corresponding period. The increase in revenue was mainly contributed from our Property Development ("PD") segment whereby our Group recognised PD revenue of RM91.4 million in the 1H2013 as compared to no PD revenue recognised in the preceding year corresponding period.

Our Group posted PBT of RM44.9 million in the 1H2013, a significant increase of RM35.6 million from the FPE 30 September 2012 of RM9.3 million. The improvement was mainly due to the recognition of profit for PD projects, gain on disposal of quoted share investments, fair value gain on quoted share investments, improvement on operation efficiency, diligent cost controls, increased in freight rates, rental rates as well as higher occupancy rate of warehouses.

**FYE 31 March 2013**

For the FYE 31 March 2013, our Group recorded higher revenue of approximately RM340.0 million, representing an increase of approximately 12.3% as compared to the revenue recorded in the previous financial year of approximately RM302.7 million. The increase in revenue was mainly attributed to the PD segment whereby our Group has started recognising revenue amounting to RM26 million from its industrial building/ warehouse projects in Shah Alam.

Consequently, our Group recorded higher PBT of approximately RM29.4 million, an increase of RM26.3 million or 848.3% from the FYE 31 March 2012 of RM3.1 million. This substantial improvement is mainly due to improvements in operation efficiency, diligent cost controls, increase in freight rates, rental rates, higher occupancy rate of warehouse and the recognition of profit generated from the PD segment.

**FYE 31 March 2012**

For the FYE 31 March 2012, our Group recorded higher revenue of approximately RM302.7 million, representing an increase of approximately 3.3% as compared to the revenue recorded in the previous FYE 31 March 2011 of approximately RM293.0 million.

Despite the increase in revenue, our Group's PBT for FYE 31 March 2012 was reduced to RM3.1 million, a reduction of RM28.7 million or 90% lower than the previous year of RM31.8 million. The PBT for the FYE 31 March 2012 includes the increase in fair value of investment properties amounting to RM4.2 million and fair value loss on quoted investment amounting to RM3.5 million, whereas the PBT for the FYE 31 March 2011 includes RM31.2 million increase in fair value of investment properties, RM5.4 million revaluation deficit of property, plant and equipment and RM0.7 million fair value gain on quoted investment. On a comparative basis (i.e. excluding the fair value adjustments), our Group recorded an operating profit of RM2.4 million as compared to RM5.3 million in FYE 2011. The lower PBT was due to lower margin in our Group's transportation segment which was caused by the overall increase in operating costs which includes costs pertaining to fuel, custom forwarding, haulage and manpower.

**FYE 31 March 2011**

For the FYE 31 March 2011, our Group recorded higher revenue of approximately RM293.0 million, representing an increase of approximately 7.6% as compared to the revenue reported in the previous financial year of approximately RM272.3 million.

Consequently, our Group recorded higher PBT of approximately RM31.8 million in FYE 31 March 2011 as compared to RM14.1 million in the FYE 31 March 2010 which is primarily attributed by an increase in fair value of investment properties amounting to RM31.2 million and revaluation deficit of property, plant and equipment of RM5.4 million in the financial year. Without the aforementioned adjustment in fair value and revaluation deficit, the PBT for FYE 31 March 2011 would be RM6.0 million.

**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of shares in TNLH as traded on Bursa Securities for the past twelve (12) months are set out below -

	High RM	Low RM
<b>2012</b>		
November	1.38	1.17
December	2.04	1.38
<b>2013</b>		
January	2.80	1.74
February	2.30	1.81
March	2.42	2.03
April	2.62	2.28
May	2.73	2.26
June	3.47	2.46
July	4.41	3.10
August	4.80	3.38
September	4.82	4.00
October	4.87	4.31
Last transacted market price on 17 September 2013 (being the date prior to the announcement of the Proposals)		4.35
Last transacted market price on 28 November 2013 (being the date prior to the ex date for the Rights Issue of Warrants and the latest practicable date prior to the issuance of this Abridged Prospectus)		6.00

(Source: Bloomberg)

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON**



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 14, Menara Ansar  
85, Jalan Trus  
80000 Johor Bahru, Malaysia

Telephone +60 (7) 224 2870  
Fax +60 (7) 224 8055  
Internet www.kpmg.com.my

The Board of Directors  
Tiong Nam Logistics Holdings Berhad  
Lot 30462 Jalan Kempas Baru  
81200 Johor Bahru  
Johor

19 November 2013

Dear Sirs

**Tiong Nam Logistics Holdings Berhad ("TNLH")**  
**Reporting accountants' letter on the Compilation of Pro forma Consolidated Statements of Financial Position for inclusion in the Abridged Prospectus for the renounceable rights issue of 210,258,500 warrants at an issue price of RM0.20 per warrant, on the basis of one (1) warrant for every two (2) ordinary shares of RM0.20 each in TNLH held after the Share Split ("the Proposal")**

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Tiong Nam Logistics Holdings Berhad ("TNLH" or "the Company") and its subsidiaries ("TNLH Group") by the Board of Directors of the Company, which we have stamped for the purpose of identification. The pro forma consolidated financial information consists of the pro forma consolidated statements of financial position as at 31 March 2013 as set out in Appendix A and the applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma financial information are described in the notes as set out in Appendix B.

The pro forma consolidated financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes in Appendix B to the pro forma consolidated financial information on TNLH Group's financial position as at 31 March 2013 as if the events or transactions had taken place at 31 March 2013. As part of this process, information about the TNLH Group's financial position has been extracted by the Board of Directors of the Company from the financial statements of TNLH Group for the year ended 31 March 2013, on which audit report has been published.

**Board of Directors' responsibility for the Pro forma Consolidated Financial Information**

The Board of Directors of the Company is responsible for compiling the pro forma consolidated financial information based on the basis as set out in the notes in Appendix B to the pro forma consolidated financial information.

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**

*Tiong Nam Logistics Holdings Berhad*  
*Reporting accountants' letter on the Compilation of Pro forma*  
*Consolidated Statements of Financial Position for inclusion in the*  
*Abridged Prospectus*

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes in Appendix B to the pro forma consolidated financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro forma Consolidated Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated financial information on the basis set out in the notes in Appendix B to the pro forma consolidated financial information.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions made by us on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of pro forma consolidated financial information is solely to illustrate the impact of any significant events or transactions on unadjusted financial information of TNLH Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions, when they occur, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- a) The related pro forma adjustments give appropriate effect to those criteria; and
- b) The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of TNLH Group, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)



*Tiong Nam Logistics Holdings Berhad  
Reporting accountants' letter on the Compilation of Pro forma  
Consolidated Statements of Financial Position for inclusion in the  
Abridged Prospectus*

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion,


- the pro forma consolidated financial information has been properly compiled, in all material respects, on the basis stated in the notes in Appendix B to the pro forma consolidated financial information using the financial statements prepared in accordance with Financial Reporting Standards;
- such basis is consistent with both the format of the financial statements and the accounting policies of TNLH Group; and
- each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purpose of preparing the pro forma consolidated financial information.

**Other Matters**

The pro forma consolidated financial information has been prepared for inclusion in the Abridged Prospectus in connection with the Proposal and should not be relied upon for any other purposes.

Yours faithfully

  
KPMG  
Firm Number: AF 0758  
Chartered Accountants

  
Wee Beng Chuan  
Approval Number: 2677/12/14 (J)  
Chartered Accountant



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**

**Tiong Nam Logistics Holdings Berhad**  
(Incorporated in Malaysia)

## Appendix A

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 OF TNLH GROUP IN RELATION TO THE RIGHTS ISSUE OF WARRANTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

The Pro forma Consolidated Statements of Financial Position of Tiong Nam Logistics Holdings Berhad ("TNLH" or "the Company") and its subsidiaries ("TNLH Group") as at 31 March 2013 as set out below, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 31 March 2013 and the Proposal described in the Notes to the Pro forma Consolidated Statements of Financial Position has been effected on that date, and should be read in conjunction with the Notes to the Pro forma Consolidated Statements of Financial Position.

	<b>Audited Consolidated Statement of Financial Position as at 31 March 2013 RM'000</b>	<b>Pro forma I After the Share Split and the Rights Issue of Warrants* RM'000</b>	<b>Pro forma II After Pro forma I and assuming full exercise of the warrants RM'000</b>
<b>Assets</b>			
Property, plant and equipment	324,078	324,078	324,078
Investment properties	59,147	59,147	59,147
Prepaid lease payments	1,397	1,397	1,397
Investments in associates	6,078	6,078	6,078
Investment in a jointly controlled entity	1,278	1,278	1,278
Other investments	82,296	82,296	82,296
<b>Total non-current assets</b>	<b>474,274</b>	<b>474,274</b>	<b>474,274</b>
Other investments	11,423	11,423	11,423
Inventories	2,064	2,064	2,064
Property development projects	139,798	139,798	139,798
Trade and other receivables	160,246	160,246	160,246
Tax recoverable	1,381	1,381	1,381
Cash and cash equivalents	20,619	62,171	272,430
<b>Total current assets</b>	<b>335,531</b>	<b>377,083</b>	<b>587,342</b>
<b>Total assets</b>	<b>809,805</b>	<b>851,357</b>	<b>1,061,616</b>
<b>Equity</b>			
Share capital	84,103	84,103	126,155
Share premium	5,435	5,435	215,194
Revaluation reserve	51,638	51,638	51,638
Exchange fluctuation reserve	(249)	(249)	(249)
Retained earnings	149,883	149,883	149,883
Warrant reserve	--	41,552	--
<b>Total equity attributable to owners of the Company</b>	<b>290,810</b>	<b>332,362</b>	<b>542,621</b>
<b>Non-controlling interests</b>	<b>7,361</b>	<b>7,361</b>	<b>7,361</b>
<b>Total equity</b>	<b>298,171</b>	<b>339,723</b>	<b>549,982</b>

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**  
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013 OF TNLH GROUP IN RELATION TO THE RIGHTS ISSUE OF WARRANTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONTINUED)**

	Audited Consolidated Statement of Financial Position as at 31 March 2013 RM'000	Pro forma I After the Share Split and the Rights Issue of Warrants* RM'000	Pro forma II After Pro forma I and assuming full exercise of the warrants RM'000
<b>Liabilities</b>			
Deferred tax liabilities	21,775	21,775	21,775
Other payables	7,114	7,114	7,114
Deferred income	5,671	5,671	5,671
Loans and borrowings	191,270	191,270	191,270
<b>Total non-current liabilities</b>	<b>225,830</b>	<b>225,830</b>	<b>225,830</b>
Trade and other payables	150,690	150,690	150,690
Deferred income	1,890	1,890	1,890
Loans and borrowings	129,704	129,704	129,704
Taxation	3,520	3,520	3,520
<b>Total current liabilities</b>	<b>285,804</b>	<b>285,804</b>	<b>285,804</b>
<b>Total liabilities</b>	<b>511,634</b>	<b>511,634</b>	<b>511,634</b>
<b>Total equity and liabilities</b>	<b>809,805</b>	<b>851,357</b>	<b>1,061,616</b>
No. of shares ('000)	84,103	420,517*	630,776*
Par value (RM)	1.00	0.20	0.20
NA per share (RM) <sup>(1)</sup>	3.46	0.79*	0.86*
Total borrowings	320,974	320,974	320,974
Gearing (times) <sup>(2)</sup>	1.08	0.94	0.58

Note:

\* Based on ordinary share of RM0.20 each after the share split of every RM1.00 each share into five (5) shares of RM0.20 each.

(1) NA per share is computed based on total equity attributable to owners of the Company divided by the total number of shares.

(2) Gearing (times) is computed based on total borrowings divided by total equity.

Stamped For Identification  
Purposes Only  
KPMG



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**  
(Incorporated in Malaysia)

## Appendix B

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013**

**1. Basis of preparation**

The Pro forma Consolidated Statements of Financial Position as at 31 March 2013 as illustrated in Appendix A for which the Directors of Tiong Nam Logistics Holdings Berhad are solely responsible, have been prepared for illustrative purposes only, for inclusion in the Abridged Prospectus in connection with the renounceable rights issue of 210,258,500 warrants at an issue price of RM0.20 per warrant, on the basis of one (1) warrant for every two (2) ordinary shares of RM0.20 each in TNLH held after the Share Split ("the Proposal").

The Pro forma Consolidated Statements of Financial Position illustrated the effect of the above Proposal on the assumption that they had been implemented and completed on 31 March 2013. The Pro forma Consolidated Statements of Financial Position of TNLH have been properly prepared using the audited financial statements of TNLH for the financial year ended 31 March 2013 which was prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of TNLH.

Furthermore, such financial information does not purport to predict the future financial position of TNLH.

**2. Pro forma I**

Pro forma I incorporates effect of the rights issue of 210,258,500 warrants on the basis of one (1) warrant for every two (2) ordinary shares held at an issue price of RM0.20 per warrant.

The proceeds from the rights issue of warrants will be utilized in the following manner:

	<b>RM'000</b>
Working capital	41,552
Estimated expenses in relation to the Proposal	500
	<u>42,052</u>

The estimated expenses in relation to the Proposal will be set off against warrant reserve.

Stamped For Identification  
Purposes Only  
KPMG

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**  
(Incorporated in Malaysia)

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS AT 31 MARCH 2013  
(CONTINUED)**

**3. Pro forma II**

Pro forma II incorporates effect of the cumulative effects of Pro forma I and full exercise of warrants at the exercise price of RM1.00 each.

The full exercise of 210,258,500 warrants will have the following impact on the Pro forma Consolidated Statements of Financial Position of TNLH Group:

	<b>Total Assets RM'000</b>	<b>Total Equity and Liabilities RM'000</b>
Cash and bank balances	210,259	--
Share capital	--	42,052
Share premium	--	209,759
Warrant reserve	--	(41,552)
	<u>210,259</u>	<u>210,259</u>

Stamped For Identification  
Purposes Only  
KPMG

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

**Tiong Nam Logistics Holdings Berhad**  
(Company No. 182485-V)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the  
year ended 31 March 2013**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)  
(Incorporated in Malaysia)

**and its subsidiaries**

**Directors' Report  
For the year ended 31 March 2013**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

**Principal activities**

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

**Results**

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	17,345	7,280
Non-controlling interests	4,449	--
	<u>21,794</u>	<u>7,280</u>

**Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

**Dividends**

Since the end of the previous financial year, the Company paid a final dividend of 7 sen per ordinary share less tax at 25% totalling RM4,415,429 (5.25 sen net per ordinary share) in respect of the year ended 31 March 2012 on 24 October 2012.

The Directors recommended a final dividend of 12 sen per ordinary share less tax at 25% totalling RM7,569,313 (9 sen net per ordinary share) in respect of the year ended 31 March 2013 subject to the approval of the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained profits in the year ending 31 March 2014.

**Directors of the Company**

Directors who served since the date of the last report are:

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan  
Mr. Ong Yoong Nyock  
Mdm. Yong Kwee Lian  
Mr. Ong Eng Teck @ Ong Eng Fatt  
Mr. Yong Seng Huat  
Mr. Ling Cheng Fah @ Ling Cheng Ming  
Mr. Chang Chu Shien  
Dr. Sia Teck Chin  
Mr. Ong Wei Kuan  
Dr. Ngo Get Ping (resigned on 31 March 2013)

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Directors' interests in shares**

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	Number of ordinary shares of RM1.00 each			At 31 March 2013 '000
	At 1 April 2012 '000	Bought '000	Sold '000	
<b>Company</b>				
<i>Direct interest</i>				
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	--	300	--	300
Mr. Ong Yoong Nyock	12,817	95	--	12,912
Mdm. Yong Kwee Lian	160	--	--	160
Mr. Chang Chu Shien	64	12	--	76
Mr. Ling Cheng Fah @ Ling Cheng Ming	15	--	--	15
Dr. Sia Teck Chin	351	28	--	379
<i>Deemed interest</i>				
Mr. Ong Yoong Nyock	24,493	--	--	24,493
Mdm. Yong Kwee Lian	37,150	95	--	37,245
Mr. Ling Cheng Fah @ Ling Cheng Ming	3	--	--	3
Mr. Yong Seng Huat	2	--	--	2
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
<b>Subsidiaries</b>				
- TNTT Packages Express Sdn. Bhd.	60	--	--	60
- Tiong Nam Resources Sdn. Bhd.	30	--	--	30
- Japan Original Electric (M) Sdn. Bhd.	255	--	--	255
- Fair Vista Sdn. Bhd.	325	125	--	450

Name of Directors	Number of ordinary shares			At 31 March 2013
	At 1 April 2012	Bought	Sold	
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
<b>Subsidiary</b>				
- TNTT Packages Express Pte. Ltd.	4,500	--	--	4,500

Mr. Ong Yoong Nyock's deemed interest represents shares held by his spouse, Mdm. Yong Kwee Lian and in companies in which he and his spouse have substantial financial interests. Mdm. Yong Kwee Lian's deemed interest represents the shares held by her spouse and in companies in which she and her spouse have substantial financial interests.

By virtue of their substantial interests in the shares of the Company, Mr. Ong Yoong Nyock and Mdm. Yong Kwee Lian are deemed to have interest in the ordinary shares of all the wholly-owned subsidiaries of the Company as disclosed in Note 6 to the financial statements.

None of the other Directors holding office at 31 March 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of certain Directors of the Company who have interests in certain corporations which render transportation, warehousing and related services to and from the subsidiaries in their ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **Issue of shares**

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

### **Other statutory information**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

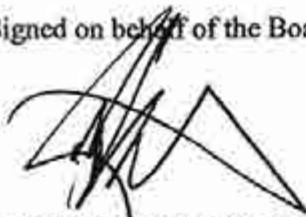
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....  
Ong Yoong Nyock



.....  
Dato' Fu Ah Kow @ Oh (Fu) Soon Guan

Johor Bahru

Date: 28 JUN 2013



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)

(Incorporated in Malaysia)

**and its subsidiaries**

**Statement by Directors pursuant to  
Section 169(15) of the Companies Act, 1965**

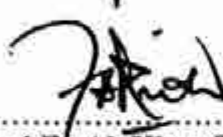
In the opinion of the Directors, the financial statements set out on pages 10 to 73 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 74 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....  
Ong Yoong Nyock



.....  
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan

Johor Bahru

Date: 28 JUN 2013




AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**  
(Company No. 182485-V)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Statutory declaration pursuant to  
Section 169(16) of the Companies Act, 1965**

I, **Law Tik Long**, the officer primarily responsible for the financial management of TIONG NAM LOGISTICS HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 10 to 74 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Johor Bahru in the State of Johor on 28 June 2013

  
.....  
**Law Tik Long**

Before me:

  
No. 7, Tingkat 2  
Bangunan MARA  
Jalan Segget  
80000 Johor Bahru  
Tel: 012-7081578

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

KPMG (Firm No. AF 0756)  
Chartered Accountants  
Level 14, Menara Ansaar  
65, Jalan Trus  
80000 Johor Bahru, Malaysia

Telephone +60 (7) 224 2870  
Fax +60 (7) 224 8055  
Internet [www.kpmg.com.my](http://www.kpmg.com.my)

## **Independent Auditors' Report to the members of Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Tiong Nam Logistics Holdings Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 73.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)***Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 74 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The KPMG logo, consisting of the letters 'KPMG' in a bold, sans-serif font, with a small square icon to the left of the 'K'.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Wee Beng Chuan'.

**Wee Beng Chuan**  
Approval Number: 2677/12/14 (J)  
Chartered Accountant

Johor Bahru

Date: 28 JUN 2013

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

## Tiong Nam Logistics Holdings Berhad

(Company No. 182485-V)

(Incorporated in Malaysia)

### and its subsidiaries

## Statements of financial position

As at 31 March 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Assets</b>					
Property, plant and equipment	3	324,078	259,273	1,046	1,073
Investment properties	4	59,147	69,432	19,859	21,000
Prepaid lease payments	5	1,397	1,566	--	--
Investments in subsidiaries	6	--	--	21,547	11,999
Investments in associates	7	6,078	4,960	4,955	4,955
Investment in a jointly controlled entity	8	1,278	1,496	--	--
Other investments	9	82,296	77,359	82,296	77,359
Deferred tax assets	10	--	2,000	--	--
Other receivables	11	--	--	--	71,909
<b>Total non-current assets</b>		<b>474,274</b>	<b>416,086</b>	<b>129,703</b>	<b>188,295</b>
Other investments	9	11,423	16,489	11,423	16,489
Inventories	12	2,064	459	--	--
Property development projects	13	139,798	91,270	--	--
Trade and other receivables	11	160,246	86,854	500	1,164
Tax recoverable		1,381	1,366	--	--
Cash and cash equivalents	14	20,619	7,069	1,170	163
<b>Total current assets</b>		<b>335,531</b>	<b>203,507</b>	<b>13,093</b>	<b>17,816</b>
<b>Total assets</b>		<b>809,805</b>	<b>619,593</b>	<b>142,796</b>	<b>206,111</b>
<b>Equity</b>					
Share capital	15	84,103	84,103	84,103	84,103
Reserves	15	206,707	193,771	40,358	37,493
<b>Total equity attributable to owners of the Company</b>		<b>290,810</b>	<b>277,874</b>	<b>124,461</b>	<b>121,596</b>
<b>Non-controlling interests</b>		<b>7,361</b>	<b>3,080</b>	<b>--</b>	<b>--</b>
<b>Total equity</b>		<b>298,171</b>	<b>280,954</b>	<b>124,461</b>	<b>121,596</b>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Statements of financial position**  
**As at 31 March 2013**  
 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Liabilities</b>					
Deferred tax liabilities	10	21,775	21,039	5,474	4,291
Other payables	16	7,114	--	10,379	78,999
Deferred income	17	5,671	8,178	--	--
Loans and borrowings	18	191,270	133,681	--	--
<b>Total non-current liabilities</b>		<u>225,830</u>	<u>162,898</u>	<u>15,853</u>	<u>83,290</u>
Trade and other payables	16	150,690	52,314	393	392
Deferred income	17	1,890	2,045	--	--
Loans and borrowings	18	129,704	120,230	1,458	--
Taxation		3,520	1,152	631	833
<b>Total current liabilities</b>		<u>285,804</u>	<u>175,741</u>	<u>2,482</u>	<u>1,225</u>
<b>Total liabilities</b>		<u>511,634</u>	<u>338,639</u>	<u>18,335</u>	<u>84,515</u>
<b>Total equity and liabilities</b>		<u>809,805</u>	<u>619,593</u>	<u>142,796</u>	<u>206,111</u>

The accompanying notes form an integral part of the financial statements.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**(Company No. 182485-V)  
(Incorporated in Malaysia)**and its subsidiaries****Statements of comprehensive income  
For the year ended 31 March 2013**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Revenue</b>					
Services rendered		250,808	248,377	--	--
Rental income		57,192	48,513	--	--
Property development		26,066	--	--	--
Dividend income		350	526	6,335	788
Interest income		5,600	5,247	5,600	8,698
		<u>340,016</u>	<u>302,663</u>	<u>11,935</u>	<u>9,486</u>
Cost of services		(262,179)	(266,219)	(392)	(3,590)
Cost of properties sold		(15,474)	--	--	--
		<u>(277,653)</u>	<u>(266,219)</u>	<u>(392)</u>	<u>(3,590)</u>
<b>Gross profit</b>		62,363	36,444	11,543	5,896
Other income		10,184	12,309	26	2,343
Distribution expenses		(218)	(550)	--	--
Administrative expenses		(30,207)	(31,391)	(795)	(101)
Other expenses		(1,916)	(3,783)	(1,491)	(3,635)
<b>Results from operating activities</b>		<u>40,206</u>	<u>13,029</u>	<u>9,283</u>	<u>4,503</u>
Finance income		148	32	--	--
Finance costs	19	(11,868)	(9,799)	(92)	(19)
<b>Net finance costs</b>		<u>(11,720)</u>	<u>(9,767)</u>	<u>(92)</u>	<u>(19)</u>
<b>Operating profit</b>	20	<u>28,486</u>	<u>3,262</u>	<u>9,191</u>	<u>4,484</u>
Share of loss after tax in a jointly controlled entity	8	(218)	(133)	--	--
Share of profit after tax in associates		1,114	1	--	--
<b>Profit before tax</b>		<u>29,382</u>	<u>3,130</u>	<u>9,191</u>	<u>4,484</u>
Tax expense	21	(7,588)	(1,541)	(1,911)	(1,328)
<b>Profit for the year</b>		<u>21,794</u>	<u>1,589</u>	<u>7,280</u>	<u>3,156</u>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation difference for foreign operations		6	(33)	--	--
<b>Total comprehensive income for the year</b>		<u>21,800</u>	<u>1,556</u>	<u>7,280</u>	<u>3,156</u>
<b>Profit attributable to:</b>					
Owners of the Company		17,345	1,071	7,280	3,156
Non-controlling interests		4,449	518	--	--
<b>Profit for the year</b>		<u>21,794</u>	<u>1,589</u>	<u>7,280</u>	<u>3,156</u>
Basic and diluted earnings per ordinary share (sen)	22	<u>20.62</u>	<u>1.27</u>		

The accompanying notes form an integral part of the financial statements.



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**  
(Company No. 182485-V)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Consolidated statement of changes in equity for the year ended 31 March 2013**

Group	Note	Attributable to owners of the Company		Exchange fluctuation reserve RM'000	Distributable		Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000		Revaluation reserve RM'000	Retained earnings RM'000		
<i>At 1 April 2011</i>		84,103	5,435	63,071	128,864	281,251	2,427	283,678
Profit for the year		--	--	--	1,071	1,071	518	1,589
Foreign currency translation difference for foreign operations		--	--	(33)	--	(33)	--	(33)
Total comprehensive income for the year		--	--	--	1,071	1,038	518	1,556
Decrease in Group's interest due to disposal of shares in a subsidiary		--	--	--	--	--	175	175
Dividends to owners of the Company	23	--	--	--	(4,415)	(4,415)	(40)	(4,455)
<i>At 31 March 2012</i>		84,103	5,435	63,071	125,520	277,874	3,080	280,954
Profit for the year		--	--	--	17,345	17,345	4,449	21,794
Foreign currency translation difference for foreign operations		--	--	--	6	6	--	6
Total comprehensive income for the year		--	--	--	17,345	17,351	4,449	21,800
Increase in Group's interest due to acquisition of shares in a subsidiary		--	--	--	--	--	(128)	(128)
Transfer		--	--	(6,469)	6,469	--	--	--
Realisation of revaluation reserve		--	--	(4,964)	4,964	--	--	--
Dividends to owners of the Company	23	--	--	--	(4,415)	(4,415)	(40)	(4,455)
<i>At 31 March 2013</i>		84,103	5,435	51,638	149,383	290,810	7,361	298,171

The accompanying notes form an integral part of the financial statements.



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)

(Incorporated in Malaysia)

**and its subsidiaries****Statement of changes in equity  
For the year ended 31 March 2013**

	Note	← Attributable to owners of the Company →				Total equity RM'000
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	
<b>Company</b>						
<i>At 1 April 2011</i>		84,103	5,435	104	33,213	122,855
Total comprehensive income for the year		--	--	--	3,156	3,156
Dividends to owners of the Company	23	--	--	--	(4,415)	(4,415)
<i>At 31 March 2012</i>		84,103	5,435	104	31,954	121,596
Total comprehensive income for the year		--	--	--	7,280	7,280
Realisation of revaluation reserve		--	--	(6)	6	--
Dividends to owners of the Company	23	--	--	--	(4,415)	(4,415)
<i>At 31 March 2013</i>		<u>84,103</u>	<u>5,435</u>	<u>98</u>	<u>34,825</u>	<u>124,461</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)

(Incorporated in Malaysia)

**and its subsidiaries**

**Statements of cash flows**

**For the year ended 31 March 2013**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	29,382	3,130	9,191	4,484
Adjustments for:-				
Amortisation of prepaid lease payments	202	198	--	--
Depreciation	10,375	9,035	27	27
Interest expense	11,868	9,799	484	3,609
Loss/(Gain) on disposal of:-				
- quoted investments	(25)	190	(25)	190
- property, plant and equipment	(275)	162	--	--
- properties	(2,662)	(2,045)	--	--
- investment properties	(120)	--	--	--
Changes in fair value of investment properties	(361)	(4,180)	1,141	--
Share of loss in a jointly controlled entity	218	133	--	--
Share of profit in associates	(1,114)	(1)	--	--
Interest income	(5,748)	(5,279)	(5,600)	(8,698)
Impairment loss/(Reversal of impairment) on:-				
- investments in subsidiaries	--	--	--	(1,160)
- receivables	1,560	(1,583)	--	(1,181)
Quoted investments:				
- Fair value loss	350	3,445	350	3,445
- Gross dividends	(350)	(526)	(350)	(526)
Unquoted investments:				
- Gross dividends	--	--	(5,986)	(262)
<b>Operating profit/(loss) before changes in working capital</b>	<b>43,300</b>	<b>12,478</b>	<b>(768)</b>	<b>(72)</b>
Changes in inventories	(1,605)	17	--	--
Changes in trade and other receivables	(74,952)	1,515	664	(666)
Changes in trade and other payables	105,453	2,769	1	(497)
Changes in property development projects	(31,556)	(2,493)	--	--
<b>Cash generated from/(used in) operations</b>	<b>40,640</b>	<b>14,286</b>	<b>(103)</b>	<b>(1,235)</b>
Interest paid	(92)	(19)	(92)	(19)
Tax paid	(2,447)	(2,311)	(245)	(253)
<b>Net cash from/(used in) operating activities</b>	<b>38,101</b>	<b>11,956</b>	<b>(440)</b>	<b>(1,507)</b>

The accompanying notes form an integral part of the financial statements.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Statements of cash flows**  
**For the year ended 31 March 2013**  
 (continued)

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>					
Acquisition of:-					
- property, plant and equipment	24	(87,947)	(46,340)	--	--
- investment properties		--	(9,811)	--	--
Proceeds from disposal of:-					
- quoted investments		8,070	5,814	8,070	5,814
- property, plant and equipment		2,950	395	--	--
- investment properties		6,846	--	--	--
- subsidiary		--	175	--	175
Investment in:					
- a subsidiary		(128)	--	(9,548)	--
- quoted investments		(3,185)	(6,713)	(3,185)	(6,713)
- unquoted investment		(144)	--	(144)	--
Interest received		811	695	663	4,114
Interest paid		--	--	(392)	(3,590)
Dividend received		298	408	5,651	408
Changes in amount due from subsidiaries		--	--	3,289	5,614
<b>Net cash (used in)/from investing activities</b>		<b>(72,429)</b>	<b>(55,377)</b>	<b>4,404</b>	<b>5,822</b>
<b>Cash flows from financing activities</b>					
Drawdown of term loans		88,861	37,820	--	--
(Repayment of)/Proceeds from:					
- term loans		(23,471)	(13,289)	--	--
- finance lease liabilities		(489)	(251)	--	--
- short term borrowings		1,448	32,767	1,458	--
Interest paid		(14,456)	(11,200)	--	--
Dividend paid to owners of the Company		(4,415)	(4,415)	(4,415)	(4,415)
(Increase)/Decrease in pledged deposits with a licensed bank		(105)	67	--	--
Dividend paid to non-controlling interests of the subsidiary		(40)	(40)	--	--
<b>Net cash from/(used in) financing activities</b>		<b>47,333</b>	<b>41,459</b>	<b>(2,957)</b>	<b>(4,415)</b>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Statements of cash flows**  
**For the year ended 31 March 2013**  
 (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Exchange differences on translation of the financial statements of foreign subsidiaries	6	(33)	--	--
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,011</b>	<b>(1,995)</b>	<b>1,007</b>	<b>(100)</b>
<b>Cash and cash equivalents at 1 April</b>	<b>240</b>	<b>2,235</b>	<b>163</b>	<b>263</b>
<b>Cash and cash equivalents at 31 March</b>	<b>13,251</b>	<b>240</b>	<b>1,170</b>	<b>163</b>
Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:				
Cash and bank balances	6,293	4,626	1,170	163
Fixed deposits with licensed banks	12,205	1,402	--	--
Short term deposits with licensed banks	2,121	1,041	--	--
Bank overdrafts	(6,439)	(6,005)	--	--
	14,180	1,064	1,170	163
Less: Deposits pledged	(929)	(824)	--	--
	13,251	240	1,170	163

The accompanying notes form an integral part of the financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Tiong Nam Logistics Holdings Berhad**

(Company No. 182485-V)

(Incorporated in Malaysia)

**and its subsidiaries**

**Notes to the financial statements**

Tiong Nam Logistics Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office/principal place of business of the Company is as follows:

**Registered office/Principal place of business**

Lot 30462  
Jalan Kempas Baru  
81200 Johor Bahru  
Johor  
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 March 2013 do not include other entities/include a jointly controlled operation.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 28 JUN 2013.

**1. Basis of preparation**

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and by the Company:

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012*

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013*

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**(a) Statement of compliance (continued)**

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)*

- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014*

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015*

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial year when the above standards, amendments and interpretations become effective.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(a) Statement of compliance (continued)**

The other standards, amendments, interpretations and improvements are either not applicable or are not expected to have any material impact on the financial statements of the Group and of the Company.

The Group's and the Company's financial statements for annual period beginning on 1 April 2014 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) issued by MASB and International Financial Reporting Standards (IFRS). As a result, the Group and the Company will not be adopting FRSSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 April 2014 and 1 April 2015.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Valuation of property, plant and equipment
- Note 4 - Valuation of investment properties
- Note 10 - Deferred tax assets/liabilities
- Note 11 - Impairment loss on receivables
- Note 13 - Revenue recognition on property development



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**2. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities unless otherwise stated.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

**(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

***Acquisitions on or after 1 April 2011***

For acquisitions on or after 1 April 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**(a) Basis of consolidation (continued)****(ii) Business combinations (continued)**

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

***Acquisitions between 1 April 2006 and 1 April 2011***

For acquisitions between 1 April 2006 and 1 April 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

***Acquisitions prior to 1 April 2006***

For acquisitions prior to 1 April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

**(iii) Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**(iv) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**(a) Basis of consolidation (continued)****(v) Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

**(vi) Jointly-controlled operations and assets**

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

***Jointly-controlled entities***

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale or distribution.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(a) Basis of consolidation (continued)****(vii) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(viii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

**(c) Financial instruments****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets***

**(a) *Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(b) *Held-to-maturity investments***

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

**(c) *Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

**(d) *Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**(c) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement (continued)**

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

**(iv) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(c) Financial instruments (continued)****(v) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(d) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**(d) Property, plant and equipment (continued)**

**(i) Recognition and measurement (continued)**

*Property, plant and equipment under the revaluation model*

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

**(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Leasehold land is amortised in equal instalments over the remaining leasehold periods of 44 and 81 years. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

The estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	10 years
Equipment, furniture and fittings	5 - 20 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(e) Leased assets****(i) Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

**(ii) Operating leases**

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

**(f) Investment property****(i) Investment property carried at fair value**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**(f) Investment property (continued)**

**(i) Investment property carried at fair value (continued)**

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

**(ii) Reclassification to / from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

**(iii) Determination of fair value**

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(f) Investment property (continued)****(iii) Determination of fair value (continued)**

When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

**(g) Property development projects**

Property development projects consist of land held for future development and current development expenditure which comprise construction and other related development costs including borrowings costs, is stated at cost less any accumulated impairment losses.

The Company considers as current asset that proportion of property development projects on which sales have been launched and/or the project is expected to be completed within the normal operating cycle of two to three years. Cost of property development projects classified as current assets are stated at the lower of cost and net realisable value.

When the outcome of a property development project cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on a property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Accrued billings represent the excess of property development revenue recognised in profit or loss over billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

**(h) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(i) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****(k) Impairment****(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**(ii) Other assets**

The carrying amounts of other assets except for inventories, deferred tax assets and investment property measured at fair value are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.