Circular/Notice to Shareholders

TASCO BERHAD

Subject	CIRCULAR TO SHAREHOLDERS IN RELATION TO: (I) PROPOSED GCT ACQUISITION; AND (II) PROPOSED WESTPORT ACQUISITION.

Please refer attachment below.

Attachments

TASCO - Circular.pdf
2.3 MB

Announcement Info

Company Name	TASCO BERHAD
Stock Name	TASCO
Date Announced	07 Jun 2017
Category	Document Submission
Reference Number	DCS-07062017-00001

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

TASCO BERHAD

(Company No. 20218-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

(I) PROPOSED ACQUISITION BY TASCO BERHAD ("TASCO" OR THE "COMPANY") OF 2,000,000 ORDINARY SHARES IN GOLD COLD TRANSPORT SDN BHD ("GCT"), REPRESENTING THE ENTIRE EQUITY INTEREST IN GCT FROM CHANG KOK FAI AND CHAN SUN CHEONG, FOR A CASH CONSIDERATION OF RM185,616,671; AND

(II) PROPOSED ACQUISITIONS BY TASCO FROM SWIFT INTEGRATED LOGISTICS SDN BHD (FORMERLY KNOWN AS MISC INTEGRATED LOGISTICS SDN BHD) ("SILS") OF THE FOLLOWING:-

(A) 6 PARCELS OF LEASEHOLD LANDS ALL LOCATED IN PULAU INDAH MEASURING APPROXIMATELY 159,935 SQUARE METERS (APPROXIMATELY 39.52 ACRES) IN TOTAL, TOGETHER WITH THE FURNITURE, FIXTURES, FITTINGS AND BUILDING(S) ERECTED THEREON (SAVE FOR THE FIXTURES, FITTINGS AND BUILDING ERECTED ON PT 128574) AND BEARING POSTAL ADDRESS AT LOT 36, JALAN PERIGI NENAS 7/2, TAMAN PERINDUSTRIAN PULAU INDAH, 42920 PELABUHAN KLANG, SELANGOR FOR A CASH CONSIDERATION OF RM113,827,400; AND

(B) 3,000,000 ORDINARY SHARES AND 2,800,000 REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN MILS COLD CHAIN LOGISTICS SDN BHD ("MCCL"), REPRESENTING THE ENTIRE EQUITY INTEREST IN MCCL FOR A CASH CONSIDERATION OF RM9,925,100 AS WELL AS THE ASSUMPTION OF LOANS RECEIVED BY MCCL FROM SILS WITH AN OUTSTANDING BALANCE OF RM20,000,000 FOR A TOTAL CASH CONSIDERATION OF RM29,925,100

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

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

The Notice of the Extraordinary General Meeting ("**EGM**") of our Company, to be held at TASCO Berhad, Lot No.1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Thursday, 29 June 2017 at 3.00 p.m., or any adjournment thereof, together with the accompanying Form of Proxy are enclosed herein.

As a shareholder of our Company, you are entitled to attend, speak and vote at the EGM or appoint a proxy or proxies to attend and to vote on your behalf. In such event, the Form of Proxy must be lodged at the registered office of our Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than 48 hours before the time for holding the EGM as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Tuesday, 27 June 2017 at 3.00 p.m.
Date and time of the EGM	:	Thursday, 29 June 2017 at 3.00 p.m.

This Circular is dated 7 June 2017

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act, 2016 as amended from time to time and any re-enactment thereof
"Board"	:	The Board of Directors of TASCO
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
"Circular"	:	This Circular dated 7 June 2017
"Director(s)"	:	The director(s) of TASCO and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and Section 2(1) of the Act
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"EV"	:	Enterprise value
"FYE"	:	Financial year ended
"GCT"	:	Gold Cold Transport Sdn Bhd (Company No. 464664-M)
"GCT Group"	:	Collectively, GCT and its subsidiary
"GCT Purchase Consideration"	:	The final adjusted cash consideration of RM185,616,671 for the Proposed GCT Acquisition
"GCT Sale Share(s)"	:	2,000,000 GCT Shares, representing the entire issued share capital of GCT for the GCT Purchase Consideration
"GCT Share(s)"	:	Ordinary shares in GCT
"GCT SPA"	:	Sale and purchase agreement dated 9 January 2017 entered into between the GCT Vendors and TASCO for the Proposed GCT Acquisition
"GCT Valuation Report"	:	The valuation report issued by VPC dated 9 January 2017 on Subject Property 1
"GCT Vendor(s)"	:	Collectively, Chang Kok Fai and Chan Sun Cheong
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	19 May 2017, being the latest practicable date prior to the despatch of this Circular
"MCCL"	:	MILS Cold Chain Logistics Sdn Bhd (Company No. 736730-M)

"MCCL Purchase Consideration"	:	The total cash consideration of RM29,925,100 for the Proposed MCCL Acquisition, comprising the MCCL Sale Shares consideration and the Shareholders' Loan
"MCCL Sale Share(s)"	:	3,000,000 MCCL Shares and 2,800,000 RCPS, representing the entire issued share capital of MCCL for RM9,925,100
"MCCL Share(s)"	:	Ordinary shares in MCCL
"MCCL SPA"	:	Sale and purchase agreement dated 23 January 2017 entered into between SILS and TASCO for the Proposed MCCL Acquisition
"NA"	:	Net asset
"NTA"	:	Net tangible asset
"PAT"	:	Profit after tax
"PBR"	:	Price-to-book ratio
"PBT"	:	Profit before tax
"Plant & Machinery"	:	The plant and machinery assets located at Lot PT No. 128574, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor and as appraised by VPC pursuant to the Proposed MCCL Acquisition as set out in **Appendix IX** of this Circular
"Plant & Machinery Valuation Report"	:	The valuation report issued by VPC dated 19 January 2017 on the Plant & Machinery
"Proposals"	:	Collectively, the Proposed GCT Acquisition and Proposed Westport Acquisition
"Proposed GCT Acquisition"	:	Proposed acquisition by TASCO of the GCT Sale Shares, representing 100% equity interest in GCT from the GCT Vendors for the GCT Purchase Consideration
"Proposed MCCL Acquisition"	:	Proposed acquisition by TASCO of the MCCL Sale Shares, representing 100% equity interest in MCCL from SILS as well as the assumption of the Shareholder's Loan, for the MCCL Purchase Consideration
"Proposed Pulau Indah Acquisition"	:	Proposed acquisition by TASCO of Subject Property 2 from SILS for a cash consideration of RM113,827,400
"Proposed Westport Acquisition"	:	Collectively, the Proposed MCCL Acquisition and Proposed Pulau Indah Acquisition
"PT 128574"	:	A piece of land measuring approximately 20,149 square metres, located at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor, which forms part of the 6 parcels of freehold lands in Pulau Indah and is currently tenanted to MCCL
"Pulau Indah Purchase Consideration"	:	The purchase consideration of RM113,827,400 for the Proposed Pulau Indah Acquisition
"Pulau Indah SPA"	:	Sale and purchase agreement dated 23 January 2017 entered into between SILS and TASCO for the Proposed Pulau Indah Acquisition

"Pulau Indah Valuation Report"	:	The valuation report issued by VPC dated 19 January 2017 on Subject Property 2 (including the fixtures, fittings and buildings erected on PT 128574)
"RCPS"	:	Redeemable convertible preference shares of MCCL
"RHB Investment Bank" or "Principal Adviser"	:	RHB Investment Bank Berhad (Company No. 19663-P)
"Shareholder's Loan"	:	RM20,000,000, being the inter-company balances owing by MCCL to SILS as at the date of the MCCL SPA
"SILS"	:	Swift Integrated Logistics Sdn Bhd *(formerly known as MISC Integrated Logistics Sdn Bhd)* (Company No. 112036-P)
"Subject Property 1"	:	2 parcels of freehold lands owned by GCT measuring approximately 31,079 square meters (approximately 7.68 acres) in total, together with the buildings erected thereon located at No.1, Jalan Sungai Kayu Ara 32/37, No. 3, Jalan Sungai Kayu Ara 32/40, No. 4, Jalan Sungai Kayu Ara 32/39 and No. 5, Jalan Sungai Kayu Ara 32/40, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor
"Subject Property 2"	:	6 parcels of leasehold lands owned by SILS all located in Pulau Indah measuring approximately 159,935 square meters (approximately 39.52 acres) in total, together with the furniture, fixtures, fittings and building(s) erected thereon (save for the fixtures, fittings and building erected on PT 128574) located at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor
"TASCO" or the "Company"	:	TASCO Berhad (Company No. 20218-T)
"TASCO Group" or the "Group"	:	Collectively, TASCO and its subsidiaries
"TASCO Share(s)"	:	Ordinary shares in TASCO
"Tenancy Agreement"	:	The tenancy agreement dated 10 January 2017 between SILS and MCCL in respect of PT 128574
"Westport Valuation Report(s)"	:	Collectively, the Pulau Indah Valuation Report and the Plant & Machinery Valuation Report
"VPC" or the "Independent Valuer"	:	VPC Alliance (KL) Sdn Bhd (Company No. 192837-V)
"Yusen"	:	Yusen Logistics Co. Ltd., the holding company of TASCO incorporated in Japan and is currently listed on the First Section of the Tokyo Stock Exchange

CURRENCIES

"Baht"	:	Thailand baht
"JPY"	:	Japanese yen
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Rupee"	:	Indian rupee

All references to "our Company" and "TASCO" in this Circular are to TASCO Berhad and references to "our Group" or "TASCO Group" are to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, our Group or any of our subsidiary companies. All references to "you" or "your" in this Circular are to the shareholders of TASCO.

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

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

For ease of reading, certain figures in this Circular have been rounded. Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which 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 anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS

APPENDICES

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TASCO BERHAD
(Company No. 20218-T)
(Incorporated in Malaysia)

Registered Office

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor

7 June 2017

Board of Directors

Lee Check Poh	*(Executive Chairman)*
Lim Jew Kiat	*(Managing Director)*
Tan Kim Yong	*(Deputy Managing Director)*
Masaki Ogane	*(Executive Director)*
Yasushi Ooka	*(Non-Independent Non-Executive Director)*
Lee Wan Kai	*(Executive Director)*
Kwong Hoi Meng	*(Independent Non-Executive Director)*
Raymond Cha Kar Siang	*(Independent Non-Executive Director)*
Raippan s/o Yagappan @ Raiappan Peter	*(Independent Non-Executive Director)*

To: The shareholders of TASCO Berhad

Dear Sir/ Madam,

(I) PROPOSED GCT ACQUISITION; AND

(II) PROPOSED WESTPORT ACQUISITION

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1. INTRODUCTION

On 10 January 2017, we had announced that our Company had, on 9 January 2017, entered into the GCT SPA with the GCT Vendors for the acquisition of the GCT Sale Shares, representing the entire equity interest in GCT, for an indicative cash consideration of RM186,086,428, subject to adjustments of up to a maximum purchase consideration of RM188,000,000 as set out in the GCT SPA.

Subsequently on 24 January 2017, we had announced that our Company had, on 23 January 2017, entered into the following:-

(i) the Pulau Indah SPA with SILS for the acquisition of Subject Property 2 for a cash consideration of RM113,827,400; and

(ii) the MCCL SPA with SILS for the acquisition of the MCCL Sale Shares, representing the entire equity interest in MCCL for a cash consideration of RM9,925,100 as well as the assumption of the Shareholder's Loan, for a total cash consideration of RM29,925,100.

On 10 March 2017, we had announced that RHB Investment Bank has been appointed as the principal adviser for the Proposals and that our Company had submitted an application to Bursa Securities to seek an extension of time up to 9 May 2017 to comply with paragraph 9.33(1)(a) of the Listing Requirements to submit the draft circular to Bursa Securities in relation to the Proposals.

On 15 March 2017, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had on even date, resolved to grant our Company an extension of time until 9 May 2017 to comply with paragraph 9.33(1)(a) of the Listing Requirements.

On 30 March 2017, RHB Investment Bank had, on behalf of our Board, announced that our Company had on 27 March 2017 completed the financial and legal due diligence exercise on GCT Group and had issued a written notice in accordance with the GCT SPA to the GCT Vendors, confirming that the results of the due diligence exercise is satisfactory.

Pursuant to the above, our Company had on 30 March 2017 made payment for the amount of RM14,886,915, being the balance deposit of 8% of the indicative purchase consideration for the Proposed GCT Acquisition of RM186,086,428.

On 9 May 2017, RHB Investment Bank had, on behalf of our Board, announced that the parties to the GCT SPA had agreed and confirmed that the final GCT Purchase Consideration, after the adjustments pursuant to **Section 2.1.4(b)** of this Circular, shall be RM185,616,671.

On 6 June 2017, RHB Investment Bank had, on behalf of our Board, announced that the parties to the GCT SPA had, vide a letter dated 6 June 2017, mutually agreed to an extension of time for a further period of 2 months from 8 June 2017 to 8 August 2017 for the fulfilment of the conditions precedent to the GCT SPA.

Further details of the Proposals are set out in **Sections 2** and **3** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF OUR FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM, YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN.

2. DETAILS OF THE PROPOSED GCT ACQUISITION

The Proposed GCT Acquisition entails the acquisition of the GCT Sale Shares by our Company at the GCT Purchase Consideration to be satisfied fully via cash in accordance with the GCT SPA.

Upon completion of the Proposed GCT Acquisition, GCT will become a wholly-owned subsidiary of our Company.

2.1 Salient terms of the GCT SPA

The salient terms of the GCT SPA are, amongst others, set out as follows:-

2.1.1 Conditions precedent

(a) The Proposed GCT Acquisition and its completion are conditional upon the fulfilment of the following conditions precedent within 5 months from the date of the GCT SPA or such other period as may be mutually agreed by the parties ("**CP Period**"):

(i) TASCO being satisfied with the results of its due diligence on the financial, legal, contractual, business and tax position of the GCT Group;

(ii) TASCO having procured the relevant approvals from its shareholders at a general meeting for the following:

(A) the acquisition of the GCT Sale Shares; and

(B) authorising its directors to take all steps necessary to complete the Proposed GCT Acquisition in accordance with the GCT SPA;

(iii) such consents or approvals of the GCT Group's banks and financial institutions which have granted banking or other credit facilities to GCT for any change in the shareholding or control of GCT or management or the board of directors of GCT (if any), provided always that the GCT Vendors shall apply to GCT Group's banks and financial institutions for such consent or approvals within 10 business days from the date of the GCT SPA and where such consents or approvals are subject to conditions, then conditions must be mutually acceptable to both parties; and

(iv) receipt of the conditional approval from GCT Group's banks for the corporate guarantee(s) of TASCO to replace the personal guarantees by the GCT Vendors and the corporate guarantees by Gold Cold Trading Sdn Bhd issued in favour of the GCT Group's banks, subject always to the terms as set out in the GCT SPA;

(b) If any of the conditions precedent of the GCT SPA is not fulfilled within the CP Period, the GCT SPA shall cease and terminate and both parties shall be released from all obligations in the manner as set out in the GCT SPA; and

(c) If any party becomes aware that any of the conditions precedent of the GCT SPA is incapable of being satisfied, it shall notify the other parties in writing within 3 business days after it becomes aware of such circumstances.

As at the LPD, save for item 2.1.1(a)(i) above, all the conditions precedent of the GCT SPA have not been obtained/fulfilled by the respective parties.

On 6 June 2017, RHB Investment Bank, on behalf of our Board, announced that the parties to the GCT SPA had, vide a letter dated 6 June 2017, mutually agreed to an extension of time for a further period of 2 months from 8 June 2017 to 8 August 2017 for the fulfilment of the conditions precedent to the GCT SPA.

2.1.2 Covenants prior to the completion

(a) The parties to the GCT SPA agree that the audited consolidated EBITDA of GCT Group for the FYE 30 November 2016 stated in the letter to be issued by the auditors shall not be less than RM19,760,000 (being 95% of the unaudited consolidated EBITDA of RM20,800,000 for the FYE 30 November 2016) and such determination shall be final and binding on the parties.

(i) If the audited consolidated EBITDA is less than RM19,760,000 but not less than RM17,680,000, the GCT Vendors shall pay the difference between RM19,760,000 and such actual lower audited consolidated EBITDA to GCT on a RM for RM basis; or

(ii) If the audited consolidated EBITDA is less than RM17,680,000, TASCO shall be entitled to either:

(A) terminate the GCT SPA; or

(B) proceed with the transaction contemplated by the GCT SPA and the GCT Vendors shall pay the difference between RM19,760,000 and such actual lower audited consolidated EBITDA to GCT on a RM for RM basis.

For information purposes, the audited consolidated EBITDA of GCT Group for the FYE 30 November 2016 is RM20,968,684. As such, there is no payment to be made between the parties of GCT SPA.

(b) The GCT Vendors shall prior to or on completion cause, or procure to cause the transfer of the ownership of the lorries[1] at no consideration from Gold Cold Logistics Sdn Bhd (of which the GCT Vendors have shareholdings in) and/or Gold Cold Enterprise (of which one of the GCT Vendor, Chang Kok Fai is a sole proprietor) to GCT and to provide TASCO with the evidence of the transfer; and

Note:-

(1) As at the LPD, the details of the lorries that have been transferred to GCT from Gold Cold Logistics Sdn Bhd and Gold Cold Enterprise are as follows:-

Company	***Number of lorries***	***Age***	***Capacity***	***Remarks***
Gold Cold Logistics Sdn Bhd	*42*	*Averaging 8 years*	*Averaging 5 tonnes*	*3 lorries were written off due to accidents and are pending for insurance claims. In the event the insurance claims are successful, the claims shall be payable to GCT.*
Gold Cold Enterprise	*4*	*Averaging 12 years*	*Averaging 6 tonnes*	*-*

(c) The GCT Vendors shall prior to or on completion cause, or procure to cause the directors of GCT Group to settle all net outstanding balances owing by GCT Group to the said directors and/or the related parties or vice versa ("**Outstanding Balances**"). As at the LPD, the Outstanding Balances is RM169,368.

2.1.3 Sale and purchase of GCT Shares

(a) The GCT purchase consideration shall be RM186,086,428 and is subject to adjustments as set out in **Section 2.1.4(b)** of this Circular. However, the GCT Purchase Consideration shall not be more than RM188,000,000 after the adjustments.

The GCT Vendors confirm that each of the minority shareholders has authorised the payment by TASCO to the GCT Vendors of his or her portion of the GCT Purchase Consideration. Such payment by TASCO to the GCT Vendors shall constitute and be treated as if it were payment to that minority shareholder.

The GCT Purchase Consideration shall be satisfied wholly in cash in the following manner:

(i) TASCO shall pay the sum of RM3,721,730 to each of the GCT Vendor in equal proportions upon the execution of the GCT SPA;

(ii) TASCO shall pay the sum of RM14,886,915 to each of the GCT Vendor in equal proportions within 3 business days upon satisfaction of the conditions precedent; and

(iii) TASCO shall pay the balance sum of RM167,477,783 to each of the GCT Vendor in equal proportions on the completion date of GCT SPA, subject to the adjustments as set out in **Section 2.1.4(b)** below.

2.1.4 Adjustments to the GCT Purchase Consideration

(a) Upon execution of the GCT SPA, the GCT Vendors shall procure the GCT Group's accounts for FYE 30 November 2016 to be audited ("**Audited FYE 30 November 2016**"). The auditors shall determine the cash and indebtedness based on the Audited FYE 30 November 2016 which shall be delivered to TASCO on or before 28 February 2017.

(b) The following adjustments shall be made to the GCT Purchase Consideration:

(i) <u>Indebtedness</u>

In the event the indebtedness provided for in the Audited FYE 30 November 2016 is less than RM53,547,602, TASCO shall, on the completion date of GCT SPA, pay to the GCT Vendors the shortfall in addition to the balance GCT Purchase Consideration.

In the event the indebtedness provided for in the Audited FYE 30 November 2016 is greater than RM53,547,602, TASCO shall, on the completion date of GCT SPA, deduct the difference from the balance GCT Purchase Consideration.

In the event the indebtedness is the same as RM53,547,602, there will be no adjustment to the balance GCT Purchase Consideration.

(ii) <u>Cash</u>

In the event the cash provided for in the Audited FYE 30 November 2016 is greater than RM9,634,030, TASCO shall, on the completion date of GCT SPA, pay to the GCT Vendors the difference in addition to the balance GCT Purchase Consideration.

In the event the cash is lesser than RM9,634,030, TASCO shall, on the completion date of GCT SPA, deduct the shortfall from the balance GCT Purchase Consideration.

In the event the cash is the same as RM9,634,030, there will be no adjustment to the balance GCT Purchase Consideration.

On 9 May 2017, RHB Investment Bank had, on behalf of our Board, announced that the parties to the GCT SPA had agreed and confirmed that the final GCT Purchase Consideration, after the adjustments pursuant to **Section 2.1.4(b)** above, shall be RM185,616,671.

2.1.5 Rights to purchase in respect of cold chain business in Sabah

The GCT Vendors agree to grant and procure the shareholders of Hypercold Logistics Sdn Bhd (Company No. 748984-V) ("**HLSB**") and Platinium Coldchain Sdn Bhd (Company No. 924266-K) ("**PCSB**") to grant TASCO a right, exercisable within 1 year from the completion date of GCT SPA, to purchase all the share capital of HLSB and PCSB held by the GCT Vendors and the shareholders(1), free from all encumbrances and together with all rights, benefits and entitlements now or thereafter attaching thereto. For avoidance of doubt, TASCO and the shareholders of HLSB and PCSB will enter into good faith negotiations to agree on the exercise price within 1 year from the completion of GCT SPA. In the event TASCO intends to exercise the right to purchase, TASCO will seek for its shareholders' approval, if required prior to exercising such right to purchase in accordance with the Listing Requirements and will make the necessary announcement on the exercise of such right to purchase.

Further details on the GCT SPA is set out under **Appendix I** of this Circular.

Note:-

(1) As at the LPD, the shareholders and the breakdown of their shareholdings in HLSB and PCSB are as follows:-

Name of Shareholder	*No. of Shares Held*		*Percentage of Shareholdings (%)*	
	HLSB	*PCSB*	*HLSB*	*PCSB*
Chang Kok Fai	*1,235,000*	*20,000*	*48.05*	*20.00*
Chan Sun Cheong	*1,235,000*	*-*	*48.05*	*-*
Ong Toh Beng Leong	*100,000*	*10,000*	*3.90*	*10.00*
Ramlee Bin Kasli	*-*	*70,000*	*-*	*70.00*
Total	***2,570,000***	***100,000***	***100.00***	***100.00***

2.2 Basis and justification of arriving at the GCT Purchase Consideration

The GCT Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, *inter-alia* the following:

(i) The EBITDA of GCT Group for the FYE 30 November 2016, as warranted by the GCT Vendors, shall be approximately RM20.8 million in the manner as set out in the GCT SPA. For the avoidance of doubt, the consolidated EBITDA of the GCT Group shall include the following:

   (a) the consolidated EBITDA of GCT Group for the FYE 30 November 2016; and

   (b) the EBITDA arising from a logistics contract for the period from 1 December 2015 until 31 March 2016 which was recorded in a related company of Chang Kok Fai. The logistics contract was novated to GCT effective on 1 April 2016;

   For information purposes, the audited consolidated EBITDA of GCT Group for the FYE 30 November 2016 is RM20,968,684.

(ii) the revalued NA of GCT Group of RM71.44 million based on the audited consolidated NA of GCT Group as at 30 November 2015, as well as taking into account the fair market valuation of Subject Property 1 held by GCT Group as appraised by VPC via the GCT Valuation Report. Further details on Subject Property 1 are set out in **Section 2.3** of this Circular.

   The computation of the revalued NA is as follows:-

	RM'000
NA of the GCT Group as at 30 November 2015	41,474
Add: Revaluation surplus from Subject Property 1[(1)]	32,911
Less: Deferred tax impact	(2,943)
Revalued NA of GCT Group	**71,442**

Notes:-

(1) *The revaluation surplus from Subject Property 1 is computed as follows:-*

	RM'000
Fair market value (2)	*111,060*
Less:	
Carrying amount based on the audited financial statements as at 30 November 2015	*(78,149)*
Revaluation surplus	***32,911***

(2) *As appraised by VPC vide its GCT Valuation Report.*

(iii) the future earnings potential and prospects of GCT Group arising from the positive outlook of the cold chain logistics and warehousing industry.

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In assessing the justifications for the GCT Purchase Consideration, our Board has taken into consideration of the EV/EBITDA multiple and PBR multiple of the companies listed on the stock exchanges in the Asia region and with business operations within the cold chain logistics and/or warehousing segment.

A brief description of the principal activities of the comparable companies, the local currencies in which the shares of the comparable companies are traded in and the trading multiples of the comparable companies are as follows:-

Comparable companies	Based on the latest audited FYE	Country/ Local currency	Principal activities	Share Price (As at the LPD) (Local currency)	Market capitalisation as at the LPD (Local currency) ('billion)	[(1)]NA (Local currency) ('million)	EV (Local currency) ('million)	EBITDA (Local currency) ('million)	[(2)]EV/ EBITDA (times)	[(3)]PBR (times)
Nichirei Corporation ("**Nichirei**")	31 March 2016	Japan/JPY	Nichirei produces and distributes frozen food, ice, and meat products. The company also provides a variety of cold storage services, as well as manages leasing business for building and parking garages.	3,025.00	423.27	164,750	495,350	45,370	10.92	2.57
Yokohama Reito Co. Ltd ("**Yokohama**")	30 September 2016	Japan/JPY	Yokohama processes and sells seafood, fish, and livestock products. The company also manages cold storage facilities.	1,067.00	56.94	62,980	129,410	9,510	13.61	0.90
Snowman Logistics Limited ("**Snowman**")	31 March 2016	India/Rupee	Snowman provides integrated temperature controlled logistics services in India. The company offers warehousing solutions that cover ambient, chilled, frozen, and blast products.	59.10	9.87	4,390	11,350	507	22.39	2.25
Tiger Logistics (India) Ltd ("**Tiger**")	31 March 2016	India/Rupee	Tiger operates an international freight forwarding company. The company offers freight forwarding, custom clearance agents, consulting and transportation services. Tiger serves large companies and multinational corporations in India and abroad.	202.60	2.14	368	2,170	126	17.22	5.82

Comparable companies	Based on the latest audited FYE	Country/ Local currency	Principal activities	Share Price (As at the LPD) (Local currency)	Market capitalisation as at the LPD (Local currency) ('billion)	[(1)]NA (Local currency) ('million)	EV (Local currency) ('million)	EBITDA (Local currency) ('million)	[(2)]EV/ EBITDA (times)	[(3)]PBR (times)
JWD Infologistics PCL ("**JWD**")	31 December 2016	Thailand/ Baht	JWD is an information technology company. The company focuses on maximising the benefits of managing supply chains and fully integrated logistics solutions. JWD operates in Southeast Asia.	8.60	8.77	2,610	10,380	409	25.38	3.36
								High	25.38	5.82
								Average	**17.90**	**2.98**
								Low	10.92	0.90
								GCT Group	[(4)]**10.89**	[(5)]**2.60**

(Source: Bloomberg)

Notes:-

(1) Based on the audited financial statements of each company for the latest financial year available.

(2) Market capitalisation in the calculation of EV is computed by multiplying the total number of shares in issue (excluding treasury shares) with the closing market price of the shares of the respective comparable companies as at the LPD, while other components in EV, namely the preferred equity, non-controlling interests, short and long term debt, and cash and cash equivalents, where applicable, are based on the latest unaudited quarterly financial statements of the respective companies and EBITDA is based on the audited financial statements of each company for the latest FYE available and is inclusive of equity income from affiliates. Different financial statements are used as EV contains market prices and items such as cash and debt on the latest available balance sheet – "as-at" figures, while EBITDA refers to the latest full year financial figures.

(3) Computed by dividing the market capitalisation with the NA as at the LPD of the respective comparable companies.

(4) Based on the EV of RM228.37 million divided by the consolidated EBITDA for FYE 30 November 2016 of RM20.97 million. The computation of EV and EBITDA for GCT Group is set out below:-

EV		***RM'000***
	Market capitalisation (assumed as the 100% equity value of GCT Group as implied by the GCT Purchase Consideration)	*185,617*
Less:	*Cash and cash equivalent of GCT Group as at FYE 30 November 2016*	*9,635*
Add:	*Borrowings of GCT Group as at FYE 30 November 2016*	*52,391*
		228,373

EBITDA (After taking into account the financial accounts of Gold Cold Logistics Sdn Bhd)		***RM'000***
	Net profit for FYE 30 November 2016 (after taking into account net profit from Gold Cold Logistics Sdn Bhd)	*9,893*
Add:	*Interest expense for GCT Group as at FYE 30 November 2016*	*2,644*
	Taxation for GCT Group as at FYE 30 November 2016	*2,422*
	Depreciation and amortisation for GCT Group as at FYE 30 November 2016	*6,010*
		20,969

(5) Computed based on the GCT Purchase Consideration divided by the revalued NA of RM71.44 million.

Based on the above comparison table:

(i) The EV/EBITDA multiple of the Proposed GCT Acquisition as implied by the GCT Purchase Consideration of **10.89 times**, is lower than the average EV/EBITDA multiple of the comparable companies of 17.90 times. This means that the value as implied by the GCT Purchase Consideration accorded to GCT is lower than the average value accorded to the comparable companies from an EV/EBITDA standpoint and is deemed favourable to TASCO pursuant to the Proposed GCT Acquisition; and

(ii) The PBR multiple of the Proposed GCT Acquisition as implied by the GCT Purchase Consideration of **2.60 times**, is within the range of the PBR multiples of the comparable companies and is lower than the average PBR multiple of the comparable companies of 2.98 times. This means that the value as implied by the GCT Purchase Consideration accorded to GCT is lower than the average value accorded to the comparable companies from a NA attributable to owners standpoint and is deemed favourable to TASCO pursuant to the Proposed GCT Acquisition.

Premised on the above, the Board is of the view that the GCT Purchase Consideration is fair and reasonable.

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2.3 Information on Subject Property 1

The Subject Property 1 is located within the established industrial area of Berjaya Industrial Park in Section 32, Shah Alam, Selangor Darul Ehsan, about 10 kilometres due south west of the Shah Alam City Centre and about 30 kilometres due south west of the Kuala Lumpur City Centre.

Subject Property 1 is accessible by road from Kuala Lumpur City Centre via the Shah Alam Expressway (KESAS). The surrounding developments located within the vicinity of Subject Property 1 include amongst others, Nouvelle Kemuning Industrial Park, Bukit Naga Industrial Park, Bukit Kemuning Elektroplanting Plant, Bukit Rimau Township and Bukit Kemuning Golf & Country Club.

Further details of Subject Property 1 are as follows:-

Land title No.	HS(D) 152663	HS(D) 57952
Land Lot No.	PT 145872	PT 57360
Registered owner	GCT	
Land area	23,561 square metres	7,518 square metres
Category of land use	Industrial	
Land tenure	Freehold	
Postal address	• No.1, Jalan Sungai Kayu Ara 32/37, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor • No. 3, Jalan Sungai Kayu Ara 32/40, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor • No. 4, Jalan Sungai Kayu Ara 32/39, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor	• No. 5, Jalan Sungai Kayu Ara 32/40, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor
Existing buildings and approximate age of buildings	• <u>No. 1, Jalan Sungai Kayu Ara 32/37</u> 2 storey cold storage warehouse annexed with 3 storey office building with 2 guardhouses, a locker room and 3 common toilet/wcs. Age of building is approximately 2 years. (Certificate of completion : 17 December 2014) <u>Total built-up area:</u> 113,731 square feet • <u>No. 3, Jalan Sungai Kayu Ara 32/40</u> 1 storey cold storage warehouse annexed with a 2 storey office building together with 1 Sub-station. Age of building is approximately 13 years. (Certificate of fitness : 24 December 2003)	• <u>No. 5, Jalan Sungai Kayu Ara 32/40</u> 2 storey cold storage warehouse annexed with 2 storey office building with 1 basement level together with 1 guardhouse, a waiting area, a locker room and 3 common toilet/wcs. Age of building is approximately 7 years. (Certificate of completion : 30 November 2009) <u>Total built-up area:</u> 112,345 square feet

	Total built-up area: 54,640 square feet • No. 4, Jalan Sungai Kayu Ara 32/39 1 storey cold storage warehouse annexed with 3 storey office building together with 1 guard house, a canteen, a locker room and 2 common toilet/wcs. Age of building is approximately 10 years. (Certificate of fitness : 7 September 2006) Total built-up area: 53,268 square feet	
Current market value (1)	Land & building - RM111,060,000	
Audited book value as at 30 November 2016	Land & building - RM74,961,604	
Occupancy	Majority of the buildings are owner occupied(2)	
Encumbrances	1. Charged to Public Bank Berhad ("**PBB**") – to secure the bank borrowings to fund the construction of buildings and for working capital purposes. 2. Private caveats were entered by PBB pending the registration of the abovementioned charges created over this property.	1. Charged to Alliance Bank Malaysia Berhad ("**ABMB**") – to secure the bank borrowings to fund the construction of buildings and for working capital purposes. 2. Private caveats were entered by ABMB pending the registration of the abovementioned charges created over this property. As at the LPD, GCT has been granted with a new facility by Maybank Islamic Berhad ("**MIB**") to refinance the facility granted by ABMB. MIB is in the midst of entering a new private caveat and registering a new charge over this property. The private caveat entered into and charge created over this property by ABMB will be withdrawn and discharged upon the registration of the charges over this property by MIB.

Notes:-

(1) The fair market value as appraised by VPC via its GCT Valuation Report. The market valuation of the Subject Property 1 was arrived based on cost method of valuation which entails determining the value of land as an improved site, and value of building as the depreciated replacement cost of the building and other improvements to arrive at the market value of Subject Property 1.

The value of the land is determined by the comparison method which entails analysing recent transactions and general values of vacant industrial lands within Shah Alam and Klang for comparison purposes and adjustments made for location, land area, shape, time, tenure and improvements to the lands. The market valuation of the buildings was arrived at based on the depreciated replacement cost method which entails taking the value of buildings to be equal to the cost of replacing the buildings with similar construction and finishes and depreciating for its age and condition.

VPC is unable to adopt the comparison method to derive the market value of Subject Property 1 as the subject buildings are specialised and purpose built warehouses for cold room facilities and there are no warehouses with cold room facilities in the vicinity to compare with Subject Property 1. In addition, investment method is also not possible as the majority of the buildings are owner occupied. Hence, there are lack of rental evidences to adopt to derive the total market rental of the properties.

(2) *Owner occupied except for the 1 storey cold storage warehouse (excluding the ice cream room which is owner occupied) with the annexed 3 storey office building and other ancillary area and ancillary building located at No. 4, Jalan Sungai Kayu Ara 32/39, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor Darul Ehsan ("**Property No. 4**").*

*For information purposes, Property No.4 (save for the ice cream room) is presently rented to Martin-Brower Malaysia Co. Sdn Bhd ("**Martin-Brower**") at a monthly rental of approximately RM315,500. The current agreement between GCT and Martin-Brower expires on 31 May 2019 and TASCO has no immediate plans to extend the rental period for this agreement as at this juncture.*

2.4 Mode of settlement of the GCT Purchase Consideration

The GCT Purchase Consideration will be satisfied in the following manner:-

Payment	Timing	RM'000	% of GCT Purchase Consideration
Initial deposit	Paid on 9 January 2017	3,722	2%
Balance deposit	Upon completion of the financial and legal due diligence exercise and issuance of the written notice by TASCO to the GCT Vendors, confirming that the due diligence is satisfactory, which was paid on 30 March 2017	14,887	8%
Balance purchase consideration for GCT, after adjustments as set out in the GCT SPA	Upon completion of the Proposed GCT Acquisition	(1)167,008	90%
		185,617	**100%**

Note:-

(1) The balance GCT Purchase Consideration will be paid by TASCO to the GCT Vendors in the manner as set out in the GCT SPA.

2.5 Liabilities to be assumed by TASCO

Save for the obligations and liabilities arising from or in connection with the GCT SPA, there are no other liabilities, contingent liabilities and/or guarantees to be assumed by our Company pursuant to the Proposed GCT Acquisition.

2.6 Source of funding

The initial deposit amounting to approximately RM3.72 million of the GCT Purchase Consideration was paid on 9 January 2017 via internally generated funds of our Company. The balance deposit of 8% amounting to approximately RM14.89 million was paid on 30 March 2017 via internally generated fund of RM0.89 million and bank borrowing of RM14.0 million respectively. The balance of the GCT Purchase Consideration is expected to be fully funded via bank borrowings.

2.7 Estimated additional financial commitments

Save for the borrowings to be secured for the Proposed GCT Acquisition, we do not expect to incur additional financial commitments to put the business of GCT Group on-stream.

3. DETAILS OF THE PROPOSED WESTPORT ACQUISITION

The Proposed Westport Acquisition comprises the Proposed Pulau Indah Acquisition and the Proposed MCCL Acquisition.

Upon completion of the Proposed MCCL Acquisition, MCCL will become a wholly-owned subsidiary of our Company.

3.1 Details of the Proposed Pulau Indah Acquisition

The Proposed Pulau Indah Acquisition entails the acquisition of Subject Property 2 by our Company from SILS, free from all encumbrances, with vacant possession, with the furniture, fixtures, fittings and building(s) erected thereon at the Pulau Indah Purchase Consideration to be settled fully via cash in accordance with the Pulau Indah SPA.

For the avoidance of doubt, the Proposed Pulau Indah Acquisition shall include the plot of land for PT 128574 on as is where is basis, free from all encumbrances with legal possession but exclude MCCL's rights, title and interest in and to the furniture, fixtures, fittings and building(s) erected thereon as contained in the Tenancy Agreement.

3.2 Salient terms of the Pulau Indah SPA

The salient terms of the Pulau Indah SPA are, amongst others, set out as follows:-

3.2.1 Purchase price

The Pulau Indah Purchase Consideration shall be paid in the following manner:-

(a) upon execution of the Pulau Indah SPA, TASCO shall pay the deposit sum of RM11,382,740, being 10% of the Pulau Indah Purchase Consideration to SILS;

(b) the balance of the Pulau Indah Purchase Consideration amounting to RM102,444,660 shall be paid by TASCO to SILS' solicitors as stakeholders within 3 months from the date of the Pulau Indah SPA becomes unconditional; and

(c) in the event that TASCO fails to pay the balance of the Pulau Indah Purchase Consideration within the completion date of the Pulau Indah SPA, TASCO shall be entitled to an extension of time of 1 month from the expiry of the completion date of the Pulau Indah SPA to settle the balance of the Pulau Indah Purchase Consideration in the manner as set out in the Pulau Indah SPA.

Any payment made by TASCO to SILS' solicitors as stakeholders pursuant to the terms of the Pulau Indah SPA shall be deemed payment made towards the balance of the Pulau Indah Purchase Consideration.

3.2.2 Conditions precedent

The Proposed Pulau Indah Acquisition is conditional upon the fulfilment of the following conditions precedent by the parties within 6 months from the date of the Pulau Indah SPA or such longer period as the parties may mutually agree in writing:-

(a) SILS procuring the consent of the relevant state authority for the sale and transfer of Subject Property 2 to TASCO;

(b) TASCO procuring the approval of its shareholders for acquisition of Subject Property 2 from SILS upon the terms and conditions contained in the Pulau Indah SPA; and

(c) all the conditions precedent contained in the MCCL SPA have been fulfilled and having become unconditional in accordance with the provisions of the MCCL SPA.

As at the LPD, the conditions precedent of the Pulau Indah SPA have not been fulfilled.

Further details on the Pulau Indah SPA is set out in **Appendix II** of this Circular.

3.3 Basis and justification of the Pulau Indah Purchase Consideration

The Pulau Indah Purchase Consideration was arrived at on a willing buyer-willing seller basis and after taking into consideration, amongst others, the following:-

(i) The market value of Subject Property 2 of RM123,890,000, as appraised by VPC via its Pulau Indah Valuation Report. The Pulau Indah Purchase Consideration represents a discount of RM10.06 million or 8.1% compared to the market value of Subject Property 2 of RM123,890,000. Further details on the market valuation of Subject Property 2 are set out under **Section 3.4** and **Appendix IX** of this Circular.

For avoidance of doubt, only the market value for the lot of land on PT 128574 has been included as a basis for the Pulau Indah Purchase Consideration as the buildings, fixtures and fittings erected on PT 128574 are owned by MCCL pursuant to the Tenancy Agreement.

(ii) The rationale of the Proposed Pulau Indah Acquisition and prospects of Subject Property 2 as set out in **Section 5.2** and **Section 6.3.2** of this Circular.

3.4 Information on Subject Property 2

Subject Property 2 consist of 6 parcels of leasehold lands owned by SILS all located in Pulau Indah measuring approximately 39.52 acres in total, are situated within the free commercial zone. Subject Property 2 is located within the Mukim and District of Klang and bearing postal address at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor, which is about 20 kilometres southwest of the town of Klang and 70 kilometres southwest of Kuala Lumpur City Centre.

Subject Property 2 is accessible by road from Kuala Lumpur City Centre via the Shah Alam Expressway (KESAS) and alternatively via the Federal Highway or North South Highway. Located to the immediate south west of Subject Property 2 is Port Klang Free Zone ("**PKFZ**"). PKFZ is an integrated free commercial and industrial zone, with an estimated land area of 1,000 acres, which comprises of terrace factories, vacant industrial lands as well as exhibition centres.

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Further details of Subject Property 2 are as follows:-

Land title No.	HS(D) 134803	HS(D) 134804	HS(D) 134805	HS(D) 134806	HS(D) 134807	HS(D) 134808
Land Lot No.	PT 128571	PT 128572	PT 128573	PT 128574[1]	PT 128575	PT 128576
Land area (square metres)	54,807	35,838	17,481	20,149	13,038	18,622
Postal address	Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor					
Existing buildings and approximate age of buildings	4 storey office, 1 storey warehouse building and ancillary buildings. Age of building is approximately 10 years. (Certificate of fitness: 19 April 2007) <u>Built-up area</u> 332,683 square feet	Nil	Nil	1 storey cold storage warehouse building. Age of building is approximately 9 years. (Certificate of completion: 22 September 2008) <u>Built-up area</u> 72,879 square feet	2 storey security control building. Age of building is approximately 10 years. (Certificate of fitness: 19 April 2007) <u>Built-up area</u> 5,723 square feet	Nil
Encumbrances	Nil	Nil	Nil	Charged to Bank Muamalat Malaysia Berhad – to secure the bank borrowings to fund the construction of cold chain logistics hub facility	Nil	Nil
Category of land use	Industrial					
Restriction of Interest	Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri					
Land tenure	Leasehold land of 99 years expiring on 24 February 2097					
Registered owner	MISC Integrated Logistics Sdn Bhd (now known as SILS)					
Occupancy	Owner occupied as SILS' logistics hub, save for the lands located at PT 128572, PT 128573 and PT 128576 which are currently vacant[1]					
Audited net book value as at 31 December 2016	RM97,405,738[2]					
Current market value [3]	(see table below)					

Description	**Market Value (RM)**
6 lots of land	68,700,000
Buildings with site improvement on Lot PT 128571 and PT 128575	55,190,000
Total	**123,890,000**

Notes:

(1) *PT 128574 is currently tenanted to MCCL for a tenure up to 31 October 2019, at a rental rate of RM0.13 million per annum and subject to other terms and conditions of the Tenancy Agreement. In addition, the buildings, fixtures and fittings thereon erected on PT 128574 are owned by MCCL.*

(2) *Comprises net book values as at 31 December 2016 of:*

(a) *land and buildings recorded in the audited financial statements of SILS amounting to RM72,285,810; and*

(b) *cold storage warehouse annexed with 1 storey office on PT 128574 recorded in the audited financial statements of MCCL amounting to RM25,119,928.*

(3) *The fair market value as appraised by VPC via its Pulau Indah Valuation Report. The market valuation of Subject Property 2 was arrived based on cost method of valuation which entails determining the value of land and building separately with the value of the land as an improved site is added to the depreciated replacement cost of buildings and other improvements to arrive at the market value of Subject Property 2.*

The value of the land is determined by the comparison method which entails analysing recent transactions of vacant industrial lands in Pulau Indah Industrial Area, Port Klang for comparison purposes and adjustments made for location, land area and improvements to the land.

The value of the building is determined by the depreciated replacement cost method where the buildings are taken to be equal the cost of replacing the buildings with similar construction and finishes and depreciating for its age and condition. VPC was unable to adopt the comparison method of valuation for the buildings as one of the subject building is a specialised property, i.e. purpose built warehouse for cold room facilities and there are no cold room facilities in the vicinity to compare with. In addition, investment method of valuation was not adopted as the majority of the buildings are owner occupied. Hence, there is lack of rental evidences to adopt to derive the total market rental of the property.

3.5 Mode of settlement of the Pulau Indah Purchase Consideration

The Pulau Indah Purchase Consideration shall be settled in cash in the following manner:-

	Date of settlement	**(RM'000)**	**% of Pulau Indah Purchase Consideration**
Deposit	Paid on 23 January 2017	11,383	10%
Balance payment	On completion date of Pulau Indah SPA	102,445	90%
Pulau Indah Purchase Consideration		**113,828**	**100%**

3.6 Details of the Proposed MCCL Acquisition

The Proposed MCCL Acquisition entails the acquisition of the entire equity interest in MCCL for a cash consideration of RM9,925,100 from SILS, free from all encumbrances, as well as the assumption of the Shareholder's Loan, for a total cash consideration of RM29,925,100 in accordance with the MCCL SPA.

For the avoidance of doubt, the Proposed MCCL Acquisition shall include the building(s) erected on PT 128574 together with all the furniture, fixtures and fittings therein, in which MCCL is the legal and beneficial owner.

Upon completion of the Proposed MCCL Acquisition, MCCL will become a wholly-owned subsidiary of our Company.

3.7 Salient terms of the MCCL SPA

The salient terms of the MCCL SPA are, amongst others, set out as follows:-

3.7.1 Conditions precedent

(a) The sale and purchase of the MCCL Sale Shares and completion thereof are conditional upon the fulfilment of the following conditions precedent within 6 months from the date of the MCCL SPA or such other period as may be mutually agreed by the parties to the MCCL SPA ("**Conditional Period**"):

(i) all conditions precedent contained in the Pulau Indah SPA on the Proposed Pulau Indah Acquisition have been fulfilled;

(ii) the Deed of Novation cum Assignment of Tenancy in respect of the Tenancy Agreement (for the purpose of novating and assigning the Tenancy Agreement from SILS to TASCO), which has been duly executed by SILS and deposited with the SILS' solicitors as stakeholder under the Pulau Indah SPA;

(iii) SILS causing or having procured MCCL to discharge all charges of MCCL created in favour of Bank Muamalat Malaysia Berhad as at 23 January 2017, the details of which are as follows:-

Charge No.	Total of Charge (RM)	Date of Creation of Charge	Date of Registration of Charge	Rationale for the Charges
001	123,400,000	9 May 2008	23 May 2008	To secure the bank borrowings to fund the construction of cold chain logistics hub facility
002	123.400,000	9 May 2008	23 May 2008	
003	213,400,000	9 May 2008	23 May 2008	

(iv) SILS having procured the relevant approval from its shareholders at general meeting for the transaction provided for in the MCCL SPA in accordance with the Act, if applicable;

(v) TASCO having procured the relevant approval from its shareholders at general meeting for the following:

(A) the acquisition of the MCCL Sale Shares from SILS; and

(B) authorising the directors of TASCO to take all steps necessary to complete the sale and purchase of the MCCL Sale Shares.

As at the LPD, save for items (ii) and (iv) above, all other conditions precedent of the MCCL SPA have not been fulfilled.

(b) The date when the last of all the conditions precedent is fulfilled or waived by TASCO under **Section 3.7.1(h)** below, within the Conditional Period shall be the "**Unconditional Date**".

(c) TASCO's solicitors shall remit the 3% retention sum for the real property gains tax ("**RPGT Retention Sum**") pursuant to the Real Property Gains Tax Act 1976 to the Director General of Inland Revenue Department.

(d) If any of the conditions precedent of the MCCL SPA is not fulfilled and not waived by TASCO upon the expiry of the Conditional Period, the MCCL SPA shall cease and terminate in the manner as set out in the MCCL SPA.

(e) In the event the MCCL SPA is terminated pursuant to **Section 3.7.1(d)** above:

   (i) TASCO's solicitors shall refund the 3% RPGT Retention Sum to TASCO free of interest within 14 days from such termination provided always that the 3% RPGT Retention Sum has not been remitted to the Director General of Inland Revenue Department in accordance with **Section 3.7.1(c)** above;

   (ii) SILS shall refund the Vendor Sum (as defined below) to TASCO free of interest within 14 days from such termination;

   (iii) in the event that TASCO's solicitors has remitted the 3% RPGT Retention Sum to Director General of Inland Revenue and the MCCL SPA has been terminated thereafter, TASCO's solicitors shall notify Director General of Inland Revenue Department on the termination of the MCCL SPA and to provide the written evidence of the termination of MCCL SPA for the refund of 3% RPGT Retention Sum from Inland Revenue Department. TASCO's solicitors shall refund the 3% RPGT Retention Sum to TASCO upon receipt of the same from Inland Revenue Department; and

   (iv) all documents deposited by the party with the other party and/or the other party's solicitors shall be returned and/or cause to be returned to the party with its interest therein remains intact.

(f) SILS and TASCO shall use their best endeavours to procure the fulfilment of all the conditions precedent of the MCCL SPA, and in particular shall furnish such information, supply such documents, and do all such acts and things as may be required to enable all the conditions precedent of the MCCL SPA to be fulfilled within the Conditional Period.

(g) If any party becomes aware that any of the conditions precedent of the MCCL SPA is incapable of being satisfied, it shall as soon as reasonably practicable after it becomes aware of such circumstance forthwith notify the other party of the same.

(h) To the extent permitted by law, TASCO reserves the right to waive any of the conditions precedent of the MCCL SPA in accordance with the MCCL SPA.

3.7.2 MCCL Purchase Consideration

(a) The MCCL Purchase Consideration payable for the MCCL Sale Shares shall be RM9,925,100 only;

(b) TASCO shall pay to SILS a sum of RM992,510 (which is equivalent to 10% of the MCCL Sale Shares consideration) in the following manner upon the execution of the MCCL SPA as the deposit and, in the event of completion, part payment towards satisfaction of the MCCL Sale Shares consideration by way of banker's cheque:

   (i) RM297,753, being 3% of the MCCL Sale Shares consideration to be deposited with TASCO's solicitors as stakeholder as the 3% RPGT Retention Sum, which shall be dealt with by TASCO's solicitors in accordance with the MCCL SPA, as the case may be; and

   (ii) RM694,757, being 7% of the MCCL Sale Shares consideration ("**Vendor Sum**") to SILS.

(c) TASCO shall on the completion date of the MCCL SPA, pay to SILS a sum of RM8,932,590 (which is equivalent to the balance 90% MCCL Sale Shares consideration) and fully settle the Shareholder's Loan on behalf of MCCL pursuant to the MCCL SPA.

(d) The parties expressly agree and confirm that the completion of the MCCL SPA is conditional upon the following:

(i) the simultaneous completion of the Pulau Indah SPA in accordance with the provisions of the Pulau Indah SPA; and

(ii) TASCO pay to SILS the MCCL Sale Shares consideration and fully settle the Shareholder's Loan on behalf of MCCL pursuant to the MCCL SPA on the completion date of MCCL SPA by way of banker's cheque.

(e) The parties covenant and undertake with each other to complete the sale and purchase of Subject Property 2 in accordance with the Pulau Indah SPA. The failure of any party to complete the sale and purchase of Subject Property 2 in accordance with the provisions of the Pulau Indah SPA for any reason whatsoever shall be deemed a default by that party under the MCCL SPA, in which event, the other party shall be entitled to the remedy in the manner as set out in the MCCL SPA.

Further details on the MCCL SPA is set out in **Appendix III** of this Circular.

3.8 Basis and justification of the MCCL Purchase Consideration

The MCCL Purchase Consideration was arrived at on a willing buyer-willing seller basis and after taking into consideration, amongst others, the following:-

(i) the revalued NTA of MCCL of RM9.92 million based on its unaudited management accounts as at 30 November 2016, as well as taking into account the market valuation of the building erected on PT 128574 (together with the Plant & Machinery), as appraised by VPC via its Pulau Indah Valuation Report and Plant & Machinery Valuation Report.

The computation of the revalued NTA is as follows:

	RM'000
Unaudited NTA of MCCL as at 30 November 2016	15,281
Less:	
Revaluation deficit from building with site improvement on PT 128574[(1)]	(5,356)
Revalued NTA of MCCL	**9,925**

Note:-

(1) The deficit arising from revaluation is computed as follows:-

	RM'000
Market value	
- Building with site improvement on PT 128574[(a)]	*16,500*
- Plant and machinery located on PT 128574 [(b)]	*10,153*
Less:	
Carrying amount based on the unaudited financial statements of MCCL as at 30 November 2016	
- Building with site improvement on PT 128574	*(25,170)*
- Plant and machinery located on PT 128574	*(6,838)*
Revaluation deficit	***(5,356)***

Notes:-

(a) Based on the market valuation as appraised by VPC in the Pulau Indah Valuation Report.

(b) *Based on the market valuation as appraised by VPC in the Plant & Machinery Valuation Report, the fair market valuation of the Plant & Machinery located on PT 128574 was arrived at on the basis of market value in continued use, which is defined as the estimated amount at which the Plant & Machinery in their continued use might be expected to be sold and purchased between a willing seller and a willing buyer, neither being under compulsion, each having a reasonable knowledge of all relevant facts and with equity to both, and contemplating the retention of the assets in their present existing use and location for the purpose they were designed, built and installed as part of an ongoing business, but without specific reference to earnings, and is expressed as subject to adequate potential profitability of the undertaking.*

Details of the Plant & Machinery are as follows:-

Subject property valued	Fixed assets comprising the identified machinery and equipment which includes amongst others, electrical distribution items, refrigerated chillers, evaporative coolers, pallet racking system located in the cold storage facilities of SILS (as attached under the **Appendix IX**)
Land title No.	HS(D) 134806
Land Lot No.	PT 128574
Postal address	Lot PT No. 128574, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor
Owner of the Plant & Machinery	SILS
Current market value	RM10,153,000
Audited net book value as at 31 December 2016	RM6,676,365
Encumbrances	Nil

In assessing the market value (in continued use), VPC had primarily adopted the cost approach as most of the Plant & Machinery are rarely transacted and no close market comparable were found. VPC had sourced the costs of replacing the Plant & Machinery based on the prices published on various online websites and the Plant & Machinery Assets Cost Data published by the American Society of Appraisers.

This approach entails determining the cost of replacement, new or the cost to reproduce or replace the Plant & Machinery in brand new condition, with the same or of equivalent utility, considering current prices for materials, labor, manufactured machinery & equipment, freight, installation (if any), and other attendant costs & related charges, as at the date of the valuation.

(ii) rationale and prospects of the Proposed MCCL Acquisition as set out in **Section 5.2** and **Section 6.3.2** of this Circular, respectively.

No other valuation matrices were adopted in arriving at the MCCL Purchase Consideration because MCCL does not own the land on lot PT 128574 where the business and operations of MCCL is currently situated.

Please refer to **Appendix IX** of this Circular for further details of the Plant & Machinery.

3.9 Mode of settlement of the MCCL Purchase Consideration

The MCCL Purchase Consideration comprises the MCCL Sale Shares consideration of RM9,925,100 and the assumption of the Shareholder's Loan. The MCCL Purchase Consideration shall be satisfied in cash in the following manner:-

	Date of Settlement	(RM)
Deposit (being 10% of the MCCL Sale Shares consideration)	Paid on 23 January 2017	992,510
Balance payment (being 90% of the MCCL Sale Shares consideration)	On completion date of MCCL SPA	8,932,590
Settlement of the Shareholder's Loan	On completion date of MCCL SPA	20,000,000
Total cash consideration		**29,925,100**

3.10 Liabilities to be assumed by TASCO

Save for the Shareholder's Loan, the obligations and liabilities arising from or in connection with the Pulau Indah SPA and MCCL SPA, there are no other liabilities, contingent liabilities and/or guarantees to be assumed by our Company pursuant to the Proposed Westport Acquisition.

3.11 Source of funding

The deposits for the Pulau Indah Purchase Consideration and MCCL Purchase Consideration were funded via our internally-generated funds. The balance payment of the Pulau Indah Purchase Consideration and MCCL Purchase Consideration are expected to be fully funded via bank borrowings.

3.12 Estimated financial commitments

Save for the borrowings to be secured for the Proposed Westport Acquisition, we do not expect to incur additional financial commitments to put Subject Property 2 and the business of MCCL on-stream.

4. BACKGROUND INFORMATION OF THE PARTIES

4.1 GCT

GCT was incorporated in Malaysia on 25 June 1998 and having its registered address at No. 3, Jalan Sungai Kayu Ara 32/40, Seksyen 32, Taman Berjaya Park, 40460 Shah Alam, Selangor.

GCT is principally involved in the business of transportation, cold room storage facilities, repackaging and value added facilities. GCT Group currently owns 192 reefer trucks and operates from its warehousing facilities, comprising of 4 cold storage warehouse buildings located in Shah Alam with a total storage capacity of approximately 27,128 pallets. GCT Group has developed into a full-fledged chilled and frozen food transporter and is one of the largest cold chain logistics players in Malaysia in terms of storage capacity.

At present, GCT's clientele includes companies from fast-moving consumer goods, food and pharmaceutical industry. The range of products under GCT's storage include amongst others, frozen foods, dairy and confectionary products and pharmaceutical items.

As at the LPD, the issued share capital of GCT is RM2,000,000 comprising 2,000,000 GCT Shares (excluding any credit in share premium and capital reserve).

As at the LPD, the directors of GCT are Chang Kok Fai and Chan Sun Cheong.

As at the LPD, the shareholders of GCT are as follows:-

Shareholders of GCT	Nationality	Direct shareholdings		Indirect shareholdings	
		No. of shares	%	No. of shares	%
Chang Kok Fai	Malaysian	999,998	*50.0	(1)2	#
Chan Sun Cheong	Malaysian	999,998	*50.0	(2)2	#
Minority Shareholders:					
Chang Lai Wah	Malaysian	1	#	-	-
Chang Lai Mun	Malaysian	1	#	-	-
Chan Teng Fung	Malaysian	1	#	-	-
Lum Yuet Quey	Malaysian	1	#	-	-

Notes:-

*	*Rounded up.*
#	*Negligible.*
(1)	*Deemed interested by virtue of the direct interest held by his spouse and sister in GCT.*
(2)	*Deemed interested by virtue of the direct interest held by his spouse and child in GCT.*

Further details on GCT is set out in **Appendix IV** of this Circular.

4.2 GCT Vendors

Chang Kok Fai, age 50, Malaysian, is a co-founder of GCT. He was appointed to the board of directors of GCT since the incorporation of GCT on 25 June 1998. Presently, Chang Kok Fai owns approximately 50% equity interest in GCT.

Chan Sun Cheong, age 56, Malaysian, is a co-founder of GCT. He was appointed to the board of directors of GCT on 15 May 1999. Presently, Chan Sun Cheong owns approximately 50% equity interest in GCT.

4.3 MCCL

MCCL was incorporated in Malaysia on 7 June 2006 under the name MILS-Seafrigo Sdn Bhd. It changed its name from MILS-Seafrigo Sdn Bhd to its current name on 24 July 2013. The principal place of business is located at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor and having its registered address at Unit 206, 2nd Floor, Wisma Methodist, Lorong Hang Jebat, 50150 Kuala Lumpur.

MCCL commenced its business operation on 1 July 2011 and is principally involved in the business of cold and chill storage services, cold chain logistics solutions and related services to customers. MCCL currently owns 3 reefer containers and operates in 1 warehouse building located on PT 128574 with a capacity of 10,643 pallet space in the multiple temperature-controlled storage facility.

At present, MCCL's clientele includes companies from the fast-moving consumer goods and fast food industry. The range of products under MCCL's storage include amongst others, frozen foods, fruits and dairy products.

As at the LPD, the directors of MCCL are Loo Yong Hui and Kee Chung Ching.

As at the LPD, SILS is the sole shareholder of MCCL, holding all 3,000,000 MCCL Shares and 2,800,000 RCPS in MCCL.

Further details on MCCL is set out in **Appendix V** of this Circular.

4.4 SILS

SILS was incorporated in Malaysia on 24 December 1983 under the name Magat Dua Sdn Bhd. It adopted its current name on 11 November 2016. SILS is the wholly-owned subsidiary of Swift Haulage Sdn Bhd. The principal activities of SILS include investment holding and provision of integrated logistics services, which include freight forwarding, warehousing, transportation and repair and storage of containers and other value-added activities.

Swift Haulage Sdn Bhd is the sole shareholder of SILS. As at the LPD, the issued share capital of SILS is as follows:

Issued share capital of SILS	No. of shares	RM
Ordinary shares	20,000,000	20,000,000
Redeemable convertible preference shares	332,849,000	332,849,000

As at the LPD, the directors of SILS are Dato' Haji Md. Yusoff @ Mohd. Yusoff bin Jaafar, Loo Yong Hui and Mohd Faishal bin Kassim.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed GCT Acquisition

The Proposed GCT Acquisition provides a good opportunity for us to venture into the cold chain logistics business. Our Board is of the view that our venture into the cold chain logistics market is deem to be a suitable progression to further enhance our value chain in the provision of logistic solutions given our track-record and vast experience in the fast-moving consumer goods and retail industries and also our existing involvement in ambient warehousing, which primarily involve storing products at room temperature such as electronics and electrical items, automotive parts, medical devices and plastic resin.

GCT Group is one of the prominent cold chain logistics providers in Malaysia with an operational track record of more than 20 years. GCT currently owns a sizeable fleet of 192 reefer trucks and operates cold room warehouses in Shah Alam with a storage capacity of approximately 27,128 pallets. GCT's customers are mostly large multinational corporations in the food industry.

The Proposed GCT Acquisition will enable us to venture into the cold chain logistics business with the ready capabilities of GCT Group, the experience of its management team in terms of operating in the cold chain logistics sector as well as the existing network and established clientele of GCT Group.

Further, our Board is of the view that Proposed GCT Acquisition represents an expedient and efficient platform for us to enter into the said niche market as opposed to setting up our own cold chain logistics operations, which may require high capital and resources as well as effort for the business to come on-stream.

5.2 Proposed Westport Acquisition

As disclosed in **Section 3** of this Circular, the Proposed Westport Acquisition comprises the Proposed MCCL Acquisition and the Proposed Pulau Indah Acquisition.

Similar to the Proposed GCT Acquisition, the Proposed MCCL Acquisition will provide us with opportunity to venture into the cold chain logistics business. MCCL currently owns 3 reefer containers and operates in 1 warehouse building located on PT 128574. The Proposed MCCL Acquisition will enable us to have access to MCCL's existing business operations and its cold room storage facility with a capacity of approximately 10,643 pallet space in Westport. In addition, the warehouse building erected on PT 128571 will provide additional warehouse capacity to our ambient warehousing segment and will cater to our Group's intention to expand our ambient warehousing segment. Meanwhile, the security control building erected on PT 128575 will continue to function as the security control center for the premise.

The Proposed MCCL Acquisition will enable us to efficiently scale up our cold chain logistics capabilities after the completion of the Proposed GCT Acquisition. It is pertinent to note that we will have a total cold room storage capacity of approximately 37,771 pallet space upon completion of the Proposed GCT Acquisition and the Proposed MCCL Acquisition.

The Proposed Pulau Indah Acquisition allows us to secure a sizeable landbank together with the office building and warehouses erected thereon with close proximity to Port Klang (which has the highest container throughput and handling in Malaysia) and is strategically located within the free commercial zone in Westport, where we currently do not have presence in. Presently, Lot No. PT 128572, PT 128573 and PT 128576, totalling approximately 17.78 acres of the Subject Property 2 are still vacant and may be utilised to build additional warehouse facilities and/or provide ancillary services should the need arise in the future. However, our Board has no immediate plans to build additional warehouse facilities on the vacant lands as at this juncture as we intend to focus on the cold chain logistics business.

Our Board is of the view that upon completion of the Proposed Westport Acquisition, we would be able to enhance our warehousing services tailored to the needs of multinational corporations for transshipment and for import and export.

6. OUTLOOK AND PROSPECTS

6.1 Overview and outlook of the global and Malaysian economy

In the first quarter of 2017, global economic activity expanded further with growth becoming more synchronised across countries. Indicators such as the manufacturing purchasing managers' index ("**PMI**") and trade growth showed a significant pick-up in economic activity. In particular, the manufacturing PMI recorded the fastest rate of expansion in six years. Manufacturing activity was supported by better performance across the consumer, intermediate and investment goods sectors, suggesting a broad-based expansion in demand from consumers and businesses. Trade for the Asian economies, including Korea, Chinese Taipei and Singapore, recorded double-digit growth for the first time since 2011, supported mainly by the electrical & electronics and commodities sectors.

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (4Q 2016: 4.5%). Private sector activity was higher and remained as the main driver of growth. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure. Private consumption grew by 6.6% (4Q 2016: 6.1%). Household spending remained supported by continued expansion in employment and wage growth. The implementation of selected government measures, including the higher amount of Bantuan Rakyat 1Malaysia cash transfers, also provided additional impetus to household spending. Public consumption recorded a stronger growth of 7.5% (4Q 2016: -4.2%) attributed to higher spending on both emoluments and supplies and services.

On the supply side, most economic sectors expanded at a faster pace. The improvement in the overall growth was contributed primarily by the turnaround in the agriculture sector and higher growth in the manufacturing and services sectors. Growth in the agriculture sector rebounded as crude palm oil yields recovered from the negative impact of El Niño. The performance of the sector was also supported by a double-digit expansion in rubber production. In the manufacturing sector, growth was driven mainly by the electronics and electrical segment, in line with the continued favourable global demand for semiconductors. The domestic-oriented industries were supported by the continued demand for food-related products and a rebound in the motor vehicle production. The services sector expanded at a faster pace in the first quarter. Growth in the wholesale and retail sub-sector improved in line with higher household spending. The finance and insurance sub-sector also registered higher growth, supported by improvements in loan growth and capital market activity amid higher issuance of initial public offerings. Growth in the construction sector was stronger, supported by civil engineering activity in the petrochemical, power plant and transportation segments. In the mining sector, growth moderated on lower crude oil production, particularly in Sarawak and Peninsular Malaysia, as part of the global initiative to reduce oil production.

Looking ahead, leading indicators such as the Department of Statistics Malaysia's composite leading index, Malaysian Institute of Economic Research's ("**MIER**") Business Conditions Index and MIER Consumer Sentiments Index, point to continued expansion of the domestic economy. Private consumption will be sustained by continued wage and employment growth, with additional lift coming from various policy measures to raise disposable income. Investment activity is projected to expand, driven mainly by the implementation of new and ongoing projects in the manufacturing and services sectors. The stabilisation of commodity prices is also expected to lend support to investment activity in the mining sector. On the external front, exports are expected to benefit from the improvement in global growth, especially among Malaysia's key trading partners. Overall, the economy remains on track to expand as projected in 2017.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2017, Quarterly Bulletin, Bank Negara Malaysia)

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4% - 4.5%) with nominal Gross National Income per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% and 3% (2016: 2%- 2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

(Source: Economic Report 2016/17, Ministry of Finance Malaysia)

6.2 Overview and outlook of the logistics sector

The transport and storage subsector increased 6.1% (Q1 2016: 5.9%) supported by high freight activities as well as increase in highway operations. The land transport segment rose 6.8% (Q1 2016: 7.4%) driven by high trade-related activities. This was reflected by the performance of Keretapi Tanah Melayu Berhad ("**KTMB**") cargo tonnage which rebounded 3.4% to 1.53 million tonnes (Q1 2016: -2.9%; 1.48 million) following higher shipment of maritime containers as well as cement and clinker. Traffic volume on tolled highways rebounded 11.3% to 436.5 million vehicles (Q1 2016: -7.6%; 392.3 million) attributed to higher usage during festivities. Meanwhile, the Electric Train Services ridership recorded a sustained double-digit growth of 33.2% to 0.9 million passengers (Q1 2016: 94.9%; 0.7 million). The KTMB intercity train services increased marginally by 0.7% to 687,800 passengers (Q1 2016: 71%; 683,121) following east coast intercity train service disruption due to floods and landslides in Dabong, Kelantan.

The air transport segment grew 3.3% (Q1 2016: 2.3%) with total air cargo handled rebounding 5.3% to 217,714 tonnes (Q1 2016: -16.3%; 206,760 tonnes) with cargo to international markets improving by 11.7% to 175,134 tonnes (Q1 2016: -20.5%; 156,851 tonnes) on account of higher exports. Meanwhile, total air passenger traffic nationwide continued to expand 11.2% to 24.3 million passengers (Q1 2016: 3.9%; 21.8 million).

The water transport segment continued to record a moderate growth at 1.7% (Q1 2016: 1.5%). During the quarter, the total volume of containers handled at seven major ports declined 1.7% to 5.9 million twenty-foot equivalent units ("**TEUs**") (Q1 2016: 6.4%; 6.1 million). The slower performance was due to a decline in volume handled at Port of Tanjung Pelepas by 7.5% to 2 million TEUs (Q1 2016: 3.1%; 2.2 million). However, the volume of containers handled at Port Klang increased slightly by 0.9% to 3.23 million TEUs (Q1 2016: 8.6%; 3.19 million).

(Source: Quarterly Update on the Malaysian Economy – First Quarter 2017, Ministry of Finance Malaysia)

In the Eleventh Malaysia Plan (2016-2020) ("**Plan**"), logistics infrastructure will be developed by focusing on the following key areas, namely, improving last-mile connectivity to Port Klang, upgrading Padang Besar terminal, promoting modal shift from road to rail, improving cargo facilities at airports and provision of parking facilities.

The last mile-connectivity to Port Klang by road and rail will be enhanced to cope with the increase in container volume. Accessibility to ports will be improved to cater for bigger vessels by undertaking channel deepening works. In addition, various port operators will undertake capacity expansion works, which include building additional berths and wharfs as well as land reclamation. These improvements will attract more international liners and mega vessels with capacities of 18,000 TEUs to call at the major ports.

Information and communications technology will be leveraged to provide seamless movement of goods services to enhance logistics and trade facilitation as well as to facilitate e-commerce. Efforts will be channeled towards providing timely traffic information to truck drivers, promoting virtual selling platforms, develop fulfilment centres and encourage urban logistics.

In line with the aspiration to become an advanced economy and inclusive nation, the target is to increase the contribution of the transport and storage subsector to Malaysia's gross domestic product from 3.6% to 4% by end of the Plan period. This entails the need for the subsector to grow 8.5% annually in order to achieve a contribution of RM55.8 billion. In terms of employment, the transport and storage subsector is expected to generate an additional 146,000 jobs, which are mainly high-skilled, by the end of 2020.

(Source: Eleventh Malaysia Plan, 2016-2020 – Economic Planning Unit)

6.3 Prospects of GCT Group, Subject Property 2, MCCL and our Group

6.3.1 GCT Group

The Proposed GCT Acquisition is a concerted effort by our Company to enter the cold chain logistics business with its ready capabilities to cater its multinational customers' needs and also to serve a wide base of industries namely the food, pharmaceuticals and chemicals segments. We believe that we can leverage on the established reputation and operational track record of GCT Group of more than 20 years in the cold chain industry and its established business relationship with its customers.

The Proposed GCT Acquisition is also earnings accretive as the GCT Group had been profitable in the last 3 financial years and had recorded revenue of approximately RM77.2 million and a PAT of approximately RM8.6 million for FYE 30 November 2016.

Premised on the above, our Board believes that the GCT Group will contribute positively to the financial performance and profitability of our Group in near future and would complement the aspirations of our Company to become one of the largest cold-chain logistics provider in Malaysia.

(Source: Management of TASCO)

6.3.2 MCCL and Subject Property 2

Leveraging on Yusen's extensive network and the strategic location of Subject Property 2, our Board is optimistic that MCCL will be able to attract more customers, both domestically and internationally and will contribute positively to the financial and operational growth of our Group.

The Proposed Pulau Indah Acquisition further provides our Group with access to approximately 17.78 acres of landbank ("**Unoccupied Land**"), which could be utilised to build additional warehouse facilities and/or provide ancillary services in future. However, our Board has no immediate plans to build additional warehouse facilities on the Unoccupied Land as at this juncture as we intend to focus on the cold chain logistics business.

Capitalising on the strategic location and accessibility of Subject Property 2, our Board believes that we will be able to attract more customers, particularly multinational corporations for shipment of goods. Our Board is confident that MCCL will contribute positively to our financial and operational growth moving forward.

(Source: Management of TASCO)

6.3.3 Prospects of our Group

The Proposed GCT Acquisition and Proposed MCCL Acquisition will enable us to venture into the cold chain logistics sector with ready capabilities and existing established clientele, network and expertise in the cold chain logistics sector without having to incur additional capital to put both businesses on-stream. Combining the existing capacity of GCT Group and MCCL, we will have a cold room storage capacity of approximately 37,771 pallet space. Upon successful completion of the Proposals, our Group expects to emerge as one of the largest cold chain logistics provider in Malaysia in the coming years.

Our Board envisages that our Group will be well positioned to become a full-fledged logistics solutions provider through the integration of the expertise and capabilities of GCT Group and MCCL in the cold chain industry together with Yusen's expertise and global network, particularly in the international freight forwarding by air or ocean, contract logistics and transportation. Moving forward, we believe that we can attract and secure more multinational corporations as our customers and enhance our industry competitiveness by leveraging on the added capabilities in the cold chain logistics through GCT Group and MCCL.

After the completion of the Proposals, our future plan is to integrate the businesses of our Group with GCT Group and MCCL. The integration process will include amongst others, assimilating the staff force of GCT Group and MCCL with our Group's organizational and working structure and retaining the key management of GCT Group and MCCL as their experience and know-how in the cold chain logistics sector will ensure stability and continuity in our future cold chain logistics business. Barring any delays on the completion of the Proposals, we expect that the integration process will be completed within a year and we do not foresee any material financial resources to be incurred arising from such integration. In addition, we believe that the successful implementation of the integration process will expedite the synergistic benefits to be derived from the Proposals.

Premised on the above and the outlook of the logistics sector as set out in **Section 6.2** of this Circular, our Board believes that the Proposals are in line with our Company's intention to strengthen our current position as one of the leading logistics companies in Malaysia.

(Source: Management of TASCO)

7. EFFECTS OF THE PROPOSALS

7.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any effect on our issued share capital and the shareholdings of our substantial shareholders as the Proposals do not involve any issuance of new shares in our Company.

7.2 Earnings and EPS

The Proposals are expected to contribute positively to the future earnings of our Group for the ensuing financial years arising from, amongst others, the earnings contributions and also potential synergistic benefits from GCT Group and MCCL.

For illustrative purposes only, based on the latest audited consolidated financial statements of our Group for the FYE 31 March 2017 and on the assumption that the Proposals had been effected on 1 April 2016 (being the date at the beginning of FYE 31 March 2017), the proforma effect of the Proposals on the earnings and EPS of our Group is as follows:-

	Audited as at 31 March 2017 RM'000	Proforma I After the Proposed GCT Acquisition RM'000	Proforma II After Proforma I and the Proposed Westport Acquisition RM'000
PAT attributable to shareholders of TASCO	30,669	(1)28,129	(2)17,769
Number of TASCO Shares as at the LPD ('000)	200,000	200,000	200,000
EPS (Sen)	15.33	14.06	8.88

Notes:-

(1) After taking into consideration the following:-

(i) PAT of approximately RM8.56 million based on the audited consolidated financial statements of GCT Group for the FYE 30 November 2016;

(ii) The estimated interest cost of RM8.1 million, calculated based on the average borrowing rates of our Company of approximately 4.50% per annum on the borrowings to be secured by TASCO amounting to approximately RM180.0 million to fund the GCT Purchase Consideration; and

(iii) The estimated expenses pursuant to the Proposed GCT Acquisition of RM3.0 million.

(2) After taking into consideration the following:-

(i) LAT of approximately RM0.06 million based on the audited financial statements of MCCL for the FYE 31 December 2016;

(ii) The estimated interest cost of RM6.3 million, calculated based on the average borrowing rates of our Company of approximately 4.50% per annum on the borrowings to be secured by TASCO amounting to approximately RM140.0 million to fund the Pulau Indah Purchase Consideration and MCCL Purchase Consideration; and

(iii) The estimated expenses pursuant to the Proposed Westport Acquisition of RM4.0 million.

7.3 NA and gearing

Based on the audited consolidated statement of financial position of our Group for the FYE 31 March 2017, the pro forma effects of the Proposals, which are provided for illustrative purposes only assuming that the Proposals had been completed on that date, on the NA and gearing of our Group are set out below:-

	Audited as at 31 March 2017 (RM'000)	Proforma I Adjustments (RM'000)	Proforma II After Proforma I and the Proposed GCT Acquisition (RM'000)	Proforma III After Proforma II and the Proposed Westport Acquisition (RM'000)
Share capital	100,000	100,000	100,000	100,000
Share premium	801	801	801	801
Revaluation reserve	1,401	1,401	1,401	1,401
Hedge reserve	(847)	(847)	(847)	(847)
Exchange translation reserve	(766)	(766)	(766)	(766)
Retained earnings	240,077	(1)235,077	(2)232,077	(5)228,077
Shareholders' funds/NA	**340,666**	**335,666**	**332,666**	**328,666**
Minority Interest	1,059	1,059	1,059	1,059
Total Equity	**341,724**	**336,725**	**333,725**	**329,725**
Number of ordinary shares ('000)	200,000	200,000	200,000	200,000
NA per share (RM)	1.70	1.68	1.66	1.64
Cash or cash equivalents (RM'000)	81,699	(1)76,699	(2)(3)83,329	(5)(6)80,289
Total debt	48,407	48,407	(4)280,797	(7)420,797
Gearing (times)	0.14	0.14	0.84	1.28
Net borrowings	(33,292)	(28,292)	197,468	340,508
Net gearing (times)(8)	(0.10)	(0.08)	0.59	1.04

Notes:-

(1) After adjusting for single-tier final dividend of 2.5 sen, amounting to RM5,000,000 to be paid on 7 July 2017.

(2) For illustration purposes, assuming the estimated expenses pursuant to the Proposed GCT Acquisition amounts to RM3.0 million.

(3) After adjusting for total cash and cash equivalents in GCT amounting to RM9.63 million as at FYE 30 November 2016.

(4) After taking into account of the following:-

(i) Total debt of GCT amounting to RM52.39 million as at FYE 30 November 2016; and

(ii) Assuming borrowings amounting to RM180.0 million was secured by our Company to fund the Proposed GCT Acquisition.

(5) For illustration purposes, assuming the estimated expenses pursuant to the Proposed Westport Acquisition amounts to RM4.0 million.

(6) After adjusting for the total cash and cash equivalents in MCCL amounting to RM0.96 million as at FYE 31 December 2016.

(7) Assuming debt financing of approximately RM140.0 million to fund the balance payment of the Pulau Indah Purchase Consideration, MCCL Sale Shares consideration and settlement of Shareholder's Loan.

(8) Calculated based on the net borrowings divided by the shareholders' fund/NA.

8. RISK FACTORS

8.1 Non-completion risks of the Proposals

It is pertinent to note that the Proposed Pulau Indah Acquisition and Proposed MCCL Acquisition are inter-conditional upon each other. As such, the non-completion of either one of the said corporate exercises will result in the non-completion of the other and will consequently result in the abortion of the Proposed Westport Acquisition. We take cognisance of the said risk and will endeavour to take all the necessary steps to ensure both the Proposed Pulau Indah Acquisition and Proposed MCCL Acquisition are duly completed. For the avoidance of doubt, the Proposed GCT Acquisition is not conditional upon the Proposed Westport Acquisition.

Nevertheless, it is pertinent to note that the completion of the Proposals are subject to the terms and conditions set out in the GCT SPA, Pulau Indah SPA and MCCL SPA, some of which may be beyond our control as they are dependent on the approval/consent by the relevant authorities and our shareholders. There can be no assurance that such conditions will be obtained/fulfilled and/or waived (as the case may be) by the relevant cut-off dates as stipulated in the respective agreements. Hence, any delay in fulfilling these conditions may materially affect the Proposals from being completed within the stipulated timeframe set out in the respective agreements.

Further, any delay in the completion of the Proposals will potentially delay or preclude us from deriving any revenue or benefits from the Proposals. To mitigate such risks, our Board will constantly monitor the fulfilment of these conditions as well as ensure that all the other relevant terms and conditions of the respective agreements, which are within our Group's control, are obtained/fulfilled within the prescribed timeframe.

8.2 Business risks

In addition to the risk affecting ambient logistics business, the business of GCT Group and MCCL is subject to additional risks inherent in the temperature-controlled logistics business, inter-alia, electricity outage, cold chain equipment failure and mishandling by employees, which would result in contamination or total write-off of cargo/ inventory due to the perishable nature of the cargo/ inventory.

Leveraging on the expertise of Yusen and our experience in the logistics industry, we will put in place backup storage plans and stringent quality control and monitoring procedures, whether manually or electronically, such as scheduled maintenance of the cold room equipment/ reefer containers, installation of backup refrigeration system, real-time temperature and location reporting, temperature logging, accurate labelling and packaging as well as employee training. We will also ensure that our insurance coverage is adequate by conducting regular review on our assets and insurance policies on a continuous basis.

8.3 Regulations and government policy risks

The Proposals are subject to a number of risks, including, without limitation, changes in regulations or government policies such as licenses issued by Land Public Transportation Commission Malaysia (SPAD), food safety regulations, and occupational safety and health requirements. Changes in these regulations and/or government policies may further increase GCT Group's and MCCL's operating cost and expenses, such as increase in electricity costs, repair expenses to modify the cold rooms and/or reefer trucks, increase in labour costs and increase in insurance premium.

Nevertheless, we have adopted a proactive approach in keeping abreast with the changes in regulations and government policies and will continue to implement necessary strategies in order to minimise such risk.

8.4 Financing risk

It is the intention of our Board to fund the balance of the GCT Purchase Consideration, Pulau Indah Purchase Consideration and MCCL Purchase Consideration via bank borrowings.

For illustration purpose, taking into consideration the fundings of the GCT Purchase Consideration, Pulau Indah Purchase Consideration and MCCL Purchase Consideration, our Group's borrowings will increase from approximately RM47.1 million as at the LPD to RM420.8 million upon completion of the Proposals as set out in **Section 7.3** of this Circular. Correspondingly, the gearing level of our Group will also increase from 0.14 times to 1.28 times.

In view that the interest charged on bank borrowings is dependent on prevailing interest rates, future fluctuation of interest rates could have an effect on our Group's cash flows and profitability. Nevertheless, our Board believes that with the additional cash flow generated from the GCT Group and MCCL's operations, our Group would be able to manage its cash flow position and funding requirements prudently to address the above risks.

8.5 Impairment of goodwill

Our Company will recognise goodwill from the Proposals, the amount of which will depend on the fair value of GCT and MCCL post completion of the Proposals. According to Financial Reporting Standards 136: Impairment of Assets, goodwill is required to be assessed for impairment annually if events or circumstances indicate that it is more likely than not that the recoverable amount of a cash generating unit ("**CGU**") is less than its carrying amount. In the event the goodwill is not supported by the projected cashflows of the CGU, there could be an impairment to the carrying amounts of goodwill allocated to GCT and/or MCCL, which would result in an impairment expense in the financial statements of our Group.

After the completion of the Proposals, our Board shall continuously monitor the future cashflows of the GCT Group and MCCL to ensure that the goodwill is supported by its projected cashflows of the CGU.

8.6 Investment risks

Our Board is of the view that the Proposals are expected to contribute positively to our future financial performance. However, there is no assurance that the anticipated benefits of the Proposals will be realised or that the Proposals will generate similar rate of returns as our existing businesses.

We anticipate that we can mitigate such investment risks by undertaking thorough post-merger integration on the operations of the new assets into our Group and to leverage on our strong management expertise and track record to properly manage the operations of the entities to be acquired, namely, GCT Group and MCCL.

9. APPROVALS REQUIRED

The Proposals are conditional upon approvals being obtained from the following:-

(a) the approval of our shareholders at the forthcoming EGM;

(b) the approval from the relevant state authority for the Proposed Pulau Indah Acquisition;

(c) the approval from the Economic Planning Unit for the Proposed Pulau Indah Acquisition; and

(d) any other relevant authorities/parties, if required.

The Proposed GCT Acquisition and the Proposed Westport Acquisition are not inter-conditional.

The Proposed Pulau Indah Acquisition and Proposed MCCL Acquisition are inter-conditional.

Save for the above, the Proposals are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by our Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of our Company and/or persons connected to them have any interest, whether direct or indirect, in the Proposals.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (which are the subject matters of this Circular), our Board confirms that there are no other outstanding corporate proposals announced by our Company but yet to be completed as at the LPD.

12. DIRECTORS' STATEMENT

After taking into consideration all aspects of the Proposals (including but not limited to the basis of deriving the GCT Purchase Consideration, Pulau Indah Purchase Consideration and MCCL Purchase Consideration, the market value of properties as appraised by VPC, the rationale for the Proposals, the prospects of GCT Group, Subject Property 2 and MCCL and the financial effects of the Proposals), our Board is of the opinion that the Proposals are:-

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the minority shareholders of our Company.

Accordingly, our Board recommends you, as a shareholder of TASCO, to vote in favour of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, our Board expects the Proposals to be completed by the end of 2017.

The tentative timetable for the implementation of the Proposals is set out below:-

Month	Event
29 June 2017	• EGM
Mid July 2017	• Fulfilment of all conditions precedent in relation to the GCT SPA • Payment for the balance of the GCT Purchase Consideration • Completion of the Proposed GCT Acquisition
End November 2017	• Fulfilment of all conditions precedent in relation to the Pulau Indah SPA and MCCL SPA • Payment for the balance of the Pulau Indah Purchase Consideration and MCCL Purchase Consideration • Completion of the Proposed Westport Acquisition

14. EGM

The EGM will be held at TASCO Berhad, Lot No.1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Thursday, 29 June 2017 at 3.00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the registered office of our Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than 48 hours before the time and date stipulated for holding the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instruction contained therein. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

15. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of our Board
TASCO BERHAD

LIM JEW KIAT
Managing Director

SALIENT TERMS OF THE GCT SPA

The salient terms of the GCT SPA are, amongst others, set out below:-

1. NTA Undertaking

(a) The GCT Vendors undertake to TASCO that the consolidated NTA of the GCT Group in the audited consolidated balance sheet of the GCT Group as at 31 March 2017 ("**Period Management Accounts**") shall increase by not less than RM2,500,000 compared to the consolidated NTA of the GCT Group in the Audited FYE 30 November 2016 of RM46.72 million**.**

(b) The parties to the GCT SPA acknowledge that the computation of the consolidated NTA shall be prepared and reviewed by the independent auditors jointly appointed by the GCT Vendors and TASCO. The independent auditors shall then issue a letter addressed to the parties of GCT SPA confirming the consolidated NTA of the GCT Group as at 31 March 2017 ("**Independent Auditors' Confirmation**").

(c) In the event the increase in consolidated NTA of the GCT Group in the Period Management Accounts ("**Actual NTA**") is an amount which is less than RM2,500,000 and provided that the consolidated NTA of the GCT Group in the Period Management Accounts has not decreased compared to the consolidated NTA in the Audited FYE 30 November 2016, the GCT Vendors shall within 5 business days of the date of receipt of the Independent Auditors' Confirmation pay to GCT an amount equal to the difference between RM2,500,000 and the Actual NTA, subject to a maximum of RM2,500,000.

(d) In the event the consolidated NTA of the GCT Group in the Period Management Accounts has decreased compared to the consolidated NTA of the GCT Group in the Audited FYE 30 November 2016 ("**NTA Reduction**"), the parties to GCT SPA shall enter into good faith negotiations to decide, within 10 business days or such longer period as the parties to GCT SPA may agree ("**NTA Reduction Discussion Period**"), on how to resolve the NTA Reduction by mutual agreement of both parties. In the event both parties are unable to agree on how to resolve the NTA Reduction, TASCO shall be entitled (but not obliged) to terminate the GCT SPA by giving written notice to the GCT Vendors within 5 business days from the expiry of the NTA Reduction Discussion Period.

(e) In the event TASCO elects to terminate the GCT SPA pursuant to **Section 1(d)** above, the GCT Vendors shall refund the deposit free of interest, to TASCO and the GCT SPA shall automatically terminate in the manner as set out in the GCT SPA.

(f) In the event the increase in consolidated NTA of the GCT Group in the Period Management Accounts is an amount which is more than RM2,500,000, the amount in excess of RM2,500,000 shall be utilised to set off against any claims against the GCT Vendors arising from breaches of the warranties as set out in the GCT SPA.

2. Termination / Specific Performance

(a) TASCO shall be entitled to issue a notice of termination to the GCT Vendors if, at any time prior to the completion date of GCT SPA:

(i) the GCT Vendors commit any continuing or material breach of any of their obligations under the GCT SPA which either:

(A) is incapable of remedy; or

(B) if capable of remedy, is not remedied within 30 days of being given notice to do so; or

(ii) any of the vendors' warranties given by the GCT Vendors when given or will or would on the date of the GCT SPA and/or on completion date of GCT SPA be untrue in any material and adverse respect.

(b) The GCT Vendors shall be entitled to issue a notice of termination to TASCO if, at any time prior to the completion date of GCT SPA:

(i) TASCO commits any continuing or material breach of any of its obligations under the SPA which either:

(A) is incapable of remedy; or

(B) if capable of remedy, is not remedied within 30 days of being given notice to do so; or

(ii) any of the warranties given by TASCO was when given or will or would on the date of the GCT SPA and/or on completion date of GCT SPA be untrue in any material and adverse respect.

For the avoidance of doubt, in the event the GCT SPA is terminated by the GCT Vendors in accordance with **Section 2(b)** of this Appendix, the GCT Vendors shall be entitled absolutely and shall retain the initial deposit free of interest, as agreed liquidated damages.

(c) In the event any party refuses to proceed with the transaction contemplated under the GCT SPA before the completion date of GCT SPA (otherwise than by reason of termination in accordance with other provisions of the GCT SPA), the following shall apply:

(i) Vendors' refusal to complete:

(A) In the event the GCT Vendors give written notice to TASCO of their refusal to proceed with the transaction contemplated under the GCT SPA before the payment by TASCO of the balance deposit, the GCT Vendors shall, within 5 business days from the date of their written notice, refund the initial deposit free of interest, to TASCO and pay to TASCO an amount equal to the initial deposit as agreed liquidated damages; or

(B) In the event the GCT Vendors give written notice to TASCO of their refusal to proceed with the transaction contemplated under the GCT SPA after the payment by TASCO of the balance deposit but before all the conditions precedent of GCT SPA are fulfilled (other than the condition precedent as set out in **Section 2.1.1(a)(i)** of this Circular),, the GCT Vendors shall, within 5 Business Days from the date of their written notice, refund the deposit free of interest, to TASCO and pay TASCO an amount equal to 50% of the deposit as agreed liquidated damages; or

(C) In the event the GCT Vendors give written notice to TASCO of their refusal to proceed with the transaction contemplated under the GCT SPA after the fulfilment of all the conditions precedent of GCT SPA but before completion, the GCT Vendors shall, within 5 business days from the date of their written notice, refund the deposit free of interest, to TASCO and pay to TASCO an amount equal to the deposit as agreed liquidated damages,

and thereafter, the GCT SPA shall terminate in accordance to the GCT SPA.

(ii) Purchaser's refusal to complete:

(A) In the event TASCO gives written notice to the GCT Vendors of its refusal to proceed with the transaction contemplated under the GCT SPA before the payment by TASCO of the balance deposit, the GCT Vendors shall be entitled absolutely and shall retain the initial deposit free of interest, as agreed liquidated damages; or

(B) In the event TASCO gives written notice to the GCT Vendors of its refusal to proceed with the transaction contemplated under the GCT SPA after the payment by TASCO of the balance deposit but before all the conditions precedent of GCT SPA are fulfilled (other than the condition precedent as set out in **Section 2.1.1(a)(i)** of this Circular), the GCT Vendors shall within 5 business days from the date of TASCO's written notice, deduct from the deposit an amount equal to 50% of the deposit and retain the same as agreed liquidated damages and refund the remainder of the deposit free of interest, to TASCO; or

(C) In the event TASCO gives written notice to the GCT Vendors of its refusal to proceed with the transaction contemplated under the GCT SPA after the fulfilment of all the conditions precedent of GCT SPA but before completion, the GCT Vendors shall be entitled to retain the deposit free of interest, as agreed liquidated damages,

and thereafter, the GCT SPA shall terminate in accordance to the GCT SPA.

(d) Subject to the provisions of the GCT SPA, the parties shall be at liberty to take such action in law as may be necessary to compel the defaulting party by way of specific performance to complete the transaction contemplated under the GCT SPA or to claim damages for the breach of the defaulting party.

3. Warranties

(a) The GCT Vendors warrant to TASCO that each of the vendors' warranties contained in Schedule 2 of the GCT SPA are and will be true and correct on the date of the GCT SPA and shall continue to be true and correct on completion date of GCT SPA.

(b) TASCO acknowledges and agrees that the GCT Vendors give no warranty, representation or undertaking in relation to:

(i) any of the forecasts, estimates, projections, statements of intent or statements of opinion provided to TASCO or any of its advisers or agents save for **Section 2.1.2(a)** of this Circular and **Section 1** of Appendix 1 to this Circular; and

(ii) the ability of GCT to continue to enjoy any tax benefits and exemptions after completion pursuant to the Pioneer Status awarded to GCT by the Malaysian Investment Development Authority.

(c) Each of the warranties given by TASCO as set out in the GCT SPA is separate and shall be construed independently of the others and shall not be limited by reference to any of the others or by any of the provisions contained in the GCT SPA. TASCO shall write to notify GCT Vendors as soon as reasonably practicable in the event TASCO becomes aware of any event which may result in any of such warranties being unfulfilled, untrue, misleading or incorrect in any material respect.

SALIENT TERMS OF THE GCT SPA (*Cont'd*)

(d) Each of the warranties given by the GCT Vendors as set out in the GCT SPA is separate and shall be construed independently of the others and shall not be limited by reference to any of the others or by any of the provisions contained in the GCT SPA. The GCT Vendors shall write to notify TASCO as soon as reasonably practicable in the event the GCT Vendors becomes aware of any event which may result in any of such warranties being unfulfilled, untrue, misleading or incorrect in any material respect.

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SALIENT TERMS OF THE PULAU INDAH SPA

The salient terms of the Pulau Indah SPA are, amongst others, set out below:-

1. No Termination during the Conditional Period

The parties hereby undertake with each other that neither party shall without the consent of the party, at any time during the conditional period terminate the Pulau Indah SPA save and except as provided under the Pulau Indah SPA.

2. Default by the Vendor

In the event SILS fails to complete the sale of the Subject Property 2 in any way or in the event of any breach by SILS of any of the material terms of the Pulau Indah SPA, TASCO shall be entitled to:-

(a) seek the remedy of specific performance of the Pulau Indah SPA against SILS to compel SILS to complete the sale of Subject Property 2 to TASCO in accordance with the provisions of the Pulau Indah SPA;

(b) alternatively, at TASCO's option, terminate the Pulau Indah SPA by written notice to SILS in which event SILS shall, within seven (7) days from its receipt of the notice, refund to TASCO all sums paid by and on behalf of TASCO towards the purchase price under the Pulau Indah SPA and further pay to TASCO a sum equivalent to 10% of the purchase price as agreed liquidated damages free of interest, failing which SILS shall pay TASCO interest at the rate of 8% per annum on daily basis on all of the aforesaid unpaid monies or such part thereof outstanding from the expiry of the aforementioned period to the receipt of the aforementioned sum by TASCO.

3. Default by the Purchaser

In the event TASCO fails to pay the balance purchase price in accordance with the provisions of the Pulau Indah SPA or in the event of any breach by TASCO of any of the terms of the Pulau Indah SPA, SILS shall be entitled to the remedy of specific performance against TASCO to compel TASCO to complete the purchase of the Subject Property 2 from SILS in accordance with the provisions of the Pulau Indah SPA.

4. Vacant Possession

(a) The legal possession for PT 128574 (subject to the existing Tenancy Agreement) shall be deemed delivered by SILS to TASCO on the day failing upon expiry of 7 days from the date of full payment of the balance purchase price to SILS' solicitors as stakeholder together with any late payment interest (if any) ("**VP Date**") and TASCO shall be entitled to collect the monthly rental from the MCCL, being the tenant commencing from the VP Date; and

(b) the vacant possession of PT 128571, PT 128572, PT 128573, PT 128575 and PT 128576 on "as is where is" basis together with the furniture, fixtures, fittings and building(s) erected thereon (fair wear and tear excepted) shall be delivered to TASCO on the VP Date, failing which SILS shall pay late delivery interest at the rate of 8.0% per annum on the purchase price calculated on a daily basis from the VP Date until the date of actual delivery of vacant possession of Subject Property 2 together with the furniture, fixtures, fittings and building(s) erected thereon (fair wear and tear excepted) to TASCO.

SALIENT TERMS OF THE PULAU INDAH SPA (*Cont'd*)

5. Representations and Warranties

(a) SILS hereby represents and warrants to TASCO the warranties as set out in the Pulau Indah SPA.

(b) TASCO hereby represents and warrants to SILS that:-

(i) TASCO has full power and capacity to sell, execute, deliver and perform the terms of the Pulau Indah SPA; and

(ii) TASCO has not been wound up nor subject to any winding up petition.

(c) If any such representation and warranties be found to have been untrue, incorrect or inaccurate in any material respect and was made by any party knowingly and/or willingly, the other party shall have the right to terminate the Pulau Indah SPA in the manner as set out in the Pulau Indah SPA.

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SALIENT TERMS OF THE MCCL SPA

The salient terms of the MCCL SPA are, amongst others, set out below:-

1. Completion and post completion obligation

1.1 Completion

(a) Completion shall take place at TASCO's office on any date falling within the completion period or any extended completion period, subject to the fulfilment (or waiver) of the conditions precedent of MCCL SPA.

(b) In the event TASCO fail to pay the balance MCCL Sale Shares consideration or fully settle the Shareholder's Loan within the completion period, TASCO shall be granted an extended period to pay the balance MCCL Sale Shares consideration and the Shareholder's Loan, together with accrued interest calculated in the manner as set out in the MCCL SPA.

(c) SILS' solicitors shall deliver and release all documents as set out in the MCCL SPA to TASCO on the completion date of MCCL SPA.

1.2 Post completion obligation

(a) Notwithstanding the completion, SILS undertakes with TASCO that it shall not during a period of 1 year commencing on completion, directly, indirectly employ, solicit or encourage any person who is for the past 12 months from the date of the MCCL SPA been a senior management of MCCL to leave his or her current employment or consultancy.

(b) Notwithstanding the completion, TASCO undertakes with SILS that it shall procure MCCL to continue to employ all of its employees, in employment (permanent or on contract) as at the date of the MCCL SPA, on terms and conditions that are no less favourable than the existing terms and conditions, including but not limited to employment benefits and with no loss of seniority in respect of such employee's respective tenures with MCCL for a period until 24 October 2017.

2. Termination / Specific Performance

(a) The parties agree that in the event any party materially breaches any of such party's obligations under the MCCL SPA, the non-defaulting party shall serve a written notice to the defaulting party specifying the breach and requiring the defaulting party to remedy such breach within 30 days from the date of such notice or such other period as may be mutually agreed between the parties in writing.

(b) TASCO shall be entitled to issue a notice of termination to SILS if, at any time prior to the completion date of MCCL SPA:

(i) SILS and/or MCCL commits any continuing or material breach of any of its obligations under the MCCL SPA which either:

(A) is incapable of remedy; or

(B) if capable of remedy, is not remedied within 30 days of being given notice to do so; or

(ii) any of the warranties and/or disclosures given by SILS and/or MCCL is found at any time to be materially untrue.

(c) Notwithstanding the provisions of the MCCL SPA, TASCO shall be at liberty to compel SILS by way of specific performance to complete the transaction contemplated in the MCCL SPA or to claim damages for the breach of SILS.

(d) In the event TASCO fails to pay the balance MCCL Sale Shares consideration or the Shareholder's Loan or in the event of any breach by TASCO of any of the terms of the MCCL SPA, SILS shall be entitled to compel TASCO by way of specific performance to complete the transaction contemplated in the MCCL SPA.

(e) The parties agree that in the event the MCCL SPA is terminated:

(i) TASCO's solicitors shall refund the 3% RPGT Retention Sum to TASCO in the manner as set out in the MCCL SPA;

(ii) SILS shall refund the sum of RM694,757, being 7% of the MCCL Sale Shares consideration to TASCO free of interest within 14 days from such termination; and

(iii) all documents deposited by the party with the other party and/or the other party's solicitors shall be returned and/or cause to be returned to the party with its interest therein remains intact.

3. Limitation on Warranties

(a) TASCO shall not be entitled to make a claim in respect of any breach of any of the warranties if the fact, matter, event or circumstance giving rise to such breach was disclosed in the audited accounts of MCCL as at 31 December 2015 or management accounts of MCCL as at 30 November 2016;

(b) TASCO shall not be entitled to make a claim in respect of any breach of any of the warranties if the fact, matter, event or circumstance giving rise to such breach was made aware during the course or in relation to the due diligence exercise conducted in respect of MCCL by or on behalf of TASCO;

c) TASCO shall not be entitled to make a claim in respect of any breach of any of the warranties in relation to any fact, where that fact has been disclosed in writing or in any written document which has been provided by SILS to TASCO prior to the date of the MCCL SPA;

(d) TASCO shall not be entitled to make a claim in respect of any document which has been filed by or on behalf of the MCCL with any governmental or quasi-governmental authority such that the said document is available for inspection by the public;

(e) no claim may be made in respect of any one matter arising under the warranties by TASCO on more than one account or for any loss arising from breaches of warranties in the MCCL SPA to the extent that any such loss is or will be recovered or recoverable under a policy of insurance in force at the date of such loss;

(f) no claim shall be made against SILS in respect of any of the warranties, covenants or undertakings arising out of or in connection with the MCCL SPA except where such warranties, covenants or undertakings are expressly contained or incorporated in the MCCL SPA;

(g) SILS shall be under no liability whatsoever under the warranties in respect of any and all matters resulting from a change in accounting or taxation policy or practice of MCCL, including the method of submission of taxation returns, introduced since or having effect after the completion date of MCCL SPA;

(h) SILS shall not be liable under the warranties to the extent that any breach thereof or liability thereunder occurs as a result of change of law or administrative practice which takes effect retrospectively or occurs as a result of any increase in the rates of taxation in force at the date of the MCCL SPA;

SALIENT TERMS OF THE MCCL SPA (*Cont'd*)

(i) SILS shall not be liable in respect of any claim by TASCO based upon a liability which is contingent only, unless and until such contingent liability becomes an actual liability and is adjudged to be due and payable;

(j) SILS shall not be liable to the extent as sellers of the MCCL Sale Shares in respect of any matter, act or circumstance that arises from an act or event occurring after completion;

(k) SILS shall have no liability for any claim for breach of warranties unless TASCO has given SILS written notice of such claim on or before:

   (i) 23 October 2017; or

   (ii) the expiry date of the period (or any agreed extended period thereof) of which Swift Haulage Sdn Bhd (Company No. 533234-V) (hereinafter called "**SHSB**") is entitled to make a claim for breach of similar warranties against MISC Berhad (Company No. 8178-H) (hereinafter called "**MISCB**") under the Agreement for Sale and Purchase of Shares dated 9 May 2016 entered into between MISCB and SHSB.

   whichever is later.

(l) the maximum aggregate amount which TASCO may recover from SILS in respect of all claims against SILS for any breach of any of the warranties, including (without limitation) in respect of all contingent liabilities, taxes, duties, fines, penalties, and dues to Malaysian and non-Malaysian regulatory authorities in relation to any cause of action arising prior to the completion is RM500,000 only (any claim in excess of which TASCO waives).

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BACKGROUND INFORMATION ON GCT

1. HISTORY AND BUSINESS

GCT was incorporated in Malaysia on 25 June 1998 and having its registered address at No. 3, Jalan Sungai Kayu Ara 32/40, Seksyen 32, Taman Berjaya Park, 40460 Shah Alam, Selangor.

GCT is principally involved in the business of transportation, cold room storage facilities, repackaging and value added facilities. GCT Group currently owns 189 reefer trucks and operates in its warehousing facilities, comprising of 4 cold storage warehouse buildings located in Shah Alam, with a total storage capacity of approximately 27,128 pallets. GCT Group has developed into a full-fledged chilled and frozen food transporter and is one of the largest cold chain logistics players in Malaysia in terms of storage capacity size.

At present, GCT's clientele includes companies from fast-moving consumer goods, food and pharmaceutical industry. The range of products under GCT's storage include amongst others, frozen foods, dairy and confectionary products and pharmaceutical items.

2. SHARE CAPITAL

As at the LPD, the issued share capital of GCT is RM2,000,000 comprising 2,000,000 GCT Shares (excluding any credit in share premium and capital reserve).

3. SHAREHOLDERS

As at the LPD, the shareholders of GCT are as follows:-

Shareholders of GCT	Nationality	Direct shareholdings		Indirect shareholdings	
		No. of shares	%	No. of shares	%
Chang Kok Fai	Malaysian	999,998	*50.0	(1)2	#
Chan Sun Cheong	Malaysian	999,998	*50.0	(2)2	#
Minority Shareholders:					
Chang Lai Wah	Malaysian	1	#	-	-
Chang Lai Mun	Malaysian	1	#	-	-
Chan Teng Fung	Malaysian	1	#	-	-
Lum Yuet Quey	Malaysian	1	#	-	-

Notes:-

* *Rounded up.*
\# *Negligible.*
(1) *Deemed interested by virtue of the direct interest held by his spouse and sister in GCT.*
(2) *Deemed interested by virtue of the direct interest held by his spouse and child in GCT.*

4. DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

As at the LPD, the details of the directors of GCT and their respective shareholdings in GCT are as follows:-

Directors	Nationality	Direct shareholdings		Indirect shareholdings	
		No. of shares	%	No. of shares	%
Chang Kok Fai	Malaysian	999,998	*50.0	(1)2	#
Chan Sun Cheong	Malaysian	999,998	*50.0	(2)2	#

BACKGROUND INFORMATION ON GCT (*Cont'd*)

Notes:-

*	*Rounded up.*
(1)	*Deemed interested by virtue of the direct interest held by his spouse and sister in GCT.*
(2)	*Deemed interested by virtue of the direct interest held by his spouse and child in GCT.*
#	*Negligible.*

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, GCT has 1 subsidiary company, details of which are set out below:-

Company	Date / Place of incorporation	Issued share capital	Equity interest	Principal activities
GC Logistics Sdn Bhd (Company No. 553099-H)	12 July 2001 / Malaysia	RM250,000 comprising 250,000 ordinary shares	100%	Rendering of transportation, cold room storage facilities, repackaging and value added facilities

As at the LPD, GCT does not have any associate companies.

6. MATERIAL CONTRACTS

As at the LPD, GCT has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the LPD.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the directors of GCT are not aware of any material commitments incurred or known to be incurred, which upon becoming enforceable may have a material impact on the financial results/position of GCT Group.

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

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, GCT Group is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and the directors of GCT are not aware of and do not have any knowledge of any proceedings pending or threatened against GCT Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of GCT Group.

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9. FINANCIAL INFORMATION OF GCT GROUP

The summary of the financial information of GCT Group for the past three (3) financial years up to the FYE 30 November 2016:-

	<------------------------------ Audited--------------------------> FYE 30 November		
	2014 (RM)	**2015 (RM)**	**2016 (RM)**
Revenue	57,400,928	67,024,254	77,151,828
PBT	6,068,956	9,569,983	10,946,709
PAT	**4,520,565**	**6,835,829**	**8,555,650**
Issued share capital	2,000,000	2,000,000	2,000,000
Gross EPS (RM)	6.22	9.13	9.71
Net EPS (sen)	2.26	3.42	4.28
Shareholders' equity / NA	36,638,085	41,473,914	46,716,064
NA per share (RM)	18.32	20.74	23.36
Current ratio (times)	1.01	1.08	1.12
Total interest-bearing borrowings	57,693,690	54,740,145	52,391,418
Gearing (times)	1.57	1.32	1.12

GCT Group has not adopted any accounting policies which are peculiar to its operation and have any significant effect on the financial performance or position of GCT Group for the past 3 years up to FYE 30 November 2016. There were no audit qualifications reported and exceptional or extraordinary item recorded for the audited financial years under review.

(Source: Audited consolidated financial statements of GCT Group)

Commentaries on past financial performance:-

FYE 30 November 2014 as compared to FYE 30 November 2013

GCT Group recorded a decrease in revenue of RM3.26 million, or approximately 5.4% to RM57.40 million for the FYE 30 November 2014 as compared to RM60.66 million for the FYE 30 November 2013. The decrease in revenue was mainly due to discontinuation of business with one customer for transportation business. Similarly, GCT Group recorded a PBT of RM6.07 million for the FYE 30 November 2014 as compared to PBT of RM6.58 million for the FYE 30 November 2013, representing a decrease of approximately 7.8% or RM0.51 million. The decrease in PBT was mainly attributable to higher pre-operating expenses incurred for a new warehouse at No.1, Jalan Sungai Kayu Ara 32/37, Berjaya Industrial Park ("**Phase 4**").

FYE 30 November 2015 as compared to FYE 30 November 2014

GCT Group recorded an increase in revenue of RM9.62 million, or approximately 16.8% to RM67.02 million for the FYE 30 November 2015 as compared to RM57.40 million for the FYE 30 November 2014. The increase in revenue was mainly due to the operation of an additional new warehouse (Phase 4) completed during the year. GCT Group recorded a PBT of RM9.57 million for the FYE 30 November 2015 as compared to PBT of RM6.07 million for the FYE 30 November 2014, representing an increase of approximately 57.7% or RM3.50 million. The improvement in PBT was mainly attributed to higher contribution derived from the additional pallet space in the new warehouse (Phase 4) which has resulted in better absorption of overall fixed overhead costs.

BACKGROUND INFORMATION ON GCT (*Cont'd)*

FYE 30 November 2016 as compared to FYE 30 November 2015

GCT Group recorded an increase in revenue of RM10.13 million, or approximately 15.1% to RM77.15 million for the FYE 30 November 2016 as compared to RM67.02 million for the FYE 30 November 2015. The revenue from the transportation business improved as GCT Group secured more business from its customers and had a favourable pricing revision with certain customers during the financial year. Similarly, GCT Group recorded a PBT of RM10.95 million for the FYE 30 November 2016 as compared to PBT of RM9.57 million for the FYE 30 November 2015, representing an increase of approximately 14.4% or RM1.38 million. The increase in PBT was mainly attributable to higher contribution from the higher revenue.

(Source: Management of GCT)

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BACKGROUND INFORMATION ON MCCL

1. HISTORY AND BUSINESS

MCCL was incorporated in Malaysia on 7 June 2006 under the name MILS-Seafrigo Sdn Bhd. It changed its name from MILS-Seafrigo Sdn Bhd to its current name on 24 July 2013. The principal place of business is located at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor and having its registered address at Unit 206, 2nd Floor, Wisma Methodist, Lorong Hang Jebat, 50150 Kuala Lumpur.

MCCL commenced its business operation on 1 July 2011 and is principally involved in the business of cold and chill storage services, cold chain logistics solutions and related services to customers. MCCL currently owns 3 reefer containers and operates in 1 warehouse building located on PT 128574 with a capacity of 10,643 pallet space in the multiple temperature-controlled storage facility.

At present, MCCL's clientele includes companies from the fast-moving consumer goods and fast food industry. The range of products under MCCL's storage include amongst others, frozen foods, fruits and dairy products.

2. SHARE CAPITAL

As at the LPD, the issued share capital of MCCL are as follows:-

Share capital of MCCL	No. of shares	(2)RM
Ordinary shares	3,000,000	3,000,000
RCPS(1)	2,800,000	280,000

Notes:-

(1) *The salient terms of the RCPS are as follows:-*

Dividend	:	*Non-cumulative at net 5% per annum. The dividend payment will be at the option of the issuer*
Redemption	:	*Redeemable at the option of the issuer at the nominal value of RM0.10 and premium of RM9.90 each at any time*
Redemption Notice	:	*One (1) month notice in writing shall be given by MCCL of its intention to redeem the RCPS and fixing the time and place for the redemption and surrender the RCPS to be redeemed*
Conversion	:	*One (1) month notice in writing shall be given to MCCL to convert the RCPS into ordinary shares*

Subject to the passing of the relevant ordinary resolution of MCCL and without prejudice to any special rights previously conferred on the existing MCCL's shareholder(s) and RCPS holder(s), the rights of the RCPS holder(s) with respect to repayment of capital, participation in surplus assets and profits, voting and priority of payment of capital and dividend will be determined by the board of MCCL.

For information purposes, the conversion rate and period of the RCPS will also be determined by the board of MCCL and the tenure of the RCPS is perpetual.

(2) *Excluding any credit in share premium and capital reserve.*

3. SHAREHOLDERS

As at the LPD, SILS is the sole shareholder of MCCL, holding all 3,000,000 MCCL Shares and 2,800,000 RCPS in MCCL.

4. DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

As at the LPD, the details of the directors of MCCL and their respective shareholdings in MCCL are as follows:-

		Direct		Indirect	
Name	**Nationality**	**No. of MCCL Shares**	**(%)**	**No. of MCCL Shares**	**(%)**
Loo Yong Hui	Malaysian	-	-	(1)420,000	14
Kee Chung Ching	Malaysian	-	-	-	-

Note:-

(1) Deemed interested by virtue of his substantial shareholdings in SILS pursuant to Section 8 of the Act.

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, MCCL does not have any subsidiaries or associate companies.

6. MATERIAL CONTRACTS

As at the LPD, MCCL has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the LPD.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the directors of MCCL are not aware of any material commitments incurred or known to be incurred, which upon becoming enforceable may have a material impact on the financial results/position of MCCL.

As at the LPD, the directors of MCCL are not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable may have a material impact on the financial results/position of MCCL.

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, MCCL is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, and the directors MCCL are not aware of and do not have any knowledge of any proceedings pending or threatened against MCCL, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of MCCL.

9. FINANCIAL INFORMATION OF MCCL

The summary of the financial information of MCCL for the past 3 financial years up to the FYE 31 December 2016 is as follows:-

	<--------------------- Audited----------------------->		
	FYE 31 December		
	2014 **(RM)**	**2015** **(RM)**	**2016** **(RM)**
Revenue	12,566,374	12,640,271	9,170,366
PBT/(LBT)	1,111,781	1,585,313	(36,074)
PAT/(LAT)	**1,111,781**	**1,603,312**	**(59,826)**
Issued share capital	3,280,000	3,280,000	3,280,000
Gross EPS (RM)	1.12	1.39	0.70
Net EPS (RM)	0.37	0.53	(0.02)
Shareholders' equity /NA	13,738,626	15,341,937	15,282,111
NA per share (RM)	4.58	5.11	5.09
Current ratio (times)	1.36	0.98	0.69
Total interest-bearing borrowings	23,999,907	23,999,907	19,999,907
Gearing (times)	1.75	1.56	1.31

MCCL has not adopted any accounting policies which are peculiar to its operation and have any significant effect on the financial performance or position of MCCL for the past 3 years up to FYE 31 December 2016. There were no audit qualifications reported and exceptional or extraordinary item recorded for the audited financial years under review.

(Source: Audited financial statements of MCCL)

Commentaries on past financial performance:-

<u>FYE 31 December 2014 as compared to FYE 31 December 2013</u>

MCCL recorded an increase in revenue of RM4.08 million, or approximately 48.1% to RM12.57 million for the FYE 31 December 2014 as compared to RM8.48 million for the FYE 31 December 2013. The increase in revenue was mainly due to revision in storage price in conjunction with increase in electricity tariff and additional storage volume from their primary clients as well as higher activity in forwarding and haulage. Similarly, MCCL recorded a PBT of RM1.11 million for the FYE 31 December 2014 as compared to LBT of RM3.1 million for the FYE 31 December 2013, representing an increase of approximately 135.8% or RM4.22 million. The increase in PBT was mainly attributable to higher revenue and lower interest expense after conversion of inter-company loan (with outstanding principal of RM28 million) into RCPS which took effect in January 2014.

<u>FYE 31 December 2015 as compared to FYE 31 December 2014</u>

MCCL recorded an increase in revenue of RM0.07 million, or approximately 0.6% to RM12.64 million for the FYE 31 December 2015 as compared to RM12.57 million for the FYE 31 December 2014. The increase in revenue was mainly due to additional storage volume from their primary clients and higher activity in forwarding and haulage. MCCL recorded a PBT of RM1.59 million for the FYE 31 December 2015 as compared to PBT of RM1.11 million for the FYE 31 December 2014, representing an increase of approximately 42.6% or RM0.47 million. The improvement in PBT was mainly due to lower operating cost by RM0.74 million but is offset by increase in forex losses.

FYE 31 December 2016 as compared to FYE 31 December 2015

MCCL recorded a revenue of RM9.17 million for the FYE 31 December 2016, as compared to the revenue of RM12.64 million recorded for the FYE 31 December 2015, representing a decrease in revenue by RM3.47 million or approximately 27.5%. This is mainly due to effects of lower inventory level from their primary clients in the first half of 2016. The shrinking stock level was to counter measure against the fluctuation of exchange rate against the United States Dollar. Similarly, MCCL recorded a PBT of RM0.04 million for the FYE 31 December 2016, translating into a decrease of approximately 102.3% as compared to PBT of RM1.59 million for the FYE 31 December 2015, mainly as a result of lower revenue from storage and forwarding activities. The decrease in PBT was also attributable to the insufficient revenue generated to offset the overall fixed overhead costs.

(Source: Management of MCCL)

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GOLD COLD TRANSPORT SDN BHD
(Incorporated in Malaysia)

30 NOVEMBER 2016

ANNUAL REPORT AND FINANCIAL STATEMENTS

Contents

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the consolidated financial statements of the Group and the audited financial statements of the Company for the year ended 30 November 2016.

PRINCIPAL ACTIVITIES

The Company is principally involved in transportation, provision of cold room facilities, import and export of goods and a distributor of all kinds of fruits and as a real property company, etc. Its subsidiary is principally engaged in rendering of transportation, cold room storage facilities, repackaging and value added facilities.

There have been no significant changes in the nature of these activities during the year.

FINANCIAL RESULTS

	Group	Company
	RM	RM
Net profit for the year	8,555,650	5,838,466

There were no material transfers to or from reserves or provisions during the year.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The Company declared an interim single tier dividend of 100% per share amounting to a total of RM2,000,000 (2015: final single tier dividend of 100% per share amounting to a total of RM2,000,000) in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are :-

CHANG KOK FAI
CHAN SUN CHEONG

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company, as stated below:-

	Ordinary shares of RM1.00 each			
	as at 1/12/2015	bought during the year	sold	as at 30/11/2016
CHANG KOK FAI	999,998	-	-	999,998
CHAN SUN CHEONG	999,998	-	-	999,998

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

Retirement and re-election of Directors at the Annual General Meeting will be in accordance with the Articles of Association of the Company.

OTHER STATUTORY INFORMATION

a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps :-

   i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and

   ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

b) At the date of this report, the Directors are not aware of circumstances which would render :-

   i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent;

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

c) At the date of this report, the Directors are not aware of any circumstances 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.

d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

   i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

   ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

f) In the opinion of the Directors :-

   i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due;

   ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made

AUDITORS

The auditors, Messrs. **L H LEE & CO.**, have expressed their willingness to continue in office.

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

CHANG KOK FAI

CHAN SUN CHEONG

Kuala Lumpur, Malaysia
Dated : 24 JAN 2017

STATEMENT BY DIRECTORS

We the undersigned being two of the Directors of the Group and of the Company state that in the opinion of the Directors the financial statements set out on pages 7 to 35 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Private Entity Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 November 2016 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date.

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

CHANG KOK FAI

CHAN SEN CHEONG

Kuala Lumpur, Malaysia
Dated : 24 JAN 2017

STATUTORY DECLARATION

I the undersigned being the Director primarily responsible for the financial management of the Company and of the Company do solemnly and sincerely declare that the financial statements set out on pages 7 to 35 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
this day of 24 JAN 2017

CHANG KOK FAI

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of Gold Cold Transport Sdn Bhd, which comprise the balance sheets as at 30 November 2016 of the Group and of the Company, and the income statements, statement of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 35.

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 Private Entity 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 judgment, 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 Company's preparation of the 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 Company'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity 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 of 30 November 2016 and of its financial performance and cash flows for the year then ended.

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 subsidiary have been properly kept in accordance with the provisions of the Act.

b) We have satisfied that the accounts of the subsidiary 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.

c) The audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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.

L H LEE & CO
CHARTERED ACCOUNTANTS
AF: 0076

LEE LAM HUAT
PARTNER
800/04/18 (J/PH)

Kuala Lumpur, Malaysia
Dated : 24 JAN 2017

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2016

	NOTE	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant & equipment	4	88,427,007	87,257,824
Current assets			
Trade & other receivables	6	25,260,177	30,173,331
Amount owing by director	7	-	320,000
Deposits placed with licensed banks		4,553,939	3,400,000
Cash & bank balances		5,080,843	1,669,178
		34,894,959	35,562,509
TOTAL ASSETS		123,321,966	122,820,333
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	8	2,000,000	2,000,000
Revaluation reserve	9	7,075,000	8,000,000
Retained profits		37,641,064	31,473,914
Total equity		46,716,064	41,473,914
Non-current liabilities			
Deferred tax liabilities	10	2,096,882	1,755,341
Term loans	11	40,728,110	44,704,918
Hire purchase & finance lease payables	12	2,555,106	2,053,884
		45,380,098	48,514,143
Current liabilities			
Trade & other payables	13	18,758,988	22,775,092
Hire purchase & finance lease payables	12	2,697,382	1,570,523
Amount owing to director	7	2,594,784	1,795,576
Term loans	11	6,410,820	6,410,820
Taxation		763,830	280,265
		31,225,804	32,832,276
Total liabilities		76,605,902	81,346,419
TOTAL EQUITY AND LIABILITIES		123,321,966	122,820,333

The annexed notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	NOTE	RM	2016 RM	RM	2015 RM
REVENUE	15		77,151,828		67,024,254
DIRECT COSTS			(57,732,080)		(48,761,878)
GROSS PROFIT FROM OPERATIONS			19,419,748		18,262,376
Other operating income	16		1,938,513		3,019,497
Distribution costs			(35,273)		(41,958)
Administrative expenses			(4,659,219)		(4,524,105)
Other operating expenses			(3,902,647)		(5,889,376)
PROFIT FROM OPERATIONS			12,761,122		10,826,434
Finance costs	17		(1,814,413)		(1,256,451)
PROFIT BEFORE TAX			10,946,709		9,569,983
After charging/(crediting) :-					
Allowance for doubtful debts		109,940		138,753	
Auditors' remuneration					
- current		84,000		55,000	
- (over)/under provision		(3,302)		2,300	
- other		8,042		-	
Bad debts written off - trade		220,000		-	
- non trade		214,830		-	
Depreciation of property, plant & equipment	4	5,344,007		4,876,605	
Directors' remuneration					
- EPF		121,318		67,080	
- salary & bonus		680,000		554,000	
Hire of equipment		417,402		859,465	
Hire of pallets		191,722		181,842	
Loss on foreign exchange - realised		1,259		-	
Plant & equipment written off		181,595		-	
Rental of forklift & reach truck		2,150,658		5,926,030	
Staff costs					
- EPF		1,452,988		1,120,179	
- salaries, allowance, bonus & wages		12,011,566		10,645,365	
- Socso		152,198		132,727	
INCOME TAX EXPENSE	18		(2,391,059)		(2,734,154)
NET PROFIT FOR THE YEAR			8,555,650		6,835,829

The annexed notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,946,709	9,569,983
Adjustments for :-		
Allowance for doubtful debts	109,940	138,753
Depreciation of property, plant & equipment	5,344,007	4,876,605
Gain on disposal of property, plant & equipment	(485,052)	(108,075)
Interest expenses	1,814,413	2,837,971
Interest income	(163,295)	(47,061)
Plant & equipment written off	181,595	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,748,317	17,268,176
Decrease in trade and other receivables	15,543,942	1,762,378
Decrease in trade and other payables	(14,971,661)	(2,324,920)
CASH GENERATED FROM OPERATIONS	18,320,598	16,705,634
Interest paid	(1,814,413)	(2,837,971)
Interest received	163,295	47,061
Tax paid	(2,818,824)	(2,143,332)
Tax refund	457,372	630,871
NET CASH FROM OPERATING ACTIVITIES	14,308,028	12,402,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	727,662	113,000
Purchase of property, plant & equipment (note 20)	(3,141,934)	(2,412,902)
NET CASH USED IN INVESTING ACTIVITIES	(2,414,272)	(2,299,902)

The annexed notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from/(repayment to) directors	918,168	(1,099,139)
Dividend paid	(2,000,000)	-
Proceeds from term loans	-	1,012,680
Repayment of hire purchase payables	(2,269,512)	(3,662,188)
Repayment of term loans	(3,976,808)	(3,740,037)
NET CASH USED IN FINANCING ACTIVITIES	(7,328,152)	(7,488,684)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,565,604	2,613,677
Cash and cash equivalents at beginning of year	5,069,178	2,455,501
Cash and cash equivalents at end of year	9,634,782	5,069,178
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash & bank balances	5,080,843	1,669,178
Deposits placed with licensed banks	4,553,939	3,400,000
	9,634,782	5,069,178

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2016

	Share capital	Revaluation reserve	Retained profits	Total
	RM	RM	RM	RM
Balance at 1.12.2014	2,000,000	8,000,000	26,638,085	36,638,085
Dividend paid	-	-	(2,000,000)	(2,000,000)
Net profit for the year	-	-	6,835,829	6,835,829
Balance at 30.11.2015	2,000,000	8,000,000	31,473,914	41,473,914
Prior year adjustment	-	-	(388,500)	(388,500)
Decrease during the year	-	(925,000)	-	(925,000)
Dividend paid	-	-	(2,000,000)	(2,000,000)
Net profit for the year	-	-	8,555,650	8,555,650
Balance at 30.11.2016	2,000,000	7,075,000	37,641,064	46,716,064

The annexed notes form an integral part of these financial statements.

BALANCE SHEET AS AT 30 NOVEMBER 2016

	NOTE	2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant & equipment	4	83,948,069	83,214,183
Investment in subsidiary	5	250,000	250,000
		84,198,069	83,464,183
Current assets			
Trade & other receivables	6	23,185,996	14,333,609
Cash & bank balances		4,456,965	372,294
Deposit placed with licensed banks		1,014,130	-
Tax recoverable		-	514,337
	14	28,657,091	15,220,240
TOTAL ASSETS		112,855,160	98,684,423
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	8	2,000,000	2,000,000
Revaluation reserve	9	7,075,000	8,000,000
Retained profits		22,862,438	19,412,472
Total equity		31,937,438	29,412,472
Non-current liabilities			
Deferred tax liabilities	10	2,233,657	1,702,753
Term loans	11	40,728,110	44,704,918
Hire purchase & finance lease payables	12	2,275,302	985,422
		45,237,069	47,393,093
Current liabilities			
Trade & other payables	13	24,257,500	13,307,399
Hire purchase & finance lease payables	12	1,551,767	584,543
Term loans	11	6,410,820	6,410,820
Amount owing to director	7	2,594,784	1,576,096
Taxation		865,782	-
	14	35,680,653	21,878,858
Total liabilities		80,917,722	69,271,951
TOTAL EQUITY AND LIABILITIES		112,855,160	98,684,423

The annexed notes form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	NOTE	RM	2016 RM	RM	2015 RM
REVENUE	15		58,434,922		6,454,931
DIRECT COSTS			(45,835,155)		(3,095,588)
GROSS PROFIT FROM OPERATIONS			12,599,767		3,359,343
Other operating income	16		1,556,918		2,781,768
Administrative expenses			(2,937,827)		(724,000)
Other operating expenses			(1,798,220)		(760,513)
PROFIT FROM OPERATIONS			9,420,638		4,656,598
Finance costs	17		(1,692,772)		(1,151,379)
PROFIT BEFORE TAX			7,727,866		3,505,219
After charging :-					
Allowance for doubtful debts		5,049		73,369	
Auditors' remuneration					
- current		24,000		15,000	
- other		5,482		-	
Bad debts written off - trade		220,000		-	
- non trade		214,830		-	
Depreciation of property, plant & equipment	4	3,399,974		3,549,664	
Directors' remuneration					
- EPF		33,120		44,880	
- salary & bonus		224,000		374,000	
Hire of pallets		131,985		-	
Loss on foreign exchange - realised		1,259		-	
Plant & equipment written off		181,595		-	
Rental of forklift & reach truck		537,980		-	
Staff costs					
- EPF		825,171		17,646	
- salaries, wages & bonus		7,381,614		169,068	
- Socso		95,666		1,704	
INCOME TAX EXPENSE	18		(1,889,400)		(1,045,843)
NET PROFIT FOR THE YEAR			5,838,466		2,459,376

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,727,866	3,505,219
Adjustments for :-		
Allowance for doubtful debts	5,049	73,369
Depreciation of property, plant & equipment	3,399,974	3,549,664
Gain on disposal of property, plant & equipment	(485,051)	(108,075)
Interest income	(48,327)	(2,535)
Interest expenses	1,692,772	2,732,899
Plant & equipment written off	181,595	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	12,473,878	9,750,541
(Increase)/decrease in trade and other receivables	(9,072,266)	2,980,807
Increase/(decrease) in trade and other payables	10,950,102	(3,047,470)
CASH GENERATED FROM OPERATIONS	14,351,714	9,683,878
Interest paid	(1,692,772)	(2,732,899)
Interest received	48,327	2,535
Tax refund	457,372	-
Tax paid	(1,231,250)	(833,332)
NET CASH FROM OPERATING ACTIVITIES	11,933,391	6,120,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	727,662	113,000
Purchase of property, plant & equipment (note 20)	(1,326,734)	(1,890,861)
NET CASH USED IN INVESTING ACTIVITIES	(599,072)	(1,777,861)

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from/(to) director	1,018,688	(311,019)
Dividend paid	(2,000,000)	-
Proceeds from term loans	-	1,012,680
Repayment of hire purchase payables	(1,277,398)	(2,272,730)
Repayment of term loans	(3,976,808)	(3,740,037)
NET CASH USED IN FINANCING ACTIVITIES	(6,235,518)	(5,311,106)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,098,801	(968,785)
Cash and cash equivalents at beginning of year	372,294	1,341,079
Cash and cash equivalents at end of year	5,471,095	372,294
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Deposit placed with licensed bank	1,014,130	-
Cash and bank balances	4,456,965	372,294
	5,471,095	372,294

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2016

	Share capital	Revaluation reserve	Retained profits	Total
	RM	RM	RM	RM
Balance at 1.12.2014	2,000,000	8,000,000	18,953,096	28,953,096
Dividend - paid	-	-	(2,000,000)	(2,000,000)
Net profit for the year	-	-	2,459,376	2,459,376
Balance at 30.11.2015	2,000,000	8,000,000	19,412,472	29,412,472
Decrease during the year	-	(925,000)	-	(925,000)
Prior year adjustment	-	-	(388,500)	(388,500)
Dividend paid	-	-	(2,000,000)	(2,000,000)
Net profit for the year	-	-	5,838,466	5,838,466
Balance at 30.11.2016	2,000,000	7,075,000	22,862,438	31,937,438

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office address and the principal place of business of the Company is located at 3, Jalan Sungai Kayu Ara 32/40, Seksyen 32, 40460 Shah Alam, Selangor.

The total number of employees of the Group and of the Company at the end of the financial year were 367 (2015: 308) and 327 (2015: 4) respectively.

The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 JAN 2017

2. PRINCIPAL ACTIVITIES

The Company is principally involved in transportation, provision of cold room facilities, import and export of goods and a distributor of all kinds of fruits and as a real property company, etc. Its subsidiary is principally engaged in rendering of transportation, cold room storage facilities, repackaging and value added facilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and in accordance with the applicable Private Entity Reporting Standards in Malaysia.

b) **Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Motor lorries	20%
Cold room, cabin, plant & machinery	5% - 20%
Freehold building	2%
Racking, furniture & office equipment	10% - 50%
Lease assets	33.33%

Freehold land has an unlimited useful life and therefore is not depreciated.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The difference between the net disposal proceed, if any, and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

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.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation will be charged against the revaluation reserve to the extent of a surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On usage of revalued assets, amounts in revaluation reserve relating to those assets will be transferred to retained profits.

c) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting date as the Company.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

d) **Subsidiary**

Subsidiary is entity over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiary is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

e) **Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the assets is carried at revalued amount. Any impairment loss of a revalued asset is treated as revaluation decrease to the extent of unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when impairment losses recognised for the asset no longer exist or have decreased.

f) **Financial instruments**

Financial instruments carried on the balance sheet include cash and bank balances, deposits, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheets when the Group and the Company have become party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

i) **Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

ii) **Trade and other receivables**

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Doubtful debts are provided based on specific review of the receivables. Bad debts are written off when identified.

iii) **Trade and other payables**

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

iv) **Interest-bearing borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

g) **Foreign currency**

Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia ("RM") at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to RM at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to RM the foreign exchange rates ruling at the date of the transactions. Exchange gains or losses are dealt in the income statement.

h) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

i) **Cash and cash equivalents**

Cash and cash equivalents consist of cash, bank balances and deposits placed with licensed banks which are readily convertible to cash and which are subject to insignificant risk of changes in value.

j) **Hire purchase and finance lease**

Hire purchase and leases of property, plant and equipment, which are classified as finance lease, where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

Assets under hire purchase and finance lease are depreciated on a straight-line basis over the shorter of the hire and lease terms or their useful lives. Hire purchase and lease interest is recognised as an expense in income statement over the lease period so as to give a constant periodic rate of interest n the outstanding liability at the end of each accounting period.

All other leases are classified as operating lease and the lease rentals are recognised as an expense in income statement on a straight-line basis over the lease periods.

k) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Services rendered

Revenue is recognised in the income statement based on invoiced value when the services are performed.

(ii) Sale of goods

Revenue is recognised in the income statement based on invoiced value of goods sold and customer' acceptance.

(iii) Rental income

Rental income is recognised on an accrual basis.

l) **Expenses**

(i) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

m) **Employee benefits**

i) Short term benefits

Salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

n) **Related parties**

Parties are considered to be related if one party has the ability to control the other party exercise significant influence over the other party, to the extent that it prevents the other party from fully pursuing its own separate interest, in making financial and operating decisions.

4. PROPERTY, PLANT AND EQUIPMENT

Group COST	Freehold land & building RM	Cold room, cabin, plant & machinery RM	Office equipment, furniture, fittings & computer RM	Motor vehicles RM	Lease assets RM	Total RM
At 1.12.2015	78,346,126	8,214,745	1,634,827	31,378,018	-	119,573,716
At valuation	8,000,000	-	-	-	-	8,000,000
Additions	55,095	445,244	934,288	2,638,053	3,256,990	7,329,670
Disposal	-	-	-	(3,965,827)	-	(3,965,827)
Reclassification	2,390,807	(2,459,953)	69,146	-	-	-
At 30.11.2016	88,792,028	6,200,036	2,638,261	30,050,244	3,256,990	130,937,559
ACCUMULATED DEPRECIATION						
At 1.12.2015	7,734,020	6,747,761	1,271,249	24,562,862	-	40,315,892
Prior year adjustment	518,000	-	-	-	-	518,000
At valuation	74,000	-	-	-	-	74,000
Charge for the year	1,272,046	467,295	95,055	3,317,645	117,966	5,270,007
Disposal	-	-	-	(3,667,347)	-	(3,667,347)
Reclassification	4,232,358	(4,270,949)	38,591	-	-	-
At 30.11.2016	13,830,424	2,944,107	1,404,895	24,213,160	117,966	42,510,552
CARRYING AMOUNT						
At 30.11.2016	74,961,604	3,255,929	1,233,366	5,837,084	3,139,024	88,427,007
At 30.11.2015	78,612,106	1,466,984	363,578	6,815,156	-	87,257,824
Depreciation charge for the year ended 30.11.2015	1,261,598	60,794	317,389	3,236,824	-	4,876,605

Included in property, plant and equipment are assets acquired under hire purchase arrangements (note 12) with carrying amount totalling RM5,837,084 (2015:RM6,815,156).

The freehold land and building of the Group with a carrying amount of RM74,961,604 (2015: RM78,612,106) is pledged as security by way of a fixed charge for certain bank borrowings (note 11) granted to the Group.

Company	Freehold land & building	Cold room, cabin, plant & machinery	Office equipment, furniture, fittings & computer	Motor vehicles	Lease assets	Total
COST	RM	RM	RM	RM	RM	RM
At 1.12.2015	78,346,126	7,585,596	560,210	22,153,892	-	108,645,824
At valuation	8,000,000	-	-	-	-	8,000,000
Additions	55,095		903,268	679,117	3,256,990	4,894,470
Disposal	-	-	-	(3,201,884)	-	(3,201,884)
Reclassification	2,390,807	(2,459,953)	69,146	-	-	-
At 30.11.2016	88,792,028	5,125,643	1,532,624	19,631,125	3,256,990	118,338,410
ACCUMULATED DEPRECIATION						
At 1.12.2015	7,734,020	6,269,197	517,410	18,911,014	-	33,431,641
Prior year adjustment	518,000	-	-	-	-	518,000
At valuation	74,000	-	-	-	-	74,000
Charge for the year	1,272,046	348,483	37,044	1,550,435	117,966	3,325,974
Disposal	-	-	-	(2,959,274)	-	(2,959,274)
Reclassification	4,232,358	(4,270,949)	38,591	-	-	-
At 30.11.2016	13,830,424	2,346,731	593,045	17,502,175	117,966	34,390,341
CARRYING AMOUNT						
At 30.11.2016	74,961,604	2,778,912	939,579	2,128,950	3,139,024	83,948,069
At 30.11.2015	78,612,106	1,316,399	42,800	3,242,878	-	83,214,183
Depreciation charge for the year ended 30.11.2015	1,261,598	261,672	25,082	2,001,312	-	3,549,664

The freehold land and building of the Company with carrying amount of RM74,961,604 (2015: RM78,612,106) is pledged as security by way of a fixed charge for certain bank borrowings (note 11) granted to the Company.

Included in property, plant and equipment are assets acquired under hire purchase arrangements (note 12) with carrying amount totalling RM2,128,950 (2015:RM3,242,878).

5. INVESTMENT IN SUBSIDIARY COMPANY

Company	2016 RM	2015 RM
Unquoted shares - at cost	250,000	250,000

The subsidiary of the Company, incorporated in Malaysia, is as follows :-

Name of company	Principal activities	Percentage of shareholdings 2016	Percentage of shareholdings 2015
GC Logistics Sdn Bhd	Rendering of transportation, cold room storage facilities, repackaging and value added facilities	100%	100%

6. TRADE AND OTHER RECEIVABLES

Group		2016		2015
	RM	RM	RM	RM
Trade receivables				
Related company		-		3,195,138
Third parties		21,540,194		21,190,942
		21,540,194		24,386,080
Less: allowance for doubtful debts				
At 1 December	230,176		91,423	
Increase in allowance	109,940		138,753	
At 30 November		(340,116)		(230,176)
Trade receivables, net		21,200,078		24,155,904
Other receivables				
Deposits	198,759		321,813	
GST claimable	24,469		-	
Prepayments	416,991		970,795	
Others	-		683,734	
Staff loans/advances	71,376		-	
Related company	2,429,286		2,402,936	
Third parties	919,218		1,638,149	
		4,060,099		6,017,427
Total		25,260,177		30,173,331
Company				
Trade receivables				
Third parties		19,896,930		1,301,935
Subsidiary company		-		10,955,828
Related company		-		674,096
		19,896,930		12,931,859
Less: allowance for doubtful debts				
At 1 December	73,369		-	
Increase during the year	5,049		73,369	
At 30 November		(78,418)		(73,369)
		19,818,512		12,858,490
Other receivables				
Deposits	142,503		128,397	
GST claimable	24,469		-	
Prepayments	155,555		648,968	
Staff loans/advances	71,376		-	
Related company	2,429,286		327,148	
Third parties	544,295		370,606	
		3,367,484		1,475,119
Total		23,185,996		14,333,609

Amounts owing by related companies and subsidiary are unsecured, interest free and repayable on demand.

7. AMOUNT OWING BY/(TO) DIRECTORS

Group and Company

These amounts are unsecured and repayable on demand.

8. SHARE CAPITAL

Group and Company	2016 RM	2015 RM
Authorised : 5,000,000 ordinary shares of RM1.00 each	5,000,000	5,000,000
Issued and fully paid : 2,000,000 ordinary shares of RM1.00 each	2,000,000	2,000,000

9. ASSET REVALUATION RESERVE - NON DISTRIBUTABLE

Group and Company	2016 RM	2015 RM
The property was revalued based on:		
Open market value by an independent professional valuer		
Balance at 1 December	8,000,000	8,000,000
Less: decrease during the year due to deferred tax effect	(925,000)	-
Balance at 30 November	7,075,000	8,000,000

10. DEFERRED TAX

	Group		**Company**	
Group and Company	2016 RM	2015 RM	2016 RM	2015 RM
At 1 December	1,755,341	1,391,801	1,702,753	1,426,254
Effect on opening deferred tax due to reduction in tax rate (note 18)	(70,215)	-	(68,111)	-
Prior year adjustment	795,500	-	795,500	-
Recognised (to)/from income statement (note 18)	(383,744)	363,540	(196,485)	276,499
At 30 November	2,096,882	1,755,341	2,233,657	1,702,753

Presented after appropriate off-setting as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax assets	(1,848,494)	(392,491)	(1,291,729)	(392,491)
Deferred tax liabilities	3,945,376	2,147,832	3,525,386	2,095,244
	2,096,882	1,755,341	2,233,657	1,702,753

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax liability				
- capital allowances in excess of depreciation	2,096,882	1,755,341	2,233,657	1,702,753

11. TERM LOANS - SECURED

Group and Company	2016 RM	2015 RM
Secured		
Non-current portion:		
- repayable between one and two years	12,821,640	12,821,640
- repayable between two and five years	19,232,460	19,232,460
- repayable more than 5 years	8,674,010	12,650,818
Total non-current portion	40,728,110	44,704,918
Current portion:		
- repayable within one year	6,410,820	6,410,820
	47,138,930	51,115,738

Details of the repayment terms are as follows:-

Term loan	Number of monthly instalments	Monthly instalment	Date of commencement of repayment	2016 RM	2015 RM
1	180	RM24,641	July 2008	1,457,151	1,673,484
2	180	RM106,301	June 2009	7,546,178	8,417,701
3	180	RM23,510	June 2009	1,667,459	1,860,282
4	180	RM163,284	April 2010	17,690,007	19,281,335
5	180	RM54,593	December 2011	3,816,516	5,689,176
6	180	RM97,342	May 2014	12,640,003	11,771,681
7	180	RM11,522	July 2014	1,332,667	1,404,555
8	252	RM1,082	December 2015	166,875	171,697
9	252	RM1,056	December 2015	162,774	167,477
10	252	RM1,060	December 2015	163,360	168,080
11	252	RM1,063	December 2015	163,946	168,683
12	252	RM1,075	December 2015	165,704	170,492
13	252	RM1,077	December 2015	166,290	171,095
				47,138,930	51,115,738

The term loan facilities are secured against the followings :-

i) Legal charge over the freehold land, building and warehouse of the Company,

ii) Jointly and severally guaranteed by all the Directors of the Company,

iii) Asset purchase and asset sales agreement.

iv) Letter and negative pledge. (bank term loan interest ranging from BLR -1.75% to BLR -2.00% per annum. (BLR ranging from 6.60% to 6.72% at 30 November 2016)).

12. HIRE PURCHASE AND FINANCE LEASE PAYABLES

Group	2016 RM	2015 RM
Commitments for hire purchase and finance lease payables are as follows:-		
Not later than 1 year	2,844,723	2,329,545
Later than 1 year and not later than 5 years	2,666,647	1,486,136
	5,511,370	3,815,681
Future finance charges	(258,882)	(191,274)
	5,252,488	3,624,407

	2016 RM	2015 RM
Repayable as follows:-		
Non-current portion: Later than 1 year and not later than 5 years	2,555,106	2,053,884
Current portion: Not later than 1 year	2,697,382	1,570,523
	5,252,488	3,624,407

Company	2016 RM	2015 RM
Commitments for hire purchase and finance lease payables are as follows:-		
Not later than 1 year	1,665,976	1,262,637
Later than 1 year and not later than 5 years	2,368,894	375,480
	4,034,870	1,638,117
Future finance charges	(207,801)	(68,152)
	3,827,069	1,569,965
Repayable as follows:-		
Non-current portion: Later than 1 year and not later than 5 years	2,275,302	985,422
Current portion: Not later than 1 year	1,551,767	584,543
	3,827,069	1,569,965

Hire purchase and finance lease interest rates charged ranging from 2.95% to 3.20% (2015: 3.20%) per annum.

13. TRADE AND OTHER PAYABLES

Group	2016 RM	2015 RM
Trade payables		
Third parties	9,421,788	7,551,095
Related companies	838,716	741,721
	10,260,504	8,292,816

	2016 RM	2015 RM
Other payables		
Accruals	1,918,131	2,211,812
Other		
- related companies	1,968,499	10,422,593
- third parties	78,772	1,009,425
Allowance for stock loss, damage, demurrage & diesel price	2,109,456	647,146
Deposit received	194,300	191,300
Dividend payable	2,000,000	-
GST payable	229,326	-
	8,498,484	14,482,276
Total	18,758,988	22,775,092

Amounts owing to related companies are unsecured, interest free and repayable on demand.

Company	2016 RM	2015 RM
Trade payables		
Third parties	7,117,104	1,549,824
Related company	824,679	-
Subsidiary company	6,306,542	-
	14,248,325	1,549,824
Other payables		
Accruals	1,466,767	407,701
Deposit received	3,000	-
Dividend payable	2,000,000	-
Related companies	1,968,499	10,422,593
Subsidiary company	3,090,723	-
Third parties	3,468	927,281
Allowance for stock loss, damage, demurrage & diesel price	1,476,718	-
	10,009,175	11,757,575
Total	24,257,500	13,307,399

Amounts owing to related companies and subsidiary are unsecured, interest free and repayable on demand.

14. NET CURRENT LIABILITIES

Company	2016 RM	2015 RM
Current assets	28,657,091	15,220,240
Less: current liabilities	(35,680,653)	(21,878,858)
Net current liabilities	(7,023,562)	(6,658,618)

15. REVENUE

Group	2016 RM	2015 RM
Invoiced value of services rendered	77,151,828	67,024,254
Company		
Invoiced value of services rendered	58,434,922	6,454,931

16. OTHER INCOME

Group	2016 RM	2015 RM
Administration fees	18,000	18,000
Consultancy fee	32,900	-
Gain on disposal of plant & equipment	485,052	108,075
Insurance - refund	-	53,000
Interest income - fixed deposit	84,680	-
Interest income - current account	78,615	47,061
Management fee	94,854	41,581
Others	-	134,120
Rental of hostel	4,900	-
Rental income - net	208,641	-
Rental of lorries	-	165,860
Sales of scrap	89,471	-
Sub-rental received	841,400	2,451,800
	1,938,513	3,019,497

Company	2016 RM	2015 RM
Administration fees	12,000	-
Consultancy fee	32,900	-
Gain on disposal of plant & equipment	485,051	108,075
Insurance - refund	-	53,000
Interest income - fixed deposit	14,131	-
Interest income - current account	34,196	2,535
Management fee	94,854	41,581
Rental income - net (Gross: RM2,460,600, (2015: RM6,000,000))	879,309	2,576,577
Sales of scrap	4,477	-
	1,556,918	2,781,768

17. FINANCE COSTS

Group	2016 RM	2015 RM
Interest		
- hire purchase	199,175	244,123
- lease	3,763	-
- term loans	1,611,475	1,012,328
	1,814,413	1,256,451
Interest - term loans related to rental received	822,536	1,581,520

Company

Interest		
- hire purchase	77,534	139,051
- lease	3,763	-
- term loans	1,611,475	1,012,328
	1,692,772	1,151,379
Interest - term loans related to rental received	822,536	1,581,520

18. INCOME TAX EXPENSE

Group	2016 RM	2015 RM
Current year provision	2,865,044	2,377,646
Overprovision in prior year	(20,026)	(7,032)
Deferred tax (note 10)	(383,744)	363,540
Effect on opening deferred tax due to reduction in tax rate (note 10)	(70,215)	-
	2,391,059	2,734,154

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to the income tax expense at the effective income tax rate of the Group is as follows:-

	2016 RM	2015 RM
Profit before tax	10,946,709	9,569,983
Taxation at Malaysian income tax rate of		
- first RM500,000 at 19% (2015: 20%)	95,000	100,000
- balance at 24% (2015: 25%)	1,799,628	2,267,496
Effect on opening deferred tax due to reduction in tax rate (note 10)	(70,215)	-
Expenses not deductible for tax purpose	703,084	400,709
Non-taxable income	(116,412)	(27,019)
Overprovision in prior year	(20,026)	(7,032)
	2,391,059	2,734,154

Company

Current year provision	2,153,996	776,376
Overprovision in prior year	-	(7,032)
Deferred tax (note 10)	(196,485)	276,499
Effect on opening deferred tax due to reduction in tax rate (note 10)	(68,111)	-
	1,889,400	1,045,843

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:-

	2016 RM	2015 RM
Profit before tax	7,727,866	3,505,219
Taxation at Malaysian income tax rate of		
- first RM500,000 at 19% (2015:20%)	95,000	100,000
- remaining exceeding RM500,000 at 24% (2015:25%)	1,734,688	751,305
Effect on opening deferred tax due to reduction in tax rate (note 10)	(68,111)	-
Expenses not deductible for tax purpose	244,235	228,589
Non-taxable income	(116,412)	(27,019)
Overprovision in prior year	-	(7,032)
	1,889,400	1,045,843

19. DIVIDEND

	2016	2015
Group	RM	RM
Interim single tier dividend of 100% (2015: final single tier dividend of 100%) per share	2,000,000	2,000,000
Company		
Interim single tier dividend of 100% (2015: final single tier dividend of 100%) per share	2,000,000	2,000,000

20. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment :-

	2016	2015
Group	RM	RM
Purchase of property, plant & equipment (note 4)	7,329,670	5,898,902
Financed by hire purchase arrangements	(4,187,736)	(3,486,000)
Cash payment on purchase of property, plant & equipment	3,141,934	2,412,902
Company		
Purchase of property, plant & equipment (note 4)	4,894,470	2,820,861
Financed by hire purchase arrangements	(3,567,736)	(930,000)
Cash payment on purchase of property, plant & equipment	1,326,734	1,890,861

21. RELATED PARTY TRANSACTIONS

	2016	2015
	RM	RM
Rental charged to subsidiary company *	2,000,000	6,000,000
Transportation charged by subsidiary company *	85,863	339,948
Rental of lorries charged by subsidiary company *	5,388,645	-
Rental of lorries charged by related company *	1,175,387	-
Rental of lorries charged to related company *	36,000	8,000
Rental of lorries charged to subsidiary company *	1,320,106	4,852,986
Transportation charged by related company *	58,575	-

* Made according to the market price and conditions offered to unrelated parties

22. CONTINGENT LIABILITIES

	2016 RM	2015 RM
Unsecured		
Guarantee given in respect of:		
Bank facilities utilised by a related company	59,100,000	59,100,000

23. FINANCIAL INSTRUMENTS

a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure adequate financial resources are available for the development of the Group's operations whilst managing its interest rate, liquidity and credit risks. It is the Group's policy not to engage in speculative transactions.

b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

c) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. The Group does not have any significant concentration of credit risk that may arise from exposures to a single debtor.

d) Liquidity risk

The Group ensures that there are adequate funds to meet all their obligations in a timely and cost effective manner.

e) Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective net fair values.

f) Currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions in currencies other than their functional currency. The Group primarily operates in the domestic sectors and is minimally exposed to foreign currencies to limit their exposure on foreign currency receivables and payable.

MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)

(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2016

MILS COLD CHAIN LOGISTICS SDN. BHD. (736730 - M)

(Incorporated in Malaysia)

CONTENTS	PAGE

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to provide cold and chill storage services, cold chain logistics solutions and related services to customers. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	59,826

DIVIDENDS

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Loo Yong Hui	(Appointed on 29 December 2016)
Kee Chung Ching	(Appointed on 9 March 2017)
Abd Aziz bin Miskon	(Resigned on 30 September 2016)
Norazmi bin Abdul Latif	(Resigned on 30 December 2016)
Mohd Aznan bin Aziz	(Resigned on 10 March 2017)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	--- Number of ordinary shares of RM1.00 each ---			
	Date of Appointment	Bought	Sold	Balance as at 31.12.2016
Shares in the Company				
Indirect interest:				
Loo Yong Hui	3,000,000	-	-	3,000,000
Shares in the ultimate holding company				
Swift Haulage Sdn. Bhd.				
Indirect interest:				
Loo Yong Hui	29,803,296	-	-	29,803,296

By virtue of Loo Yong Hui's interests in the ordinary shares of the ultimate holding company, he is also deemed to be interested in the ordinary shares of the Company to the extent that the ultimate holding company has an interest.

The other Director holding office at the end of the financial year did not hold any beneficial interest in the ordinary shares of the Company or ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit 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 other than the following:

(i) remuneration received or due and receivable by the Directors from certain related corporations in their capacity as Directors or executives of the related corporations; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 18 to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statement of profit or loss and other comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any material extent; and

(ii) which would render the values attributed to current assets in the financial statements of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Company misleading.

HOLDING COMPANIES

The Directors regard Swift Haulage Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company, while the immediate holding company is Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.), a company incorporated in Malaysia.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 23 January 2017, the immediate holding company, Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) had committed to dispose off its entire equity interest comprising 3,000,000 ordinary shares of RM1.00 each and 2,800,000 redeemable convertible preference shares of RM0.10 each in the Company to a third party for a total cash consideration of RM9,925,100. The abovementioned disposal of the Company is not completed as at the date of this report.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed by the Board in accordance with a resolution of the Directors

....

Loo Yong Hui
Director

....

Kee Chung Ching
Director

Kuala Lumpur
30 May 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 -47 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance and cash flows of the Company for the financial year then ended.

By the Board,

Loo Yong Hui	Kee Chung Ching
Director	Director

Kuala Lumpur
30 May 2017

STATUTORY DECLARATION

I, Loo Yong Hui, being the Director primarily responsible for the financial management of MILS Cold Chain Logistics Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 -47 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 abovenamed at)
Kuala Lumpur, this)
30 May 2017)

Loo Yong Hui

Before me:

PESURUHJAYA SUMPAH
No. W 663
Nama: BALOO A/L T.PICHAI
MALAYSIA

NO. 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
MILS COLD CHAIN LOGISTICS SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MILS Cold Chain Logistics Sdn. Bhd., which comprise the statement of financial position as at 31 December 2016 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance or conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
MILS COLD CHAIN LOGISTICS SDN. BHD.
(Incorporated in Malaysia) (continued)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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 of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
MILS COLD CHAIN LOGISTICS SDN. BHD.
(Incorporated in Malaysia) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
MILS COLD CHAIN LOGISTICS SDN. BHD.
(Incorporated in Malaysia) (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the requirements of the Act.

Other Matters

This report is made solely to the member 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 financial statements of the Company for the financial year ended 31 December 2015 were audited by another firm of chartered accountants, whose report dated 22 February 2016 expressed an unqualified opinion on those statements.

BDO

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/17 (J)
Chartered Accountant

Kuala Lumpur
30 May 2017

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
Non-current asset			
Property, plant and equipment	7	32,075,119	34,590,602
Current assets			
Trade and other receivables	8	3,535,103	4,538,985
Cash and bank balances	9	955,938	2,366,083
		4,491,041	6,905,068
TOTAL ASSETS		36,566,160	41,495,670
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	10	3,280,000	3,280,000
Share premium	11	27,720,000	27,720,000
Accumulated losses		(15,717,889)	(15,658,063)
TOTAL EQUITY		15,282,111	15,341,937
LIABILITIES			
Non-current liabilities			
Trade and other payables	12	14,816,813	19,077,040
Current liabilities			
Trade and other payables	12	6,467,236	7,076,693
TOTAL LIABILITIES		21,284,049	26,153,733
TOTAL EQUITY AND LIABILITIES		36,566,160	41,495,670

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	13	9,170,366	12,640,271
Cost of sales		(7,071,471)	(8,459,641)
Gross profit		2,098,895	4,180,630
Other income		160,200	1,583
General and administrative expenses		(979,666)	(1,096,901)
Finance costs	14	(1,315,503)	(1,500,000)
(Loss)/Profit before taxation	15	(36,074)	1,585,312
Taxation	16	(23,752)	17,999
(Loss)/Profit for the financial year		(59,826)	1,603,311
Other comprehensive income, net of tax		-	-
Total comprehensive (loss)/income		(59,826)	1,603,311

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Ordinary share capital RM	Redeemable convertible preference share RM	Share premium RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2015	3,000,000	280,000	27,720,000	(17,261,374)	13,738,626
Profit for the financial year	-	-	-	1,603,311	1,603,311
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	1,603,311	1,603,311
Balance as at 31 December 2015	3,000,000	280,000	27,720,000	(15,658,063)	15,341,937
Loss for the financial year	-	-	-	(59,826)	(59,826)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(59,826)	(59,826)
Balance as at 31 December 2016	3,000,000	280,000	27,720,000	(15,717,889)	15,282,111

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(36,074)	1,585,312
Adjustments for:			
Depreciation of property, plant and equipment	7	2,062,632	2,240,227
Interest expense		1,315,503	1,500,000
Unrealised (gain)/loss on foreign exchange		(160,200)	147,780
Operating profit before changes in working capital		3,181,861	5,473,319
Decrease/(Increase) in trade and other receivables		1,853,501	(1,826,906)
Increase in trade and other payables		163,260	323,746
Cash generated from operations		5,198,622	3,970,159
Tax paid		(25,864)	-
Tax refunded		2,112	31,556
Net cash generated from operating activities		5,174,870	4,001,715
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to immediate holding company		(1,047,757)	(900,260)
Purchases of property, plant and equipment	7	(221,755)	(29,067)
Net cash used in investing activities		(1,269,512)	(929,327)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(1,315,503)	(1,500,000)
Repayments of loan to immediate holding company		(4,000,000)	-
Net cash used in financing activities		(5,315,503)	(1,500,000)
Net (decrease)/increase in cash and cash equivalents		(1,410,145)	1,572,388
Cash and cash equivalents at beginning of financial year		2,366,083	793,695
Cash and cash equivalents at end of financial year	9	955,938	2,366,083

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

1. CORPORATE INFORMATION

MILS Cold Chain Logistics Sdn. Bhd. ('the Company') is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Unit. 206, 2nd Floor, Wisma Methodist, Lorong Hang Jebat, 50150 Kuala Lumpur.

The principal place of business of the Company is located at Lot 88077, Jalan Perigi Nenas 7/1, Taman Perindustrian Pulau Indah, 42907 Pelabuhan Klang, Selangor Darul Ehsan.

The Directors regard Swift Haulage Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company, while the immediate holding company is Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.), a company incorporated in Malaysia.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 May 2017.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are to provide cold and chill storage services, cold chain logistics solutions and related services to customers. There have been no significant changes in the nature of these activities during the financial year

3. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act, 1965 in Malaysia.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

During the financial year ended 31 December 2016, the Company incurred a net loss of RM59,826 and, as of that date, the Company's current liabilities exceeded its current assets by RM1,976,195. These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Company to continue as a going concern.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

The ability of the Company to continue as going concern in the foreseeable future is therefore dependent upon the ability of the Company to achieve future profitable operations and to receive continuous financial support from immediate holding company, Swift Integrated Logistics Sdn. Bhd. to meet its obligations as and when they fall due.

The immediate holding company, Swift Integrated Logistics Sdn. Bhd. has indicated that it would provide continuous financial support to the Company up to the completion date of disposal of the Company as stated in Note 23 to the financial statements so as to enable the Company to meet its obligations as and when they fall due and to operate as a going concern in the foreseeable future.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Company be not appropriate.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Building	2%
Plant and machinery	5% - 10%
Furniture and fittings	17% - 33%
Software	20% - 50%
Containers	12% - 15%
Consumables assets	100%

Work-in-progress representing machinery under installation is stated at cost. Work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.3 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.3 Impairment of non-financial assets

The carrying amount of assets, except for financial assets, is reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Impairment of non-financial assets (continued)

An impairment loss on assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Company.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Company.

Financial instruments are recognised on the statements of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

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 with original maturities of three (3) months or less, and are used by the Company in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(a) Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

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 marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(b) Financial liabilities (continued)

Any difference between the carrying amount of a 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.

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.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholder are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholder in a general meeting.

The Company measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.5 Impairment of financial assets

The Company assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Impairment of financial assets (continued)

Loans and receivables (continued)

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.6 Borrowing costs

All borrowing costs are recognised to profit or loss in the period in which they are incurred.

4.7 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.8 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company incorporated in Malaysia makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.10 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Company operates and include all taxes based upon the taxable profit and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Income taxes (continued)

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

4.11 Revenue and other income recognition

Revenue is measured at the fair value of the net consideration received or receivable net of discounts and rebates

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

Revenue from services rendered

Revenue from services is recognised upon performance of services, net of discount.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4.13 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method adopted assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Company measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Company has considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and

(b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Company adopted the following amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements 2012 - 2014 Cycle*	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Company.

Title	Effective Date
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
Amendments to MFRS 140 *Transfer of Investment Property*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (continued)

The Company is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the accounting policies of the Company that have a significant effect on the amounts recognised in the financial statements.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(b) Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Directors and management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(c) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Company for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Company based on its size and its business risk.

(d) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(e) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company measures financial instruments at fair value as disclosed in Note 20 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

2016	Building RM	Plant and machinery RM	Furniture and fittings RM	Software RM	Container RM	Consumables assets RM	Work-in-progress RM	Total RM
Carrying amount								
At 1 January 2016	26,263,827	8,217,148	13,890	28,540	67,197	-	-	34,590,602
Additions	-	17,000	25,140	30,000	-	4,016	145,599	221,755
Reversal of accruals	(634,180)	(40,426)	-	-	-	-	-	(674,606)
Depreciation charge for the financial year	(509,719)	(1,517,357)	(6,150)	(11,866)	(13,524)	(4,016)	-	(2,062,632)
At 31 December 2016	25,119,928	6,676,365	32,880	46,674	53,673	-	145,599	32,075,119

	As at 31 December 2016 Cost RM	Accumulated depreciation RM	Carrying amount RM
Building	34,421,386	(9,301,458)	25,119,928
Plant and machinery	19,224,304	(12,547,939)	6,676,365
Furniture and fittings	688,371	(655,491)	32,880
Software	1,154,656	(1,107,982)	46,674
Container	97,960	(44,287)	53,673
Consumables assets	84,400	(84,400)	-
Work-in-progress	145,599	-	145,599
	55,816,676	(23,741,557)	32,075,119

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2015	**Building RM**	**Plant and machinery RM**	**Furniture and fittings RM**	**Software RM**	**Container RM**	**Total RM**
Carrying amount						
At 1 January 2015	26,878,186	9,763,407	68,242	11,206	80,721	36,801,762
Additions	-	-	-	29,067	-	29,067
Depreciation charge for the financial year	(614,359)	(1,546,259)	(54,352)	(11,733)	(13,524)	(2,240,227)
At 31 December 2015	26,263,827	8,217,148	13,890	28,540	67,197	34,590,602

	As at 31 December 2015		
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Building	35,055,566	(8,791,739)	26,263,827
Plant and machinery	19,247,730	(11,030,582)	8,217,148
Furniture and fittings	663,231	(649,341)	13,890
Software	1,124,656	(1,096,116)	28,540
Container	97,960	(30,763)	67,197
Consumables assets	80,384	(80,384)	-
	56,269,527	(21,678,925)	34,590,602

8. TRADE AND OTHER RECEIVABLES

	Note	2016 RM	2015 RM
Trade receivables			
Third parties	(a)	2,506,011	4,279,670
Amount owing by a related company	(b)	-	2,078
Amount owing by immediate holding company	(b)	-	7,950
		2,506,011	4,289,698
Less: Impairment loss - third parties		(7,066)	(7,066)
		2,498,945	4,282,632
Other receivables			
Amount owing by immediate holding company	(c)	849,619	-
Other receivables		186,197	249,078
Deposits		44,492	43,092
		1,080,308	292,170
Less: Impairment loss		(44,150)	(44,150)
		1,036,158	248,020
Loans and receivables		3,535,103	4,530,652
Prepayments		-	8,333
Total trade and other receivables		3,535,103	4,538,985

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Company range from 7 to 90 days (2015: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) In the previous financial year, amount owing by a related company and amount owing by immediate holding company in trade receivables were subject to normal trade credit terms granted by the Company ranging from 7 to 90 days from date of invoice.

(c) Amount owing by immediate holding company in other receivables represents advances, which are unsecured, interest-free and payable upon demand.

(d) Trade and other receivables are denominated in Ringgit Malaysia ('RM').

8. TRADE AND OTHER RECEIVABLES (continued)

(e) The ageing analysis of trade receivables of the Company are as follows:

	2016 RM	2015 RM
Neither past due nor impaired	2,342,890	3,915,429
Past due not impaired		
1 to 30 days	136,798	165,348
31 to 60 days	6,051	193,288
61 to 90 days	62	412
More than 90 days	13,144	8,155
	156,055	367,203
Past due and impaired	7,066	7,066
	2,506,011	4,289,698

Receivables that are neither past due nor impaired

Trade receivables of the Company that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the trade receivables of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM156,055 (2015: RM367,203) that are past due but not impaired. Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Company that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired 2016 RM	2015 RM
Trade receivables - gross	7,066	7,066
Less: Impairment loss	(7,066)	(7,066)
	-	-

8. TRADE AND OTHER RECEIVABLES (continued)

(e) The ageing analysis of trade receivables of the Company are as follows (continued):

The accumulated impairment losses during the year are as follows:

	2016 RM	2015 RM
Trade receivables		
As at 1 January/As at 31December	7,066	7,066
Other receivables		
As at 1 January/As at 31December	44,150	44,150
	51,216	51,216

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(f) Information on financial risks of trade and other receivables is disclosed in Note 21 to the financial statements.

9. CASH AND BANK BALANCES

Cash and bank balances comprise the following as at the end of the reporting period:

	2016 RM	2015 RM
Cash on hand	323	314
Cash at bank	955,615	2,365,769
	955,938	2,366,083

(a) Cash and bank balances are denominated in Ringgit Malaysia ('RM').

(b) Information on financial risks of cash and bank balances are disclosed in Note 21 to the financial statements.

10. SHARE CAPITAL

	2016		2015	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each				
Authorised	4,000,000	4,000,000	4,000,000	4,000,000
Issued and fully paid	3,000,000	3,000,000	3,000,000	3,000,000

10. SHARE CAPITAL (continued)

The owner of the Company is entitled to receive dividends as and when declared by the Company and is entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

	2016		2015	
	Number of shares	RM	Number of shares	RM
Redeemable convertible preference shares ("RCPS") of RM0.10 each				
Authorised	5,200,000	520,000	5,200,000	520,000
Issued and fully paid	2,800,000	280,000	2,800,000	280,000

The terms of the RCPS are as follows:

(i)	Dividend	Non-cumulative at net 5% per annum. The dividend payment will be at the option of issuer.
(ii)	Redemption	Redeemable at the option of the issuer at the nominal value of RM0.10 and premium of RM9.90 each at any time.
(iii)	Redemption Notice	The Company shall give Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) one (1) month notice in writing of its intention to redeem the same and fixing the time and place for the redemption and surrender the RCPS to be redeemed.
(iv)	Conversion	Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) shall give the Company one (1) month notice in writing of its intention to convert the RCPS into ordinary shares. The share certificate(s) for the new ordinary shares shall be issued within two (2) weeks after the notice period.

11. SHARE PREMIUM

The share premium is arrived at after accounting for the premium received less expenses over the nominal value of shares issued to the shareholder.

12. TRADE AND OTHER PAYABLES

	Note	2016 RM	2015 RM
Non-current			
Other payables			
Loan from immediate holding company	(a)	14,816,813	19,077,040
Current			
Trade payables			
Third parties	(b)	187,607	144,930
Other payables			
Amount owing to immediate holding company	(c)	45,500	243,638
Loan from immediate holding company	(a)	5,183,094	4,922,867
Accruals		996,856	1,575,964
Other payables		54,179	189,294
		6,279,629	6,931,763
		6,467,236	7,076,693
		21,284,049	26,153,733

(a) Loan from immediate holding company in other payables represents inter-company advances which are unsecured, bear interest at 6.25% (2015: 6.25%) per annum and repayable within the next four (4) years.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company is 30 days (2015: 30 days) from date of invoice.

(c) Amount owing to immediate holding company in other payables represents advances, which are unsecured, interest-free and payable upon demand.

(d) The currency exposure profile of trade and other payables are as follows:

	2016 RM	2015 RM
Ringgit Malaysia	21,284,049	25,359,343
United States Dollar	-	794,390
	21,284,049	26,153,733

(e) Information on financial risks of trade and other payables are disclosed in Note 21 to the financial statements.

13. REVENUE

Revenue of the Company consists of the following:

	2016 RM	2015 RM
Warehouse storage, handling and transportation	8,988,764	11,770,496
Freight forwarding	181,602	869,775
	9,170,366	12,640,271

14. FINANCE COSTS

	2016 RM	2015 RM
Interest expense (Note 15)		
- interest paid to immediate holding company	1,315,503	1,500,000

15. (LOSS)/PROFIT BEFORE TAXATION

	Note	2016 RM	2015 RM
(Loss)/Profit before taxation is arrived at after charging:			
Auditors' remuneration		12,000	15,400
Depreciation of property, plant and equipment	7	2,062,632	2,240,227
Interest expense	14		
- interest paid to immediate holding company		1,315,503	1,500,000
Loss on foreign exchange			
- realised		2,551	1,871
- unrealised		-	147,780
Management fee paid/payable to immediate holding company		45,500	-
Rental of:			
- land		137,903	137,903
- portable aircond		7,200	-
- reach trucks and forklifts		279,385	254,081
- warehouse equipments		213,760	249,092
And crediting:			
Unrealised gain on foreign exchange		(160,200)	-

16. TAXATION

	2016 RM	2015 RM
Under/(Over) - provision in prior years	23,752	(17,999)

There is no tax expense for the current and previous financial years as the Company is in a tax loss position.

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of the Company is as follows:

	2016 RM	2015 RM
(Loss)/Profit before tax	(36,074)	1,585,312
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	(8,658)	396,328
Tax effect in respect of:		
Expenses not deductible for tax purposes	17,270	82,407
Income not subject to tax	(73,915)	-
Deferred tax assets not recognised	65,303	-
Utilisation of previously unrecognised deferred tax assets	-	(478,735)
Under/(Over) - provision of tax expense in prior years	23,752	(17,999)
	23,752	(17,999)

The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	2016 RM	2015 RM
Property, plant and equipment	(10,581,496)	(11,486,512)
Unused tax losses	1,306,376	1,306,376
Unabsorbed capital allowances	14,020,104	14,653,025
	4,744,984	4,472,889

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits of the Company would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

17. EMPLOYEE BENEFITS

	2016 RM	2015 RM
Included in:		
Cost of sales	842,328	887,091
Administrative expenses	770,662	729,581
	1,612,990	1,616,672
Analysed as:		
Salaries, wages, allowances, overtime and bonus	1,252,436	1,259,635
Defined contribution plan	186,099	186,702
Social security contribution	12,202	11,612
Other employee benefits	162,253	158,723
	1,612,990	1,616,672

18. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its immediate and ultimate holding companies and the direct and indirect subsidiaries of the ultimate holding company.

Related parties of the Company include:

(i) Immediate and ultimate holding companies;

(ii) Direct and indirect subsidiaries of the holding companies;

(iii) Companies in which the Directors have financial interests; and

(iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Company.

18. RELATED PARTY DISCLOSURES (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2016 RM	2015 RM
With immediate holding company, Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.)		
- Interest payable	1,315,503	1,500,000
- Management fee paid/payable	45,500	-
- Purchases of services	761,634	5,617,612
- Rental of land paid/payable	137,903	137,903
- Sale of services	-	46,602
- Service charges paid/payable	120,000	120,000
- Service fees paid/payable	410,663	410,663
With related company, Swift Logistics TA Sdn. Bhd.		
- Purchase of services	900	-

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with the respective related parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 are disclosed in Notes 8 and 12 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Company.

There is no compensation of key management personnel during the financial year.

19. CAPITAL COMMITMENTS

	2016 RM	2015 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	61,412	-
- approved but not contracted for	-	26,860
Analysed as follows:		
- plant and machinery	61,412	26,860

20. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of capital management of the Company is to ensure that the Company would be able to continue as a going concern whilst maximising return to the shareholder through the optimisation of the debt and equity ratios. The overall strategy of the Company remains unchanged from that in the previous financial year.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015 respectively.

(b) Financial instruments

(i) Categories of financial instruments

	Loans and receivables	
	2016	**2015**
	RM	**RM**
Financial assets		
Trade and other receivables, exclude prepayments	3,535,103	4,530,652
Cash and bank balances	955,938	2,366,083
	4,491,041	6,896,735

	Other financial liabilities	
	2016	**2015**
	RM	**RM**
Financial liabilities		
Trade and other payables	21,284,049	26,153,733

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables and trade and other payables are reasonable approximation of fair value, due to their short-term nature.

(ii) Non-current amount owing to immediate holding company

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts approximate fair value.

20. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instrument	**Valuation technique used**	**Significant unobservable input**	**Inter-relationship between key unobservable inputs and fair value**
Financial liabilities			
Loan from immediate holding company	Discounted cash flows method	Discount rate (6.25%)	The higher the discount rate, the lower the fair value of the liabilities would be.

20. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2016		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Other financial liabilities											
- Loan from immediate holding company	12	-	-	-	-	-	-	19,999,907	19,999,907	19,999,907	19,999,907

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Other financial liabilities											
- Loan from immediate holding company	12	-	-	-	-	-	-	23,999,907	23,999,907	23,999,907	23,999,907

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise value creation for the shareholder whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Company does not trade in any derivative financial instruments and is exposed mainly to credit risk, liquidity and cash flow risk, foreign exchange risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The primary exposure of the Company to credit risk arises through its trade and other receivables. The trading terms of the Company with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of seven (7) days, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Company seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, other than the amounts owing from immediate holding company and two (2) major customers (2015: four (4) customers) constituting approximately 24% and 55% (2015: Nil and 85%) of the total receivables of the Company, the Company does not has any significant concentration of credit risk related to any individual customer or counterparty. The maximum exposure of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 8 to the financial statements.

(b) Liquidity and cash flow risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the activities of the Company.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk (continued)

The Company is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2016				
Financial liabilities				
Trade and other payables	7,596,477	16,142,300	-	23,738,777
As at 31 December 2015				
Financial liabilities				
Trade and other payables	8,466,160	20,456,429	-	28,922,589

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Company during the course of business. The foreign currency primarily involved is the US Dollar. Transactions in all other foreign currencies are minimal. In addition, the Company does not use foreign exchange derivative instruments to hedge its transaction risk.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Company to a reasonably possible change in the USD exchange rate against the functional currency of the Company, with all other variables held constant.

		2016 RM Loss after tax	2015 RM Profit after tax
USD/RM	-strengthen by 10%	68	(47,652)
	-weaken by 10%	(68)	47,652

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Foreign currency risk (continued)

Sensitivities of other foreign currencies are not disclosed as they are not material to the Company.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company will fluctuate because of changes in market interest rates.

The income and operating cash flows of the Company are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the interest charged by its immediate holding company from the loan given to the Company. The Company does not use derivative financial instruments to hedge this risk.

The following table demonstrates the sensitivity of the (loss)/profit after tax of the Company to a reasonably possible change in 100 basis points against interest rates of instruments, with all other variables held constant:

	Note		2016 RM Loss after tax	2015 RM Profit after tax
Fixed rate				
Loan from immediate holding company	12	- 100 basis points higher	151,999	(179,999)
		- 100 basis points lower	(151,999)	179,999

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 December 2016									
Fixed rate									
Loan from immediate holding company	12	6.25	5,183,094	5,514,808	5,867,647	3,434,358	-	-	19,999,907
At 31 December 2015									
Fixed rate									
Loan from immediate holding company	12	6.25	4,922,867	5,242,239	5,577,638	5,934,496	2,322,667	-	23,999,907

22. COMPANIES ACT 2016

The Companies Act 2016 (New Act) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for Section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Company, are the removal of the authorised share capital, introduction of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the Directors' Report and financial statements of the Company for the financial year ending 31 December 2017.

23. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 23 January 2017, the immediate holding company, Swift Integrated Logistics Sdn. Bhd. (formerly known as MISC Integrated Logistics Sdn. Bhd.) had committed to dispose off its entire equity interest comprising 3,000,000 ordinary shares of RM1.00 each and 2,800,000 redeemable convertible preference shares of RM0.10 each in the Company to a third party for a total cash consideration of RM9,925,100. The abovementioned disposal of the Company is not completed as at the date of this report.

DIRECTORS' REPORT ON GCT

金豪運輸有限公司

GOLD COLD TRANSPORT SDN. BHD.

(464664-M)

Date: 5 June 2017

To: The Board of Directors of TASCO Berhad

802, 8th Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor

Dear Sir / Madam,

On behalf of the Board of Directors ("**Board**") of Gold Cold Transport Sdn Bhd ("**Company**"), I wish to report that after making due enquiries on the Company and its subsidiary ("**Group**") in relation to the period between 30 November 2016, being the date on which the last audited consolidated financial statements of our Group have been made up, and up to the date of this letter, being a date not earlier than 14 days before the issuance of the circular to the shareholders of TASCO Berhad, that:-

(a) the business of our Group has, in the opinion of our Board, been satisfactorily maintained;

(b) in the opinion of our Board, no circumstances have arisen since the last audited consolidated financial statements of our Group, which have adversely affected the trading or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) there have been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in our Group since the last audited consolidated financial statements of our Group; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board
GOLD COLD TRANSPORT SDN BHD

Chang Kok Fai
Managing Director

CONSOLIDATED VALUATION CERTIFICATE

VPC Alliance (KL) Sdn Bhd (192837-V)
(formerly known as Vigers (KL) Sdn Bhd)
Board Registration:V(1) 0009
International Property Consultants, Valuers & Estate Agents

Suite 1701 17th Floor Central Plaza
34, Jalan Sultan Ismail,
50250 Kuala Lumpur,
Malaysia.

Tel : 603-2148 8968
Fax : 603-2141 2933, 2148 2968
Email : vpcakl@vpc.com.my
Website : www.vpc.com.my

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VALUATION CERTIFICATE

19 January 2017

TASCO BERHAD
Lot No. 1A, Persiaran Jubli Perak
Jalan 22/1, Section 22
40300 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

CERTIFICATE OF VALUATION OF:-

(I) HS(D) 152663 LOT NO. PT 145872 AND HS(D) 57952 LOT NO. PT 57360, ALL IN MUKIM AND DISTRICT OF KLANG AND STATE OF SELANGOR DARUL EHSAN (NO. 1, JALAN SUNGAI KAYU ARA 32/37, NO. 3, JALAN SUNGAI KAYU ARA 32/40, NO. 4, JALAN SUNGAI KAYU ARA 32/39 AND NO. 5, JALAN SUNGAI KAYU ARA 32/40, BERJAYA INDUSTRIAL PARK, SECTION 32, 40460 SHAH ALAM, SELANGOR DARUL EHSAN) ("SUBJECT PROPERTY 1");

(II) LOT PT NOS. 128571, 128572, 128573, 128574, 128575 AND 128576, ALL IN MUKIM AND DISTRICT OF KLANG, STATE OF SELANGOR DARUL EHSAN (LOT 36, JALAN PERIGI NENAS 7/2, TAMAN PERINDUSTRIAN PULAU INDAH, 42920 PELABUHAN KLANG, SELANGOR DARUL EHSAN) ("SUBJECT PROPERTY 2"); AND

(III) PLANT AND MACHINERY ASSETS LOCATED AT LOT PT NO. 128574, MUKIM AND DISTRICT OF KLANG, STATE OF SELANGOR DARUL EHSAN (LOT 128574, JALAN PERIGI NENAS 7/2, TAMAN PERINDUSTRIAN PULAU INDAH, 42920 PELABUHAN KLANG, SELANGOR DARUL EHSAN) ("FIXED ASSETS")

This Valuation Certificate has been prepared for submission to Bursa Malaysia Securities Berhad and for inclusion in the circular to shareholders of TASCO Berhad ("**TASCO**") in relation to the:-

(I) proposed acquisition by TASCO of 2,000,000 ordinary shares in Gold Cold Transport Sdn Bhd ("**GCT**"), representing the entire equity interest in GCT from Chang Kok Fai and Chan Sun Cheong, for an indicative cash consideration of RM186,086,428; and

(II) proposed acquisitions from Swift Integrated Logistics Sdn Bhd (formerly known as MISC Logistics Sdn Bhd) ("**SILS**") of the following:-

(A) 6 parcels of leasehold lands all located in Pulau Indah for a cash consideration of RM113,827,400; and

Directors
James Wong
Tan Beng Sooi
Kelvin Tan
Francis Loh
Datuk Kenneth Yen
Caroline Sabangkit
Chew Kwong Cheong
Tan Lee Kang
Gary Wong
Zolnita Zainuddin
Dato' Mani Usilappan

Malaysia
Kuala Lumpur
Johor Bahru
Penang
Alor Setar
Petaling Jaya
Kota Kinabalu
Sandakan
Kuching
Mentakab
Kajang

Other Offices
Singapore
Jakarta, Surabaya
Bangkok
Hong Kong
Shenzhen
Shanghai
Tokyo
New Delhi
Jaipur
Vietnam

(B) The entire equity interest in MILS Cold Chain Logistics Sdn Bhd ("**MCCL**") for a cash consideration of RM9,925,100 as well as the assumption of loans received by MCCL from SILS with an outstanding balance of RM20,000,000, for a total cash consideration of RM29,925,100.

In accordance with the instruction from TASCO to value the Subject Property 1, we had undertaken an inspection on 8 December 2016 and the material date of valuation is 9 January 2017. For the Subject Property 2 and the Fixed Assets, in accordance with the instruction from TASCO to value these assets, we had undertaken an inspection on 1 December 2016 and the material date of valuation is 19 January 2017.

This Valuation Certificate is to be read in conjunction with our valuation reports bearing Reference Nos. VPC/V/796/16 dated 9 January 2017 together with VPC/V/769/16 and VPC/P&M/770/16 both dated 19th January 2017.

The valuations have been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and also comply with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia, and with the necessary professional responsibility and due diligence.

The basis of valuation adopted in the valuation of the Subject Property 1 and Subject Property 2 is the "Market Value" and for the Fixed Assets valuation is the "Market Value (In Continued Use)".

Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

Market Value (In Continued Use) is defined as the estimated amount at which the Fixed Assets in their continued use might be expected to be sold and purchased between a willing seller and a willing buyer, neither being under compulsion, each having a reasonable knowledge of all relevant facts and with equity to both, and contemplating the retention of the assets in their present existing use and location for the purpose they were designed, built and installed as part of an ongoing business, but without specific reference to earnings, and is expressed as subject to adequate potential profitability of the undertaking.

We have adopted ONLY the Cost Method of Valuation to ascertain the current market value of the Subject Property 1 and Subject Property 2. The Cost Method of Valuation entails determining the value of land and building separately with the value of the land as an improved site is added to the depreciated replacement cost of the buildings and other improvements to arrive at the market value of the Subject Property 1 and Subject Property 2.

For the valuation of the Fixed Assets, we have adopted the Cost Approach (or Depreciated Replacement Cost) as most of the subject assets are rarely transacted and no closed market comparables were found. The assets were valued as a whole for the continuance of their existing use in its present location.

CONSOLIDATED VALUATION CERTIFICATE (*Cont'd*)

It is our considered opinion that the Market Values of the Subject Property 1 and Subject Property 2 in its physical condition and with the benefit of vacant possession and free from any encumbrances and the Market Value (In Continued Use) of the Fixed Assets are as follows:-

	Market Value (RM)
Subject Property 1	111,060,000
Subject Property 2	140,390,000
Fixed Assets	10,153,000

Brief details of the Subject Property 1, Subject Property 2, and the Fixed Assets are attached in the Schedule 1 with this letter.

Yours faithfully,
VPC ALLIANCE (KL) SDN BHD

ZOINITA ZAINUDDIN
BSc Urban Land Administration
Registered Valuer (V-539)
Malaysia

MARIO ROBERTO P. MENDOZA, *B.S.M.E.*
Valuation Consultant - Plant & Machinery

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SCHEDULE 1 **Page 1**

(I) SUBJECT PROPERTY 1

Property Identification

Title Particulars
HS (D) 152663 Lot No. PT 145872 and HS (D) 57952 Lot No. PT 57360, all in Mukim and District of Klang and State of Selangor Darul Ehsan.

Postal Address
No. 1, Jalan Sungai Kayu Ara 32/37, No. 3, Jalan Sungai Kayu Ara 32/40, No. 4, Jalan Sungai Kayu Ara 32/39 and No. 5, Jalan Sungai Kayu Ara 32/40, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor Darul Ehsan.

Tenure
Freehold

Surveyed Land Area

Lot Nos.	Surveyed Land Areas		
	(Square Metres)	(Square Feet)	(Acres)
PT 145872	23,561	253,611	5.822
PT 57360	7,518	80,924	1.858

Registered Proprietor
Gold Cold Transport Sdn Bhd

Category of Land Use
Industry

General Description of Subject Property 1

Location
The Subject Property 1 is located within the established industrial area of Berjaya Industrial Park in Section 32, Shah Alam, Selangor Darul Ehsan, about 10 kilometres due south west of the Shah Alam City Centre and about 30 kilometres due south west of the Kuala Lumpur City Centre.

Site
The Subject Property 1 consists of 2 adjoining plots of industrial land identified as Lot No. PT 145872 and PT 57360.

Lot No. PT 145872 is an L-shaped industrial lot with a titled land area of 23,561 square metres (253,611 square feet or 5.822 acres).

Lot No. PT 57360 is a corner and nearly square shape industrial lot with a titled land area of 7,518 square metres (80,924 square feet or 1.858 acres).

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SCHEDULE 1 **Page 2**

Building

The buildings are further described as follows:-

Lot No.	Address	Property Details	Gross Floor Area
PT 145872	No. 1, Jalan Sungai Kayu Ara 32/37	An individual designed 2 storey cold storage warehouse annexed with 3 storey office building together with 2 guardhouses, a locker room and 3 common toilet/wcs. Completed on 2014 Certificate of Completion and Compliance Ref. No. LAM/S/No. 12514 dated 17/12/2014	Cold Storage Warehouse: 78,932 square feet (7,333 square metres) Office Building: 19,289 square feet (1,792 square metres) Ancillary Areas & Buildings: 15,510 square feet (1,441 square metres)
	No. 3, Jalan Sungai Kayu Ara 32/40	An individual designed 1 storey cold storage warehouse annexed with a 2 storey office building together with 1 TNB Substation. Completed on 2003 Certificate of Fitness Ref. No. MBSA: CF 00354 dated 24/12/2003	Cold Storage Warehouse: 38,905 square feet (3,614 square metres) Office Building: 11,759 square feet (1,092.47 square metres) Ancillary Areas: 3,976 square feet (369.41 square metres)
	No. 4, Jalan Sungai Kayu Ara 32/39	An individual designed 1 storey cold storage warehouse annexed with 3 storey office building together with 1 guardhouse, a canteen, a locker room and 2 common toilet/wcs. Completed on 2006 Certificate of Fitness Ref. No. MBSA: CF 00864 dated 07/09/2006	Cold Storage Warehouse: 44,926 square feet (4,173.73 square metres) Office Building: 5,222 square feet (485.14 square metres) Ancillary Areas & Buildings: 3,120 square feet (289.85 square metres)
PT 57360	No. 5, Jalan Sungai Kayu Ara 32/40	An individual designed 2 storey cold storage warehouse annexed with 2 storey office building with 1 basement level together with 1 guardhouse, a waiting area, a locker room and 3 common toilet/wcs. Completed on 2009 Certificate of Completion and Compliance Ref. No. LAM/S/No. 0731 dated 30/11/2009	Cold Storage Warehouse: 68,402 square feet (6,354.7 square metres) Office Building: 6,684 square feet (620.99 square metres) Basement Level: 27,699 square feet (2,573.34 square metres) Ancillary Areas & Buildings: 9,560 square feet (888.19 square metres)

(Source: Approved Building Plans)

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SCHEDULE 1 **Page 3**

The warehouse buildings have been built and designed specifically for cold room facilities and constructed basically of reinforced concrete and steel portal frameworks with brickwalls infill and metal cladding sheets, reinforced concrete slab with kerb, reinforced concrete floor with load bearing capacity of 5 ton/m^2 and covered with metal deck roofing with thermal insulation.

The office buildings are constructed basically of reinforced concrete and steel portal frameworks with brickwalls infill and metal cladding sheets, concrete floor and covered with metal roof deck.

The Ancillary Areas include the circulation, facility & service areas are constructed basically of reinforced concrete and steel portal frameworks, concrete floor and covered with metal roof deck. Most of these areas are brickwalls infill, except for the open air staircases and service yards which are enclosed with mild steel railing.

The Ancillary Buildings include guardhouses, canteen, locker rooms, waiting areas and common toilet/wcs which are constructed basically of reinforced concrete framework with plastered brickwalls, concrete floors and covered with reinforced concrete flat roof or metal deck roof on metal roof trusses.

Occupancy Details

The Subject Property 1 is currently owner-occupied except for the 1 storey Cold Storage Warehouse (excluding the Ice Cream Room which is owner occupied) with the annexed 3 storey office building and other Ancillary Area and Ancillary Building located at No. 4, Jalan Sungai Kayu Ara 32/37, Berjaya Industrial Park, Section 32, 40460 Shah Alam, Selangor Darul Ehsan ("**Property No. 4**").

For information purposes, Property No. 4 (save for the Ice Cream Room) is presently rented to Martin-Brower Malaysia Co. Sdn Bhd based on 4,700 pallets located in the Cold Room Warehouse at a monthly rental of RM315,500/- or RM2.20 per pallet per day and an overspill rate of RM2.50 per pallet per day.

Planning Details

The Subject Property 1 is designed for industrial use as expressly stated in the title documents. The buildings are currently used as for cold room warehouse facilities.

Method of Valuation

<u>Cost Method of Valuation</u>

We have adopted the Cost Method of Valuation as the only method of valuation. We were unable to adopt the Comparison Method of Valuation to derive at the Market Value of the Subject Property 1 as the subject buildings are specialised and purpose built warehouses for cold room facilities and there are no warehouses with cold room facilities in the vicinity to compare with the Subject Property 1. In addition, Investment method is also not possible as the majority of the buildings are owner occupied. Hence, there are lack of rental evidences to adopt to derive the total Market Rental of the properties.

SCHEDULE 1 **Page 4**

(a) Value of Land (Comparison Method)

In arriving at the land value, we have adopted the relevant sales evidences located in the vicinity with adjustments made in terms of location, land area, tenure, time and site improvement factors, which are tabulated as follows:-

Comparables	1	2	3	4
Address	Lot 61807, Jalan Pemaju U1/15, Glenmarie Industrial Park, Shah Alam, Selangor	PT 326, Sec 23, Shah Alam, Selangor	Lot 64410, Persiaran Gerbang Utama, Bukit Jelutong, Shah Alam, Selangor	PT 34342, Jalan Bukit Kemuning, Shah Alam, Selangor
Type	Industrial Land	Industrial Land	Industrial Land	Industrial Land
Status of Land	Vacant	Vacant	Vacant	Vacant
Land Area in Sq. Ft.	60,268	365,976	232,545	96,312
Vendor	Hicom United Leasing Sdn Bhd	Greenway Link Sdn Bhd	Natco Industrial Park Sdn Bhd	Ong Kam Soon +3
Purchaser	Edaran Otomobil Nasional Berhad	Pacific Emerald Properties Sdn Bhd	Hansam Properties Sdn Bhd	MTL Engineering Sdn Bhd
Tenure	Freehold	99 years leasehold expiring on 30/05/2098	Freehold	Freehold
Date of Transaction	29/04/2015	20/04/2015	16/03/2016	20/06/2016
Transacted Price	RM12,100,000	RM56,715,000	RM46,508,704	RM12,000,000
Land Value psf	**RM201**	**RM155**	**RM200**	**RM125**
Adjustment Some necessary adjustments are made for location, land area, tenure, time and site improvement factors				
Adjusted Value psf	**RM139 and RM155**	**RM149 and RM158**	**RM150 and RM162**	**RM142 and RM150**

(Source: Jabatan Penilaian Dan Perkhidmatan Harta, Monthly Sales Transaction)

We have adopted Comparable 2 as the best comparable as it is also located within established industrial area and nearer to the Subject Property 1. We have adopted RM145 per square foot for Lot No. PT 145872 and RM150 per square foot for Lot No. PT 57360.

(b) Value of Building (Depreciated Replacement Cost Method)

For the Building Cost, based on the Construction Cost Handbook Malaysia 1st Quarter 2016 published by Juruukur Bahan Malaysia and Langdon Seah, the building construction cost for (i) heavy duty flatted factory/warehouse ranges between RM164 to RM184 per square foot and (ii) low rise, light weight factory/warehouse with small office is ranging from RM166 to 187 per square foot.

We have made adjustments on the building heights, load bearing capacity of floor, building finishes and other dissimilarities on building structure to arrive at the building value. Therefore, we have adopted the building construction cost of RM195 to RM225 per square foot for cold storage warehouses, RM145 to RM160 per square foot for office areas and RM130 per square foot for ancillary areas and ancillary buildings.

For depreciation, we have adopted the depreciation rate to the buildings ranging from 2% to 11% based on the estimated building life-span of 60 years and taking into consideration of the good state of repairs and regular maintenance by the owner on all the buildings.

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SCHEDULE 1 **Page 5**

Market Value

The Market Value of Subject Property 1 in its physical condition and with the benefit of vacant possession and free from any encumbrances, is **RM111,060,000/- (Ringgit Malaysia: One Hundred Eleven Million And Sixty Thousand Only.)**

The breakdown of the above market value is further expressed as follows:-

Lot No.	Address	Land Value (RM)	Building Value (RM)	Market Value (RM)
PT 145872	No. 1, Jalan Sungai Kayu Ara 32/37	36,770,000	22,400,000	77,030,000
	No. 3, Jalan Sungai Kayu Ara 32/40		8,830,000	
	No. 4, Jalan Sungai Kayu Ara 32/39		9,030,000	
PT 57360	No. 5, Jalan Sungai Kayu Ara 32/40	12,140,000	21,890,000	34,030,000
Total		**48,910,000**	**62,150,000**	**111,060,000**

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SCHEDULE 1 **Page 6**

(II) SUBJECT PROPERTY 2

Property Identification

Particulars of the Subject Property

TITLE NO.	LOT NO. PT	LAND AREA	BUILDING(S) ERECTED THEREON
HS(D) 134803	128571	54,807 sq metres	4 storey office, 1 storey warehouse building and ancillary buildings
HS(D) 134804	128572	35,838 sq metres	Vacant
HS(D) 134805	128573	17,481 sq metres	Vacant
HS(D) 134806	128574	20,149 sq metres	1 storey cold storage warehouse building
HS(D) 134807	128575	13,038 sq metres	2 storey security control building
HS(D) 134808	128576	18,622 sq metres	Vacant

Postal Address
Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan.

Tenure
Leasehold for 99 years expiring on 24th February 2097 (unexpired term of about 80 years)

Registered Proprietor
MISC Integrated Logistics Sdn Bhd (now known as Swift Integrated Logistics Sdn Bhd).

Category of Land Use
Industry

General Description of Subject Property 2

Location
The Subject Property 2 is situated within the established industrial area of Taman Perindustrian Pulau Indah, in Pulau Indah, Selangor Darul Ehsan, about 20 kilometres due south west of Klang Town and about 70 kilometres due south west of Kuala Lumpur City Centre.

Site
The Subject Property 2 comprise of 6 contiguous industrial lands with a total provisional land area of 159,935 square metres (39.52 acres).

The combined lots have a frontage of about 2,182 feet (664.95 metres) to the frontage road of Jalan Perigi Nenas 7/2 whilst Lot PT 128571 enjoys a frontage to Jalan Perigi Nenas 7/1 of about 717 feet (218.4 metres)

CONSOLIDATED VALUATION CERTIFICATE (*Cont'd*)

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SCHEDULE 1 **Page 7**

Buildings

The construction and gross floor area ("**GFA**") of the Buildings are set out below:-

1. **LOT PT 128571**

Building	Type of Construction	GFA
4 Storey Office Building	Divided into 2 sections, front and rear portion. The front portion consist of a 4 storey office block, constructed with reinforced concrete framework and partly of metal portal for the front façade, reinforced concrete floorings, plastered brickwalls and partly of aluminium wall cladding for the front façade and covered with metal deck roof with alcubond fascia. The rear portion consist of a 3 storey facilities block constructed with reinforced concrete framework, plastered brickwall and covered with metal deck roof. Floorings are of marble slabs, porcelain tiles, ceramic tiles, wall to wall carpet and epoxy finishes.	60,843 sq ft (5,652.50 sq metres)
1 storey warehouse building	Constructed of steel portal framework, concrete floors, metal cladding wall with aluminium louvres ventilation sheet panels and metal and covered with metal deck roofing incorporated with skylight roofing panels.	269,531 sq ft (25,040.24 sq metres)
Ancillary <u>Buildings</u> TNB Substations and switch rooms	Constructed of reinforced concrete framework, plastered brickwall and covered with reinforced concrete flat roof.	1,857 sq ft (172.52 sq metres)
Refuse chamber	Constructed of reinforced concrete framework, plastered brickwall further laid with ceramic tiles and covered with reinforced concrete flat roof.	258 sq ft (23.97 sq metres)
Guard House	Constructed of reinforced concrete framework, plastered brickwall and covered with reinforced concrete flat roof.	194 sq ft (18 sq metres)

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SCHEDULE 1 **Page 8**

2. **LOT PT 128574**

Building	Type of Construction	GFA
1 storey cold storage warehouse building	Constructed in accordance with a cold storage building specifications i.e. steel portal framework, insulated raised concrete floors, metal cladding wall, insulation panels and covered with metal deck roofing incorporated with insulation materials.	Cold storage Area 62,835 sq ft (5,837.56 sq metres) Office and other areas 10,044 sq ft (933.12 sq metres)

3. **LOT PT 128575**

Building	Type of Construction	GFA
2 storey security control building	Constructed of reinforced concrete framework, plastered brickwall and covered with metal deck roof. Floorings are of ceramic tiles.	5,723 sq ft (531.68 sq metres)

The 2 warehouse buildings on Lot PT 128571 and PT 128574 enjoy Free Commercial Zone (FCZ) status. The buildings were issued with Certificate of Fitness for Occupation in 2007 and 2008.

(Source: Approved Building Plans)

Occupancy Details

Owner occupied.

Planning Details

The Subject Property 2 is designed for industrial use as expressly stated in the title documents. The buildings are currently used as warehouses and office.

Method of Valuation

Cost Method of Valuation

We have adopted the Cost Method of Valuation as the only method of valuation to value the individual designed 4 storey office, 1 storey warehouse building and 1 storey cold room storage building. We were unable to adopt the Comparison Method of Valuation to derive at the Market Value of the Subject Property 2 as the Subject Property 2 comprises of 6 plots of industrial lands where only 3 plots are erected with buildings.

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SCHEDULE 1 **Page 9**

In addition, one of the buildings erected on the lot is a specialised and purpose built warehouse for cold room facilities and there are no warehouses with cold room facilities in the vicinity to compare with the Subject Property 2. In addition, Investment method is also not possible as the buildings are occupied by the owners while the other 3 plots are still vacant.

(a) Value of Land (Comparison Method)

For the land value, we have adopted RM40 per square foot based on the Comparison Method. In arriving at the land value, we have adopted 3 relevant sales evidences located in the vicinity with adjustments are made in terms of time and land size factor, which are tabulated as follows:-

Comparables	1	2	3
Property	A plot of vacant industrial land Lot Nos. PT 87980 & 87981, Jalan Perigi Nenas 8/7, Taman Perindustrian Pulau Indah	8 plots of vacant industrial land Lot PT Nos. 129325 – 129330, 129334 & 129335, Jalan Sg Pinang 4/2, Halal Hub, Taman Perindustrian Pulau Indah	4 plots of vacant industrial land Lot Nos. 19, 20, 26 & 27 (PT Nos. 121646 – 121648 & 121653), Section 4, Phase 2B, Halal Hub, Taman Perindustrian Pulau Indah
Tenure	Leasehold for 99 years expiring on 30th March 2097	Leasehold for 99 years expiring on 24th February 2097	Leasehold for 99 years expiring on 24th February 2097
Vendor	AS Transit Warehouse Sdn Bhd	Central Spectrum (M) Sdn Bhd	Ecolex Sdn Bhd
Purchaser	Tanjong Express Logistic (M) Sdn Bhd	Polygold Beverages Sdn Bhd	Ultra Trinity Sdn Bhd & Guper Resources Sdn Bhd
Land Area	118,769 sq feet (2.727 acres)	1,550,830 sq feet (35.602 acres)	455,981 sq feet (10.468 acres)
Date of Transaction	2nd February 2016	17th April 2015	1st December 2014
Consideration	RM7,957,456/-	RM57,571,074/-	RM22,798,759
Analysed Rate RM psf	RM67	RM37	RM50
Adjustment	Some necessary adjustments are made considering factors such as land area, time and land improvement		
Adjusted Value	RM40	RM38	RM45

(Source: Jabatan Penilaian Dan Perkhidmatan Harta, Monthly Sales Transaction)

We have adopted Comparable 2 as the best comparable due to its similarity in terms of land area as compared to the Subject Property 2. The value adopted is at RM40 per square foot.

For site improvement for Lot PT Nos. 128571, 128574 and 128575, we have adopted RM15 per square foot for improvement cost such as internal tarmac roads, fencings and drains, taking into consideration, amongst others, the following:-

(i) the location of the subject property within Pulau Indah, where the soil structure is soft and soggy and requires extra piling and foundation; and
(ii) the costs incurred for the reinforced concrete slab for the ingress and egress within the land.

SCHEDULE 1 **Page 10**

(b) Value of Building (Depreciated Replacement Cost Method)

For the building cost, based on the 1st Quarter 2016 Data provided by Juruukur Bahan Malaysia & Davis Langdon & Seah, the construction cost of a heavy duty flatted factories and warehouses is estimated at RM167 to RM187 per square foot (reflecting reinforced concrete structure, roof and mechanical & electrical to main distribution).

For Lot PT 128571, we have adopted RM170 per square foot for the 4 storey office, taking into consideration, the office building is of 4 storey, centralised air-conditioned, partly of aluminium cladding wall and marble and porcelain tiles floorings.

For the 1 storey warehouse, we have adopted RM160 per square foot as the eaves height is 48 feet and metal cladding wall up to ceiling height incorporated with aluminium louvres ventilation sheet panels.

For the 1 storey cold storage warehouse building on Lot PT 128574, we have adopted RM230 per square foot for the cold room area as it is purpose built for cold storage with design and construction details from one of the international logistic company specialist in cold room i.e. ETB Seafrigo, with suspended floor slabs, insulation panels for the floor, wall and roof whilst RM170 per square foot for the remaining office and mechanical areas.

For depreciation, we have adopted a straight line depreciation at a rate of 1% per annum taking into consideration the estimated life span of the building of 60 years as per the common practise in the industry. In addition, the buildings are fairly well maintained.

Market Value

The Market Value of Subject Property 2 in its physical condition and with the benefit of vacant possession and free from any encumbrances, is **RM140,390,000/- (Ringgit Malaysia: One Hundred Forty Million And Three Hundred Ninety Thousand Only.)**

The breakdown of the above market value is further expressed as follows:-

	Market Value (RM)
Total land value for the 6 lots	68,700,000
Total building value with site improvement on Lot PT 128571 and 128575	55,190,000
Total building value with site improvement on Lot PT 128574	16,500,000
Total	**140,390,000**

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SCHEDULE 1

(III) FIXED ASSETS

Introduction

The Fixed Assets subject of this appraisal comprises various machinery and equipment, which are installed and used in the 1 storey cold storage warehouse building such as ceiling and wall panelling, refrigerated chillers, evaporative coolers, pallet racking system, loading/unloading bay machinery and equipment, electrical distribution system and safety equipment.

The Fixed Assets were inspected at Lot PT No. 128574, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42940, Pelabuhan Klang, Selangor Darul Ehsan, Malaysia.

Further details on the Fixed Assets and its respective market value are set out in Appendix I.

Basis of Valuation

Market Value (In Continued Use) is defined.as the estimated amount at which the Fixed Assets in their continued use might be expected to be sold and purchased between a willing seller and a willing buyer, neither being under compulsion, each having a reasonable knowledge of all relevant facts and with equity to both, and contemplating the retention of the assets in their present existing use and location for the purpose they were designed, built and installed as part of an ongoing business, but without specific reference to earnings, and is expressed as subject to adequate potential profitability of the undertaking.

This definition assumes that any transaction that may occur will be for cash or its equivalent consideration. It is further assumed that title to the assets is good and marketable, and that it would be transferable without unreasonable restriction.

Valuation Methodology

In forming our opinion of market value of the subject Fixed Assets, the following considerations were made:

- We have primarily used the Cost Approach (or Depreciated Replacement Cost) as most of the Fixed Assets are rarely transacted and no closed market comparables were found. We have sourced the costs of replacing the Fixed Assets based on the prices published on various online websites and the Plant & Machinery Assets Cost Data published by the American Society of Appraisers.

  This approach considers first to establish the Cost of Replacement, New, or the cost to reproduce or replace the Fixed Assets in brand new condition, with the same or of equivalent utility, considering current prices for materials, labor, manufactured machinery & equipment, freight, installation (if any), and other attendant costs & related charges, as at the date of valuation.

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SCHEDULE 1 **Page 12**

The objective figure arrived at after deducting from this value (Cost of Replacement, New) the depreciation arising from utility, age, wear & tear would be the Market Value (In Continued Use). Wherever deemed appropriate or applicable, this value is further adjusted either upward or downward as to the appraiser's judgement of his or her observed condition of the asset/s, obsolescence (physical, functional & economic) if any, and if there was any upgrading done, good & proper maintenance observed, neglect, or found to be idle.

- The Fixed Assets were valued as a whole for the continuance of their existing use in its present location.

- Building services such as building electrical installation, gas pipe, water supply system, air conditioning & ventilation, fire and security, drainage, lift and gantries, structures & fixtures and any other items deemed as building services, were not included in this valuation and were valued as part of the property valuation.

- The Estimated Remaining Useful Life is the estimated period of time expressed in years that the Fixed Assets will continue to perform in a satisfactory manner the functions for which it was designed, built and installed, assuming normal and reasonable maintenance. It is determined as net of the Fixed Assets' normal useful lifespan (Economic Useful Life) and its length of usage (Used Life), considering its date/year of manufacture, and/or from the time of its installation/commissioning, or when it was initially put in operation, up to the time of valuation.

  The estimated remaining useful life of the Fixed Assets ranges from about 10-15 years, based on a reference useful life of 25 years for cold storage facilities.

State of Repair, Depreciation Rate and Total Economic Life

At the time of our inspection, the facility was found in operation. The machinery and equipment were observed to be generally in good to fair working condition. It is our opinion that they are capable of being operated efficiently for the purpose they were designed, built and installed.

Based on a reference useful life of 25 years for cold storage facilities and the estimated remaining useful life of the Fixed Assets which ranges from about 10-15 years, we have adopted the depreciation rate of 45% to 60% for the Fixed Assets in deriving the market value.

Market Value (In Continued Use)

The Market Value (In Continued Use) of the Fixed Assets, appraised as of 19th January 2017, subject to the service conditions and limiting conditions is **RM10,153,000/- (Ringgit Malaysia: Ten Million One Hundred And Fifty Three Thousand Only).**

APPENDIX I - LIST OF FIXED ASSETS (MACHINERY & EQUIPMENT), TOGETHER WITH MARKET VALUE

No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
1.0 REFRIGERATED ROOMS MACHINERY & EQUIPMENT						
1.1 Ceiling & Wall Panelling						2,930,000
1	Ante Room	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 2,700m2 total panelled area, with the necessary lighting and other pertinent components	1	
2	Freezer Room 'A'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 6,000m2 total panelled area, with 2-sliding doors, necessary lighting and other pertinent components	1	
3	Freezer Room 'B'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 6,000m2 total panelled area, with sliding door, necessary lighting and other pertinent component	1	
4	Freezer Room 'C'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 2,900m2 total panelled area, with 2-sliding doors, necessary lighting and other pertinent components	1	
5	Chiller Room 'D'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 1,300m2 total panelled area, with roller shutter and swingout doors, necessary lighting and other pertinent components	1	
6	Chiller Room 'E'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 1,300m2 total panelled area, with roller shutter and swingout doors, necessary lighting and other pertinent components	1	
7	Chiller Room 'F'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 1,000m2 total panelled area, with roller shutter and swingout doors, necessary lighting and other pertinent components	1	
8	Chiller Room 'G'	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 1,000m2 total panelled area, with roller shutter and swingout doors, necessary lighting and other pertinent components	1	
9	Preparation Orders Areas/ Positive Cold Storage 20C (Chiller Rooms 'H' & 'I')	Sofradi	2008 '	PU/Poly ceiling & wall panelling, about 1,200m2 total panelled area, with roller shutter and swingout doors, necessary lighting and other pertinent components	1	

No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
1.0 REFRIGERATED ROOMS MACHINERY & EQUIPMENT (cont'd)						
1.2 Refrigerated Chillers & Related Components						**2,926,000**
10	Ammonia (NH3) Refrigerant Chiller (No.1)	York, France	2007	Supplied & installed by Johnson Controls (JCI). Screw type, air cooled, driven by a 200kW motor, equipped with: Pressure Vessel- Mfg. No. 31660, 33.0 L vol., -10/1000C temp., 25.0 Bar press.Heat Exchanger- Mfg. No. 07-187, shell and tube type, 71.0 L vol., -10/800C temp., 27.0 Bar full vacuum press., R717 fluid shell side, 21.0 L vol., -10/800C temp., 10.0 Bar full vacuum press., water fluid tube side.Pressure Vessel (SL PMT 22843)- Mfg. No. 31675, 780.0 L vol., -10/1000C temp., 24.0 Bar press.	1	
11	Ammonia (NH3) Refrigerant Chiller (No.2)	York, France	2007	Supplied & installed by Johnson Controls (JCI). Screw type, driven by a 250kW motor, equipped with:Pressure Vessel- Mfg. No. 31711, 33.0 L vol., -10/1000C temp., 25.0 Bar press.Heat Exchanger- Mfg. No. 07-185, shell and tube type, 109.0 L vol., -10/800C temp., 27.0 Bar full vacuum press., R717 fluid shell side, 36.0 L vol., -10/800C temp., 10.0 Bar full vacuum press., water fluid tube side.Pressure Vessel (SL PMT 22842)- Mfg. No. 31675, 1315.0 L vol., -10/1000C temp., 24.0 Bar press.	1	
12	Ammonia (NH3) Refrigerant Chiller (No.3)	York, France	2007	Supplied & installed by Johnson Controls (JCI). Screw type, air cooled, driven by a 250kW motor, equipped with:Pressure Vessel- Mfg. No. 31713, 33.0 L vol., -10/1000C temp., 25.0 Bar press.Heat Exchanger- Mfg. No. 07-186, shell and tube type, 109.0 L vol., -10/800C temp., 27.0 Bar full vacuum press., R717 fluid shell side, 36.0 L vol., -10/800C temp., 10.0 Bar full vacuum press., water fluid tube side.Pressure Vessel (SL PMT 22841)- Mfg. No. 31676, 1315.0 L vol., -10/1000C temp., 24.0 Bar press.	1	
13	Low Pressure Vessel	Bottle BP	2008 [2]	Supplied & installed by Johnson Controls (JCI) .Vestech Engineering Sdn. Bhd., S/No. VE/169/07, 27/12/2007 test date, steel construction, dished ends, steel sheet cladded with insulation, 8.7m3 vol., 20/-1 barg design press., -40/+500C design temp., concrete saddle mounted.	1	
14	Oil Pot	SL PMT 20834	2008 [2]	Supplied & installed by Johnson Controls (JCI). Vestech Engineering Sdn. Bhd., S/No. VE/171/07, 27/12/2007 test date, steel construction, dished ends, 0.05m3 vol., 20/-1 barg design press., -10/+500C design temp.	1	

No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
1.0 REFRIGERATED ROOMS MACHINERY & EQUIPMENT (cont'd)						
1.2 Refrigerated Chillers & Related Components (cont'd)						
15	Intermediate Pressure Vessel	Bottle MP	2008 [2]	Supplied & installed by Johnson Controls (JCI). Vestech Engineering Sdn. Bhd., S/No. VE/170/07, 27/12/2007 test date, steel construction, dished ends, steel sheet cladded with insulation, 0.90m3 vol., 20/-1 barg design press., -40/+500C design temp., concrete saddle mounted.	1	
16	2-Oil Cooler Water Pumps (Nos. 1 & 2)	KSB, ETABLOC GN-050-160/1102,	2008 [2]	Supplied & installed by Johnson Controls (JCI). Centrifugal type, 75.0m3/hr discharge rate, 35.0m head, steel base mounted, on common concrete pad, each driven by an 11.0kW motor.	2	
17	Control Panel	Johnson Controls (JCI)	2008 [2]	Supplied & installed by Johnson Controls (JCI). Metal clad enclosure, 4-compartment, with 'Telemecanique Magelis' touch screen graphic terminal, PLC and various pertinent electrical components.	1	
18	Evaporative Condenser	Baltimore Aircoil Italia, s.r.l., Italy, Model VXC S 482R, S/No. H072071, Belt No. XPA3750	2008 [2]	Supplied & installed by Johnson Controls (JCI). 37.5 CMM air flow, 36.6 LPS spray water flow, 2077kW base heat rejection, 37.0kW fan motor, 4.0kW pump motor.	1	
19	2-Units Chiller	York, Model YCIV920	2008 [2]	Supplied & installed by Johnson Controls (JCI). Screw type, air-cooled, about 200kW each. (Note: Not physically sighted due to difficult accessibility; valuation done on the basis of specifications and other pertinent information that was provided to us which as presumed to be true & correct without further verification)	2	
20	Control Panel	Johnson Controls (JCI)	2008 [2]	Supplied & installed by Johnson Controls (JCI). Metal clad enclosure, 3-compartment, with touch screen graphic terminal, PLC and various pertinent electrical components.	4	
21	2-Pair Voltage Stabilizer	Johnson Controls (JCI)	2008 [2]	Supplied & installed by Johnson Controls (JCI). Metal clad enclosure, each pair comprising of 2.0 KVA and 5.0 KVA units.	2	
22	Voltage Stabilizer	QPS, Success Electronics & Transformer Manufacturer Sdn. Bhd, Model VST3-4, S/No. 08118-09	2008 [2]	Supplied & installed by Johnson Controls (JCI). 3.0KVA, 360-460V input, 400V +/-1.5% output, 3-phase, 50-60HZ	1	

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No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
1.0 REFRIGERATED ROOMS MACHINERY & EQUIPMENT (cont'd)						
1.3 Various Evaporative Coolers & Related Components						**194,000**
23	5-Unit Coolers	Güntner, Type DGN066D/27-E/8P	2008 [2]	Supplied & installed by Johnson Controls (JCI) Ceiling mounted, 46.5 kW cooling capacity each, 8.0 m3/hr. flow vol., 2 x 0.49kW fan.	5	
24	Unit Cooler Pump	KSB, ETABLOC GN-050-125/402	2008 [2]	Supplied & installed by Johnson Controls (JCI) Centrifugal type, 45.0m3/hr discharge rate,14.0m head, driven by an approx. 7.5kW motor	1	
25	2-Unit Cooler Pumps	KSB, ETABLOC GN-065-160/1852	2008 [2]	Supplied & installed by Johnson Controls (JCI) Centrifugal type,110.0m3/hr discharge rate, 65.0m head, each driven by an approx. 15.0kW motor	2	
26	2-Unit Coolers	Güntner, Type DGN066D/27-E/8P	2008 [2]	Supplied & installed by Johnson Controls (JCI) Ceiling mounted, 46.5 kW cooling capacity each, 8.0 m3/hr. flow vol., 2 x 0.49kW fan.	2	
27	5-Unit Coolers	Johnson Controls (JCI)	2008 [2]	Supplied & installed by Johnson Controls (JCI) Ceiling mounted, each with a 3.5kW fan.	5	
28	4-Unit Coolers	Güntner, Type S-GGHF050.1E/47-ES/6P	2008 [2]	Supplied & installed by Johnson Controls (JCI) Ceiling mounted, 65.0 kW cooling capacity each, 13.0 m3/hr. flow vol., 4 x 0.67kW fan.	4	
29	Ducting, piping and other pertinent accessories	Johnson Controls (JCI)	2008 [2]	Supplied & installed by Johnson Controls (JCI) Lot is complete with the necessary ducting, piping and other pertinent accessories for normal operation	1	**500,000**

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No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
2.0 PALLET RACKING SYSTEM						**2,915,000**
30	Freezer Room 'A'	Drive-in type, Schaefer	2008 [3]	Steel construction, drive-in type, about 391 pallets capacity, 5-pallet high	391	
31	Freezer Room 'A'	Mobile type, Storax	2008 [3]	Steel construction, mobile type, 3,081 pallets capacity, 6-pallet high	3,081	
32	Freezer Room 'A'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, 673 pallets capacity, 6-pallet high	673	
33	Freezer Room 'B'	Drive-in type, Schaefer	2008 [3]	Steel construction, drive-in type, about 196 pallets capacity, 5-pallet high	196	
34	Freezer Room 'B'	Mobile type, Storax	2008 [3]	Steel construction, mobile type, 3,557 pallets capacity, 6-pallet high	3,557	
35	Freezer Room 'B'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, 789 pallets capacity, 6-pallet high	789	
36	Freezer Room 'C'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 833 pallets capacity, 5-pallet high	833	
37	Chiller Room 'D'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 264 pallets capacity, 4-pallet high	264	
38	Chiller Room 'E'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 264 pallets capacity, 4-pallet high	264	
39	Chiller Room 'F'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 210 pallets capacity, 4-pallet high	210	
40	Chiller Room 'G'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 210 pallets capacity, 4-pallet high	210	
41	Chiller Room 'H'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 72 pallets capacity, 4-pallet high	72	
42	Chiller Room 'I'	Fixed type, Storax	2008 [3]	Steel construction, fixed type, about 103 pallets capacity, 5-pallet high	103	
(Note: Pallet quantity corresponding to each type of racking system not totally counted; valuation done on the basis of the quantity and other pertinent information provided to us as presumed to be true & correct, without further verification)						
3.0 LOADING/UNLOADING BAY MACHINERY & EQUIPMENT						**224,000**
43	14-Industrial Sectional Doors	Model SPU 40	2008 [1]	40mm thick, double skinned steel, polyurethane rigid foam core thermal insulation, manual handling.	14	
44	14 Dock Levelers	Sofradi & Hormann	2008 [1]	Checkered steel plate, about 9-ton load capacity each, 2489mm overall width, 1800mm usable width.	14	

No.	Item	Model/ Type	Year of make	Description	Quantity	Market value (In continued use) RM
4.0 MAIN ELECTRICAL DISTRIBUTION SYSTEM						**460,000**
45	2-Power Transformers (TX1 & TX2)	ABB	2008 [1]	2.0 MVA capacity each, 11KV/ 433V primary/ secondary voltage, 3-phase, 50HZ.	2	
46	HT Panel	ABB	2008 [1]	Metal clad enclosure, 12KV, 50HZ, with vacuum circuit breaker/s, panel meters, pilot lamp indicators, relays, switches, and the necessary wiring.	1	
47	Low Voltage (LV) Switchboard	ABB	2008 [1]	Metal clad enclosure, 8-cubicle, complete with 3200A main air circuit breaker, sub-breakers, panel meters, pilot lamp indicators, relays, switches, power factor correction panel, necessary wiring and other pertinent components.	1	
	(Note: Not physically sighted due to access restriction; valuation done on the basis of specifications and other pertinent information that was provided to us as presumed to be true & correct, without further verification)					
5.0 SAFETY EQUIPMENT						**4,000**
48	2-Emergency Eyewash & Shower Stations	'Method' brand	2008 [3]	-	2	
	TOTAL VALUE OF FIXED ASSETS (MACHINERY & EQUIPMENT)					**10,153,000**

We were unable to determine the actual age of the Fixed Assets. As such, we had assumed the following in arriving at the Market Value of the Fixed Assets:-

1. *These items are wall & ceiling panels, doors, dock levelers and main electrical distribution system, which were installed to the building during the construction of the single storey cold storage building ("Cold Storage Warehouse"). Hence, as these items form part of the building components, we have assumed that the year of make for these items is 2008, being the year of the completion of the construction of the Cold Storage Warehouse.*
2. *These items are the additional components to the refrigerated chiller & evaporative cooler systems and its piping & ducting works. We have assumed that these items were installed at the similar time with the completion of the construction of the Cold Storage Warehouse, which was in 2008.*
3. *These items are pallet racking system and safety equipment. We have assumed that these items were installed at the similar time with the commencement of the use of the Cold Storage Warehouse, which was in 2008.*

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and our Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statements or information herein false or misleading.

All information relating to GCT Group (including Subject Property 1), GCT Vendors, SILS, Subject Property 2 and MCCL have been obtained from publicly available documents (where available) and other information/documents provided by the directors/management of the respective parties. Therefore, the sole responsibility of our Board is restricted to ensure that such information is accurately reproduced in this Circular.

2. CONSENTS

RHB Investment Bank, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Messrs Jeff Leong, Poon & Wong, being the due diligence solicitors for the Proposed GCT Acquisition and Proposed MCCL Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

VPC, being the Independent Valuer for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and its consolidated valuation certificate and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATIONS OF CONFLICT OF INTEREST

RHB Investment Bank has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to our Company for the Proposals.

Messrs Jeff Leong, Poon & Wong has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the due diligence solicitors to our Company for the Proposed GCT Acquisition and Proposed MCCL Acquisition.

VPC has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Independent Valuer to our Company for the Proposals.

4. MATERIAL LITIGATION

As at the LPD, neither our Company nor our subsidiary companies are engaged in any other material litigation, claims and arbitration, either as plaintiff or defendant, and our Board do not have any knowledge nor aware of any proceedings pending or threatened against our Company and/or our subsidiary companies or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business or possession of our Group.

As at the LPD, our Board is not aware of any material litigation, claims, arbitration or proceedings involving the Subject Property 2.

5. MATERIAL COMMITMENTS

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

	As at the LPD (RM'000)
Authorised and contracted for	
- Acquisition of property, plant and equipment	1,814
- Acquisition of new subsidiary companies	298,385
Total	**300,199**

6. CONTINGENT LIABILITIES

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

7. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor our subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD:

(i) the GCT SPA, the Pulau Indah SPA and the MCCL SPA (which are the subject matters of this Circular); and

(ii) On 30 October 2015, our Company has entered into a Sale and Purchase Agreement with Crimson Horse Sdn Bhd for the disposal of the property held under H.S.(D) 79351, PT 4980, Mukim Damansara and District of Petaling, Selangor together with a factory erected thereon for a cash consideration of RM10,940,000. This agreement was completed on 15 March 2016.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, during normal business hours between Mondays and Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

(i) the Constitution of our Company, GCT and MCCL;

(ii) the letters of consent and declarations of conflict of interest referred to in **Section 2** and **Section 3** of this **Appendix X**;

(iii) the material contracts referred to in **Section 7** of this **Appendix X**;

(iv) the GCT Valuation Report and Westport Valuation Reports by VPC together with the consolidated valuation certificate;

(v) the audited consolidated financial statements of our Company for the past 2 financial years up to and including the FYE 31 March 2017;

FURTHER INFORMATION (*Cont'd*)

(vi) the audited consolidated financial statements of GCT for the past 2 financial years up to and including the FYE 30 November 2016; and

(vii) the audited consolidated financial statements of MCCL for the past 2 financial years up to and including the FYE 31 December 2016.

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TASCO BERHAD
(Company No. 20218-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of TASCO Berhad ("**TASCO**" or the "**Company**") will be held at TASCO Berhad, Lot No.1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Thursday, 29 June 2017 at 3.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY TASCO OF 2,000,000 ORDINARY SHARES IN GOLD COLD TRANSPORT SDN BHD ("GCT"), REPRESENTING THE ENTIRE EQUITY INTEREST IN GCT FROM CHANG KOK FAI AND CHAN SUN CHEONG, FOR A CASH CONSIDERATION OF RM185,616,671

"**THAT**, subject to approval of all relevant authorities or parties being obtained, approval be and is hereby given for TASCO to acquire 2,000,000 ordinary shares in Gold Cold Transport Sdn Bhd ("**GCT**"), representing the entire equity interest in GCT from Chang Kok Fai and Chan Sun Cheong, for a cash consideration of RM185,616,671 as set out in the sale and purchase agreement dated 9 January 2017 ("**Proposed GCT Acquisition**") and such other terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities;

AND THAT, approval be and is hereby given to the board of directors of the Company ("**Board**") to give effect to the Proposed GCT Acquisition with full powers and authority to:

(a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such agreements, instruments, documents and/or deeds as the Board may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed GCT Acquisition;

(b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed GCT Acquisition and/or any provision, term and condition thereof as may be required and/or as the Board may in its absolute discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and

(c) take all such steps and do all such acts, deeds and things including giving undertakings as the Board may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed GCT Acquisition."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITIONS BY TASCO FROM SWIFT INTEGRATED LOGISTICS SDN BHD (FORMERLY KNOWN AS MISC INTEGRATED LOGISTICS SDN BHD) ("SILS") OF THE FOLLOWING:-

(A) 6 PARCELS OF LEASEHOLD LANDS ALL LOCATED IN PULAU INDAH MEASURING APPROXIMATELY 159,935 SQUARE METERS (APPROXIMATELY 39.52 ACRES) IN TOTAL, TOGETHER WITH THE FURNITURE, FIXTURES, FITTINGS AND BUILDING(S) ERECTED THEREON (SAVE FOR THE FIXTURES, FITTINGS AND BUILDING ERECTED ON PT 128574) AND BEARING POSTAL ADDRESS AT LOT 36, JALAN PERIGI NENAS 7/2, TAMAN PERINDUSTRIAN PULAU INDAH, 42920 PELABUHAN KLANG, SELANGOR FOR A CASH CONSIDERATION OF RM113,827,400; AND

(B) 3,000,000 ORDINARY SHARES AND 2,800,000 REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN MILS COLD CHAIN LOGISTICS SDN BHD ("MCCL"), REPRESENTING THE ENTIRE EQUITY INTEREST IN MCCL FOR A CASH CONSIDERATION OF RM9,925,100 AS WELL AS THE ASSUMPTION OF LOANS RECEIVED BY MCCL FROM SILS WITH AN OUTSTANDING BALANCE OF RM20,000,000 FOR A TOTAL CASH CONSIDERATION OF RM29,925,100

"**THAT**, subject to approval of all relevant authorities or parties being obtained, approval be and is hereby given for TASCO to acquire from Swift Integrated Logistics Sdn Bhd (formerly known as MISC Integrated Logistics Sdn Bhd) ("**SILS**"):-

(a) 6 parcels of leasehold lands all located in Pulau Indah measuring approximately 159,935 square meters (approximately 39.52 acres) in total, together with the furniture, fixtures, fittings and building(s) erected thereon (save for the fixtures, fittings and building erected on PT 128574) and bearing postal address at Lot 36, Jalan Perigi Nenas 7/2, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor for a cash consideration of RM113,827,400 as set out in the sale and purchase agreement dated 23 January 2017 ("**Proposed Pulau Indah Acquisition**") and such other terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities; and

(b) 3,000,000 ordinary shares and 2,800,000 redeemable convertible preference shares in MILS Cold Chain Logistics Sdn Bhd ("**MCCL**"), representing the entire equity interest in MCCL for a cash consideration of RM9,925,100 as well as the assumption of loans received by MCCL from SILS with an outstanding balance of RM20,000,000 for a total cash consideration of RM29,925,100 as set out in the sale and purchase agreement dated 23 January 2017 ("**Proposed MCCL Acquisition**") and such other terms and conditions as the parties thereto may mutually agree upon in writing or which are imposed by the relevant authorities;

(Collectively, the Proposed Pulau Indah Acquisition and Proposed MCCL Acquisition are referred to as the "**Proposed Westport Acquisition**")

AND THAT, approval be and is hereby given to the board of directors of the Company ("**Board**") to give effect to the Proposed Westport Acquisition with full powers to:

(a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such agreements, instruments, documents and/or deeds as the Board may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Westport Acquisition;

(b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Westport Acquisition and/or any provision, term and condition thereof as may be required and/or as the Board may in its absolute discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and

(c) take all such steps and do all such acts, deeds and things including giving undertakings as the Board may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Westport Acquisition."

By Order of our Board,
TASCO BERHAD

KANG SHEW MENG
SEOW FEI SAN
LOH LAI LING
Secretaries

Petaling Jaya
7 June 2017

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 22 June 2017 shall be regarded as members and entitled to attend, speak and vote at the Extraordinary General Meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy.*
3. *A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the registered address of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.*

TASCO Berhad
(Company No. 20218-T)
(Incorporated in Malaysia)

Form of Proxy

I/We ______________________________ NRIC/Co. No. ______________________
(Please use Block Capitals)

of ____
(Full Address)

being a member/members of TASCO Berhad hereby appoint ______________________________

____
(Full Name)

of ____
(Full Address)

or failing him/her, ____
(Full Name)

of ____
(Full Address)

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting to be held at TASCO Berhad, Lot No.1A, Persiaran Jubli Perak, Jalan 22/1, Seksyen 22, 40300 Shah Alam, Selangor on Thursday, 29 June 2017 at 3.00 p.m. or at any adjournment thereof.

The proxy is to vote on the resolutions set out in the Notice of the Meeting as indicated with an “X” in the appropriate places. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the meeting.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Proposed GCT Acquisition		
2	Proposed Westport Acquisition		

Dated:

Number of shares held :

____
Signature of Shareholder(s) or Common Seal

Notes:

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2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a Member may appoint any persons to be his proxy.

3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportions of his holding to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the Central Depositors Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the registered address of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.

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Stamp

The Company Secretary
TASCO BERHAD (20218-T)

802, 8th Floor, Block C,
Kelana Square,
17 Jalan SS7/26,
47301 Petaling Jaya,
Selangor

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