
FUTURE PLANS AND [REDACTED]

1. BUSINESS OBJECTIVES AND STRATEGIES

The business objective of the Group is to enhance its current market position as a total logistics solutions provider with global network while basing its core business in Malaysia. The Group plans to leverage on and improve its competitive advantages by (i) further expanding its business in major gateways in Malaysia; (ii) expanding its scope of services to cover cross border trucking, haulage; (iii) further strengthening the information technology systems; (iv) attracting and retaining talented and experienced employees; and (v) growing the business strategically through business acquisitions.

Please refer to paragraph 3 of the section headed “Business” in this document for further details of the Group’s business objectives and strategies.

2. IMPLEMENTATION PLANS

In order to implement the above business strategies, the Group has prepared an implementation plan for the period from the Latest Practicable Date up to and including 31 December 2018. The following implementation plan only reflects the Directors’ current understanding of the market situation. The Directors will use their best endeavours to anticipate changes, whilst allowing flexibility, to implement the following plans:

2.1 From Latest Practicable Date to 30 June 2016:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further strengthen the information technology systems	— Software development <i>(Freight Management 3000)</i>	[REDACTED]
2. Attract and retain talented and experienced employees	— Participate in university job fairs	[REDACTED]

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2.2 For the six months ending 31 December 2016:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further expand its representative/branch office in major gateways of Malaysia	— Further expansion of Malacca & Johor branches	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
2. Expand the scope of services	— Engagement of market research team to conduct research in rail freight services	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
3. Further strengthen the information technology systems	— Software development (<i>Freight Management 3000</i>)	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
4. Attract and retain talented and experienced employees	— Recruitment costs for new talents	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million

2.3 For the six months ending 30 June 2017:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further expand its representative/branch office in major gateways of Malaysia	— Establishment of office in Padang Besar, Perlis, Malaysia (Thailand border) and warehouse in Penang	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
2. Expand the scope of services	— Cost of establishing a small business development team	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
3. Further strengthen the information technology systems	— Purchase of network equipment	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
	— Upgrading of computers	
4. Attract and retain talented and experienced employees	— Additional recruiting cost for new talents	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
5. Grow the business strategically through business acquisitions in Singapore	— Payment for potential targets	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million

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2.4 For the six months ending 31 December 2017:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further expand its representative/branch office in major gateways of Malaysia	— Additional cost for upgrading requirements of the new offices	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
2. Further strengthen the information technology systems	— Purchase of computers	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
3. Grow the business strategically through business acquisitions in Singapore	— Consideration for acquisition	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
4. Attract and retain talented and experienced employees	— Additional recruiting cost for new talents	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million

2.5 For the six months ending 30 June 2018:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further expand its representative/branch office in major gateways of Malaysia	— Additional cost for upgrading requirements of the new offices	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
2. Further strengthen the information technology systems	— Further improvement of IT function	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million

2.6 For the six months ending 31 December 2018:

<u>Business Strategy</u>	<u>Implementation Activities</u>	<u>Source of Funding</u>
1. Further expand its representative/branch office in major gateways of Malaysia	— Additional cost for upgrading requirements of the new offices	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million
2. Expand the scope of services	— Purchase warehouse in Padang Besar	[REDACTED]% of the [REDACTED] of approximately HK\$[REDACTED] million

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3. BASES AND ASSUMPTIONS

The business objectives set by the Directors are based on the following bases and assumptions:

- the Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the future plans relate;
- there will be no change in the funding requirement for each of the future plans described in this document from the amount as estimated by the Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to the Group, or in the political, economic or market conditions in which the Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of the Group;
- the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [REDACTED]” in this document;
- the Group will be able to retain key staff in the management and the main operational departments;
- the Group will be able to continue its operation in substantially the same manner as the Group has been operating during the Track Record Period and the Group will also be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of the Group; and
- the Group will not be materially affected by the risk factors as set out under the section headed “Risk Factors” in this document.

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4. [REDACTED]

The Directors consider that [REDACTED] from the [REDACTED] are crucial for financing the Group’s business strategies and intended use of the [REDACTED] commensurate with its business strategies. For details of the Group’s business strategies, please refer to paragraph 3 of the section headed “Business” in the document The Directors estimate that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by the Group in connection with the [REDACTED]) will be approximately [REDACTED] (or [REDACTED] at the exchange rate of approximately RM1=HK\$1.90 as at the Latest Practicable Date) based on a [REDACTED] of HK\$[REDACTED] per [REDACTED], assuming the [REDACTED] is not exercised. It is at present intended that the [REDACTED] will be applied as follows:

- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for further expanding its representative/branch office in major gateways of Malaysia
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for expanding the scope of services. As at the Latest Practicable Date, the Directors confirm that the Group has not identified any target warehouse for expansion
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for further strengthening the information technology systems
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for attracting and retaining talented and experienced employees
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for growing the business strategically through business acquisitions or business collaboration
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for repayment of bank loan with interest rate of [REDACTED] (based on interest rate as at 31 December 2015) and maturity date in 2029
- approximately [REDACTED], representing approximately [REDACTED] of the estimated [REDACTED], for working capital

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For the period from the Latest Practicable Date to 31 December 2018, the Group’s [REDACTED] from the [REDACTED] will be used as follows:

	From the Latest Practicable Date to 31 Dec 2016	For the six months ending 30 June 2017	For the six months ending 31 Dec 2017	For the six months ending 30 June 2018	For the six months ending 31 Dec 2018	Total
	(HK\$’ million)	(HK\$’ million)	(HK\$’ million)	(HK\$’ million)	(HK\$’ million)	(HK\$’ million)
All in approximate HK\$’ million						
1. Further expand its business in major gateways of Malaysia	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2. Expand the scope of services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3. Further strengthen the information technology systems	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4. Attract and retain talented and experienced employees	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5. Grow the business strategically through business acquisitions and business collaborations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6. Repay loans	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7. Working Capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

If the [REDACTED] is exercised in full, the additional [REDACTED] received from the [REDACTED] of the additional Shares allotted and issued will be allocated in accordance with the above allocations on a pro rata basis. For further details of the [REDACTED], please refer to the paragraph 5 of the section headed “Structure and Conditions of the [REDACTED]” in this document.

To the extent that the [REDACTED] from the [REDACTED] are not immediately required for the above purposes, it is the present intention of the Directors that such [REDACTED] will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong or/and Malaysia. The Directors consider that the [REDACTED] from the [REDACTED] together with the internal resources of the Group will be sufficient to finance the implementation of the Group’s business plans as set out above.

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Investors should be aware that any part of the business plans of the Group may or may not proceed according to the timeframe as described under section headed “2. Implementation Plans” above due to various factors such as changes in customers’ demand and changes in market conditions. Under such circumstances, the Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Malaysia until the relevant business plan materialises.