

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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TIONG NAM LOGISTICS HOLDINGS BERHAD

(Registration No. 198901005177 (182485-V))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED ISSUANCE OF 67,050,000 NEW ORDINARY SHARES ("SUBSCRIPTION SHARES")
IN TIONG NAM LOGISTICS HOLDINGS BERHAD ("TIONG NAM") TO ONG YOONG NYOCK,
REPRESENTING APPROXIMATELY 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN
TIONG NAM, AT AN ISSUE PRICE OF RM0.4354 PER SUBSCRIPTION SHARE**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of our Company to be conducted fully virtual through live streaming from the Broadcast Venue at Lot 30462, Jalan Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim, Malaysia on Thursday, 10 December 2020 at 10.00 a.m. or at any adjournment thereof is enclosed together with the Form of Proxy in this Circular.

If you decide to appoint a proxy or proxies to attend, participate, speak and vote on your behalf at the EGM, the Form of Proxy should be completed and deposited at our registered office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia or by electronic lodgement via **TIIH Online** at <https://tiih.online>, not less than forty-eight (48) hours before the time stipulated for holding the EGM or at any adjournment thereof. 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.

Last date and time for lodging the Form of Proxy : Tuesday, 8 December 2020 at 10.00 a.m.

Date and time of the EGM : Thursday, 10 December 2020 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 23 November 2020

DEFINITIONS

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

Act	: Companies Act 2016
AmInvestment Bank or Principal Adviser or Placement Agent	: AmInvestment Bank Berhad
Announcement	: Announcement in relation to the Proposed Share Issuance dated 12 October 2020
Board	: Board of Directors of Tiong Nam
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
Circular	: This circular to the shareholders of Tiong Nam dated 23 November 2020 in relation to the Proposed Share Issuance
CMSA	: Capital Markets and Services Act 2007
Director(s)	: Has the same meaning given in Section 2(1) of the CMSA
EGM	: Extraordinary General Meeting
EPS	: Earnings per share
FPE	: Financial period ended
FYE	: Financial year ended/ ending, as the case maybe
Interested Directors	: Collectively, OYN, YKL, Yong Seng Huat, Ong Wei Kuan and Christina Ong Chu Voon
Issue Price	: RM0.4354 per Subscription Share in accordance with the Subscription Agreement
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 16 November 2020, being the latest practicable date prior to the date of this Circular
LTD	: 9 October 2020, being the last trading date prior to the Announcement
Major Shareholder	<p>: A person who has an interest or interests in one (1) or more voting shares in Tiong Nam and the number or the aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in Tiong Nam; or</p> <p>(b) 5% or more of the total number of voting shares in Tiong Nam where such person is the largest shareholder of Tiong Nam.</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act</p>
NA	: Net assets attributable to the owners of the Company

DEFINITIONS (CONT'D)

OYN or Subscriber	:	Ong Yoong Nyock
PAT	:	Profit after tax attributable to the owners of the Company
Properties	:	The potential lands and warehouses in Johor to be acquired by our Group
Proposed Share Issuance	:	Proposed issuance of 67,050,000 Subscription Shares at issue price of RM0.4354 per Subscription Share
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository
Renitrans	:	Renitrans Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
Subscription Agreement	:	Conditional subscription agreement dated 12 October 2020 entered into between Tiong Nam and the Subscriber in relation to the Proposed Share Issuance
Subscription Proceeds	:	RM29,193,570, being the proceeds payable to our Company in relation to the Subscriptions Shares
Subscription Shares	:	67,050,000 new Tiong Nam Shares to be issued in relation to the Proposed Share Issuance
Tiong Nam or Company	:	Tiong Nam Logistics Holdings Berhad
Tiong Nam Group or Group	:	Tiong Nam and its subsidiaries, collectively
Tiong Nam Share(s) or Share(s)	:	Ordinary share(s) in Tiong Nam
TNHSB	:	Tiong Nam Holdings Sdn Bhd
TNTT	:	TNTT Realty Sdn Bhd
Treasury Shares	:	13,775,295 treasury shares held by Tiong Nam as at the LPD
VWAP	:	Volume weighted average market price
YKL	:	Yong Kwee Lian

All references to “**our Company**” in this Circular are to Tiong Nam, references to “**our Group**” are to our Company and our subsidiaries, collectively, and references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires, shall include our subsidiaries.

All references to “**you**” in this Circular are to our shareholders.

Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to an enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

DEFINITIONS (CONT'D)

Any reference to the time of day in this Circular is a reference to Malaysian time.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED SHARE ISSUANCE. PLEASE READ THIS CIRCULAR AND THE APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED SHARE ISSUANCE BEFORE VOTING AT OUR FORTHCOMING EGM.

We are seeking our non-interested shareholders' approval on the Proposed Share Issuance. Our Board (save for the Interested Directors and Chang Chu Shien) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Share Issuance to be tabled at our forthcoming EGM.

Summary of the Proposed Share Issuance : On 12 October 2020, our Company had entered into the Subscription Agreement with OYN for the proposed issuance of 67,050,000 Subscription Shares to OYN, representing approximately 15% of the total number of issued Tiong Nam Shares (excluding Treasury Shares) at the issue price of RM0.4354 per Subscription Share.

The issue price of the Subscription Share will be fixed at RM0.4354 per Subscription Share after taking into consideration the 5-day VWAP of Tiong Nam Shares immediately preceding the date of the Subscription Agreement and the funding requirements of our Group.

Utilisation of Proceeds : Based on the Issue Price of RM0.4354 per Subscription Share, the gross proceeds of approximately RM29.2 million to be raised from the Proposed Share Issuance will be utilised in the following manner:-

Descriptions	Amount (RM'000)	Estimated timeframe for the utilisation of proceeds from the date of listing of the Subscription Shares
Capital expenditure for business expansion	28,794	Within 6 months
Estimated expenses in relation to the Proposed Share Issuance	400	Within 1 month
Total proceeds	29,194	

Rationale :

- (i) The Proposed Share Issuance is an expeditious way of raising funds from the capital market as opposed to other forms of fund raising. As stated in Note 1 of utilisation of proceeds in Section 3 of this Circular, our Company is in the midst of negotiating with potential vendors and intends to finalise the negotiations with the potential vendors for the potential acquisition of Properties by end of 2020 and hence it is crucial for our Company to secure the Subscription Proceeds to partly finance the cost of the Properties considering that our Company is facing challenges to secure high ratio of debt to finance the acquisition of the Properties in view of the outbreak of COVID-19 pandemic;
- (ii) The Proposed Share Issuance enables our Group to raise additional funds without incurring additional financing costs as compared to conventional bank borrowings. This would allow our Group to preserve cash flows for other operational purposes and/or reinvestment for future growth as well as to reduce our Company's gearing level; and

EXECUTIVE SUMMARY (CONT'D)

Rationale (Cont'd)	: (iii) The Proposed Share Issuance is a comparatively efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund raising approaches such as rights issue exercise, which although is a pro-rata issuance of securities to all shareholders, there is no certainty of successful completion and which may require underwriting. There is also no certainty in the successful completion of a proposed placement of new shares which is typically priced at a discount to market to encourage new investors to subscribe.
Approvals Required and Conditionality	<p>: The Proposed Share Issuance is subject to the following approvals being obtained from the following parties:-</p> <p>(i) Bursa Securities for the listing of and quotation for the 67,050,000 Subscription Shares to be issued pursuant to the Proposed Share Issuance on the Main Market of Bursa Securities, which was obtained vide its letter dated 11 November 2020, subject to, amongst others, the conditions as set out in Section 9 of this Circular; and</p> <p>(ii) our non-interested shareholders at our forthcoming EGM;</p> <p>The Proposed Share Issuance is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.</p>
Interests of Directors, Major Shareholders and/or Persons Connected to Them	<p>: The Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed Share Issuance at our relevant board meetings.</p> <p>Chang Chu Shien is a Non-Independent Non-Executive Director of our Company with 0.31% of direct interest in Tiong Nam. Chang Chu Shien is not deemed interested in the Proposed Share Issuance. However, in view of his direct business relationship with our Company, a public listed company managed by OYN being the Managing Director and to maintain good corporate governance, Chang Chu Shien has voluntarily abstained and will continue to abstain from deliberations and voting on the Proposed Share Issuance at the relevant board meeting of our Company.</p> <p>The Interested Directors, TINTT, Renitrans, TNHSB and Chang Chu Shien will also abstain and undertake to ensure that persons connected with them will abstain from voting on the resolution pertaining to the Proposed Share Issuance in respect of their direct and/or indirect shareholders in our Company, if any, at our forthcoming EGM.</p>
Board's recommendation	: Our Board (save for the Interested Directors and Chang Chu Shien) recommends that you VOTE IN FAVOUR of the ordinary resolution pertaining to the Proposed Share Issuance to be tabled at our forthcoming EGM.



TIONG NAM LOGISTICS HOLDINGS BERHAD

(Registration No. 198901005177 (182485-V))

(Incorporated in Malaysia)

Registered Office:

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Malaysia

23 November 2020

Board of Directors:

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan (*Chairman, Non-Independent Non-Executive Director*)
Ong Yoong Nyock (*Managing Director*)
Yong Kwee Lian (*Executive Director*)
Ong Wei Kuan (*Executive Director*)
Christina Ong Chu Voon (*Executive Director*)
Chen Kuok Chin (*Independent Non-Executive Director*)
Datuk Haji Muhamad Shapiae Bin Mat Ali (*Independent Non-Executive Director*)
Ling Cheng Fah @ Ling Cheng Ming (*Independent Non-Executive Director*)
Chang Chu Shien (*Non-Independent Non-Executive Director*)
Yong Seng Huat (*Non-Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSED SHARE ISSUANCE

1. INTRODUCTION

On 12 October 2020, AmlInvestment Bank had, on behalf of our Board, announced that our Company had on even date entered into the Subscription Agreement with OYN for the proposed issuance of 67,050,000 Subscription Shares to OYN at the Issue Price.

On 12 November 2020, AmlInvestment Bank had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 11 November 2020, resolved to approve the listing of and quotation for the 67,050,000 Subscription Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 9 of this Circular.

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

WE ADVISE YOU TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE ISSUANCE TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE ISSUANCE

The Proposed Share Issuance entails the issuance of 67,050,000 Subscription Shares, representing approximately 15.0% of our existing number of issued shares of 447,000,191 Tiong Nam Shares (excluding the Treasury Shares) as at the LPD, at the Issue Price to OYN.

As at the LPD, OYN holds 90,551,180 Tiong Nam Shares, representing approximately 20.3% of our existing number of issued shares of 447,000,191 Tiong Nam Shares (excluding the Treasury Shares). The subscription of the 67,050,000 Subscription Shares by OYN will result in him holding 157,601,180 Tiong Nam Shares, representing approximately 30.7% of our enlarged number of issued shares of 514,050,191 Tiong Nam Shares (excluding the Treasury Shares), upon completion of the Proposed Share Issuance.

In view of the above, we shall seek approval from our non-interested shareholders for the issuance of the Subscription Shares to OYN in respect of its specific allotment under the Proposed Share Issuance, in accordance with Paragraph 6.06 of the Listing Requirements.

2.1 Salient terms of the Subscription Agreement

The salient terms of the Subscription Agreement are, amongst others, as set out below:-

2.1.1 Agreement for Subscription

Subject to the terms and conditions of the Subscription Agreement, the Subscriber agrees to subscribe for the Subscription Shares at the Issue Price, and our Company agrees to allot and issue the Subscription Shares to the Subscriber at RM29,193,570, being the total consideration payable to our Company.

The Subscription Proceeds that is payable by the Subscriber for the Subscription Shares will be fully paid in cash to our Company.

The Subscriber confirms that he has sufficient financial resources and available funds to pay the Subscription Proceeds in cash to complete the subscription for the Subscription Shares on the Completion Date, and the said subscription will not fail due to insufficient financial capability of the Subscriber.

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2.1.2 Conditions Precedent

Our Company and the Subscriber (collectively, the “**Parties**”) agree that the Proposed Share Issuance is conditional upon and subject to the following being obtained or fulfilled, as the case may be, by our Company within 60 days from the date of the Subscription Agreement unless otherwise extended by mutual agreements of the Parties:-

- (i) the approval from Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities;
- (ii) the approval of the non-interested shareholders of our Company by way of a resolution passed at a general meeting of our Company, subject to the terms in the Subscription Agreement in relation to the allotment and issuance of the Subscription Shares to the Subscriber; and
- (iii) the approval from any other relevant authorities and/or parties, if required.

(collectively, the “**Conditions Precedent**”)

The Subscription Agreement will become unconditional on the date on which the last Conditions Precedent is duly obtained or fulfilled or waived, as the case may be (the “**Unconditional Date**”).

2.1.3 Notification

If any Party becomes aware that a Condition Precedent set out in Section 2.1.2 above is satisfied or is incapable of being satisfied, it must within 3 days of receipt of confirmation of the same notify the other Parties in writing.

2.1.4 Effect of Rescission

Upon the rescission of the Subscription Agreement, the Subscription Agreement will thereafter cease to have any effect and will become null and void, whereupon none of the Parties will have any further claims against the other save and except for any antecedent breach of any obligation and the payment of liability of costs and expenses under the Subscription Agreement.

For avoidance of doubt, where completion of the Subscription Agreement has taken place and any breach of the Subscription Agreement is discovered at a subsequent time, the non-defaulting party will be entitled to all rights and remedies at law or in equity.

2.1.5 Completion

Subject to Section 2.1.2 above, the completion of the subscription for the Subscription Shares shall take place in the following manners:

- (a) The Subscriber must pay the Subscription Proceeds in cash to the Placement Agent within 5 market days from the Unconditional Date (the “**Payment Date**”) into the bank account of Placement Agent.

The payment of the Subscription Proceeds will be free and clear of and without deduction of or withholding for or on account of any tax or revenue payment or liability on the date specified in the notice. The brokerage fee payable to the Placement Agent will be borne by the Subscriber; and

- (b) The Subscriber will provide payment evidence for the Subscription Proceeds to the Placement Agent and our Company on the Payment Date. Our Company will within 8 market days upon receipt of the Subscription Proceeds, allot and issue the Subscription Shares to the Subscriber and credit the Subscription Shares into the CDS Account designated by the Subscriber, the details of which are to be informed by the Subscriber in writing to the Placement Agent prior to the Unconditional Date.

The date where the Subscription Shares are allotted and credited into the Subscriber's CDS Account will be referred to as the “**Completion Date**”.

Our Company agrees to do all acts and things and procure the passing of all necessary resolutions required to allot and issue the Subscription Shares to the Subscriber in accordance with the terms of the Subscription Agreement.

In the event our Company fails to credit the Subscription Shares into the Subscriber's CDS Account in accordance with Section 2.1.5(b) above, the Subscription Proceeds will be returned to the Subscriber without interest within 14 market days from payment of the Subscription Proceeds, or such date as may be mutually agreed by the Parties. Upon such payment, the Subscription Agreement will terminate and the effect of the termination as referred in Section 2.1.4 will be applicable.

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2.1.6 Termination

(i) The Subscriber's Breach

Notwithstanding anything contained in the Subscription Agreement, our Company will be entitled to terminate the Subscription Agreement pursuant to the events below, if such event occurs at any time on or before the date of allotment of the Subscription Shares:-

- (a) any breach of any of the terms and conditions of the Subscription Agreement is committed by the Subscriber; or
- (b) there is an adverse change in the financial position of the Subscriber which in the reasonable opinion of our Company that it is material in the context of the subscription of the Subscription Shares.

(ii) The Company's Breach

Notwithstanding anything contained in the Subscription Agreement, the Subscriber will be entitled to terminate the Subscription Agreement pursuant to the events below, if such event occurs at any time on or before the date of allotment of the Subscription Shares:-

- (a) in the reasonable opinion of the Subscriber that since the date of the Subscription Agreement, there is an adverse change in financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the subscription of the Subscription Shares; or
- (b) any breach of any of the terms and conditions of the Subscription Agreement; or
- (c) there is an adverse change in the financial position of our Company or its subsidiaries which in the reasonable opinion of the Subscriber that it is material in context of the subscription of the Subscription Shares.

In the event that the Subscription Agreement is terminated pursuant to Section 2.1.6(i) and Section 2.1.6(ii) above, the effect of the termination as stated in Section 2.1.4 above will apply.

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2.1.7 Default

If, on or before the Unconditional Date:-

- (a) our Company breaches any of the Warranties or any other provisions of the Subscription Agreement;
- (b) it is found that any of the Warranties given by our Company was, when given, untrue, inaccurate or misleading or are otherwise not complied with;
- (c) any of the Directors of our Company has any proceedings under any applicable bankruptcy law commenced against him or shall otherwise have a decree or order of a court entered against him adjudicating him bankrupt or shall make any arrangement or composition with, or any assignment for the benefit of, his creditors;
- (d) our Company:-
 - (i) has a winding up petition presented against it in a court of law;
 - (ii) has a decree or order of a court having jurisdiction over it entered against it adjudicating it insolvent, or approving a petition seeking its reorganisation under any applicable insolvency law (otherwise than for the purpose of reconstruction or amalgamation);
 - (iii) has a resolution of its shareholders passed for its winding up, liquidation or dissolution;
 - (iv) makes any arrangement or composition with, or any assignment for the benefit of, its creditors;
 - (v) has an administrator, receiver or receiver and manager appointed over any part of its undertaking or assets; or
 - (vi) ceases or threatens to cease to carry on its business;
- (e) any legal proceedings, administrative proceedings, arbitrations or prosecutions is commenced by any person against our Company;

The Subscriber will be entitled at its discretion (and in addition to and without prejudice to all other rights or remedies available to it under the Subscription Agreement and law) to elect any of the following:-

- (i) to effect completion (without prejudice to any of its rights and remedies against our Company) so far as practicable having regard to the defaults which have occurred; or
- (ii) to fix a new day for completion, in which case the provisions of Section 2.1.5 above will apply to completion as so deferred; or
- (iii) to rescind the Subscription Agreement without liability on its part, in which event the Subscription Agreement will terminate and be of no further effect whatsoever and none of the Parties will have any claims against the other hereunder for costs, damages, compensation or otherwise.

The Subscriber has confirmed that he has the sufficient financial resources to subscribe for the Subscription Shares pursuant to the Subscription Agreement and AmlInvestment Bank has verified that the sufficiency of financial resources of the Subscriber for the subscription of the Subscription Shares.

2.2 Issuance Size

The number Subscription Share was determined after taking into consideration the following:-

- (i) our Group's funding requirements as disclosed in Section 3 of this Circular; and
- (ii) the 5-day VWAP of Tiong Nam Shares up to 9 October 2020 of RM0.4354, used to determine the Issue Price and arrive at the amount of proceeds to be raised.

2.3 Basis and justification of arriving at the issue price of the Subscription Shares

The Issue Price was arrived and fixed at RM0.4354 per Subscription Share by mutual agreement between the parties to the Subscription Agreement after taking into consideration of the following:-

- (i) the 5-day VWAP of Tiong Nam Shares up to 9 October 2020, being the date immediately preceding the date of the Subscription Agreement, of RM0.4354 per Tiong Nam Share; and
- (ii) our Group's funding requirements as disclosed in Section 3 of this Circular.

For the avoidance of doubt, the Issue Price is fixed at the point of signing of the Subscription Agreement instead of prior to issuance of Subscription Shares as we intend to:-

- (i) secure the amount of proceeds our Company intends to raise from the Proposed Share Issuance for the intended utilisation as set out in Section 3 of this Circular; and
- (ii) mitigate the risk of share price fluctuations/movement resulted by unforeseen circumstances (i.e. greater outbreak of COVID-19 pandemic).

The Issue Price represents a premium to the share price performance of Tiong Nam Shares over the past 12 months on/up to and including 9 October 2020, being the LTD, as shown in the table below:-

Descriptions	Share price	Premium	
	(RM)	(RM)	(%)
9 October 2020 being the LTD	0.4100	0.0254	6.2
1-month VWAP up to and including the LTD	0.4297	0.0057	1.3
3-month VWAP up to and including the LTD	0.4157	0.0197	4.7
6-month VWAP up to and including the LTD	0.4054	0.0300	7.4
12-month VWAP up to and including the LTD	0.4032	0.0322	8.0

(Source: Bloomberg)

The Issue Price of RM0.4354 also represents a discount of approximately 33.2% to the last closing price of Tiong Nam Shares as at the LPD of RM0.58.

2.4 Implication of the Rules on Take-Overs, Mergers and Compulsory Acquisitions

Pursuant to Rule 4 of the Rules, where a group of persons acting in concert holds more than 33 percent of the voting shares or the voting rights of a company, any member of the group will incur a mandatory offer obligation if he acquires voting shares or voting rights resulting in him for the following:

- (a) acquiring more than 33 percent of the voting shares or voting rights of the company; or
- (b) acquiring more than 2 percent of the voting shares or voting rights of the company in any six (6) months period (when the person already holds more than 33 percent but not more than 50 percent of the voting shares or voting rights of the company).

As at LPD, OYN and his persons acting in concert, collectively hold 53.34% of the voting shares of our Company which is already more than 50% of voting shares of our Company. OYN will hold less than 33% of the voting shares of our Company, whilst, OYN and his persons acting in concert will collectively hold 59.42% of the voting shares of our Company after the completion of the Proposed Share Issuance. Accordingly, the allocation of Subscription Shares to the OYN will not give rise to any mandatory offer obligation pursuant to the Rules.

2.5 Ranking of the Subscription Shares

The Subscription Shares shall, upon allotment and issuance, rank equally in all respects with the existing Tiong Nam Shares, save and except that the Subscription Shares will not be entitled to any dividends, rights, allotments and/or other form of distribution that may be declared, made or paid by our Company, the entitlement date of which is prior to the date of allotment and issuance of the Subscription Shares.

2.6 Listing of and quotation for the Subscription Shares

Bursa Securities had, vide its letter dated 11 November 2020, approved the listing of and quotation for the 67,050,000 Subscription Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 9 of this Circular.

3. UTILISATION OF PROCEEDS

Based on the Issue Price of RM0.4354 per Subscription Share, the gross proceeds of approximately RM29.2 million to be raised from the Proposed Share Issuance will be utilised by our Group in the following manner:-

Descriptions	Amount (RM'000)	Estimated timeframe for the utilisation of proceeds from the date of listing of the Subscription Shares
Capital expenditure for business expansion ⁽¹⁾	28,794	Within 6 months
Estimated expenses in relation to the Proposed Share Issuance ⁽²⁾	400	Within 1 month
Total proceeds	29,194	

Notes:-

- (1) *Our Group has 83 warehouses across Malaysia, Thailand, Singapore and Laos as at the LPD, of which the average utilisation rate is approximately 80%. Our average utilisation rate of the 20 warehouses in Johor is approximately at 85%. In view of the growth in demand of warehousing facilities for storage services and to anticipate for the excess demand in the market, our Group intends to acquire and/or construct additional warehouses to increase its market share in the industry. Hence, our Company intends to utilise approximately RM28.8 million of the proceeds raised from the Proposed Share Issuance to partially finance the purchase of lands and warehouses in Johor.*

As at the LPD, our Company has entered into negotiations with several vendors of potential Properties for a potential acquisition of targeted total land size of up to 500,000 square feet and warehouse size of up to 300,000 square feet. For the avoidance of doubt, none of the vendors are a related party of our Group and the negotiations are still ongoing and the terms and conditions have yet to be finalised as at the LPD.

Subject to the final outcome of negotiations, the estimated total cost of Properties is up to RM65 million. The shortfall of up to RM36.2 million is expected to be funded via bank borrowings and/or internally generated funds. The abovesaid negotiations of Properties are expected to be completed by end of 2020.

The negotiations of the Properties if materialised will subject to approval from relevant authorities, our Company expect to construct new warehouse on the said empty lands. The construction of new warehouses (if any) is approximately RM45 million and is expected to commence within 6 months from the signing of the sale and purchase agreement (“SPA”) for the purchase of Properties (if any). The construction of new warehouses will be funded via internally generated fund and/or bank borrowings, of which the exact allocation cannot be determined at this point of time as it will subject to the availability of the internally generated fund of our Group at that point of time. The new warehouses to be constructed together with the warehouses to be acquired by our Company is expected to increase our total Group’s storage capacity by up to 10%. As at the LPD, our Group’s total warehousing capacity is approximately 5.6 million square feet.

In the event that the negotiations of the Properties are not materialised, our Company envisages that the amount of proceeds under Note (1) will be utilised to identify other suitable and strategic lands and/or construction of new warehouses in Peninsular Malaysia and/or Singapore. Our Group will make the requisite announcement(s) and/or seek the approval of its shareholders pursuant to Paragraph 8.22 of the Listing Requirements, if required, as and when there is a material variation to the utilisation of the proceeds.

- (2) *The estimated expenses mainly consist of professional fees, regulatory fees and other incidental expenses in relation to the Proposed Share Issuance. Any variation to the actual amount of expenses in relation to the Proposed Share Issuance will be adjusted against the amount allocated for the capital expenditure of our Group.*

Pending utilisation of the proceeds raised from the Proposed Share Issuance for the abovementioned purposes, any unutilised proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest income derived from the deposits with financial institutions or any gain arising from the short-term money market instruments will be utilised for the capital expenditure of our Group.

4. RATIONALE FOR THE PROPOSED SHARE ISSUANCE

The Proposed Share Issuance will enable our Company to raise the necessary funds to finance the capital expenditure of our Group as detailed in Section 3 of this Circular. The utilisation of proceeds for capital expenditure is expected to contribute positively to the future earnings of our Group when the benefits from such capital expenditure are realised.

After due consideration of the various avenues of fund raising available, our Board (other than the Interested Directors and Chang Chu Shien) is of the view that the Proposed Share Issuance is currently the most appropriate avenue of fund raising for our Group as the Proposed Share Issuance:-

- (i) is an expeditious way of raising funds from the capital market as opposed to other forms of fund raising. As stated in Note 1 of utilisation of proceeds in Section 3 of the Circular, our Company is in the midst of negotiating with potential vendors and intends to finalise the negotiations with the potential vendors for the potential acquisition of Properties by end of 2020 and hence it is crucial for our Company to secure the Subscription Proceeds to partly finance the cost of the Properties considering that our Company is facing challenges to secure high ratio of debt to finance the acquisition of the Properties in view of the outbreak of COVID-19 pandemic;
- (ii) enables our Group to raise additional funds without incurring additional financing costs as compared to conventional bank borrowings. This would allow our Group to preserve cash flows for other operational purposes and/or reinvestment for future growth as well as to reduce our Company's gearing level; and
- (iii) is a comparatively efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund raising approaches such as rights issue exercise, which although is a pro-rata issuance of securities to all shareholders, there is no certainty of successful completion and which may require underwriting. There is also no certainty in the successful completion of a proposed placement of new shares which is typically priced at a discount to market to encourage new investors to subscribe.

The Proposed Share Issuance also indicates the continued commitment of OYN as a member of our Board and a Major Shareholder of our Company by making further substantial investments into our Group at Tiong Nam's market share price to support our Group's growth and funding requirements.

Given that the Proposed Share Issuance meets our Company's objectives of fund raising while strengthening our Company's balance sheet, increasing financing flexibility and reducing current gearing levels, our Board (other than the Interested Directors and Chang Chu Shien) is of the view that the Proposed Share Issuance is in the best interests of our Company.

Our Company has not undertaken any fund raising exercises in the past 12 months prior to the date of the Circular.

5. INDUSTRY OVERVIEW AND OUTLOOK AS WELL AS PROSPECTS OF TIONG NAM

5.1 Overview and outlook for the Malaysian economy

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%). Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order ("MCO"), followed by the Conditional and Recovery MCO, during 2Q 2020.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-à-vis the previous quarter.

Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued. Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services.

Private investment declined by 26.4% (1Q 2020: -2.3%), due mainly to the COVID-19 containment measures and heightened uncertainty which affected business sentiments and investment intentions. During the quarter, investment was affected by mobility restrictions, which temporarily halted the implementation of projects. Despite the gradual relaxation of the MCO, firms maintained a cautious approach to capital expenditure amid slower production and disruptions to global value chains. Public investment also recorded a larger decline of 38.7% (1Q2020: -11.3%). This was due to a contraction in capital spending by both general government and public corporations due mainly to the movement restrictions.

Economic activity in Malaysia contracted sharply in the first half of the year (-8.3%) as the measures introduced to contain the pandemic globally and domestically resulted in a concurrent supply and demand shock to the economy. However, growth is expected to have troughed in 2Q 2020. Economic activity has resumed significantly since the economy began to reopen in early May.

The improvement in growth in 2H 2020 will also be supported by the recovery in global growth and continued policy support. In particular, consumption and investment activities are expected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. While there is upside potential to growth, the pace and strength of the recovery remain susceptible to downside risks emanating from domestic and external factors. Growth could potentially be lifted by a larger-than-expected impact from stimulus measures. Nevertheless, the prospect of secondary COVID-19 outbreaks leading to the re-imposition of containment measures, more persistent weakness in labour market conditions, and a weaker-than-expected recovery in global growth pose downside risks to growth.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2020, Bank Negara Malaysia)

5.2 Overview and outlook for the logistic industry in Malaysia

As a trading nation, the efficiency of the transport and logistics industry is vital in Malaysia's aspiration to attain higher productivity and faster economic growth through better connectivity. However, Malaysia's performance in the logistics industry has deteriorated, as indicated by the decline in the ranking of the Logistics Performance Index (LPI), Malaysia's ranking fell to 41st in 2018 from 32nd in 2016. The main reasons for the decline includes inefficiency of custom clearance, lack of quality in the trade and transport related infrastructure as well as low ability in tracking and tracing consignments. In contrast, regional peers such as Thailand and Vietnam improved to 32nd and 39th positions in 2018 from 45th and 64th in 2016, respectively.

(Source: Economic Management and Prospects, Economic Outlook 2020, Ministry of Finance Malaysia)

5.3 Overview and outlook for the warehousing industry in Malaysia

The warehousing industry falls under the industrial sub-sector. The industrial sub-sector recorded transactions worth RM5.41 billion in the first half of 2020. Compared to the same period last year, the market activity decreased by 36.9% in volume and 23.0% in value. Selangor continued to dominate the market, with 34.3% of the nation's volume, followed by Johor and Sarawak, each with 12.7% and 10.5% market share respectively.

(Source: <https://napic.jpgh.gov.my/> - Overview of Property Market First Half 2020)

Malaysia's industrial sector is still promising, with warehousing expected to continue to be a popular pick. At present, there is an estimated 10.6 million square feet of logistics and warehouse space occupied by third party logistics in prime industrial schemes, predominantly in hot spots such as Shah Alam and Port Klang. At least another two million square feet of new logistics and warehouse facilities are expected to come onstream in these schemes by 2022. Malaysia's economic fundamentals and industrial prospects in the long run remain strong and relevant, especially with regard to regional logistics and distribution activity. The supply of logistics warehouses in Kuala Lumpur, increased at a compound annual growth rate of 22% between 2012 and 2019. As at today, there is a total of 14.9 million square feet of investment-grade warehouses in Kuala Lumpur. We have observed that global brands such as Ikea, Daiso, Nestlé and Continental Tyres have recently invested in distribution hubs in Malaysia in an effort to expand their footprint in the region. In the domestic front, we envisage that more businesses will get on e-commerce platforms while supermarkets/hypermarkets will broaden their e-commerce services to cater for the growing consumer market, thereby uplifting demand for built-to-suit logistics warehousing. Developers will be more proactive in coming up with more premium and high-tech logistics warehouse facilities to attract both local and international clients that are seeking to set up regional distribution hubs. There is a surge in demand for logistics warehouses during the MCO period and it has been growing since, with e-commerce being the main driver.

(Source: <https://www.theedgemarkets.com/article/cover-story-leasing-market-logistics-warehouses-remains-stable>)

5.4 Future prospects of Tiong Nam Group

Our Group is principally involved in the provision of logistics and warehousing services in Malaysia, Singapore, Thailand, Laos, Vietnam and China. Our group operates in 4 business segments being logistics and warehousing services, investment holding, property development and hotel and dormitory.

As highlighted in Section 5.1 of this Circular, Malaysia's economy in 2Q 2020 registered 17.1% contraction which was a result of the imposition of MCO to counter the COVID-19 outbreak. The ongoing COVID-19 outbreak, which had led to the implementation of national lockdown policies in many countries worldwide, including Malaysia, has restricted many businesses from operating as usual, which includes all business segments of our Group both in Malaysia and other countries. This has affected us operationally and financially as there is a fall in demand for hotel and dormitory services, stopped operations and restriction in logistics and transportation movement in response to the MCO enforced by the Malaysian Government. Notwithstanding the above, our Group was able to resume operations as usual after the implementation of the Conditional MCO in early May 2020. This has allowed us to gradually recover from the adverse operational and financial impacts due to the COVID-19 outbreak.

Our Group's core logistics and warehousing services segment remains the main revenue driver contributing up to RM547.7 million in FYE 2020 and RM120.6 million in FPE 30 June 2020. Our Group is focusing on growing our logistics network and expanding our existing warehousing capacity in anticipation for potential increase in demand for logistics and warehousing services. In addition, being an essential business during the COVID-19 pandemic and MCO period, our Group has experienced a surge in demand for warehousing facilities and has seen a growth trend in the e-commerce industry which will in turn drive the demand for logistics and warehousing services. Nevertheless, whilst at the same time maintaining cost efficiencies to meet the challenging operating environment for the logistics and warehousing services segment which has low barrier of entry and is a highly cost competitive industry. As stated in Section 3 of this Circular, the proceeds of approximately RM28.8 million to be raised from the Proposed Share Issuance will be utilised to partially finance the purchase of land and/or construction of new warehouses to increase our storage capacity. This will enable us to have additional storage capacity to meet the growing demand from our customers and improving our economies of scales.

In view of the above, our Board is of the view that the Proposed Share Issuance is expected to facilitate our Group's growth strategy as well as to further improve the financial performance of our Group moving forward.

6. RISK FACTORS

6.1 Oversupply risk

Our Group's warehouse business are susceptible to the demand risk and the risk of not achieving optimum utilisation rate and it may take a longer time to achieve higher utilisation rate leading to a longer payback period. In order to mitigate this risk, our Group endeavours to expand our clientele and maintain a close relationship with our customers, to maintain our existing contracts as well as securing new contracts.

6.2 Financing risk

Our warehouse business requires significant amount of funds to finance the acquisition and/or construction of warehouses. Such proceeds are usually funded via external bank borrowings and internally generated funds. The availability of external bank borrowings is subjected to the bank's assessment and approval of our Group's banking facilities application. There can be no assurance that our Group will be able to obtain external bank borrowings for the quantum as per the part-finance plans. Furthermore, our Group may be exposed to the risk of having insufficient funds to meet our financial repayment commitments on time. Any significant fluctuations in the interest rate may pose an impact on the borrowing costs and affect the profitability of our Group.

Our Group will seek to mitigate the aforesaid risk by working closely with the bankers to address their request and queries with regards to the banking facilities application and closely monitor the interest rate environment, gearing level and internal cash requirement of our Group to ensure effective cashflows management.

6.3 Compliance risk

Our Group's warehouses is required to obtain various licences/permits from authorities in order to provide warehousing services. The licences/permits are subject to renewal on a periodic basis. The inability of obtaining the warehouse licences and permits would adversely affect the ability for our Group to continue operations and hence affecting our financial performances.

Our Group seeks to limit this risk by endeavouring to ensure compliance with the terms and conditions as set out in these licences with the authorities.

7. EFFECTS OF THE PROPOSED SHARE ISSUANCE

7.1 Share capital

The pro forma effects of the Proposed Share Issuance on our share capital are as follows:-

	No. of Shares	Amount
	(’000)	(RM’000)
Share capital as at the LPD (excluding the Treasury Shares)	447,000	171,371
To be issued pursuant to the Proposed Share Issuance	67,050	29,194 ⁽¹⁾
Enlarged share capital (excluding the Treasury Shares)	514,050	200,565

Note:-

(1) Computed based on the Issue Price of RM0.4354 per Subscription Share.

7.2 Earnings and EPS

The Proposed Share Issuance is not expected to have any immediate material effect on the earnings of our Group for the FYE 31 March 2021 as the Proposed Share Issuance is expected to be completed in the 4th quarter of 2020, whilst the proceeds to be raised from the Proposed Share Issuance are expected to be utilised within 6 months from the date of listing of the Subscription Shares.

However, the EPS of our Group shall be correspondingly diluted upon the completion of the Proposed Share Issuance as a result of the increase in the number of Tiong Nam Shares in issue pursuant to the issuance of the Subscription Shares. Nevertheless, the Proposed Share Issuance is expected to contribute positively to the future earnings of our Group when the benefits arising from the proposed utilisation of proceeds as set out in Section 3 of this Circular are realised.

For illustration purposes, based on the latest audited consolidated financial statements of our Company for the FYE 31 March 2020 and assuming that the Proposed Share Issuance had been completed at the beginning of the FYE 31 March 2020, the pro forma effects of the Proposed Share Issuance on the financial performance of the Group are as follows:-

	PAT	EPS⁽¹⁾
	(RM’000)	(sen)
PAT for the FYE 31 March 2020	688	0.13
Less: Estimated expenses for the Proposed Share Issuance	(400)	(0.08)
Pro forma PAT and EPS⁽²⁾	288	0.05

Notes:-

(1) Computed based on the enlarged total number of 527,825,486 Tiong Nam Shares less 13,775,295 Treasury Shares after the Proposed Share Issuance.

(2) Exclude any potential contributions to the Group’s future earnings arising from the utilisation of proceeds as stated in Section 3 of this Circular.

7.3 NA and gearing

Based on our latest audited consolidated financial statements for the FYE 31 March 2020, the pro forma effects of the Proposed Share Issuance on our Group's NA and gearing are as follows:-

	(Audited) As at 31 March 2020	(I) After adjusting for subsequent events ⁽¹⁾	(II) After (I) and the Proposed Share Issuance
	(RM'000)	(RM'000)	(RM'000)
Share capital	171,371	171,371	200,565 ⁽²⁾
Revaluation reserve	114,640	114,640	114,640
Treasury shares	(9,964)	(10,560)	(10,560)
Exchange fluctuation reserve	(193)	(193)	(193)
Retained earnings	412,275	412,275	411,875 ⁽³⁾
Shareholders' fund/NA	688,129	687,533	716,327
No. of Shares in issue (excluding the Treasury Shares) ('000)	448,500	447,000	514,050
NA per Share (RM)	1.53	1.54	1.39
Total borrowings (RM'000)	1,078,150	1,078,150	1,078,150
Gearing ⁽⁴⁾ (times)	1.57	1.57	1.51

Notes:-

- (1) Taking into consideration of 1,499,700 treasury shares buy-back by our Company amounting to approximately RM0.6 million.
- (2) Based on the Issue Price of RM0.4354 per Subscription Share.
- (3) After deducting the estimated expenses of RM400,000 for the Proposed Share Issuance.
- (4) Based on total borrowings divided by the NA.

7.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Share Issuance on our substantial shareholders' shareholdings as at the LPD are as follows: -

[illegible]

Notes:-

- (1) *Computed based on the number of 460,775,486 Tiong Nam Shares less 13,775,295 Treasury Shares as at the LPD.*
- (2) *Computed based on the enlarged total number of 527,825,486 Tiong Nam Shares less 13,775,295 Treasury Shares after the Proposed Share Issuance.*
- (3) *Deemed interested by virtue of his substantial shareholdings in TINTT, Renitrans and TNHSB and the shareholdings of his spouse, YKL and his child, Ong Wei Kuan in our Company.*
- (4) *Deemed interested by virtue of her substantial shareholdings in TINTT, Renitrans and TNHSB and the shareholdings of her spouse, OYN and her child, Ong Wei Kuan in our Company.*

7.5 Convertible securities

As at the LPD, our Company does not have any convertible securities.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Tiong Nam Shares traded on the Main Market of Bursa Securities for the past 12 months from November 2019 to October 2020 are set out below:-

	High RM	Low RM
<u>2019</u>		
November	0.495	0.450
December	0.530	0.450
<u>2020</u>		
January	0.520	0.435
February	0.470	0.425
March	0.450	0.260
April	0.420	0.305
May	0.480	0.385
June	0.465	0.390
July	0.430	0.380
August	0.430	0.380
September	0.425	0.385
October	0.565	0.385
Last transacted market price of Tiong Nam Shares on 9 October 2020 (being the last transacted date prior to the Announcement)		0.410
Last transacted market price of Tiong Nam Shares on the LPD		0.580

(Source: Bloomberg)

9. APPROVALS REQUIRED

The Proposed Share Issuance is subject to and conditional upon the approvals being obtained from the following:-

- (i) Bursa Securities for the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities.

The approval of Bursa Securities was obtained vide its letter dated 11 November 2020 and subject to the following conditions:-

No.	Conditions	Status of compliance
1.	Tiong Nam and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Issuance;	Noted
2.	Tiong Nam and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Share Issuance	To be complied
3.	Tiong Nam and AmInvestment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Issuance is completed;	To be complied

No.	Conditions	Status of compliance
4.	Tiong Nam to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed Share Issuance; and	To be complied
5.	AmInvestment Bank to submit to Bursa Securities details of the placee in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable before the listing of the new shares to be issued pursuant to the Proposed Share Issuance.	To be complied

(ii) our non-interested shareholders at our forthcoming EGM.

The Proposed Share Issuance is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

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

Saved as disclosed below, as at the LPD, none of our directors, chief executive, Major Shareholders and/or persons connected with them has any interests, direct and/or indirect, in the Proposed Share Issuance:-

- (i) OYN, who is the Subscriber, is the Managing Director and a Major Shareholder of our Company via his 20.3% direct interest in our Company and by virtue of his indirect shareholdings in TNTT and shares held by his spouse and child. Accordingly, he is deemed to be interested in the Proposed Share Issuance;
- (ii) YKL, who is the spouse of OYN, is an Executive Director and a Major Shareholder of our Company via her 1.5% direct interest in our Company and by virtue of her indirect shareholdings in TNTT and shares held by her spouse and child. Accordingly, she is deemed to be interested in the Proposed Share Issuance;
- (iii) Yong Seng Huat, who is a brother of YKL, is a Non-Independent Non-Executive Director of our Company. Accordingly, he is deemed to be interested in the Proposed Share Issuance;
- (iv) Ong Wei Kuan, who is a son of OYN and YKL, is an Executive Director and a shareholder of our Company via his 0.1% direct interest in our Company. Accordingly, he is deemed to be interested in the Proposed Share Issuance;
- (v) Christina Ong Chu Voon, who is a daughter of OYN and YKL, is an Executive Director of our Company. Accordingly, she is deemed to be interested in the Proposed Share Issuance;
- (vi) TNTT, a company in which OYN and YKL hold substantial interests, is a Major Shareholder of our Company via its 27.1% direct interest in our Company. Accordingly, TNTT is deemed to be interested in the Proposed Share Issuance;
- (vii) Renitrans, a company in which OYN and YKL hold substantial interests, is a shareholder of our Company via its 4.0% direct interest in our Company. Accordingly, Renitrans is deemed to be interested in the Proposed Share Issuance; and
- (viii) TNHSB, a company in which OYN and YKL hold substantial interests, is a shareholder of our Company via its 1,020 Tiong Nam Shares in our Company. Accordingly, TNHSB is deemed to be interested in the Proposed Share Issuance.

The Interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed Share Issuance at the relevant board meetings of our Company.

Chang Chu Shien is a Non-Independent Non-Executive Director of our Company with 0.31% of direct interest in Tiong Nam. Chang Chu Shien is not deemed interested in the Proposed Share Issuance. However, in view of his direct business relationship with our Company, a public listed company managed by OYN being the Managing Director and to maintain good corporate governance, Chang Chu Shien has voluntarily abstained and will continue to abstain from deliberations and voting on the Proposed Share Issuance at the relevant board meeting of our Company.

The Interested Directors, TNTT, Renitrans, TNHSB and Chang Chu Shien will also abstain and have also undertaken to ensure that persons connected to them will abstain from voting on the resolution pertaining to the Proposed Share Issuance in respect of their direct and/or indirect shareholdings in our Company, if any, at an EGM to be convened.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors and Chang Chu Shien who have abstained from all deliberations and voting on the Proposed Share Issuance at our relevant board meetings), after having considered all aspects of the Proposed Share Issuance, is of the opinion that the Proposed Share Issuance is in the best interests of our Company.

Accordingly, our Board (save for the Interested Directors and Chang Chu Shien) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Share Issuance to be tabled at our forthcoming EGM.

12. CORPORATE EXERCISES/ SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Share Issuance, our Board is not aware of any other outstanding corporate proposals which have been announced but pending completion as at the date of this Circular.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to relevant approvals being obtained and barring any unforeseen circumstances, the Proposed Share Issuance is expected to be completed in the 4th quarter of 2020.

14. EGM

Our forthcoming EGM, the notice of which is enclosed in this Circular, is scheduled to be conducted fully virtual through live streaming from the Broadcast Venue at Lot 30462, Jalan Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim, Malaysia on Thursday, 10 December 2020 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Share Issuance.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and return the enclosed Form of Proxy in accordance with the instructions stated therein so as to arrive at our registered office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia or by electronic lodgement via **TIIH Online** at <https://tiih.online>, not less than forty-eight (48) hours before the time stipulated for holding the EGM or at any adjournment thereof. 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.

15. FURTHER INFORMATION

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

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

DATO' FU AH KIOH @ OH (FU) SOON GUAN
Chairman, Non-Independent Non-Executive Director

APPENDIX I – ADDITIONAL INFORMATION IN RELATION TO TIONG NAM GROUP

1. COMMENTARY ON THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF TIONG NAM GROUP

The table below sets out the financial information of our Group for the past three (3) FYE 31 March 2018, 31 March 2019 and 31 March 2020, as well as the 3-month FPE 30 June 2019 and 30 June 2020:

	Audited			Unaudited	
	FYE 31 March 2018 (RM'000)	FYE 31 March 2019 (RM'000)	FYE 31 March 2020 (RM'000)	3-month FPE 30 June 2019 (RM'000)	3-month FPE 30 June 2020 (RM'000)
Revenue	647,789	589,865	604,248	150,030	122,989
PAT/ (Loss) after tax ("LAT")	31,274	604	2,183	2,622	(5,475)
PAT/ (LAT) attributable to owners of the Company	28,103	(1,400)	688	1,942	(5,527)
Share capital	137,219	171,371	171,371	171,371	171,371
Shareholders' funds/ NA	693,476	689,384	688,129	691,108	682,650
Number of Shares in issue (excluding Treasury Shares) ('000)	455,743	455,670	448,500	454,806	448,111
Weighted average number of Shares in issue ('000)	446,988	455,997	454,130	454,806	454,312
NA per Share (RM) ⁽¹⁾	1.52	1.51	1.53	1.52	1.52
Basic EPS/ (loss) per Share (sen) ⁽²⁾	6.29	(0.31)	0.15	0.43	(1.22)

Notes:

(1) Based on the number of Shares in issue (excluding Treasury Shares).

(2) Based on the weighted average number of Shares in issue.

Commentaries:

(i) Unaudited 3-month FPE 30 June 2020

Our Group's revenue for the FPE 30 June 2020 decreased by 18.0% to approximately RM123.0 million (FYE 30 June 2019: RM150.0 million). The decrease in revenue for the FPE 30 June 2020 was mainly due to the MCO enforced by the Malaysian Government to address the COVID-19 pandemic which has disrupted the business operations of our Group mainly the logistic and warehouses services as well as property development segments.

In line with the decrease in revenue, our Group recorded a LAT attributable to the owners of the Company for the FPE 30 June 2020 of approximately RM5.5 million (FPE 30 June 2019: PAT of RM2.6 million). The LAT incurred was mainly due to losses before tax ("LBT") incurred by property development segment of RM5.4 million as well as hotel and dormitory segment of RM4.7 million.

APPENDIX I – ADDITIONAL INFORMATION IN RELATION TO TIONG NAM GROUP (CONT'D)

(ii) FYE 31 March 2020

Our Group's revenue for the FYE 31 March 2020 increased by 2.4% to approximately RM604.2 million (FYE 31 March 2019: RM589.9 million). The increase in revenue for the FYE 31 March 2020 was attributed by:

- (a) our Group's core logistics and warehousing services segment mainly due to higher utilisation of warehousing services, expanded clientele and higher delivery volume handled as a result of the surge in demand for essential products as well as medical equipment supplies due to the COVID-19 pandemic; and
- (b) our Group's hotel and dormitory segment mainly due to improved occupancy in Fraser Place Puteri Harbour, which furthermore also recorded a full year contribution in FYE 31 March 2020 as compared to 4-month contribution in FYE 31 March 2019.

In line with the increase in revenue, our Group recorded a PAT for the FYE 31 March 2020 of approximately RM0.7 million (FYE 31 March 2019: LAT attributable to the owners of the Company of RM1.4 million). The improved in financial performance is mainly driven by the improved financial performance of the logistics and warehousing services segment which generated a profit before tax ("**PBT**") of RM31.5 million (FYE 31 March 2019: PBT of RM21.3 million), was partially offset by the higher LBT incurred by the hotel and dormitory of RM18.6 million (FYE 31 March 2019: LBT of RM9.7 million) as a result of lower hospitality activities due to COVID-19 pandemic as well as higher advertising and promotion expense incurred for its early stages of brand boosting activities.

(iii) FYE 31 March 2019

Our Group's revenue for the FYE 31 March 2019 decreased by 8.9% to approximately RM589.9 million (FYE 31 March 2018: RM647.8 million). The decrease in revenue for the FYE 31 March 2019 was mainly due to lower revenue contributed from the property development segment as a result of the completion of the Pinetree Marina Resort serviced apartment project in FYE 31 March 2018 and our Group's cautious "wait-and-see" approach on new project launches in view of the soft Malaysia property market.

In line with the decrease in revenue and coupled with the preliminary losses at the newly-commenced operations of Fraser Place Puteri Harbour, our Group recorded a LAT attributable to the owners of the Company of approximately RM1.4 million for the FYE 31 March 2019 (FYE 31 March 2018: PAT of RM28.1 million).

(iv) FYE 31 March 2018

Tiong Nam's revenue for the FYE 31 March 2018 increased by 13.0% to approximately RM647.8 million (FYE 31 March 2017: RM573.4 million). The increase in revenue for the FYE 31 March 2018 was mainly due to:

- (a) increased demand for trucking and warehousing services throughout Malaysia, Singapore and Thailand; and
- (b) the completion of our Group's flagship Pinetree Marina Resort serviced apartment project in Johor Bahru and launching of the first phase of Tiong Nam Business Park.

APPENDIX I – ADDITIONAL INFORMATION IN RELATION TO TIONG NAM GROUP (CONT'D)

Despite the increase in revenue, our Group recorded a lower PAT of approximately RM28.1 million for the FYE 31 March 2018 (FYE 31 March 2017: RM81.5 million). The decrease in PAT for the FYE 31 March 2018 was mainly due to:-

- (a) higher operating costs and additional setup costs incurred arising from the new subsidiaries and warehouses; and
- (b) higher effective tax rate of 37.0% in FYE 31 March 2018 as compared to 17.6% in FYE 31 March 2017 as a result of higher non-taxable income (i.e., fair value gain of quoted investment of RM13.5 million) in FYE 31 March 2017. For the avoidance of doubt, the fair value loss on quoted investment in FYE 31 March 2018 is RM10.5 million (non-tax deductible expense) which has resulted in higher effective tax rate of 37.0% compared to the normal tax rate of 24.0%.

2. ADEQUACY OF THE PROPOSED SHARE ISSUANCE IN ADDRESSING THE COMPANY'S FUNDING REQUIREMENTS IN VIEW OF THE COMPANY'S EXPANSION PLAN

At as the LPD, the cash and bank balances of our Group stood at RM10.5 million of which will be conserved for its working capital purposes such as payments to its trade and other payables, short term borrowings and staff costs. Hence, the proceeds raised from the Proposed Share Issuance is necessary for our Group to make offer to the potential vendors and secure the potential acquisitions (i.e. entering into SPA with deposit) as and when a mutual agreement can be established between Tiong Nam and the potential vendors.

The Proposed Share Issuance is an interim measure for our Group to make offer and partly finance the acquisition of the Properties to meet our business expansion plan. Our Group expects to finance the shortfall of proceeds for the potential acquisition of Properties of RM36.2 million and estimated costs of construction of warehouses of RM45 million as stated in Section 3 of this Circular via bank borrowings and/or internally generated funds.

Premised on the above, our Board is of the opinion that the Proposed Share Issuance is sufficient to address our immediate funding requirements to meet our business expansion plan.

3. IMPACT OF THE PROPOSED SHARE ISSUANCE AND VALUE CREATION TO TIONG NAM GROUP AND ITS SHAREHOLDERS

The Proposed Share Issuance will enable our Group to raise funds expeditiously to secure the potential acquisitions upon mutually agreement between our Group and the vendors and eventually increase the storage capacity of our Group as part of its business expansion plan to meet the market's demand. The higher storage capacity is expected to contribute positively to the revenue of our Group and to facilitate the value creation to our Group and its shareholders.

In addition, the proceeds raised from the Proposed Share Issuance will also enable our Group to reduce reliance on financing facilities (i.e. lower ratio of debt to finance the potential acquisition of Properties) and will simultaneously result in lesser interest expenses charged by the financier.

In view of the above, despite the dilution of EPS of our Group and dilutive effect on the existing shareholders' shareholdings in Tiong Nam, the Proposed Share Issuance is expected to have positive impact on the earnings of our Group when the benefits of the acquisitions are materialised, which will then directly enhance its shareholders' value.

APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, our Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION OF CONFLICT OF INTERESTS

AmInvestment Bank 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.

AmInvestment Bank, its subsidiary and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of AMMB Holdings Berhad ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, asset and funds management and credit transaction service businesses. AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles involved in the Proposed Share Issuance. In addition, in the ordinary course of business, any member of AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, our shareholders, and/or our affiliates or any other entity or person, holding long or short term positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of AmBank Group and/or its customers now have or in the future, may have interests or take action that may conflict with the interests of our Company. AmBank Group has, in the ordinary course of their banking businesses, extended credit facilities to our Group.

AmInvestment Bank is of the view that the aforementioned extension of credit facilities does not result in conflict of interests situations in respect of its capacity as the Principal Adviser and Placement Agent for the Proposed Share Issuance as the said credit facilities have been extended by AmBank Group in the ordinary course of its banking business and the terms and conditions of such facilities were offered on an arm's length basis. The credit facilities are not material in comparison with the unaudited total assets of AmBank Group as at 30 June 2020 of approximately RM163.2 billion. Furthermore, AmInvestment Bank undertakes its role on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the CMSA as well as AmBank Group's Chinese Wall policy and internal controls and checks.

Save as disclosed above, AmInvestment Bank is not aware of any possible conflict of interests which exists or is likely to exist in its capacity as the Principal Adviser and Placement Agent in respect of the Proposed Share Issuance.

APPENDIX II – FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at LPD, neither our Company and its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceedings, pending or threatened, against our Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business our Group:

Tan Ngee Hong Construction Sdn Bhd v Terminal Perintis Sdn Bhd

Terminal Perintis Sdn Bhd ("**TPSB**"), a wholly-owned subsidiary of Tiong Nam had entered into a formal contract ("**Main Contract**") with Tan Ngee Hong Construction Sdn Bhd ("**TNH**") for the construction of the development of Pinetree Marina Resort at Johor Bahru on 23 December 2014. TNH alleged that TPSB had breached the Main Contract and filed a claim against TPSB for the sum of RM56,897,448.58. TPSB had then defended the claim and made a counterclaim for the declaration of the Main Contract to be lawfully terminated and to claim for the sum of RM114,179,938.53 being for incomplete works, delayed works, defective works and liquidated and ascertained damages.

The arbitration proceeding commenced on 18 January 2016 and the next hearing date for the arbitration is yet to be fixed by the arbitrator. TNH is currently in liquidation and the liquidators for TNH have indicated that the arbitration proceeding can be proceeded despite TNH is in the progress of liquidation.

Our Directors are of the opinion that TPSB has a reasonably good chance of succeeding in defending the claim by TNH and the counterclaim against TNH.

4. 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 enforced, may have a material impact on our Group's financial results/position:-

	<u>RM'000</u>
Property, plant and equipment	
Contracted but not provided for	18,752
Total	<u>18,752</u>

APPENDIX II – FURTHER INFORMATION (CONT'D)

5. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, our Board, after making all reasonable enquiries, is not aware of any contingent liabilities incurred or known to be incurred by our Group, which upon becomes enforceable, may have a material impact on our Group's financial result/position:-

	RM'000
Unsecured:	
Corporate guarantees given to financial institutions and credit financing companies in respect of outstanding term loans, short term borrowings, lease and hire purchase facilities of the subsidiaries	973,441
Secured:	
Investment properties charged to a bank as security for banking facilities granted to a subsidiary	34,134
Total	1,007,575

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia, during ordinary business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:-

- (i) our constitution;
- (ii) our audited consolidated financial statements for the past 2 financial years up to the FYE 31 March 2020, as well as our latest unaudited consolidated financial results for the 3-month financial period ended 30 June 2020;
- (iii) the Subscription Agreement;
- (iv) the letter of consent and declaration of conflict of interests referred to in Section 2 of this Appendix; and
- (v) the cause paper in respect of the material litigation referred to in Section 3 of this Appendix.



TIONG NAM LOGISTICS HOLDINGS BERHAD

(Registration No. 198901005177 (182485-V))

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Tiong Nam Logistics Holdings Berhad (“**Tiong Nam**” or “**Company**”) will be conducted fully virtual through live streaming from the Broadcast Venue at Lot 30462, Jalan Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim, Malaysia on Thursday, 10 December 2020 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED ISSUANCE OF 67,050,000 NEW ORDINARY SHARES IN TIONG NAM, REPRESENTING APPROXIMATELY 15% OF THE TOTAL NUMBER OF ISSUED SHARES IN TIONG NAM (EXCLUDING TREASURY SHARES) (“PROPOSED SHARE ISSUANCE”)

“**THAT**, subject to the approval of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of Tiong Nam (“**Board**”) to allot and issue 67,050,000 new ordinary shares of Tiong Nam (“**Tiong Nam Shares**”) (“**Subscription Shares**”), representing approximately 15% of the existing total number of issued Tiong Nam Shares at an issue price of RM0.4354 per Subscription Share pursuant to the subscription agreement dated 12 October 2020;

THAT the Board be and is hereby authorised to utilise the proceeds of Proposed Share Issuance for such purposes and in such manner as set out in Section 3 of the Circular to Shareholders of the Company dated 23 November 2020 and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient subject to the approval of the relevant authorities (where required) and in the best interests of the Company;

THAT such Subscription Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Tiong Nam Shares, save and except that the Subscription Shares shall not be entitled to any dividend, rights allotment and/or other form of distributions that may be declared, made or paid by the Company prior to the date of allotment and issuance of the Subscription Shares;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangement as may be necessary to give effect and complete the Proposed Share Issuance and to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interests of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Share Issuance;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Subscription Shares to be issued pursuant to or in connection with the Proposed Share Issuance have duly allotted and issued in accordance with the terms of the Proposed Share Issuance.”

BY ORDER OF THE BOARD

LEONG SIEW FOONG (MAICSA 7007572)

SSM Practicing Certificate No: 202008001117

SANTHI A/P SAMINATHAN (MAICSA 7069709)

SSM Practicing Certificate No: 201908002933

LAW TIK LONG (MIA 18452)

SSM Practicing Certificate No: 201908003258

Company Secretaries

Johor Darul Takzim

23 November 2020

Notes:

1. **IMPORTANT NOTICE**

The Broadcast venue is strictly for the purpose of complying with Section 372(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may made from time to time) which require the Chairman of the meeting to be present at the main venue of meeting.

2. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the EGM in person at the Broadcast Venue on the day of the meeting.

3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the Remote Participation and Voting facilities ("**RPV**") provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", "**Tricor**" or "**TIIH**"), via its **TIIH Online** website at <https://tiih.online>. Please follow the procedures for RPV provided in the Administrative Details for EGM.

4. Every member is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.

5. Where a member 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.

6. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

7. A member who has appointed a proxy or attorney or corporate representative to attend and vote at this EGM must request his/her proxy or attorney or corporate representative to **register himself/herself for the RPV at TIIH Online** at <http://tiih.online>. Please follow procedures for RPV in the Administrative Details of this EGM.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor.

(ii) By electronic means via facsimile

In the case of an appointment made by facsimile transmission, the Form of Proxy must be received via facsimile at 07-221 0891

(iii) By electronic means via email

In the case of an appointment made via email transmission, the Form of Proxy must be received via email at is.enquiry@my.tricorglobal.com.

For options (ii) and (iii), the Company may request any member to deposit original executed Form of Proxy to its Registered Office before or on the day of meeting for verification purpose.

(iv) By electronic means via TIIH Online

The Form of Proxy can be electronically lodged with the Company's Share Registrar via **TIIH Online** at <https://tiih.online>.

9. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

10. Last date and time for lodging the form of proxy is **Tuesday, 8 December 2020 at 10.00 a.m.**

11. *Any authority pursuant to such appointment is made by a power of attorney must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor not less than 48 hours before the time of holding the Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notorially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
12. *For a corporate member who has appointed an authorised representative, please deposit the **original/duly signed** certificate of appointment of authorised representative at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor. The certificate of appointment of authorised representative should be executed in the following manner:*
 - a. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
 - b. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
 - i. *at least two (2) authorised officers, of whom one shall be a director; or*
 - ii. *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
13. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at **2 December 2020** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.*

FORM OF PROXY



TIONG NAM LOGISTICS HOLDINGS BERHAD

(Registration No. 198901005177 (182485-V))

(Incorporated in Malaysia)

CDS Account No.⁽¹⁾: _____

*I/We _____
(FULL NAME IN CAPITAL)

of _____
(ADDRESS)

being a member of **TIONG NAM LOGISTICS HOLDINGS BERHAD** hereby appoint _____

_____ (FULL NAME)

of _____
(ADDRESS)

or failing him _____
(FULL NAME)

of _____
(ADDRESS)

or failing him, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of Tiong Nam Logistics Holdings Berhad ("**Tiong Nam**" or "**Company**") to be conducted fully virtual through live streaming from the Broadcast Venue at Lot 30462 Jalan Kempas Baru, 81200 Johor Bahru, Johor on Thursday, 10 December 2020 at 10.00 a.m. or any adjournment thereof.

Please indicate with an "x" in the space below how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Resolution		For	Against
Proposed Share Issuance	Ordinary Resolution		

(i) Applicable to shares held through a nominee account

* Delete where applicable

Signed this day of 2020

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature of Member No. of share held

Notes:

1. IMPORTANT NOTICE

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3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting facilities ("RPV") provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH"), via its TIIH Online website at <https://tiih.online>. Please follow the procedures for RPV provided in the Administrative Details for EGM.

4. Every member is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.



5. 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.
6. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. A member who has appointed a proxy or attorney or corporate representative to attend and vote at this EGM must request his/her proxy or attorney or corporate representative to **register himself/herself for the RPV** their attendance at **TIIH Online** at <http://tiih.online>. Please follow the procedures for RPV in the Administrative Details of this EGM.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
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 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
13. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at **2 December 2020** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries
TIONG NAM LOGISTICS HOLDINGS BERHAD
Suite 9D, Level 9, Menara Ansar,
65 Jalan Trus,
80000 Johor Bahru
Johor Darul Takzim

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