

SUSTAINABILITY STATEMENT 2022



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CAUTIONARY STATEMENT

FMGL makes no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the facts highlighted in this Sustainability Statement, disclaiming responsibility from any liability that might arise from the reliance on its contents. This Sustainability Statement may contain "forward-looking statements". Forward-looking statements involve inherent risks and uncertainties and other factors that are in many cases beyond our control. Although FMGL believes that the expectations of its Management as reflected by such forward-looking statements are reasonable based on current information, no assurance can be given that such expectations will prove to have been correct. Should one or more of the risks and uncertainties materialise, actual results may vary materially from those anticipated or projected. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of their dates and we undertake no obligation to update or revise any of them, whether as a result of new information, future events, or otherwise.

CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

(GRI 2-22)

The growing trend toward prioritising environmental, social and governance (“ESG”) and sustainability aspects are clearly evident as authorities and governments tighten regulations in addition to heightened scrutiny from investors and stakeholders on best practices and governance. FM Global Logistics Holdings Berhad (“FMGL” or “the Group”) is mindful of this shift toward sustainability compliance as a key contributor to our growth, and our approach leverages on strengthening the synergy with investors, partners and associates, employees, the business and social communities, vendors and service providers, and governing bodies.

On the ESG front, we are pleased to report that we have been gradually expanding the scope of our sustainability reporting as per the universally adopted Global Reporting Initiative (“GRI”) Standards and FTSE4Good Bursa Malaysia (“F4GBM”) Sustainability Reporting Framework, and further aligning with the United Nations Sustainable Development Goals’ (“UNSDGs”) targets and indicators. Following through with our plans to effectively measure and monitor Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions throughout our operations, we set out to disclose climate-related information in line with the Task Force on Climate-related Financial Disclosures (“TCFD”) framework in Financial Year 2022 (“FY2022”).

At this juncture, we have successfully completed the installation of solar panels for our warehouse and distribution hub in Port Klang, Selangor in September 2022 and are taking the first step in calibrating and calculating the Group’s GHG emissions. We intend to build a cohesive approach to tackle climate strategy for the short, medium and long terms by continuously assessing potential impacts arising from our core businesses and identifying opportunities relevant to us. During the reporting period, workshops and training were conducted to lay the groundwork for increasingly adopting sustainable practices for better deployment and outcomes in reducing our carbon footprint.

The efficiency advantages of automation to seamlessly integrate bookings, instructions and documentation between customers, departments, and sub-offices have gradually reduced the need for manual data entry and printing of documents.

Thus, the deployment of the FM Portal has enabled better management of customers’ requirements, switching from offline to online safely and securely. Implemented during the previous reporting period, this pilot programme is positively charting our path to further reduce our carbon footprint while improving customer service and minimising errors.

Given the critical focus on ESG, it would be prudent for FMGL to intensify efforts in balancing environmental, social, human and economic considerations. Aside from future-proofing the Group against disruptions and crises, our long-term prospects are also determined by the following factors:

- acquiring the growing segment of customers who are demanding more ESG action from companies;
- appealing to next-generation talents who have similar sustainability concerns; and
- building better relations with the authorities to pave the way for government-related business, managing costs, and improving efficiency.

As such, driving and optimising ESG performance in FMGL facilitates better management of reputational, operational, business and financial risks and allows us to be better prepared to surmount the challenges and uncertainty of the future. This will further enhance the Group’s resilience from merely maintaining to improving and innovating processes, procedures and activities in **HELPING YOU REALISE YOUR BUSINESS GOALS.**

OVERVIEW

(GRI 2-1 - 2-5)

Disclosure Requirements & Benchmarks

FMGL continued servicing its worldwide clientele, despite the obstacles from border closures in several countries, lockdown measures and difficult economic conditions throughout FY2022. While we were steadily strengthening our position in the markets we serve, safeguarding the health and safety of our people and ensuring our facilities and fleets were routinely sanitised remained imperative as Malaysia's COVID-19 cases crossed the 1 million mark on 25 July 2021, and have breached over 4.8 million cases as of 5 October 2022. We did not lose sight of our commitment to protect the health and safety of our employees and continued efforts to ensure optimum protection at the workplace, including vaccinations and stringent standard operating procedures ("SOPs") to contain the spread of COVID-19 infections.

On the ESG front, we stepped up on initiatives to assess and mitigate related risks and opportunities for improvements in these areas. The Group's Sustainability Roadmap was established in 2018, and in FY2022, we reassessed the most Material Matters to focus on selected areas to deliver the objectives across the Group's businesses that cover ESG concerns, alongside strategies to attain the respective key performance indicators ("KPIs").

This Sustainability Statement ("Statement") has been prepared in compliance and accordance with:

- Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR")
- Bursa Malaysia Sustainability Reporting Guide (2nd Edition)
- Bursa Malaysia Corporate Governance Guide
- F4GBM Index
- GRI Standards

The relevant GRI and F4GBM indicators have been represented within parentheses against the respective headings and sub-headings whenever disclosure is made in line with a GRI Standard disclosure.

This Statement should be read in conjunction with the Annual Report 2022, which includes information about FMGL's ownership, control, and authority over the organisation in accordance with the Group's Corporate Structure on page 10 of the Annual Report 2022.

OVERVIEW (CONTINUED) (GRI 2-1 - 2-5)



REPORTING PERIOD AND SCOPE

(GRI 2-1, 2-2, 2-3)

FMGL evaluates, updates and reports on the Group's sustainability performance annually, and this is the fifth Statement for the FY2022 in review. The Statement covers the Group's sustainability performance of our business operations in Malaysia for FY2022 from 1 July 2021 to 30 June 2022 unless otherwise specified. The scope of our disclosures encompasses all business entities under the Group, including our corporate headquarters, FM Global Logistics (M) Sdn. Bhd., FM Multimodal Services Sdn. Bhd. and FM Global Logistics (KUL) Sdn. Bhd. in Malaysia and our overseas operations, where relevant. It excludes joint-ventures, affiliate firms, or enterprises outside our direct control.



PERFORMANCE DATA

(GRI 2-4, 2-5)

This Statement includes comparative data and information from the previous two years, where applicable. We are responsible for the collection, quantification and presentation of data, with disclosures used to draw the selection of criteria, which we believe, provides the objective for measuring and reporting such sustainability disclosures. While every care is taken in completeness, accuracy and validity of the disclosures, measurement of certain disclosures includes estimates and assumptions based on the selection of different but acceptable measurement methods, input data or assumptions which may result in different amounts or metrics being reported.

FEEDBACK

We prioritise and value your feedback to help us improve our sustainability performance. Please direct any enquiries, comments or suggestions to:

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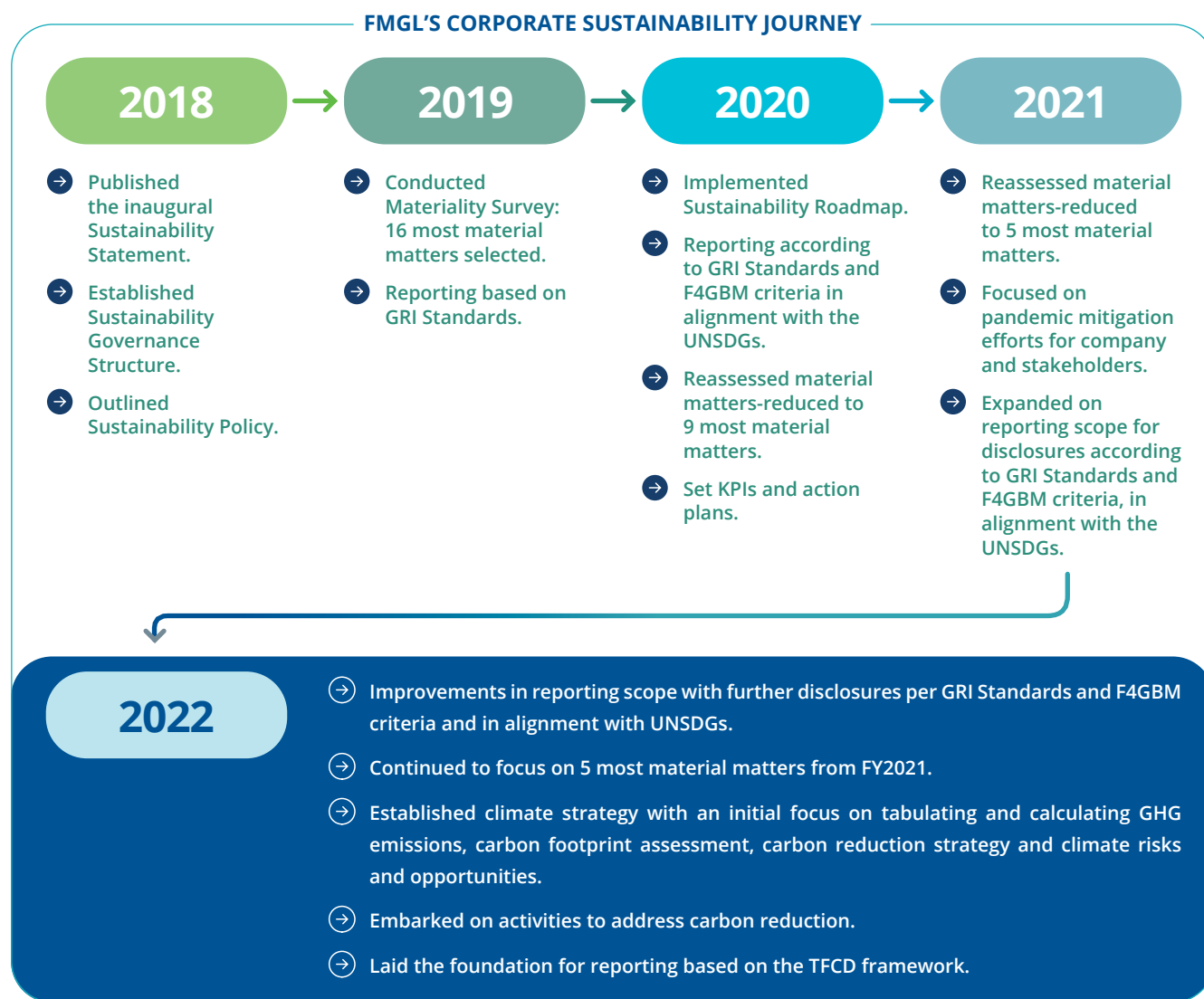
www.fmgloballogistics.com



SUSTAINABILITY ROADMAP

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)

FMGL’s journey toward corporate sustainability is based on a Sustainability Roadmap developed in 2018 to facilitate reporting our performance in the ESG domains. The roadmap serves as a guide for the effective integration of governance, strategic focus areas, initiatives and performance within FMGL to embed sustainability concerns into every aspect of our business.



Our progress on sustainability commenced with basic non-integrated information on the Group’s businesses with disclosure on sustainable development initiatives skewed towards the social aspect of sustainability, covering the workplace, marketplace and the community. We then proceeded to formulate a strategy to identify and assess key issues amongst our stakeholders via a materiality survey and assessment. At the same time, we initiated a reporting framework to focus on the Group’s materiality matters and conducted a series of learning, sharing and awareness programmes along with regular engagements to inculcate a sustainability culture in FMGL. We then endeavoured to improve the quality and consistency of sustainability reporting in accordance with the GRI Sustainability Reporting Standards guidelines and have gradually expanded our reporting scope intending to include disclosures required by the TFCF in the next reporting period. Please refer to the Environmental segment in this Statement.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)

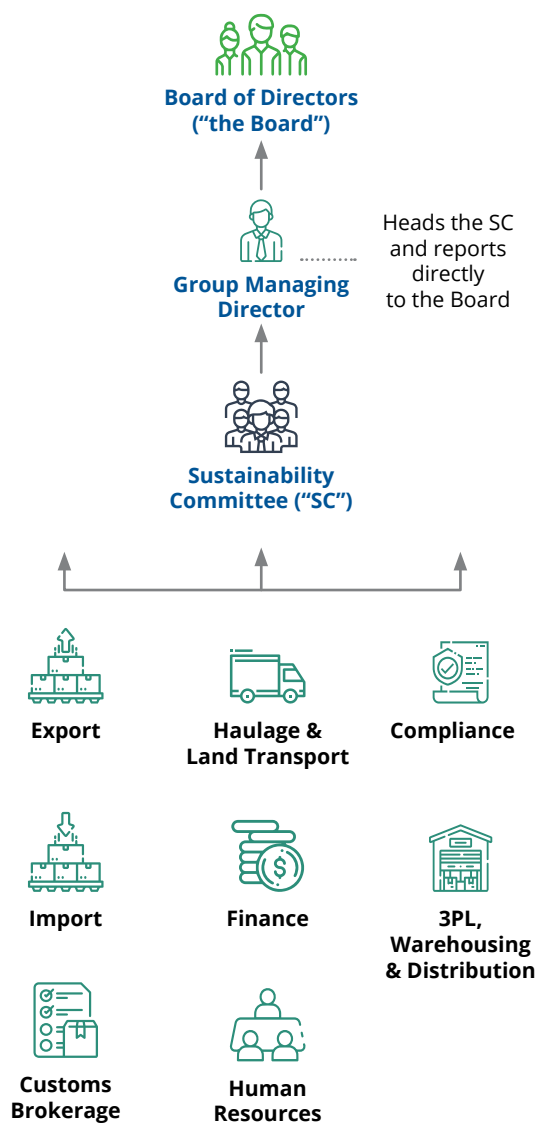


SUSTAINABILITY GOVERNANCE

(GRI 2-9 - 2-18)

The Sustainability Committee (“SC”) sits at the core of FMGL’s sustainability governance structure. The Group Managing Director heads the SC and is supported by members from eight departments. The SC is tasked to integrate, drive and implement marketplace, environment, workplace, and community-related sustainability practices across the Group and in the respective departments. The Board provides oversight over the strategic direction of FMGL’s sustainability commitments, and the Group Managing Director reports to the Board on the progress.

Sustainability Governance Structure



Board of Directors

- Oversees the overall implementation of the Group’s sustainability initiatives.
- Endorses the Group’s Sustainability Statement and materiality matters.
- Endorses sustainability strategies and initiatives proposed by the SC.

SC Chairman (Group Managing Director)

- Proposes sustainability strategies and initiatives.
- Monitors the implementation of sustainability initiatives.
- Reports the sustainability progress to the Board.

Sustainability Committee

- Identifies materiality matters that are relevant to the Group’s business operations.
- Proposes sustainability initiatives and measures to be implemented across the Group.
- Implements sustainability initiatives that have been approved by the Board throughout the Group.
- Conducts data gathering for sustainability reporting.
- The Chairman of the SC reports the overall progress of the Group’s sustainability efforts to the Board.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)

The SC met periodically during the reporting period via hybrid meetings of physical and virtual attendance, including two training sessions involving our external sustainability consultants. The first programme was the Corporate Sustainability Workshop, and the second was a GHG emissions briefing. These training sessions aimed to deepen the knowledge and skills in establishing the relationship between sustainability and the circular economy, improving resource management and supply-chain, and reducing waste. Among the issues highlighted in the workshops were the Group's most material matters in light of the pressing issues and concerns caused by the pandemic and internal and external risk factors impacting the supply chain.

Another training session was also conducted for Board members during FY2022 to build ESG competency of the Board in effectively responding to stakeholders' changing expectations. Such training sessions allowed us to better identify and mitigate the pain points within our operations in strengthening business resilience, complying with regulations, meeting customers' and stakeholders' growing concerns in ethical behaviours and environmental consciousness, and improving the Group's reputation in ESG-related financial and investment evaluations and opportunities.

The Board and Management of FMGL recognise that corporate performance has to be assessed not only based on financial results but also considering the impacts generated on the ESG context. While linking financial and non-financial indicators and applying theoretical perspectives are complex and challenging, the role of the SC is crucial in coordinating activities with employees. More importantly, we continue to reinforce best practices in sustainability reporting via a gradual learning process within the Group as a step towards a more comprehensive and integrated approach that involves identifying, executing and monitoring business decisions and strategies for long-term value creation.

During the reporting period, the SC opted to maintain FMGL's prevailing materiality matters. Considerations to conduct a new materiality assessment will be subject to the relevance of the materiality matter as well as industry and economic conditions that may impact the business. Please refer to the Materiality Matters and Key Performance Indicators topics in this Statement.



SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



POLICY COMMITMENTS

(GRI 2-23 - 2-25)

Our Sustainability Policy underscores our commitment and outlines the overall direction of our conduct and performance as a leading freight forwarding and logistics company in the region.

SUSTAINABILITY MISSION

1

To hire, train and develop a capable group;

2

To create a conducive and enjoyable working environment;

3

To minimise outsourcing; and

4

To provide service levels that meet customer expectations.

SUSTAINABILITY POLICY



ENVIRONMENTAL

Safeguard the environment by adopting sustainable practices that mitigate any negative impacts which our operations may have on the environment.



SOCIAL

Develop our business to create employment opportunities and give back to the community.



ECONOMIC

Explore business opportunities that facilitate healthy economic and income growth for the Group.

The Group's Sustainability Policy was crafted and endorsed by the Board in 2018, in alignment with the Sustainability Reporting Guide in accordance with the Listing Requirements of Bursa Malaysia, taking into consideration the economic, environmental and social ("EES") risks and opportunities alongside financial implications. Governance, as a component of the Economic pillar, is extensively covered under the existing disclosure requirements in the Listing Requirements and the Malaysian Code on Corporate Governance 2012. The Group has transitioned to use the term ESG in its Statement from the FY2022 reporting period onwards for better alignment with the globally recognised GRI Standards for sustainability reporting.



MEMBERSHIP OF ASSOCIATIONS

(GRI 2-28)

FMGL maintains professional memberships to leverage access to sector-specific resources, expand networking opportunities and develop standards and best practices in its industry.

The Group has been an active member of the following associations and representative bodies:

- International Federation of Freight Forwarders Associations ("FIATA");
- International Air Transport Association ("IATA");
- Federation of Malaysian Manufacturers ("FMM");
- Association of Malaysian Haulers ("AMH"); and
- Selangor Freight Forwarders & Logistics Association ("SFFLA").

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



CREATING STAKEHOLDER VALUE

(GRI 2-29)

FMGL regularly engages with stakeholders through various communication channels to understand better their expectations and goals to plan and implement improvements in areas that are particularly essential and relevant to all parties involved.

Materiality Sustainability Areas/Value Delivery

How We Responded



SHAREHOLDERS AND INVESTORS

Why we engage:

To gain insights into the Group's financial capacity to sustain growth. To ensure a strong understanding of our business fundamentals, strategy and performance.

- Financial performance.
- Transparent reporting.

- Annual General Meeting.
- Extraordinary General Meeting.
- Networking sessions.
- Website.
- Announcement of Quarterly Results.
- Annual Report.
- Group meetings.



EMPLOYEES

Why we engage:

To provide professional and career advancements and create a conducive workplace environment that encourages employee-valued contributions.

- Job security.
- Remuneration and benefits.
- Training and career development.
- Employee well-being, health and safety.
- Work-life balance.

- Town hall meetings.
- Training programmes.



CLIENTS/CUSTOMERS

Why we engage:

To address customers' requirements, identify opportunities and improve service offerings.

- Pricing.
- Service delivery.

- Customer feedback surveys.
- Virtual and physical meetings.
- Market research.



INDUSTRY GROUPS AND STRATEGIC PARTNERS

Why we engage:

To collaborate effectively, exchange ideas and explore opportunities for partnerships.

- Financial stability.
- Capability and capacity.
- Reputation.

- Virtual meetings and site visits.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)

	Materiality Sustainability Areas/Value Delivery	How We Responded
 <p>LOCAL COMMUNITIES</p> <p>Why we engage: To build better relationships, uplift the underserved in our society and create job opportunities.</p>	<ul style="list-style-type: none"> → Community engagement. → Life-improving programmes. → Environmental and social impacts. → Corporate Social Responsibility (“CSR”). 	<ul style="list-style-type: none"> → Job creation. → Sponsorship of community service events. → Social and environmental initiatives. → Donations.
 <p>GOVERNMENT AGENCIES/REGULATORS</p> <p>Why we engage:: To ensure compliance and opportunities to participate in Government-related projects.</p>	<ul style="list-style-type: none"> → Compliance to requirements set by Government agencies or other regulatory authorities. → Compliance to regulatory requirements of Bursa Securities, Securities Commission of Malaysia and other reporting guidelines. → Sustainability Policy aligned with areas of national interests including initiatives. 	<ul style="list-style-type: none"> → Regulatory discussions and meetings with authorities. → Public consultation with local authorities. → Site inspections. → Seminars, briefings and trainings.
 <p>VENDORS/SUPPLIERS</p> <p>Why we engage: To strengthen the supply chain and encourage best practices in governance and sustainability.</p>	<ul style="list-style-type: none"> → Payment schedule. → Procurement policies and practices. → Supplier Code of Conduct. 	<ul style="list-style-type: none"> → Procurement policies. → Performance evaluation. → Virtual meetings and site visits.
 <p>MEDIA</p> <p>Why we engage: To increase public and stakeholder awareness, and publish timely and accurate information on the Group’s services, activities, and financial and ESG performances.</p>	<ul style="list-style-type: none"> → Brand positioning, image and credibility. 	<ul style="list-style-type: none"> → Media interviews, briefing sessions and media conferences. → Press releases.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



APPROACH TO MATERIALITY

(GRI 3-1 - 3-3, F4GBM)

Since 2019, the Group has focused sustainability measures on critical areas first identified and then selected via a process recommended by F4GBM. Essentially, this involved a materiality survey of our stakeholders whose input guided the shortlisting and final selection of key material matters.

FMGL's materiality assessment was refreshed in FY2022 in line with GRI3: Material Topics 2021 guidance and principles. As such, the SC has determined to maintain focus on the five most material matters as follows:

	MATERIALITY MATTER	IMPORTANCE TO VALUE CREATION	RISK
ENVIRONMENTAL	Environmental Initiatives (Climate Change)	<ul style="list-style-type: none"> Addressing climate change concerns. 	<ul style="list-style-type: none"> Air pollution, serious health effects and negative impact on the environment.
	Environmental Initiatives (Energy Management)	<ul style="list-style-type: none"> To improve operational excellence and reputation. Conserving the environment and utilising renewable energy. 	<ul style="list-style-type: none"> Warehouse and distribution hubs require high-intensity usage of energy.
	Waste Management	<ul style="list-style-type: none"> More efficient use of products, reducing costs for purchasing new materials and improved financial performance. 	<ul style="list-style-type: none"> Serious health effects, and air and water pollution.
SOCIAL (workplace)	Occupational Health & Safety	<ul style="list-style-type: none"> Safeguarding our human resources and other stakeholders. 	<ul style="list-style-type: none"> Operational impact through damaged assets, financial impact through the cost of recovery.
	Training, Education and Career Development	<ul style="list-style-type: none"> Investing in the workforce. Attracting and retaining talent. 	<ul style="list-style-type: none"> Challenge in attracting, developing and retaining high performers for succession planning.
GOVERNANCE	Ethics & Integrity	<ul style="list-style-type: none"> Addressing and tackling significant risks to business to increase resilience. 	<ul style="list-style-type: none"> Accusations of bribery and corruption can be detrimental to FMGL's reputation and financial standing.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



Investors and Shareholders



Employees



Clients/ Customers



Certification Bodies



Local Communities



Government Agencies/Regulators



Vendors and Suppliers



Media

OPPORTUNITIES	STAKEHOLDERS AFFECTED	KPIs	ALIGNMENT TO UNSDGS
<ul style="list-style-type: none"> Preserving the health and safety of living beings and the natural environment. 		Read more on page 50 & 52	
<ul style="list-style-type: none"> Reducing costs and increasing efficiency in the long-term. 		Read more on page 50 & 52	
<ul style="list-style-type: none"> Cost savings from employing the circular economy methodology. 		Read more on page 51 & 52	
<ul style="list-style-type: none"> Emphasising on a health and safety culture to attract and retain employees, supporting operational reliability and meeting customers' requirements. 		Read more on page 51 & 53	
<ul style="list-style-type: none"> Upskilling and reskilling talents, ensuring good job fit in skills and capabilities to deliver business goals. 		Read more on page 51 & 54	
<ul style="list-style-type: none"> Establishing strong business values and ethical behaviour to gain competitive advantages in terms of transparency and trustworthy business relationships. 		Read more on page 51 & 54	

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



KEY PERFORMANCE INDICATORS (“KPIs”) AND ACTION PLANS

As the objective for the selection of most material matters is to improve our sustainability performance in these areas, we set targets, outlined plans and assigned the responsibility of meeting these KPIs to various units within the Group. Results from FY2021 represent the baseline achievements, as follows:



ENVIRONMENTAL CLIMATE CHANGE

1 To reduce the emissions of:

- PM (particulate matter) from 0.25 to 0.1 g/kWh
- NOx (oxides of nitrogen) from 7 to 5 g/kWh



ACTION PLAN

To purchase 19 units of EURO III compliant prime movers.

FY2021: Purchased 19 units of EURO III compliant prime movers.

Responsibility: Haulage Department

RESULTS



2022: ACHIEVED

Actual emission: PM = 0.1 g/kWh NOx = 5 g/kWh

FY2021: ACHIEVED

Actual emission: PM = 0.1 g/kWh NOx = 5 g/kWh



ENVIRONMENTAL ENERGY MANAGEMENT

2 Reduction of energy consumption and emission

A

To construct and install solar panels at one of the larger warehouses in Port Klang, Selangor.

Responsibility: Finance

RESULTS



CONSTRUCTION & INSTALLATION COMPLETED IN SEPTEMBER 2022

(Cost for energy consumption will be analysed in the near future)

B

To install more efficient LED lights in one of the larger warehouses in Port Klang, Selangor.

Responsibility: Warehouse

RESULTS



2022: IN PROGRESS

Target savings of:

- 29,370.2 kWh in energy
- 30.34 mt CO₂-e in emissions

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



ENVIRONMENTAL WASTE MANAGEMENT

10% improvement in paper recycling at Head Office, Port Klang in Selangor.



ACTION PLAN

To introduce programmes on paper reduction.

Responsibility: Health, Safety, Security & Environment ("HSSE")

RESULTS



2022: ACHIEVED

Nett of 12.3% per month better utilisation

FY2021: POSTPONED (due to the COVID-19 pandemic)



SOCIAL OCCUPATIONAL HEALTH & SAFETY

20% reduction in speed violations issued to transport and haulage truck drivers.



ACTION PLAN

To introduce programmes on improving driving performance.

Responsibility: Haulage Department

RESULTS



2022: ACHIEVED 31.4% reduction (10.2% improvement rate from 2021)

FY2021: ACHIEVED 21.2% reduction



SOCIAL TRAINING, EDUCATION & CAREER DEVELOPMENT

50% utilisation of Human Resources Development Corporation ("HRD Corp") Fund for training allocation.



ACTION PLAN

To utilise HRD Corp Fund allocation.

Responsibility: Human Resource Department, and all departments.

RESULTS



2022: NOT ACHIEVED

Please refer to explanation on page 54 of this Statement

FY2021: NOT ACHIEVED

Utilised of 32% HRD Corp Fund due to the pandemic



GOVERNANCE ETHICS & INTEGRITY

100% of relevant personnel familiarised with Anti-Bribery and Anti-Corruption ("ABAC") procedures.



ACTION PLAN

Training and refresher courses on MACC *TRUST programme.

Responsibility: Compliance Department

RESULTS



2022: ACHIEVED

FY2021: ACHIEVED

*T - top level commitment; R - risk assessment; U - undertake control measures; S - systematic review, monitoring and enforcement; T - training and communication

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



ENVIRONMENTAL CLIMATE CHANGE & ENERGY MANAGEMENT

FMGL acknowledges that we contribute to climate change via GHG emissions from our fleet of haulage vehicles. We are also mindful of the consumption of resources, including fuel for our trucks and other vehicles, electricity, water, and office consumables.

During the year in review, we continuously carried out the following initiatives to promote recycling; and reduce fuel and electricity consumption, thereby lowering emissions, as follows:

CLIMATE CHANGE

- To reduce our emissions of particulate matter and nitrogen oxides, we have been phasing out the old prime mover trucks equipped with EURO II engines with new ones powered by EURO III diesel engines for improved fuel and combustion efficiency. We purchased another 19 EURO III compliant prime movers during the financial year in review to add to the 19 purchased in the previous reporting period. At the end of the reporting period, the Group owns 38 EURO III compliant prime movers out of 146 vehicles in its fleet.

ENERGY MANAGEMENT

- During the reporting period, the Group proceeded with the construction and installation of solar panels on the roof at one of the larger warehouses at Port Klang, Selangor that was completed in September 2022. Once operational, we expect to lower our energy consumption and at the same time, contribute to a reduction in GHG emissions.
- In addition, the installation of LED lights at one of the Port Klang warehouses will potentially contribute to energy savings amounting to 29,307.2 kWh and lower potential GHG emissions by 20.34 mt CO₂-e.

Further details on these sustainability initiatives are provided under the Environmental section.



ENVIRONMENTAL WASTE MANAGEMENT

FMGL's recycling programme is also a platform to reduce waste, which would contribute to the conservation of timber, water and minerals; lower GHG emissions; energy saving; and reduce costs for the purchase of paper, rental of printing machine and waste disposal.

During the reporting period, more affirmative steps were taken to achieve the target set of at least a 10% improvement in reusing or recycling printed paper for documents being used internally. In FY2022, we exceeded the target and registered a 12.3% of improvement in reusing or recycling printed papers. The action plans involved four phases, from firstly analysing the quantum of usage, establishing SOPs and instructions for all offices involved in the programme to training and finally establishing a tracking and evaluation system to measure progress. The programme results were then reviewed to identify improvement areas and considerations to expand the initiative to other departments within the Group. In FY2022, this initiative was conducted at FMGL's headquarters only. We intend to extend this programme to our other offices in the future. Further details on this sustainability initiative is provided under the Environmental section.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



SOCIAL OCCUPATIONAL HEALTH & SAFETY

As a freight forwarder with its own fleet of trucks, the safety of our drivers is the main occupational hazard at FMGL. Driving mishaps can result in fatalities or injuries while also posing a danger to properties, potentially causing environmental damage via chemical spillage, inconveniencing other road users or failing to meet customers' expectations.

During the year, the Haulage and Transport Department continuously carried out a programme to improve driving skills and reduce speed violation incidences among our drivers. This programme was initiated to enhance their skill sets, including defensive driving training, acting responsibly, road etiquette, safety on the road, the importance of being organised and basic mechanical skills. Monitoring of driving methods and behaviours were also implemented that emphasised on proper planning and time management to reduce idle time or rush their deliveries by optimising delivery schedules and managing their routes.

Although the target was to achieve a 20% reduction in speed violations, our drivers exceeded this milestone with a 31.4% reduction over five months in 2022 (January to May) compared to the previous baseline of four months established from September to December 2021. The programme was a continuity from the last reporting period and the measurement of results was based on the period of the programme, and not over the full 12 months of the reporting period.

As an extra measure to protect our drivers, we also identified major causal factors for accidents and prescribed preventive and remedial measures as follows:



FATIGUE

- Daily pre-driving checks on drivers' health.
- Compliance spot checks.



VEHICLE CONDITION

- Daily pre-operation checks on vehicle operability and safety.
- Periodic preventive maintenance checks and service.
- Half-yearly audit on preventive maintenance system.



ROADS AND ENVIRONMENTAL CONDITIONS

- Defensive driving training.
- Daily journey management plan.



DRIVERS' STATE OF MIND AND BEHAVIOUR

- Monitor driving behaviour.
- Feedback on driving performances.
- Counseling.
- Recognition awards (Best Overall Driver, Most Improved Driver, etc.).



Further details on this sustainability initiative is provided under the Social section.

SUSTAINABILITY

ROADMAP (CONTINUED)

(GRI 2-9 - 2-18, 2-22 - 2-25, 2-28, 2-29, 3-1 - 3-3, F4GBM)



SOCIAL TRAINING, EDUCATION & CAREER DEVELOPMENT

Although we did not meet the KPI set for this materiality matter during the reporting period, there was an increase in the number of training programmes and courses throughout FY2022. The main reason for not meeting the target of utilising 50% of HRD Corp's Claimable Course funds was that many of the training programmes fell outside the latest criteria for eligibility based on HRD Corp's updated requirements. Moving forward, we will identify more licensed training material for reskilling and upskilling our employees. We also conducted numerous programmes that were facilitated internally by experienced personnel on subject matters pertaining to business needs, including upgrading soft skills in operations, compliance and practical training that covered HSSE, warehouse management and enhancing driving skills. During the reporting period, the Group still observed pandemic-related SOPs such as limiting gatherings and social distancing. As such, several training sessions were conducted virtually and only selected training programmes were conducted physically. Further details on this sustainability initiative is provided under the Social section.



GOVERNANCE ETHICS & INTEGRITY

Building the confidence and trust of our stakeholders, including shareholders, customers, suppliers, vendors, business associates, regulatory bodies, governments and financial institutions, as well as the communities where we operate, is paramount to FMGL's continued business sustainability. During the reporting period, our employees underwent training and refresher courses per the provisions under Section 17A of the Malaysia Anti-Corruption Commission ("MACC") Act based on the *TRUST principles to reinforce the pitfalls of corporate bribery and corruption practices at the workplace. All new Board Members and employees are required to attest when they first join the company in writing that they have read and understood and will observe the requirements of the Code of Conduct guidelines, Anti-Bribery and Anti-Corruption ("ABAC") Policy and the Whistleblowing ("WB") Policy.

TOP LEVEL
COMMITMENT



RISK
ASSESSMENT



UNDERTAKE
CONTROL MEASURES



SYSTEMATIC REVIEW,
MONITORING AND
ENFORCEMENT



TRAINING AND
COMMUNICATION



During the reporting period, we ensured that all relevant personnel were adequately trained to familiarise themselves with the ABAC procedures. No such incidences were reported during FY2022. Further details on this sustainability initiative is provided under the Governance section in this Statement and the Corporate Governance Statement in the Annual Report.

ECONOMIC

(GRI 2-22, 201-1 - 201-4, 202, 202-2, 203, F4GBM)

Freight forwarding and logistics service providers, including FMGL, have been at the forefront of economic recovery following the progressive reopening of business and industry in Malaysia and other parts of the world. Economic activity began gaining momentum during the second half of 2021, driven by pent-up demand, which had been kept in check by periodic disruptions since the COVID-19 pandemic first emerged in early 2020.

This upsurge in business has been sustained throughout 2022 and is best encapsulated by record trade figures in many trading economies. Total trade in Malaysia grew by almost 25% to reach a historic high of RM2.2 trillion in 2021 and has already surpassed RM1.3 trillion in the first six months of 2022.

(Source: DOSM, MATRADE)

In FY2022, FMGL racked up record revenues and commendable profits boosting shareholder value in terms of financial assets, safeguarding the livelihoods of our employees, business partners, associates and contractors, and supporting the recovery of the domestic economy.



ECONOMIC & BUSINESS PERFORMANCE

(GRI 201-1, 201-2, 201-3, 201-4, F4GBM)

Revenue increased 51.0% from RM763.4 million in FY2021 to RM1,152.9 million for FY2022, breaching the billion-ringgit mark for the first time in FMGL's history. Growth in Revenue was matched by similarly-high increases in Profit Before Tax ("PBT") of 56.7% from RM42.5 million previously to RM66.6 million and Profit After Tax and Minority Interests ("PATAMI") of 68.9% from RM27.0 million in FY2021 to RM45.6 million posted in FY2022.

FMGL's good performance during the financial year in review stretched growth sequence since FY2003. The compound annual growth rate ("CAGR") from FY2003 to FY2022 was 13.1% for Revenue.

In achieving profitability, financial gains are distributed to shareholders through dividend payouts, and remuneration packages for employees. In view of the better financial performance of the Group in FY2022, a higher total dividend of 4.0 sen per share was issued compared with 2.5 sen per share in the previous financial year. The total dividend payout represents 49% of PATAMI (FY2021: 52%), with the balance reserved for capital investment and as a buffer against external events that could affect future performance. Details of the Group's business objectives and financial results are presented in the Management Discussion & Analysis section on pages 22 to 37 of this Annual Report.

ECONOMIC

(CONTINUED)

(GRI 2-22, 201-1 - 201-4, 202, 202-2, 203, F4GBM)



SUSTAINABILITY OF THE BUSINESS STRATEGY

(GRI 2-22, F4GBM)

FMGL's steady growth and performance over the past two decades validate the Group's approach to the highly competitive and volatile freight forwarding and logistics business. We have grown from strength to strength on the back of sound business strategies, resilient operations and prudent management. Since listing on the local bourse in 2003, the Group's Revenue has multiplied, sustaining a high growth rate, year after year, despite cataclysmic external events such as the Global Financial Crisis in 2008 and the recent COVID-19 pandemic.

In alignment with the Group's strategies moving forward, we remain consistent in executing our plans to:

Improving the quality, reliability, and efficiency of services.

Progressively expanding our customer base.

Continuously developing an agile network of international carriers.

Expanding our market presence through acquisitions, joint-ventures and organic growth.

The review of our business strategies are elaborated in the Management Discussion & Analysis section on pages 22 to 37 of this Annual Report.



AWARDS & RECOGNITION

(GRI 202)



FM Global Logistics (KUL) Sdn. Bhd. – Penang branch was awarded the **'Million Dollar Sales Award' for 2021 by China Airlines Cargo**, a cargo airline freight service provider in China.

Anugerah Organisasi Kemakmuran Bersama 2022

FM Global Logistics (M) Sdn. Bhd. was listed in the Top 15 Corporate companies who received the e-Organisasi Kemakmuran Bersama (eSPO) certificate from the Malaysian Productivity Council in recognition of efforts to sustain its business resilience during the COVID-19 pandemic and effective contribution towards sustaining the nation's economy.

ECONOMIC

(CONTINUED)

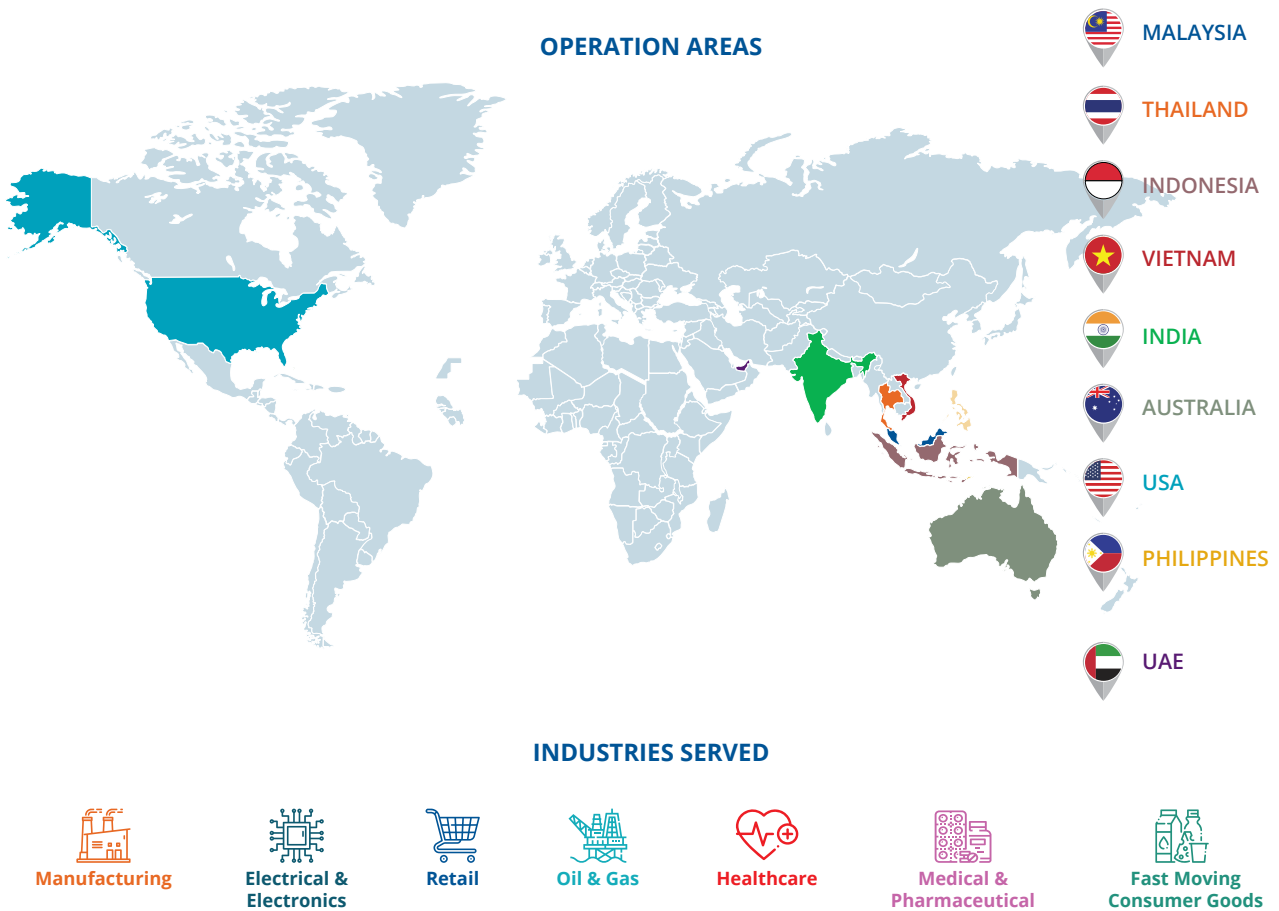
(GRI 2-22, 201-1 - 201-4, 202, 202-2, 203, F4GBM)



MARKET PRESENCE

(GRI 202, F4GBM)

The Group commands a growing global presence across the Asia-Pacific region with operational bases in nine countries, including Malaysia. Headquartered in Port Klang, Selangor, we have established branch offices in Penang, Perak, Johor, Melaka, Pahang, Kedah and Sarawak, with our operations and services extending across Peninsular Malaysia and East Malaysia. Our overseas operations cover Southeast Asia, with branches strategically located in Thailand, Indonesia, the Philippines and Vietnam. We have also established our presence in India, the UAE, Australia and the USA. The Group's acquisition of the IOS Companies (Inter-Orient Services, Inter-Orient Corp and Noble Shipping Corp) in December 2021 serve as a gateway to the vast USA market via its base in Los Angeles.



Our multimodal services cater to a broad range of industries, including products from the manufacturing, electrical & electronics, retail, oil & gas, healthcare, medical & pharmaceutical, and fast-moving consumer goods industries.

ECONOMIC

(CONTINUED)

(GRI 2-22, 201-1 - 201-4, 202, 202-2, 203, F4GBM)

We are regarded as a preferred employer offering comparable remuneration packages and other benefits to all permanent and contract employees in the markets we serve. Salaries offered do not consider gender or any other demographic factor and are purely based on competency and experience within the market.



HIRING FROM THE LOCAL COMMUNITY

(GRI 202-2, F4GBM)

We consistently prioritise local over foreign employment in all our offices and work sites in Malaysia and overseas for skilled, semi-skilled and unskilled positions. In Malaysia, almost all our employees, at all levels, are Malaysians, with a nominal percentage of foreign unskilled workers in our employment. Please refer to the Employee Demographics on pages 73 to 74 of the Statement for more information.



INDIRECT ECONOMIC IMPACTS

(GRI 203)

FMGL plays a key role in fostering economic development in the markets we serve in Malaysia and overseas. Apart from contributing to a country's national income, we offer employment on a permanent or contractual basis and provide ample business opportunities for local vendors, suppliers and service providers. The Group's business model as part of the supply community has thrived even through challenging periods in FY2021 and FY2022, operating at full capacity in both operations and management.

Such benefits are elaborated on in other segments of this Sustainability Statement.



GOVERNANCE AND ETHICS

(GRI 2-15, 2-16, 2-23, 2-25, 204, 205-1 - 205-3, 206, 207, F4GBM)

Sound corporate governance is a prerequisite in FMGL to establish investor confidence and unleash shareholder value. We have progressively developed a comprehensive system to improve performance and decision-making, including assessing performance in structure and oversight, code and values, transparency and reporting, as well as cybersecurity risk and systems. FMGL's good governance performance over the years has been the core component of our ability to penetrate new markets and navigate an increasingly complex international regulatory environment. This has also enabled us to weather the consequences of economic downturns with more agility allowing the Group to achieve:

- robust financial management reporting regime
- effective risk mitigation
- better reputation
- more effective decision-making process
- improved non-financial performance reporting
- focus on compliance
- limitation of disruptive behaviour and conflicts of interest amongst employees, suppliers, contractors and vendors.

Further details of the Group's structure and control measures are presented in the Corporate Governance Overview Statement on pages 90 to 105 of this Annual Report and the Corporate Governance Report can be found on the website of Bursa Securities and available at <https://fmgloballogistics.listedcompany.com/AR2022.html>



RISK MANAGEMENT

(GRI 2-16, 2-25, F4GBM)

In the wake of the unprecedented disruption which has negatively affected business operations and a host of ripple effects for prolonged periods since the onset of the COVID-19 pandemic in 2020, risk management has taken on a higher level of urgency in FMGL. Although we managed to cushion the blows of economic disruption as we continued operations throughout FY2021, geopolitical instability and conflicts layered upon the resurgence of the coronavirus and the worsening climate change's effects are threatening to derail global economic growth.

While we managed to mitigate COVID-19 related internal and external risks by implementing mitigation measures during the last reporting period, we gave greater emphasis to our assessment during FY2022 and reviewed the Group's risk profile, which included identifying key risk areas and critical indicators along with the potential mitigation and development of an integrated approach to risk and threat management, based on the Group's established Enterprise Risk Management Framework ("ERM"), which is set up following the ISO 31000:2018: Risk Management Guideline.

The ERM Framework provides FMGL with the capability to align risk management with corporate strategies, business directions and sustainability development. The Group remains vigilant in managing its risks by continually identifying, prioritising, and responding to threats and uncertainties that impact business operations and the decision-making process. Effectively managing these risks is crucial to creating sustainable value and maintaining competitiveness.

GOVERNANCE

AND ETHICS (CONTINUED)

(GRI 2-15, 2-16, 2-23, 2-25, 204, 205-1 - 205-3, 206, 207, F4GBM)



RISK MANAGEMENT (continued)

(GRI 2-16, 2-25, F4GBM)

Based on the risk map reviewed in FY2022 we have identified the following high risk hot spots and remedial measures, taking into consideration the prevailing uncertainties in the market from a demand, supply and operational perspective. In FY2022, the following were identified as significant risks to the Group:

ECONOMIC		HIGH RISKS & REMEDIAL MEASURES	
<p>FINANCIAL RISK CURRENCY FLUCTUATION & BAD DEBTS</p> <p>Impact: Fluctuations in currency and bad debts potentially causing underachievement of financial KPIs.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Constant monitoring. • Background checks on customers & vendors. • Late payment alerts. 	<p>FINANCIAL RISK AGING OF ACCOUNTS RECEIVABLES</p> <p>Impact: Payment exceeding credit term, increasing risk of bad debts.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Stricter credit controls • Constant monitoring of receivables • Credit evaluation of customers 	<p>FINANCIAL RISK INCORRECT BILLINGS</p> <p>Impact: inaccurate billings resulting in payment delays.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Automated system for invoice generation. • Multi-tier checking. 	
<p>OPERATIONAL RISK WRONG CARGO OR MANIFEST DECLARATIONS</p> <p>Impact: Inaccurate declarations resulting in penalties and clearance delays.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Verifying cargo documents and manifest. • Timely monitoring. 	<p>OPERATIONAL RISK VEHICLE BREAKDOWN</p> <p>Impact: Frequent breakdowns of prime movers and trucks causing capacity and revenue losses, and customer dissatisfaction.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Preventive maintenance schedule. • Competent in-house workshop personnel. • Repairs at approved external workshops. 	<p>OPERATIONAL/FINANCIAL RISK CYBERSECURITY</p> <p>Impact: IT system breakdown due to cyberattacks (hacking/ransomware) as well as downtime.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Dedicated IT Team. • Daily data back-up. • Continuous monitoring and updating cybersecurity of system. 	
<p>SOCIAL</p> <p>OPERATIONAL RISK HSSE</p> <p>Impact: Employees failing to adhere to HSSE Policy, Rules & Regulations causing serious injuries or fatal accidents.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Compliance with SOPs. • Periodic compliance reviews. • Weekly Potential Incident Near Missed ("PINM") reviews. • Annual and refresher training. • Awareness campaign. 		<p>OPERATIONAL RISK HIGH EMPLOYEE ATTRITION</p> <p>Impact: Loss of high performing employees. Time and cost for training new employees.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • FMGL's Vision & Mission. • Strategic training & development. • Rewards & recognition. • Employee engagement programmes. 	
		<p>GOVERNANCE</p> <p>BUSINESS CONTINUITY RISK BRIBERY & CORRUPTION</p> <p>Impact: Breach of MACC Act 2009 - committing offences related to bribery and corruption.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • ABAC Policy. • Whistleblowing Policy. • Periodic reviewing and auditing. • Orientation for new employees. 	

GOVERNANCE

AND ETHICS (CONTINUED)

(GRI 2-15, 2-16, 2-23, 2-25, 204, 205-1 - 205-3, 206, 207, F4GBM)



PROCUREMENT PRACTICES / SUSTAINABLE PROCUREMENT AND SUPPLIER ASSESSMENT

(GRI 204, F4GBM)

The Group's robust and resilient supply chain of third-party carriers for sea, air and land freight has contributed significantly to our growth and success over the years. The staunch relationships we had developed and maintained with these carriers were particularly expedient during the past two years when international freight space was at a premium due to pandemic disruptions across many markets.

In addition, we have an effective system and established procedures for all purchases and acquisitions, incorporating regular and stringent assessments of new and existing vendors and external contractors. The procedures for assessment include a rating scorecard of vendors' services covering, among others, their transport, haulage and other relevant areas.



ANTI-BRIBERY AND ANTI-CORRUPTION SYSTEMS

(GRI 2-15, 2-23, 205-1, 205-2, 205-3, F4GBM)

FMGL does not tolerate any form of bribery and corruption and stringently adheres to all relevant laws and regulations in all markets we operate in, as well as best practices recommended by the Malaysia Code of Corporate Governance ("MCCG"). The Board exercises oversight of the Group's management to ensure the successful delivery of sustainable value to its stakeholders. The Group's expectations concerning ethical and integrity standards are communicated to all our stakeholders. The Group's ABAC Policy reaffirms our adherence to local laws and regulations, including the MACC (Amendment) Act 2018, which took effect on 1 June 2020. The WB Policy provides an avenue for all its employees and members of the public to report or raise concerns of fraud, malpractices, illegal acts, or improper conduct without fear of reprisals and unfair treatment of practices.

All employees are regularly briefed on the Group's policies, which list identified issues, including soliciting or receiving gratification from third parties, conflicts of interest, nepotism and others. All employees are required to comply with ethical and transparent practices in acquiring new customers, attracting new investors, appointing vendors and maintaining relations with the authorities and other relevant organisations. FMGL ensures that all Board members and employees undergo anti-corruption training according to our ABAC and WB policies. FMGL's ABAC and WB Policies are made available to all personnel within the Group including business partners, vendors, suppliers and service providers, which are published throughout the relevant internal and external communication channels. The Group annually assesses corruption risks in every aspect of our operations. During the reporting period, there were no reports of corruption cases. Further details of the Group's policies are presented in the Corporate Governance Overview Statement on pages 90 to 105 of this Annual Report and the Corporate Governance Report can be found on the website of Bursa Securities and available at <https://fmgloballogistics.listedcompany.com/AR2022.html>

GOVERNANCE

AND ETHICS (CONTINUED)

(GRI 2-15, 2-16, 2-23, 2-25, 204, 205-1 - 205-3, 206, 207, F4GBM)



ANTI-COMPETITIVE BEHAVIOUR

(GRI 206)

FMGL is not a monopoly in any of our business activities and as such is not subject to any legal actions or otherwise for anti-competitive behaviour or anti-trust practices.



TAX

(GRI 207)

The Group honours all our obligations with regard to taxation according to the respective laws in Malaysia, such as the Income Tax Act 1967.



BOARD MANAGEMENT AND OVERSIGHT

(F4GBM)

The involvement of the Board in FMGL's operations and activities is guided by Bursa Securities's Code on Corporate Governance. Board members exercise oversight on business and corporate matters via several Board committees, including the Nomination Committee; Remuneration Committee; and Audit & Risk Management Committee. Regarding corporate sustainability, the Group's Sustainability Committee reports to the Board periodically. Please refer to the Sustainability Governance Structure on Page 43 of this Statement.

The roles and responsibilities of Board Members in these committees are outlined in the Statement of Corporate Governance in this Annual Report. The Corporate Governance Report can be found on Bursa Securities' website and available at <https://fmgloballogistics.listedcompany.com/AR2022.html>



ENVIRONMENTAL

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)

While the COVID-19 pandemic has hijacked attention in the past two years, the climate crisis has deepened, with the Earth reaching several tipping points from the current increase of more than 1°C in global temperature. This is by far the gravest development caused by climate change, as indicated in a recent study by the Potsdam Institute for Climate Impact Research, which pointed to five dangerous crossroads that could threaten the food security of billions of people.

(Source: <https://www.theguardian.com/environment/2022/sep/08/world-on-brink-five-climate-tipping-points-study-finds>)

As the nature of our core businesses correlate with environmental concerns, we began initial assessments of environmental risks and opportunities in FY2022. We aim to better grasp climate change impacts and embedding sustainability efforts to positively impact our business performance. FMGL continued to be certified with the ISO 14001:2015 Environmental Management Systems employing keen measures in continuous process improvements throughout our operations. We comply with the relevant environmental laws and regulations, and during the reporting period, there were no incidences reported of non-compliance.

In its Sixth Assessment Report, the Intergovernmental Panel on Climate Change (“IPCC”) warned that if unchecked, there will be compounding threats to human well-being, forced displacement of populations, especially in emerging economies, while also causing irreparable harm to the environment.

(Source: [Climate Change 2022: Impacts, Adaptation and Vulnerabilities, Working Group II Contribution to the IPCC Sixth Assessment Report](#))



At the 26th UN Climate Change Conference of the Parties (“COP26”), Malaysia updated its commitment to reduce 45% of its GHG emissions intensity (against GDP) by 2030 from a 2005 baseline and subsequently become a carbon-neutral nation by 2050.

We remain mindful of this existential threat due primarily to the emissions of our fleet of haulage and distribution trucks, and third-party carriers on land, sea, and air. As such, we intend to mitigate our fossil fuel consumption and emissions by quantifying and monitoring our carbon footprint. We are preparing to extend the Group’s sustainability reporting based on the recommendations of the TFCF framework to build climate resilience.

Beyond emissions and climate change, we have been proactive in our efforts to reducing the consumption of natural resources, including energy and water, proper usage and handling of chemicals, identifying sources of pollution, as well as practising responsible waste management. We continue to intensify actions to reduce carbon emissions via identifying strategic interventions such as using renewable energy, utilising natural and human resources effectively, reducing waste output and protecting biodiversity.

ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)

FMGL's HSSE Policy has a critical influence over all of the Group's businesses and operations. Under the Environmental pillar, the Policy is fundamental to the Group's goal of managing environmental risks through actively identifying, determining and implementing effective solutions for all significant environmental impacts. The HSSE Policy is available on the Group's website at www.fmgloballogistics.com

MATERIALS

(GRI 3)

We are aware that as an integrated logistics services provider, we impact the environment where we operate. As such, we are exploring opportunities to promote the adoption of innovation, technology and emerging best practices emphasising the importance of reducing GHG emissions and increasing environmental compliance within our operations.

While petrol and diesel consumption make up the bulk of purchased materials, we have gradually expanded our land freight fleet to include eco-friendly vehicles and continue implementing methods to promote fuel efficiency. Another noteworthy initiative is the deployment of solar panels at one of the larger warehouses in Port Klang, Selangor, as a sustainable alternative to fossil fuels and to cut utility costs. Please refer to the KPIs on Environmental Climate Change and Energy Management on Page 50 & 52 and Energy Management on Page 65 of this Statement.

We are also looking into sustainability considerations in purchasing materials that are required in managing the logistical requirements of customers' goods. For administrative tasks, we manage office supplies (consumables and equipment) and inventory to encourage our employees to be prudent in their usage. The Group has adopted the reduce, reuse & recycle ("3R") principle, shifting focus toward a circular economy to ensure sustainable growth over time.

We are actively involved in raising awareness among our employees on the crucial reasons for implementing and deploying best practices to minimise environmental harm, increase recycling efforts, minimise waste and consider using more sustainable and eco-friendly products.

SUSTAINABLE MATERIALS

(GRI 301) (F4GBM)

We are encouraging our employees to 'go green' and during the reporting period, we implemented an initiative to gradually going paperless. Digitalisation has played an important role, especially during the past two years. Aside from being able to be better connected with employees and customers, processes are significantly more organised with digitising documents. It further reduces budgets on office materials that can be repurposed, filing space at offices and employee time to manage paperwork. Please refer to the KPI on Waste Management on page 51 & 52 of this Statement.

We continuously seek methods to reduce costs and emissions to control fuel consumption and drive fuel efficiency in our integrated logistics operations. In attempting to significantly reduce carbon emissions from heavy-duty land-based freight vehicles, we have been adding new prime movers to our fleet. Please refer to the KPI on Energy Management on page 50 & 52 and Energy Management on page 65 of this Statement. We have further introduced programmes to share tips and train drivers to practice efficient driving techniques, aside from ensuring ongoing preventative and scheduled maintenance of vehicles and optimising distribution networks and driving schedules.

Since 2020, we have reduced the quantity for printing FMGL's Annual Reports as these are digitally distributed and uploaded on the Group's website and Bursa Securities' website. Following the digitalisation of our annual report, all circulars, notifications and related documents are also made available in digital format.

The Annual Report 2022 is printed on Forest Sustainable Council ("FSC®") certified paper stock demonstrating our support for responsibly managed materials.

We are committed to instilling a recycling culture among our employees by implementing responsible waste disposal by properly segregating office waste such as paper, plastics, and aluminium cans. For more details, refer to Effluents and Waste Management/Circular Economy under this Environmental section.



ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)



ENERGY MANAGEMENT

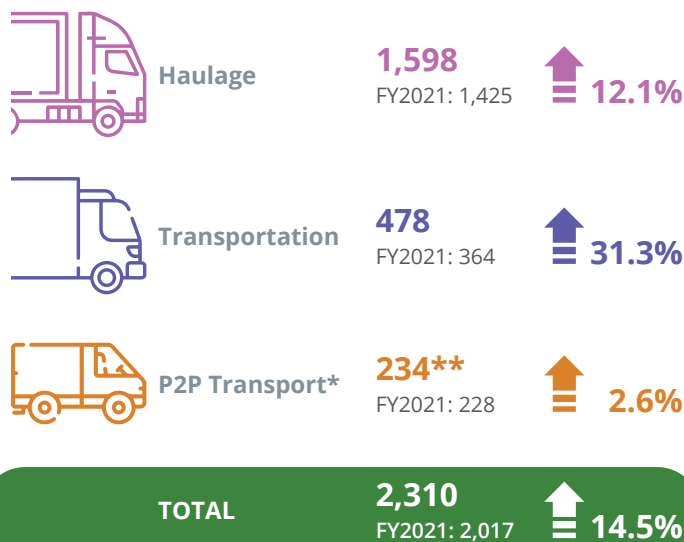
(GRI 302, 302-1, 302-4, F4BGM)

We prioritise energy conservation, given our high fuel consumption to provide land freight and electricity for the warehousing of general goods and cold storage of perishable products such as food, and medical and pharmaceutical items. We manage energy use not only to control costs but also as part of environmentally conscious efforts to mitigate the depletion of natural resources and reduce GHG emissions from burning fossil fuels (diesel and petrol) for transportation and electricity generation (petroleum, natural gas, and coal).

Towards this end, the Group has progressively switched to more fuel-efficient and environmentally-friendly Euro 5 diesel in line with our Fuel Consumption Improvement Project introduced in 2019. The higher fuel costs of Euro 5 diesel are partly offset by a marginal rise in fuel efficiency across our haulage and transportation fleets.

Fuel consumption increased markedly during the reporting period in tandem with the growing demand for freight services which resulted in a rise of volume in TEUs for land freight. Further, we added another 19 units of prime movers to our haulage fleet (total: 146) and 16 trucks to the transportation fleet (total: 102) over the course of the financial year in review.

FUEL CONSUMPTION 2022 ('000 LITRES)



*P2P – Parcel To Post

**Fuel consumption for P2P Transport in FY2022 was separated into: 219,994 L for diesel and 14,343 L for petrol.

Fuel consumption was recorded for FMGL Port Klang and P2P services for FY2021 and FY2022.

Overall, our total fuel consumption (diesel and petrol combined) for the year in review increased by 14.5% against the previous period, in line with business growth to meet higher demand.

Similarly, electricity consumption increased during the reporting period, mainly due to employees returning to work following the easing of pandemic restrictions during the reporting period. While the increase was also due to accommodate higher volume of goods in our warehousing and distribution facilities, we have initiated conserving energy measures to address this.

ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)



ENERGY MANAGEMENT (CONTINUED)

(GRI 302, 302-1, 302-4, F4BGM)

ELECTRICITY CONSUMPTION 2022 (kWh '000)

5,736

FY2021: 3,333

For FY2022, electricity consumption was recorded for FM Port Klang including all warehouses, FM (KUL), FM Multimodal and FM Penang as opposed to data collected in FY2021 from FM Port Klang only.

The solar project initiated during FY2022 at one of the larger warehouses at our Head Office in Port Klang, Selangor was part of our efforts to reduce consumption and GHG emissions by providing supplementary electricity. The construction and installation of the solar panels on the roof of the warehouse was completed in September 2022, involving the installation of 1,210 pieces of solar photovoltaic (PV) modules capable of generating an annual 694,400 kWh.

Besides the solar project, we are progressing steadily with another initiative by installing LED lights and related motion sensors at our warehouses.

In the previous reporting period, we determined our baseline energy intensity ratio by only considering fuel consumption without electricity consumption. However, we are considering both types of consumption and denoting this as the 'numerator' after conversion to energy unit in megajoules (MJ). The volume of transported goods via land freight is designated as the 'denominator'.

ENERGY INTENSITY

CONSUMPTION OF FUEL/ENERGY			
Type of Fuel / Energy	Diesel (L)	Petrol (L)	Power (kWh)
	2,295,798	14,343	5,736,757
CONVERSION TO MEGAJOULES (MJ)			
Conversion Factor	Diesel: 1 L x 38.0 MJ	Petrol: 1 L x 31.5 MJ	Power: 1 kWh x 3.6 MJ
	87,240,324	451,805	20,652,325
Total (MJ)	108,344,454		
Land Freight (TEUs)	11,449		
Energy Intensity Ratio	MJ/TEUs		
	9,463		

- Conversion of petrol to co₂-e: litre x 2.39 kg (Source: www.ecoscore.be)
- Conversion of diesel to co₂-e: litre x 2.64 kg (Source: www.ecoscore.be)
- Conversion of electricity to co₂-e (Malaysia): kWh x 0.62 kg (Source: <https://www.worldbenchmarkingalliance.org/>)

The energy intensity ratio of 9,463 will now serve as the new baseline for comparisons in subsequent years. Ideally, we aim to lower this ratio in the years to come. Scope 3 Indirect GHG emissions fall outside FMGL's direct management and ownership and the Group will subsequently conduct a scope assessment and setting the boundary for each of the Scope 3 categories.

ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)



WATER & EFFLUENT MANAGEMENT

(GRI 303-5, F4BGM)

WATER CONSUMPTION 2022 (m³)

16,193

FY2021: 6,309

Adequate water supply is becoming a concern worldwide due to the drastic effects of climate change. Densely populated areas in Klang Valley and Selangor have been experiencing

frequent water cuts and flash floods, causing imbalances in safe water production capacity and water usage.

FMGL is keenly aware of such issues and intends to use water judiciously and prudently. For water consumption, we derived data from more locations in FY2022 to include FM Port Klang including all warehouses, FM (KUL), FM Multimodal and FM Penang compared with volume recorded in FY2021 covering FM Port Klang only.

As water consumption at our offices is primarily for essential sanitary purposes, there is no identified activities which consume water unnecessarily.



CHEMICAL MANAGEMENT

(F4BGM)

The Group manages various types of cargo, including Dangerous Cargo. Our warehouses are equipped with relevant facilities for receiving, storing, and distribution and all vehicles are well maintained per the preventive maintenance schedule. Our warehouse staff and drivers are trained to adhere to the guidance and requirements in the ISO 45001:2018 Occupational Health and Safety Management Systems and ISO 14001:2015 Environmental Management Systems to safely manage and distribute the cargo. These management systems help us to comply with the relevant regulations and to meet customers' satisfaction.

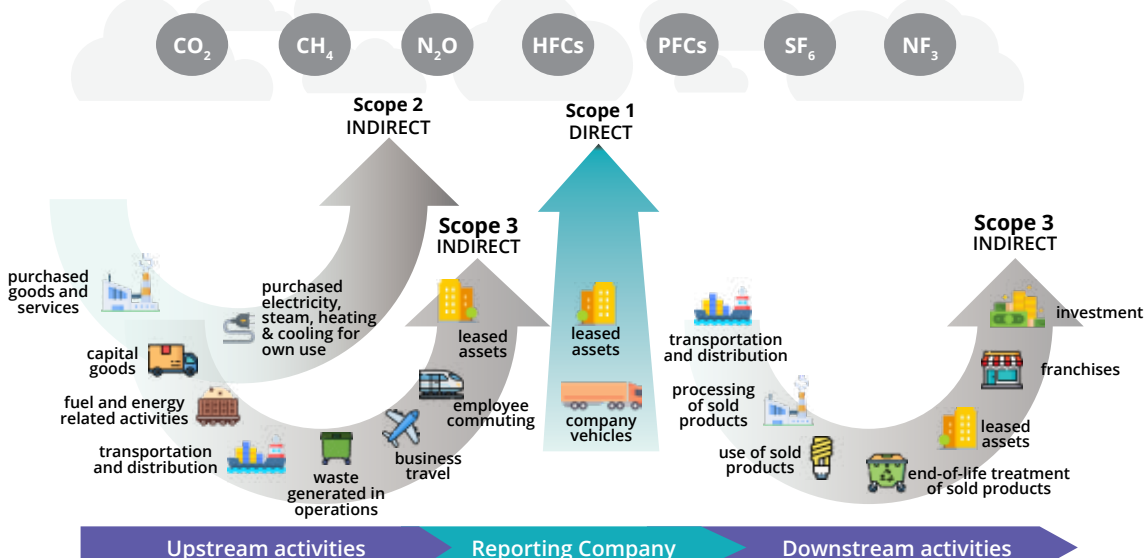


EMISSIONS AND INITIATIVES TO TACKLE CLIMATE CHANGE

(GRI 305-5, F4BGM)

FMGL took another step toward potentially reducing GHG emissions by first tracking and calculating the Group's carbon footprint. We expect this disclosure will provide insights for us to plan and implement emission-reduction initiatives in the years to come. During the reporting period, we set out to identify sources of emissions and subsequently tracked the GHG output according to guidelines recommended by the IPCC, GHG Protocol and other organisations. Our tabulation and calculation are framed by the GHG Protocol Corporate Standard to cover the three scopes of emissions.

OVERVIEW OF GHG PROTOCOL SCOPES AND EMISSIONS ACROSS THE VALUE CHAIN



ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)



EMISSIONS AND INITIATIVES TO TACKLE CLIMATE CHANGE (CONTINUED) (GRI 305-5, F4BGM)

Given that this is an extensive and complex exercise, we have decided to measure Scope 1 and 2 emissions for a start and defer Scope 3 to a later stage. At this stage, our inventory of emission sources includes 276 diesel vehicles comprising 146 prime movers, 102 trucks and 67 forklifts (16 diesel, 26 electric and 25 LPG), and 27 vans (23 diesel and four petrol vehicles). Despite completing the inventory list, we have omitted emissions from refrigerant gases used in air-conditioners for this reporting period.

In FY2022, the Group's cumulative emissions (Scope 1 and 2) amounted to 9,652 metric tonnes (mt) of carbon dioxide equivalent (co₂-e). This figure represents the baseline to benchmark against in the following years.

Similar to the approach towards quantifying our energy intensity, we assigned our total emission as the 'numerator' and the volume of transported goods via land freight as the 'denominator'. During the financial year in review, FMGL's emission intensity was 0.843 MT/TEUs. We intend to track this intensity level in the coming years to provide greater insights on areas where we can reduce our consumption of fuel and electricity.

GHG EMISSIONS TABULATOR

SCOPE	EMISSION SOURCE	FUEL TYPE	CONSUMPTION	CO ₂ -E (MT)
1	Mobile Combustion	Petrol	14,343 litres	34.3
		Diesel	2,295,798 litres	6,060.9
Scope 1 Sub-total				6,095.2
2	Purchased Electricity	Various	5,736,757 kWh	3,557
Scope 2 Sub-total				3,557
GRAND TOTAL				9,652

- Conversion of petrol to co₂-e: litre x 2.39 kg (Source: www.ecoscore.be)
- Conversion of diesel to co₂-e: litre x 2.64 kg (Source: www.ecoscore.be)
- Conversion of electricity to co₂-e (Malaysia): kWh x 0.62 kg (Source: <https://www.worldbenchmarkingalliance.org/>)

EMISSIONS INTENSITY

 Total CO₂-e (mt) 9,652	 Land Freight (TEUs) 11,449	 Emission Intensity Ratio 0.843
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Notes:

Fuel consumption recorded for FMGL Port Klang and Parcel To Post services.

Electricity consumption recorded for FM Port Klang including all warehouses, FM (KUL), FM Multimodal and FM Penang.

ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1, 306-3, F4BGM)



→ Dark Smoke Monitoring

Beyond GHG emissions, the Group, is also mindful of adhering to permissible air pollution levels in the form of sulphur, sulphuric acid and lead emissions from our vehicles and the electric generator set at FMGL in Port Klang, Selangor.

The data analysis results of the dark smoke observation for the generator set were similar to that recorded in FY2021, which is within the permissible Dark Smoke Limit and Regulation 12 of the Malaysian Environmental (Clean Air) Regulations 2014.

All vehicles within the reporting boundary scope underwent routine inspections at PUSPAKOM as required. We are pleased to report that all vehicles passed the smoke test (diesel engine). This indicates efficient combustion as a result of regular inspections, preventive maintenance and servicing (generator set and commercial vehicles).



EFFLUENTS AND WASTE MANAGEMENT, CIRCULAR ECONOMY

(GRI 306-1, 306-2, 306-3, F4GBM)

FMGL complies with all statutory requirements on the discharge of effluent and disposal of waste to prevent pollution and contamination of the environment, as outlined by our HSE Policy. The Group also subscribes to the circular economy concept advocating the reusing and recycling of materials.

In the case of effluents, we abide by the Standard B benchmark according to the Environmental Quality Act 1974. We conduct laboratory tests on our discharge for parameters such as the pH level, chemical oxygen demand ("COD"), biological oxygen demand ("BOD"), total suspended solids, metals and others regularly. Our latest test results indicated that the discharge was within permissible limits.

The Group engages licensed contractors registered with the Department of Environment ("DOE") to recycle or dispose of our solid waste, which includes carton boxes, plastic wrapping and containers. Our scheduled waste is generated from the maintenance of vehicles and machinery. These are stored in sealed containers and placed in bounded areas in case of spillage before disposal by a licensed contractor, according to the DOE requirements.

ENVIRONMENTAL

(CONTINUED)

(GRI 3, 301, 302, 302-1, 302-4, 303-5, 305-5, 306-1 - 306-3, F4BGM)

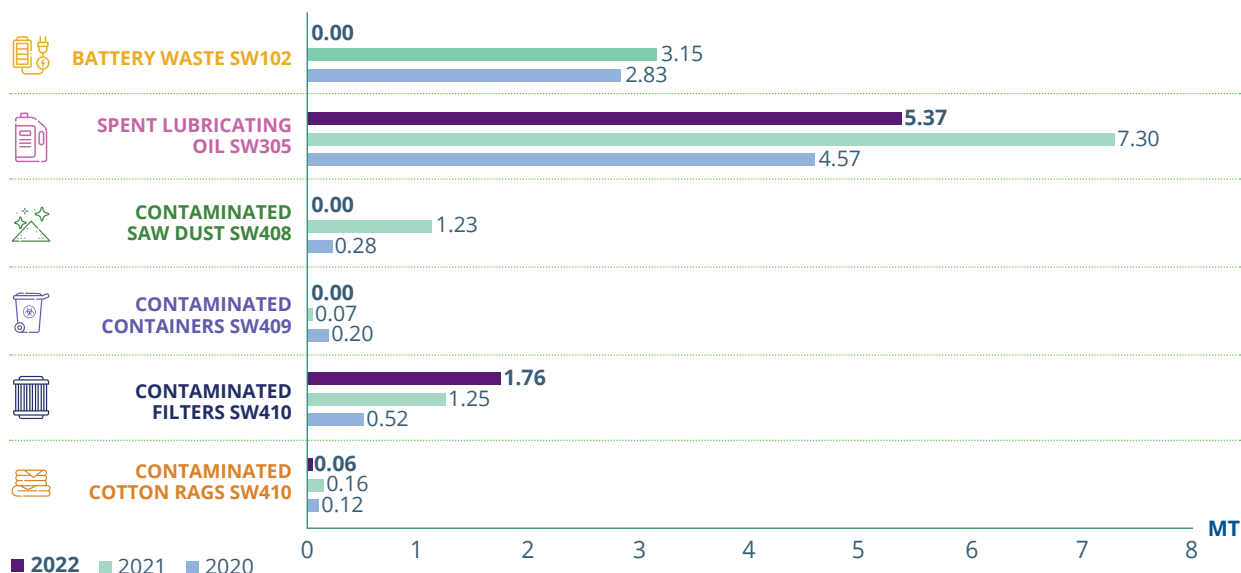


EFFLUENTS AND WASTE MANAGEMENT, CIRCULAR ECONOMY (CONTINUED)

(GRI 306-1, 306-2, 306-3, F4BGM)

While scheduled wastes are unavoidable as a by-product of our operations such as spent lubricating oil, contaminated filters and cotton rags, through better management and control we have recorded minimal volumes of scheduled waste during the reporting period, lower than the previous reporting period.

TOTAL WASTE DISPOSAL 2022 (MT)



→ Noise Pollution

We also monitor our boundary noise levels annually to identify work locations with noise problems. The test performed in October 2021 confirmed that noise generated from identified areas, near compressors and motorcycle parking areas, was within the set parameters. The Group's activities do not put our employees at risk of exposure to high noise.

→ E-Waste

As part of our commitment to the circular economy, we maintain outdated laptops and desktop computers as spares and, if necessary, for their parts. Desktop computers that are still in working order are frequently donated to schools. Computers stripped of all usable parts are sent to recycling centres.



SUPPLIER ENVIRONMENTAL ASSESSMENT

(GRI 308)

The Group has a standard evaluation criteria for new and existing vendors and service providers to adhere to. These stipulations are contained in purchasing control procedures that include requirements related to the environment.

SOCIAL

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



The Group's direction to continue delivering positive returns and grow more value for all of our stakeholders combines a clear strategic outlook to increasing operational excellence and future-proofing our business as we progress.

Social sustainability sits at the core of our ability to achieve better than expected operational and financial performances, seeking to balance profitability and social obligations in all our decision-making processes. Alongside stabilising and strengthening our business environment, we have entrenched specific strategies in the workplace, marketplace and community to effectively engage with our multi-stakeholder groups.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)

SOCIAL ENGAGEMENT STRATEGIES

					
		W	M	C	
Instilling and maintaining a solid and positive health and safety culture at all touchpoints.	✓	✓	✓	✓	✓
Encouraging closer interaction among employees through training, upskilling and reskilling as well as various engagement channels and activities to help them achieve their highest potential.		✓			
Establishing long-term partnerships with our suppliers to effectively collaborate and reinforce our supply chain.			✓		
Organising programmes to positively impact the socio-economic development of community members where we operate.				✓	
Assuring compliance with all required industry and regulatory standards.	✓	✓	✓	✓	✓



Environmental



Social



Governance

W: workplace M: marketplace C: community

We have steadily been increasing our scope and depth of reporting our performance in the social realm, guided by the GRI Standards and F4GBM frameworks which are relevant to the Group in the following segments:

1. Employment;
2. Labour Relations & Employee Engagements;
3. Occupational Health & Safety;
4. Training, Education, and Career Development;
5. Recruiting & Retaining Employees;
6. Diversity and Equal Opportunity;
7. Non-Discrimination;
8. Freedom of Association & Collective Bargaining;
9. Child Labour;
10. Forced or Compulsory Labour;
11. Security Practices;
12. Human Rights Assessment;
13. Supplier Social Assessment;
14. Public Policy;
15. Quality of Product/Services;
16. Customer Satisfaction;
17. Customer Health & Safety;
18. Customer Privacy;
19. Socioeconomic Compliance; and
20. Engaging Local Communities.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



EMPLOYMENT

(GRI 2-7, 2-8, 401-1 - 401-3)

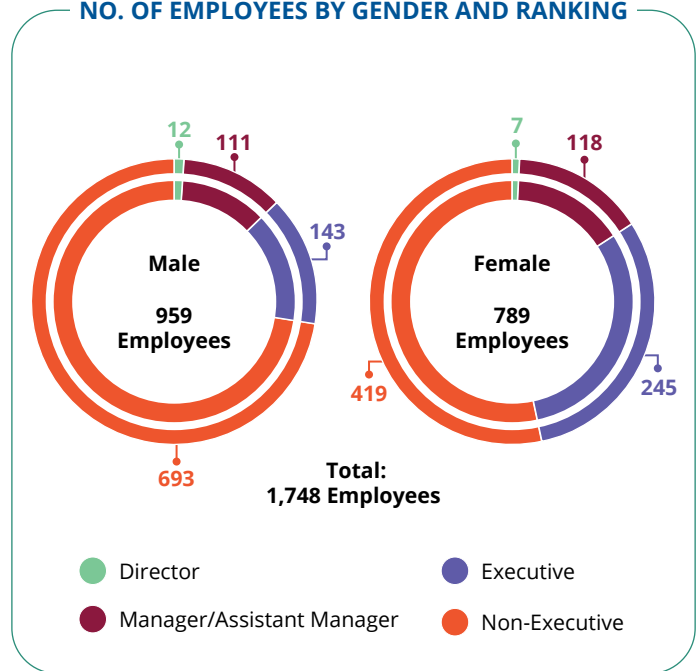
In FY2022, FMGL increased employee headcount by almost 11% to 1,748 from 1,573 the previous year, recruiting an additional 175 personnel. Our Malaysian operations ranked highest with 1,252 employees, with the majority working out of the head office in the central region. The teams in Penang (northern region) and Johor (southern region) are relatively large to support operations within close proximity of major ports. 496 staff members are stationed at our overseas offices in Thailand, Vietnam, the Philippines, Indonesia, Australia, India, the UAE, and the USA.

In line with the Group’s Sustainability Mission, we emphasise embedding a high performance culture amongst our employees with a focus on hiring locally. We prioritise developing diverse teams who can offer broader perspectives and better decision making skills and highlight the need for high levels of equality and inclusion in terms of age, employment level, professional background, social status and gender to continuously develop a productive and resilient workplace. Please refer to the Group’s Sustainability Mission on page 45 of this Statement.

NO. OF EMPLOYEES BY COUNTRY



NO. OF EMPLOYEES BY GENDER AND RANKING

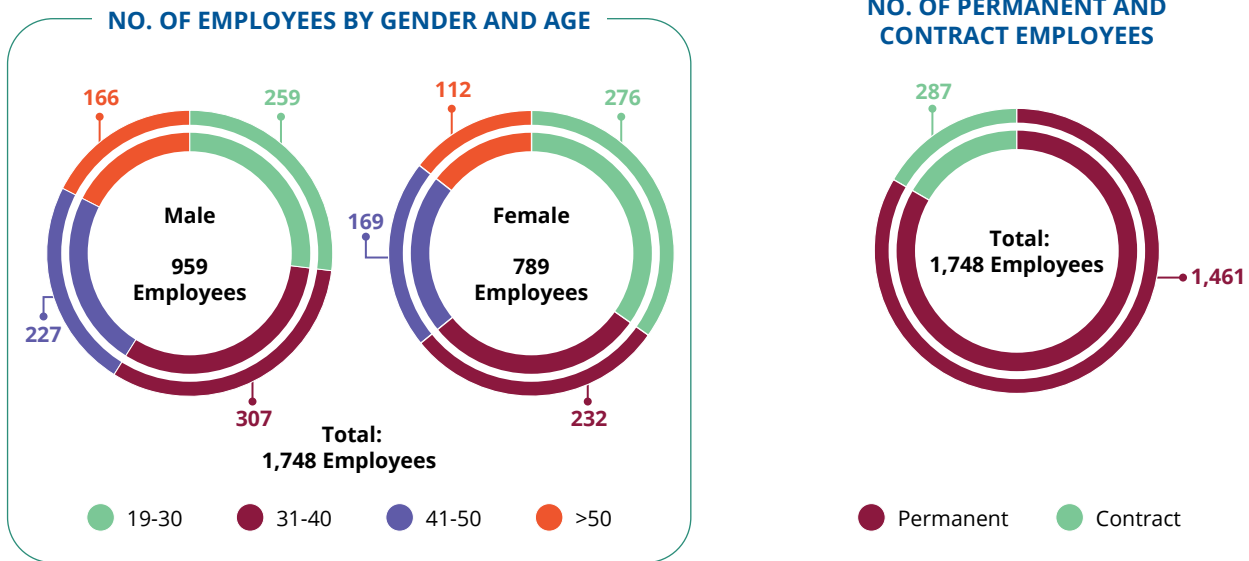


Note: No. of employees as of 30 June 2022.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



Note: No. of employees as of 30 June 2022.

As an industry leader, FMGL's employee compensation and benefits in Malaysia prioritise employee well-being and sustainable working norms, which include a competitive remuneration package, recognition opportunities through annual bonuses, and statutory contributions to the Employees Provident Fund and the Social Security Organisation. Our responsibility relating to employment, work environment, human rights, and other relevant legislative requirements towards our employees complies with all related Malaysian laws and regulations. For optimal work-life balance, our employees are entitled to leave as stipulated in the employment laws, which cover annual leave, maternity leave, parental leave, medical leave, emergency/compassionate leave and paid leave. We support career growth and encourage community support via custom-tailored training programmes, continuing education, volunteering, company events and programmes, and financial or in-kind relief assistance to aid employees during disasters such as floods or fires.

During the major floods that hit Klang Valley and Selangor towards the end of December 2021, 76 of our employees were severely affected and suffered extensive damage to their homes and vehicles. The Group contributed RM171,000.00 for flood relief support to alleviate their financial burden, assist with clean-up efforts and support rebuilding their lives.



LABOUR MANAGEMENT RELATIONS

(GRI 402-1, F4GBM)

The Group's operations were an essential business since the onset of the pandemic and we went to extreme lengths to ensure our employees were supported throughout disruptions and crises. Maintaining open communications with regular departmental and inter-departmental meetings as well as one-on-one dialogue between employees and the Management encourages transparency in addressing issues and constructive problem-solving solutions. Any significant operational changes are promptly communicated to employees, and those impacted are given time to adjust accordingly. In the event of any operational changes, we provide adequate notice to our employees to ensure they can adapt and adjust accordingly.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



EMPLOYEE ENGAGEMENT

(GRI 2-7, 401-2)

Employee engagement has emerged as a critical driver of our business success in the rapidly evolving and competitive marketplace. High levels of engagement promote talent retention, strengthen customer loyalty, and improve organisational and financial performance, inevitably increasing stakeholder value.

Our focus on improving employee relations and satisfaction within FMGL are four-pronged:



The Learning From Incidents (“LFI”) programme offers employees a platform to share knowledge and ideas via talks conducted by subject-matter specialists on relevant subjects and mitigation strategies to facilitate better outcomes in work assignments.

We are dedicated to creating a safe working environment that promotes work-life balance, good physical and mental health, and overall security for all our employees. We periodically host cultural events and other celebrations to encourage employee involvement in celebrating our multiracial and multicultural workforce.



SOCIOECONOMIC COMPLIANCE

(GRI 2-27, F4GBM)

FMGL did not incur any fines or sanctions for relevant socioeconomic laws and regulations in the social and economic areas in all operations locations within the reporting boundary scope covered in this Statement.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)

CELEBRATING CULTURAL FESTIVALS THROUGHOUT FMGL



Several events were organised to usher in the auspicious Year of the Tiger, which included scrumptious festive fair, and the distribution of angpows and mandarin oranges. These gatherings were either organised at restaurants or at the offices and made more meaningful as management team members and employees congregated after the lockdowns.



FM (KUL) PENANG



FM THAILAND



During the months of April to May 2022, employees got together to observe the breaking of fast in keeping with the spirit of Ramadhan. After the month long fasting period, employees revelled in the many Hari Raya 'open houses' to feast on traditional goodies to foster closer ties amongst one another.



FM JOHOR BHARU



FM PORT KLANG

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



Moving into the last quarter of 2021, Deepavali gatherings were also organised to celebrate the Festival of Lights.



In the spirit of giving, our offices were gaily decorated to celebrate Christmas. Gatherings were organised with employees and management, indulging in buffet spreads and exchanging gifts.

FM (KUL) PENANG



APPRECIATING OUR EMPLOYEES

Employee recognition is important in boosting morale and awarding employees for their good performance, dedication and contribution to the company. We celebrated our honoured employees with specially curated lunch and dinner events where recipients received tokens of appreciation and awards.



FM PENANG



FM JOHOR BHARU



FM (KUL)



FM PHILIPPINES

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



ENGAGING LOCAL COMMUNITIES

(GRI 413, F4GBM)

FMGL actively engages in programmes and activities with the communities in which it operates. We encourage our employees to volunteer in CSR programmes and charitable causes to assist and uplift the underserved to alleviate the hardships and burdens community members face, especially in adverse situations. In FY2022, FMGL continued to extend donations to the following charitable organisations:

- Yayasan Kebajikan Suria Kawasan, an NGO that assists the homeless and underprivileged in the community.
- Destiny C3 Education Centre, Subang Jaya - A UNHCR certified school for refugees.
- EDUKATE Malaysia Sdn Bhd, an E-Learning portal for Orang Asal primary school children.

CARING FOR AND SUPPORTING OUR COMMUNITY

MALAYSIA

AUGUST 2021

FM (KUL) Penang employees went to the aid of villagers at Sg. Dua Pulau Pinang that were hit by floods by contributing food items and daily necessities.



AUGUST 2021

FMGL contributed to POBP Dayspring Selangor's fundraising activity for the production of pocket diaries that were sold to the public.

DECEMBER 2021

FMGL assisted 76 employees that were hit by the devastating year-end floods with financial and in-kind aid. We contributed RM171,000.00 to ease the burden of those badly affected.



DECEMBER 2021

We organised a charity drive amongst our employees to collect much needed groceries and personal articles to help flood victims in Taman Sri Muda, Selangor.

NOVEMBER 2021 - JANUARY 2022

FM (KUL) and Parcel To Post collaborated to sponsor delivery services for the "His Child" project in collaboration with the Peace Education Centre, Imbi, Kuala Lumpur (T-PEC), an NGO that assists refugee children from Myanmar.

JANUARY 2022

FMGL donated personal healthcare products to residents at the Tiam Yam Toh Teng Old Folks Home in Klang in an effort to assist them in controlling the spread of COVID-19 infections.



SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)

INDONESIA

DECEMBER 2021

Employees together with the Association of Logistics Forwarders Indonesia (“ALFI”) volunteered to assist residents who were affected by the Mount Semeru eruption in East Java, Indonesia.



JANUARY 2022

FM Indonesia collaborated with the Lions International Club in conjunction with the *Baksos Imlek* celebrations to distribute goodies to the surrounding community in Medan in preparation for the Chinese New Year festivities.



APRIL 2022

FM Indonesia organised the “*Paket Sembako*” programme to distribute groceries to all employees during the fasting month of Ramadhan and to help them prepare for the Hari Raya Aidilfitri celebration.



JUNE 2022

Sports equipment were donated to Patmos School, catering for children with special needs.

AUSTRALIA

Over in FM Australia, we sponsored the annual LDA Cup Golf Tournament that was held in December 2021 and the East Fremantle Women’s Football Club tournament, which was held in February 2022 to support and engage effectively with the local community members.



SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



MANAGING OCCUPATIONAL HEALTH AND SAFETY ("OHS")

(GRI 403-1 - 403-10, F4GBM)

As a responsible employer, FMGL protects our workforce by providing a safe and healthy working environment. In turn, employees are obligated to follow guidelines and standards required of them in the workplace. The Management has established preventative measures at all operating sites to prevent workplace hazards where preventative steps and measures continue to be the norm to arrest the spread of COVID-19 infections. To date, all employees at all our offices in Malaysia and overseas have been vaccinated to safeguard against the spread of infections in the workplace and the community.



FEBRUARY 2022

FM Indonesia arranged for all employees to be vaccinated to safeguard against the spread of COVID-19 infections in the workplace and the community.

The Group's HSSE Policy, Stop Work Policy and Hazard Identification, Risk Assessment and Control ("HIRAC") procedures are meant to provide and establish safe and environmentally friendly work practices outlining measures in identifying and managing hazards to eliminate or mitigate resultant risks, and also including emergency response preparedness. OHS has remained a key material matter in the Social realm since the previous reporting period.

In tackling driver safety, we implemented a programme to positively reinforce and prioritise safety protocols and compliance matters in the last reporting period. Aside from protecting human lives, we also reiterate the importance of caring for the company's assets to reduce and prevent damage to minimise repair and maintenance costs.

During the reporting period, we organise several briefing and training sessions to keep our employees abreast with all relevant health and safety laws and regulations and other subject matters, demonstrating our focus and resolve towards providing a safe workplace. Monitoring and assessments were also conducted to verify the level of critical safety controls in place and whether these were being applied appropriately to prevent the risks of fatalities and injuries. The Group's HSSE performance was also reviewed regularly based on daily pre-operation checks and audits to ensure all employees adhere to all standards, health and safety procedures and processes.

During the year, nine HSSE orientations were conducted to onboard new employees with the necessary safety information about their roles and tasks, including workplace hazards. Our drivers were also trained in driving skills, with emphasis on road safety and drilled on rules and regulations. Our warehouse employees were exposed to first aid training and proper handling of chemicals and spillage as part of the emergency preparedness and response ("ERP") plan within our worksites to handle various emergencies.

We are pleased to report zero fatalities, Lost Time Incidents ("LTI"), Restricted Workday Cases, Medical Treatment Cases and First Aid Cases. The number of Potential Incident Near Misses ("PINM") reduced to 113 compared with 187 in 2021. There were no reports of incidences for all other indicators, including Lost Time Injury Frequency Rate ("LTIFR"), Recordable Injury Frequency Rate ("RIFR"), environmental incidents and security incidents.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



TRAINING, EDUCATION & CAREER DEVELOPMENT

(GRI 404, F4GBM)

The Group organised several training programmes during the reporting period to support competence development in the workplace, and to retain valuable employees for the long term. Training programmes were scrutinised to ensure proper alignment with employees' professional responsibilities, career goals, and personal and social interests. In-house or external training programmes organised by the group are claimable from the HRD Corp Fund, where applicable.

As Training, Education & Career Development remain one of the most material matters, the sessions consisted of a mix of technical and soft skills topics that were conducted virtually mainly due to the imposed restrictions of the pandemic. Physical training sessions resumed once the restrictions were lifted starting 1 April 2022. These programmes were conducted either in-house or by external subject matter experts, covering topics relating to freight forwarding, shipping and logistics; software upgrading skills; regulatory compliance; finance and accounting management; and procurement and vendor management. Our employees were also supported with ESG sustainability related workshops and training aimed at expanding our sustainability regime to include GHG emissions monitoring and reduction initiatives in response to climate action strategies.

FMGL has inculcated in its work culture to maintain and enhance high quality standards of work performance and conducts performance reviews for all employees. We manage performance by providing regular feedback, defining goals, and conducting yearly performance reviews. Through assessments and evaluations, we gain insight into employees' strengths and weaknesses to identify skills' gaps for improvements. Annual evaluations establish accountability expectations for employees, with the understanding that progress is evaluated throughout the year. High-performing and hardworking employees are recognised and rewarded through talent assessments and succession planning.

Our overseas offices also conducted training sessions that were pertinent to the requirement of their business operations where they operate.

TOTAL TRAINING PROGRAMMES (MALAYSIA)



Total training hours
2,929 (all FMGL divisions)



No of participants
898



RECRUITING AND RETAINING EMPLOYEES

(F4GBM)

FMGL believes in striking a balance between recruiting new talent and retaining productive personnel to prevent high attrition rates within the organisation. Our focus on new recruits is based on merit and good job fit, giving opportunities to fresh graduates and individuals that can complement and collaborate effectively with our multidisciplinary team.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



DIVERSITY AND EQUAL OPPORTUNITY

(GRI 405, F4GBM)

FMGL's Diversity Policy emphasises the following principles:

- practising and promoting behaviour consistent with the Company's Code of Work Ethics Policy;
- respecting diverse perspectives and using its employees' diverse perspectives to improve business outcomes;
- treating each other with respect and dignity;
- providing a safe, secure, and healthy workplace;
- making decisions genuinely based on equality and fairness;
- valuing the diversity of people; and
- taking appropriate action to eliminate discrimination.

We respect all employees regardless of race, religion, ethnicity, gender, age and background to build a vibrant workplace that encourages open communication and teamwork.



NON-DISCRIMINATION

(GRI 406, F4GBM)

We uphold a discrimination-free workplace that forbids behaviours or acts that set one person apart from the rest. Any discrimination is expressly prohibited under our Corporate Code of Business Conduct and Work Ethics Policy. Employees are routinely reminded not to act or speak in a discriminatory manner toward one another. Each employee is required under the policy to:

- act honestly, fairly, and professionally in all business dealings;
- foster a culture of integrity;
- work together to promote a safe, ethical, and professional workplace;
- comply with the laws, rules, and regulations under which the Company conducts its business; and
- respect the local communities wherever the Company operates.

There were no occurrences of discrimination of any type reported during the reporting period.



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

(GRI 407)

FMGL does not subscribe to collective bargaining in employment. Nevertheless, we are open to discussions with employees on various matters such as remuneration, benefits, workplace conditions and pertinent matters.



CHILD LABOUR

(GRI 408)

We comply with all applicable labour agreements and regulations relating to the protection of the rights of workers in the countries and regions in which we operate. Respect for human rights, including eliminating forced and child labour, is also incorporated into our company.



FORCED OR COMPULSORY LABOUR

(GRI 409)

FMGL opposes to forced or compulsory labour or other forms of exploitation that also includes our vendors and suppliers.

SOCIAL

(CONTINUED)

(GRI 2-7, 2-8, 401-1 - 401-3, 402-1, 403-1 - 403-10, 404 - 410, 413, 414-1, 415, 416, 418, F4GBM)



SECURITY PRACTICES

(GRI 410-1)

Our security is outsourced to external service providers, bound by our service agreement, and they have to comply with the SOPs. The conduct and behaviour of security personnel are monitored by our HSSE Committee, with monthly reviews.



SUPPLIER AND VENDOR ASSESSMENT

(GRI 414, F4GBM)

The Group's vendors and suppliers are evaluated based on a required set of criteria, including social considerations. These are efficiency, punctuality, customer complaints and the quality of service that includes the applicable compliance to relevant aspects of Safety, Security, Environment Regulations and Requirements.



PUBLIC POLICY

(GRI 415-1)

FMGL abstains from providing any donations or funding of any kind to political parties or individual politicians or towards political campaigns or initiatives.



CUSTOMER/PUBLIC HEALTH AND SAFETY

(GRI 416-2, F4GBM)

The Group prioritises the health and safety of our customers by ensuring all our services conform to the respective local and international standards where we operate. All employees are duly informed to comply with the Group's HSSE Policy, including any updates of regulations and SOPs, to ensure that the safety and health of our customers and the public are not compromised.



CUSTOMER PRIVACY

(GRI 418-1, F4GBM)

At all times, we respect and strive to protect the confidentiality of the personal information of customers, employees, business partners and suppliers. At FMGL, we have a Privacy Policy Notice which explains how we collect, use, maintain and disclose personal data in respect of commercial transactions and how we safeguard the personal data in accordance with the Personal Data Protection Act 2010 ("the Act"). During the reporting period, there were no complaints registered.



QUALITY OF PRODUCTS/ SERVICES AND CUSTOMER SATISFACTION

(F4GBM)

At FMGL, we ensure on-time delivery in nominal situations, absent of any delays caused by factors beyond our control. In maintaining the quality of our services, we adhere to ISO 9001:2015 Quality Management System for all of our services in meeting the diverse needs and requirements of our customers. As for our key clients, the Service Level Agreement represents the commitment between FMGL and its customers to ensure clarity and transparency in all business dealings in meeting customer expectations.

We have been conducting an annual survey to gauge the level of our services based on feedback, recommendations and suggestions from our customers to gauge customers' satisfaction level. During the reporting period, we conducted periodic sales visits and meetings to obtain prompt feedback to improve the level of our service, aside from addressing issues involving responsiveness to enquiries and quotations, sales visits, ratings and documentation deliveries, and transportation.

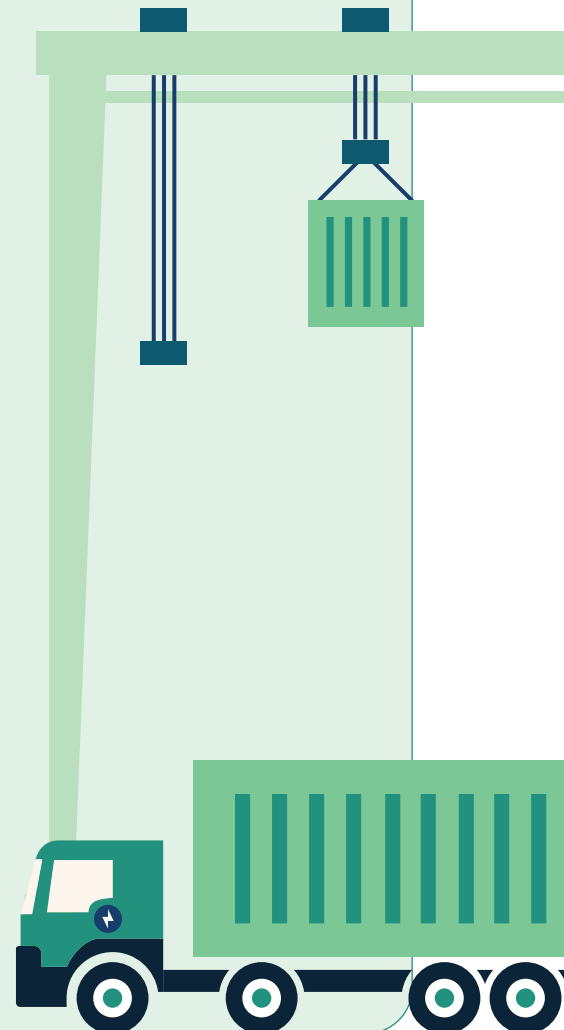
PROGRESSING FORWARD

It has been over two and a half years since the onset of the COVID-19 pandemic, and we continue to transition away from the preoccupation over COVID-19 and its debilitating impact. While we made headway in achieving headline KPIs for FY2022, we will continue the momentum already built in the Group wide business strategies that are anchored upon sustainable growth, operational excellence and customer portfolio optimisation. Although we continued to operate in uncertain times, it is the resilience of our people that drove us to unlock opportunities, by adapting to disruption and staying engaged and productive throughout and beyond any turmoil. With continuous exposure to various challenges, the Group's integration of sustainability and transparency strategically into our business operations early on enabled our agility in responding to unexpected events. Embedding ESG and sustainability considerations into our business involve strengthening ties with all our stakeholder groups; employees, customers, associates and supply-chain vendors, as well as the communities we operate in.

Thus, we are certainly gaining traction in intensifying our reporting regime and, thereby, our performance, underpinning the sincere efforts of our team in gearing ourselves towards continuous improvement in our abilities and capabilities. Health, safety and well-being remain central to our resilience, and in response to concerns about climate change, we will continue to step up efforts and do our part to reduce GHG emissions from every aspect of our operations, particularly from our own fleet of transport vehicles and warehousing operations. Eventually, we seek to collaborate with third-party carriers on how to manoeuvre through the challenging objective of reducing our carbon footprint.

The business and financial gains we have sustained over two decades provide an enabling platform for the Group to empower ourselves and our stakeholders in confronting and mitigating these issues alongside other critical matters to ensure the Group can remain relevant in the business arena. Solid integrated logistics support is what keeps the world moving, evolving with the shifting demands of customers and consumers and striking a balance between achieving higher financial performance and emphasising corporate sustainability.

HELPING YOU REALISE YOUR BUSINESS GOALS is about appreciating the true spirit of collaboration and the importance of stakeholder engagement at every touchpoint in our operations. The learning curve has undoubtedly been steep. However, the strength of the Group's fundamentals, coupled with the commitment from all employees and optimising stakeholder collaboration, are the determiners for us to look at ways to make further inroads to properly address any negative impact and to ensure the Group's effective contribution to sustainable earnings and in meeting stakeholder expectations.



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AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of FM Global Logistics Holdings Berhad (“the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report which provides insights into the way the ARMC has discharged its functions for the Group in respect of the financial year ended 30 June 2022 (“FY2022”).

The ARMC assists the Board in its oversight of the Group’s financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial reporting practices, risk management framework and policies. The Chairman of the ARMC is not the Chairman of the Board.

COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. This is in line with the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”). The composition of the ARMC as of the date of this report are as follows:

Name	Designation/Directorate
Soh Chin Teck	Chairman, Independent Non-Executive Director
Tengku Nurul Azian Binti Tengku Shahrman	Member, Independent Non-Executive Director
Lau Swee Chin	Member, Independent Non-Executive Director

The Chairman of the ARMC, Soh Chin Teck, is a Fellow of Chartered Accountants Australia and New Zealand, and a Member of the Malaysian Institute of Accountants (MIA). Accordingly, the Company complies with Paragraph 15.09(1)(c) (i) of the MMLR of Bursa Securities which stipulates that at least 1 member of the ARMC must be a member of the MIA.

All ARMC members are financially literate and possess a wide range of skills and knowledge and have sufficient understanding of the Company’s business and matters under the purview of the ARMC. The ARMC members attended relevant professional training during the year and will continue to keep themselves abreast of the relevant developments in financial and reporting standards, practices and rules.

MEETINGS

The ARMC held a total of 5 meetings during the FY2022 and the details of meeting attendance are as follows:

Name of ARMC Members	Meeting Attendance	Percentage of Attendance
Soh Chin Teck	5/5	100%
Tengku Nurul Azian Binti Tengku Shahrman	5/5	100%
Lau Swee Chin	5/5	100%

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONTINUED)

MEETINGS (CONTINUED)

The Group Managing Director, Executive Directors and the Group Financial Controller were invited to all ARMC meetings to facilitate the review of the Group's financial results and to provide information relating to the Group's risk management, internal controls and governance matters. The Internal Auditors ("IA"), and External Auditors ("EA"), together with relevant senior management personnel, were also invited to attend ARMC meetings, where required, to present their reports and provide updates and developments on issues arising from the audit reports. The ARMC Chairman thereafter reported to the Board on activities and significant matters discussed during the ARMC meetings as well as ARMC's recommendations to the Board for consideration.

Discussion and deliberation at the ARMC meetings were minuted and tabled to the Board for notation after they were confirmed at each subsequent ARMC meeting.

TERMS OF REFERENCE

The duties and responsibilities of the ARMC are set out in its Terms of Reference, which is available on the Company's website at www.fmgloballogistics.com.

SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC carried out the following key activities for the FY2022:

- Reviewed all the unaudited quarterly financial results and made recommendations to the Board for approval and release to Bursa Securities;
- Reviewed and discussed with EA the audit plan for the FY2022, which outlined its engagement and reporting requirements, audit approach, areas of audit emphasis and audit timeline;
- Reviewed the external audit status for the FY2022 encompassing key audit findings, internal control observations, status of audit and summary of audit adjustments;
- Reviewed the audited financial statements for the FY2022 with discussions with the EA particularly on its comments and conclusions on the significant audit findings and accounting matters, summary of misstatements and deviation in results, key audit matters as well as the adequacy of disclosures in the financial statements, before recommending the same to the Board for approval;
- Met with the EA without the presence of the Executive Board members and Management to discuss issues relating to the audit of the financial statements and suggestions arising thereon;
- Reviewed the audit and non-audit services provided by the EA or its affiliates to the Group and fees incurred for the FY2022;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONTINUED)

SUMMARY OF ACTIVITIES OF THE ARMC (CONTINUED)

- Assessed the suitability, independence and performance of the EA. Based on Crowe Malaysia PLT's performance for the FY2022, the ARMC was satisfied with the EA's overall performance and independence as well as the quality of audit services provided, the sufficiency of audit resources and interactions with the Management. The ARMC had on 19 August 2022 recommended to the Board the re-appointment of Crowe Malaysia PLT as the EA of the Company;
- Reviewed the internal audit reports from the IA on their audit findings, recommendations for improvements and management's responses on the corrective actions to be taken on a quarterly basis. In addition, the ARMC follows-up and validates the completion of outstanding audit issues within the agreed timeline;
- Reviewed and approved the Internal Audit Plan to ensure the adequacy of the scope of work based on key areas;
- Met with the IA without the presence of the management to discuss internal audit related matters;
- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. The ARMC was satisfied with the competency and independence of the IA in carrying out its scope of work;
- Reviewed the effectiveness of the risk management and internal control of the Group. The ARMC was satisfied that the risk management framework and internal control system of the Group are functioning effectively in identifying, assessing and managing its risks;
- Reviewed the Group's risk register profile and identified high risk profiles as well as approaches in managing the risks;
- Reviewed and recommended to the Board, the Corporate Governance Report, Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Control for inclusion into the Annual Report for the FY2022;
- Reviewed all recurrent related party transactions ("RRPT") entered by the Group to ascertain that the transactions were conducted at arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to the public and not detrimental to the interests of the minority shareholders; and
- Reviewed its Terms of Reference to ensure its applicability and to align with the provisions of the MMLR and the MCCG.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(CONTINUED)

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group recognises that an internal audit function is essential in ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Group's internal audit function was undertaken by the in-house internal audit team. The IA reports directly to the ARMC and assists the Board in monitoring and managing the risks and internal control system. The ARMC approves the internal audit plan and the scope of internal audit covering the relevant departments within the Group.

The IA had adopted a risk-based approach in its undertaking of the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. In doing so, the IA planned the engagement through conducting necessary consultation sessions with ARMC, the senior management and staff to identify the relevant risks faced by the Group. With the necessary understanding of these risks, the IA developed a comprehensive audit programme to identify weaknesses in the system of internal controls.

At the same time, the Board ensured that relevant control measures were implemented so as to address the control weaknesses identified during the internal audit and ultimately enhance the integrity of the Group's system of internal control. This was carried out via necessary consultations with the IA and senior management.

During the financial year, the IA conducted reviews on certain key operating functions and procedures and recommended corrective action plans to address the control weaknesses identified for management consideration and adoption. The internal audit reports containing audit findings and recommendations together with management responses thereto were circulated to the ARMC members for review. The IA also conducted follow-up audit reviews to ensure that all agreed corrective actions were implemented appropriately. The ARMC reviewed and deliberated on all audit reports, and the ARMC Chairman briefed the Board on audit matters on a quarterly basis.

During the FY2022, the IA performed audit reviews in accordance with the approved risk-based internal audit plan covering the following auditable areas:

- Inventory Management System (Bukit Raja)
- Operation Management (Export and FM (KUL) Penang)
- Billing Management (Ipoh and FM Multimodal)

The total cost incurred for the internal audit function of the Group for the FY2022 amounted to approximately RM113,000 (2021: RM96,000).

This report is issued in accordance with a resolution of the Board dated 18 October 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of FM Global Logistics Holdings Bhd. (“FMGL” or “the Company”) recognises that maintaining good corporate governance is essential for FMGL and its subsidiaries (“the Group”) for long-term sustainable business growth and to safeguard and enhance shareholder value and stakeholder confidence. The Board is committed to uphold high standards of corporate governance, business integrity and ethics to cultivate a responsible organisation that adopts practices in accordance with the Principles and Recommendations of the Malaysian Code on Corporate Governance (“MCCG”).

The Board is pleased to present this Corporate Governance Overview Statement, which sets out an overview of the corporate governance principles adopted by the Group for the financial year ended 30 June 2022 (“FY2022”). This statement is prepared pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the MCCG.

The following are the key principles set out in the MCCG:



This Statement should be read together with the Corporate Governance Report (“CG Report”) for FY2022 which provides a detailed articulation of the application of the Company’s corporate governance practices vis-à-vis the MCCG. The CG Report can be found on the website of Bursa Securities and available at <https://fmgloballogistics.listedcompany.com/AR2022.html>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership function, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on management. Guided by the prevailing legal and regulatory requirements as well as the Company's Constitution and the Board Charter, the Board has objectively discharged its fiduciary duties and responsibilities at all times in the best interest of the Company.

The Board's core responsibilities are as follows:

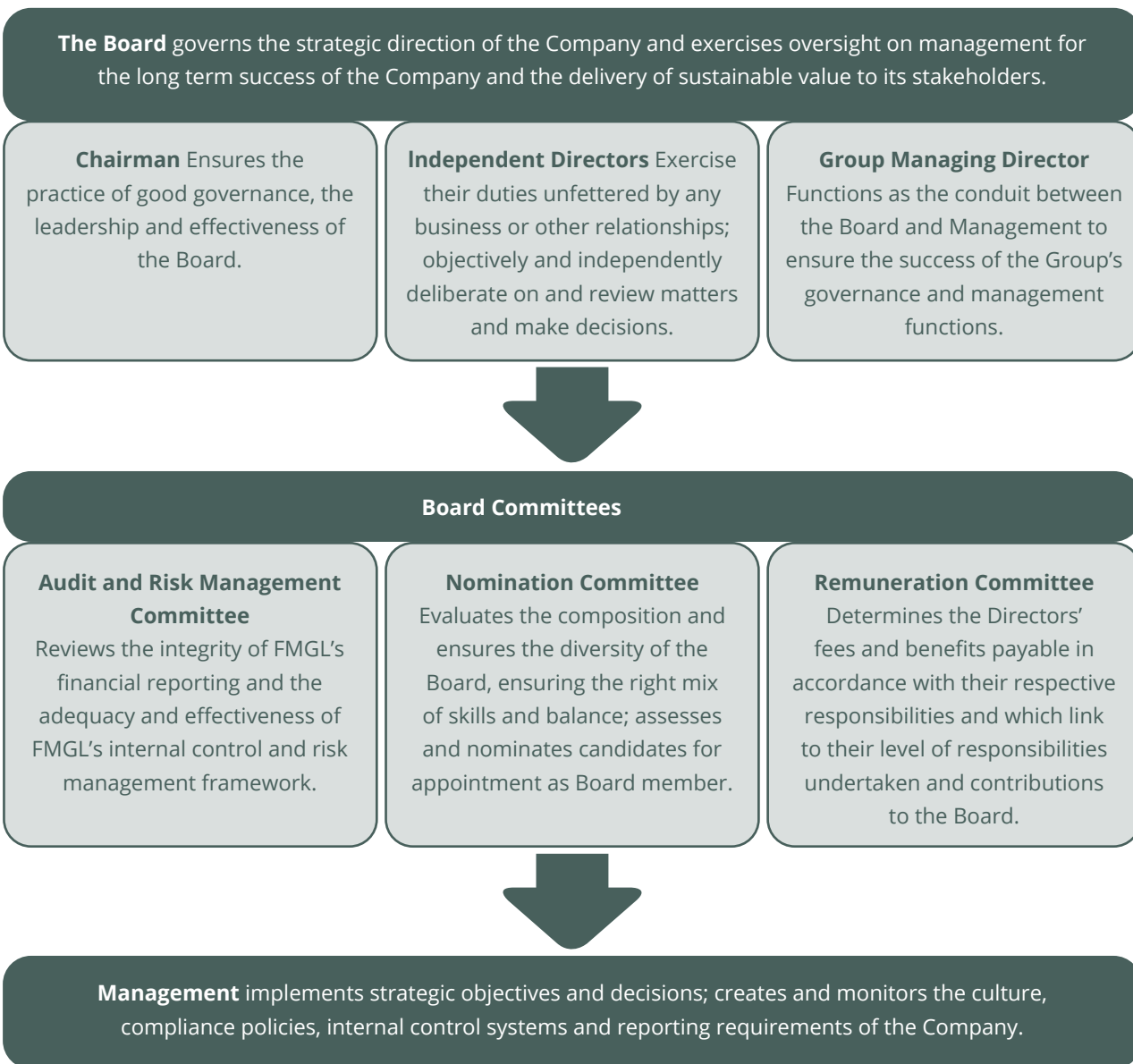
- Overseeing Group strategies, policies and performance for sustainable business growth;
- Promoting good corporate governance and an ethical culture across all levels of the Group;
- Reviewing and approving annual and quarterly financial results;
- Overseeing the conduct of business and financial operations;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures; and
- Promoting and maintaining effective and timely communication with stakeholders.

To effectively discharge its functions, the Board has delegated specific powers to three (3) Board Committees namely the Audit and Risk Management Committee ("ARMC"), the Nomination Committee and the Remuneration Committee which operate within clearly defined terms of reference, and under the purview of the Group Managing Director, the Executive Directors, as well as the Management. These committees support the Board in certain functions and provide recommendations and advice, with the ultimate responsibility for decisions on all matters in the hands of the Board.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

The following diagram presents a brief overview of the responsibilities of the Board, the Board Committees and each composition of the Board and Management:-



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. **Board Responsibilities (continued)**

There is a clear distinction and separation of roles and responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority. The Chairperson of the Board, Tengku Nurul Azian Binti Tengku Shahrman, leads the Board in its collective oversight of the management of the Company. She is responsible for the leadership and governance of the Board to ensure the Board's overall effectiveness. Meanwhile, the Group Managing Director, Chew Chong Keat ensures that the Board's policies are effectively implemented and that strategic plans and performance targets are achieved. Exercising a high level of business judgement, he manages the relationships with internal and external stakeholders and the public as well. He serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management functions.

The Board is governed by the Board Charter in all its functions and conduct. This Charter outlines the role, responsibilities, functions and authority of the Board, Board Committees and individual Directors, the Board structure and its composition, matters that are solely to be decided by the Board, and policies and procedures of the Group. The Board Charter is available on the Company's website at www.fmgloballogistics.com, and is periodically reviewed by the Board, incorporating updates and changes to the existing rules and regulations as well as standards of corporate governance to ensure their relevance to the functions and needs of the Board.

The Board is supported by two (2) Company Secretaries who play vital roles in advising the Board in matters relating to the Company's Constitution, Board policies and procedures, issues related to the Company's corporate governance and compliance of the relevant regulatory requirements. They constantly keep themselves abreast of the regulatory changes and developments in corporate governance by attending relevant training programmes or conference.

The Directors have unrestricted access to the advice and services of the Company Secretaries, whether as a full Board or in their individual capacities at the Company's expense to assist them in effectively discharging their duties.

The Directors are committed to devote sufficient time to fulfil their roles and responsibilities to the Board and to use their best endeavours to attend to the matters of the Group including reviewing the meeting materials and attending Company meetings. Notices of meetings and the relevant meeting materials are provided to the Board and Board Committees prior to the meetings to allow for adequate meeting preparation.

**CORPORATE GOVERNANCE
OVERVIEW STATEMENT**
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

The Directors' attendance record at Company's meetings during FY2022 is set out below:-

Total number of meetings held during the year	Board meeting	Audit and Risk Management Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	General Meeting
Tengku Nurul Azian Binti Tengku Shahrman Chairman, Independent Non-Executive Director	5/5	5/5		1/1	1/1
Chew Chong Keat Group Managing Director	5/5				1/1
Yang Heng Lam Executive Director	5/5				1/1
Gan Siew Yong Executive Director	5/5				1/1
Ong Looi Chai Executive Director	5/5				1/1
Soh Chin Teck Independent Non-Executive Director	5/5	5/5	1/1		1/1
Lau Swee Chin Independent Non-Executive Director	5/5	5/5	1/1	1/1	1/1
Khua Kian Keong Non-Independent Non-Executive Director	5/5				1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. **Board Responsibilities (continued)**

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities.

The Board has adopted a Corporate Code of Business Conduct and Work Ethics Policy (“Code”) which provides authoritative guidance to the Directors, Management and employees of the Company and its subsidiaries. The Code sets out the Group’s values and principles to guide standards of behaviour and business conduct when dealing with third parties. It includes areas concerning compliance with applicable laws, conflicts of interest, confidentiality of information, fair dealing, gifts, gratuities and entertainment, anti-bribery, anti-money laundering, human rights, as well as protection and proper use of company assets.

The Board has also adopted the Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”) which sets out key principles and guidance to prevent any bribery or corruption that may arise in the course of business. All Directors, Management, employees and business associates that perform work or services for and on behalf of the Group are required to make a commitment to adhere to and comply with the ABAC Policy.

The Company encourages its employees and other stakeholders to report any breach of its Code or ABAC Policy, suspected malpractice or misconduct. A Whistleblowing Policy is in place to facilitate such reports by employees and other stakeholders, enabling them to freely raise concerns about possible improprieties directly to the Head of Compliance or the Chairman of the ARMC without fear of reprisal or intimidation. The Group ensures that all its employees are informed and are aware of the Whistleblowing Policy.

The Code, ABAC Policy and Whistleblowing Policy are available at www.fmgloballogistics.com.

Governance of Sustainability

The Board acknowledges the importance of business sustainability and holds the ultimate responsibility for the governance of sustainability in the Group, encompassing the responsibility to endorse and oversee the overall implementation of the Group’s sustainability strategies and initiatives.

The FMGL Sustainability Governance structure was established to plan, implement, and report on the performance of the Group’s sustainability initiatives. The Group’s sustainability efforts are spearheaded by the Sustainability Committee which comprises the Group Managing Director and representatives from various departments across the Group. The Sustainability Committee ensures the implementation of the Group’s sustainability strategy and monitors the sustainability performance against the Group’s commitments.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (continued)

Governance of Sustainability (continued)

The Company has also developed a formal corporate sustainability reporting regime to spearhead the groundwork to address Environmental, Social and Governance (“ESG”) risks. The Group’s Sustainability Policy was adopted to support the Group considerations of ESG aspects. It outlines the Group’s commitment to corporate sustainability and prescribes the overall direction of its conduct and performance as a leading freight forwarding and logistics provider in the region.

To ensure the Board is equipped with the required competencies to address the sustainability risks and opportunities and make informed decisions on the Group’s sustainability strategies, the Board keeps themselves abreast with sufficient understanding and knowledge of the sustainability issues and agenda that are relevant to the Company and its business by attending continuous training programmes. The Board also, via the Sustainability Committee, conducts regular reviews on the Group’s materiality matters considering external events that affect the Group’s operations and stakeholders as well as assesses business activities, risk exposure and other areas of importance.

The Company’s Sustainability Report encompassing the Group’s on-going sustainability practices, targets, activities, and achievement are disclosed in the Sustainability Statement on pages 38 to 84 of this Annual Report.

2. Board Composition

Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

The FMGL Board currently has eight (8) Directors, comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors (“INED”) and one (1) Non-Independent Non-Executive Director (“NINED”). The Board has the right balance of executive and non-executive directors and is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The Board considers that its current size is commensurate with the present scope and scale of the Group’s business operations with a diverse mix of skill sets, knowledge and experience. Each of the Board members has wide expertise in various fields such as logistics and operations management, economics and financial accounting. They are objective and independent in their deliberation of views and decisions within the Board at all times.

Whilst the Board does not comprise a majority of Independent Directors as recommended by the MCCG, in order to promote greater objectivity and independence in boardroom deliberation and decision making, all Independent Directors are free from any relationship with the Group, other Board members and the substantial shareholders of the Company. Moreover, the Independent Directors have vast experience and exercise due care in discharging their duties and responsibilities as Independent Directors of the Company by contributing independent judgement and providing a check and balance to the Board with unbiased and independent views.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

Nomination Committee (“NC”)

The NC comprises the following members who are exclusively INEDs:-

Chairman : **Lau Swee Chin** (Independent Non-Executive Director)

Member : **Soh Chin Teck** (Independent Non-Executive Director)

The primary role of the NC is to review and ensure the Board and Board Committees comprise individuals with the appropriate mix of skills, experience, qualifications and core competencies to ensure the Board’s effectiveness in discharging its responsibilities. The NC is governed by its Terms of Reference, which are available on the Company’s website at www.fmgloballogistics.com.

The NC carried out the following activities for the FY2022:

- a. Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director;
- b. Assessed the structure, size and composition of the Board, including the required mix of skills, knowledge, experience and diversity in respect of age, gender and ethnicity as well as the level of independence of the Independent Directors;
- c. Assessed the terms of office and performance of the ARMC and each of its members in compliance with the MMLR of Bursa Securities;
- d. Reviewed the details of trainings attended by the Directors and determined the training needs of each Director; and
- e. Assessed, considered and recommended the re-election of Directors at the forthcoming Annual General Meeting (“AGM”) pursuant to the Constitution of the Company and the Companies Act 2016.

(a) Selection and Appointment of Directors

The NC identifies and recommends suitable candidate(s) to the Board to fill Board vacancies when needed or to appoint additional Director(s) with the required criteria for the effective functioning of the Board. The NC reviews the suitability of candidates based on skills, knowledge, character, integrity, expertise and experience, competency, and commitment (including time commitment). For the position of INEDs, the NC assesses the ability of the candidates’ to discharge the responsibilities or functions that are expected of an INED.

The process of appointing new Directors is outlined in the Terms of Reference of the NC. In sourcing and identifying candidates for the Board, the NC obtains recommendations for potential candidates from existing board members or may seek professional advice and/or conduct searches using various independent sources.

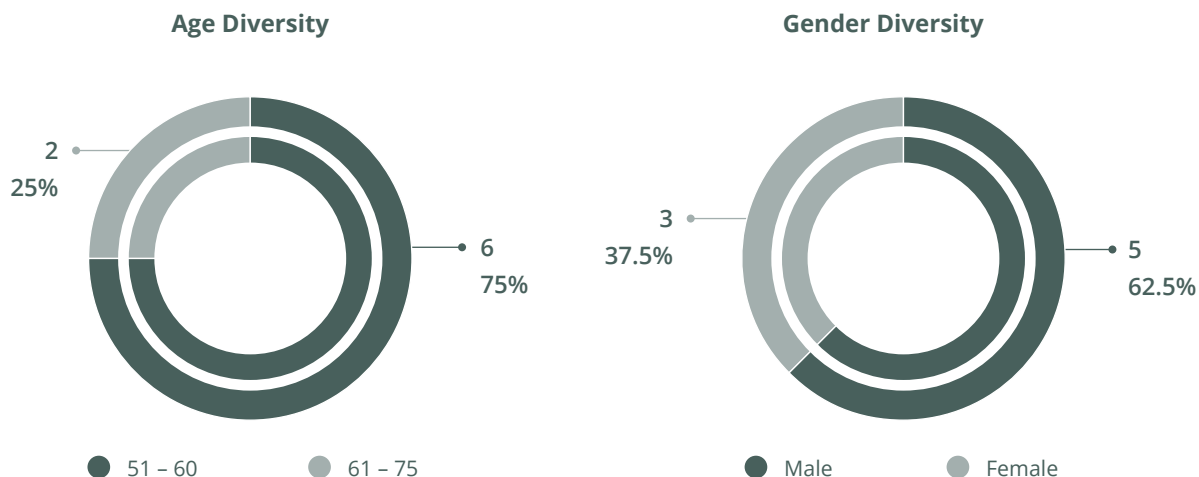
PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

(a) Selection and Appointment of Directors (continued)

The Board takes into consideration the diversity of gender, age, race or ethnicity and nationality of the existing Board members and Senior Management in identifying potential candidate(s). This helps to ensure an appropriate balance between the experienced perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board. The Company currently has three (3) female Directors on board which represents 37.5% of the Board composition.

The breakdown of the Board by gender and age as of FY2022 is as follows:-



During the financial year, no new Director was appointed to the Board.

(b) Board Evaluation

The NC is entrusted by the Board to annually assess the effectiveness of the Board and Board Committees, as well as the contribution and performance of each individual Director, and recommend the re-election of retiring Directors after satisfactorily evaluating their contribution and performance.

During the year, the NC undertook a formal and objective annual assessment and evaluation on the Board, Board Committees and individual Directors in accordance with its Terms of Reference, reported its findings and made recommendations to the Board. This annual exercise required Directors to complete questionnaires to assess the composition and performance of the Board and Board Committees, and assess individual Directors and the independence level of Independent Directors as well. The Directors' responses were compiled by the Company Secretaries and a summary of the findings was tabled to the NC for deliberation, before it was presented to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

(b) Board Evaluation (continued)

Based on the recent assessment, the Board was satisfied that the Board has the right size, balance and composition in terms of mix of skills, competencies and experience to optimise the Company's performance and strategies. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively and contributed to the overall effectiveness of the Board and the Company. The INEDs had fulfilled the criteria of "independence" under the MMLR of Bursa Securities and other criteria pursuant to the MCCG.

The Board, via the NC also conducted an annual review of the terms of office, competency and performance of the ARMC and its members and was satisfied that the ARMC had carried out its roles and responsibilities appropriately and effectively. All ARMC members are financially literate and have sufficient understanding on the Company's business.

(c) Tenure of Independent Directors

The MCCG recommends that the tenure for an INED shall not exceed a cumulative term of nine (9) years. Upon reaching the 9-year cumulative term, the INED may continue to serve on the Board as NINED. If the Board intends to retain an INED beyond nine (9) years, justification from the Board and annual shareholder's approval through a 2-tier voting process at a general meeting are required.

At present, the Company does not have any INED who has served in that capacity for more than nine (9) years.

(d) Re-election of Retiring Directors

In accordance with the Company's Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next AGM after their appointment. It further provides that at least one-third of the Directors for the time being shall retire by rotation at each AGM at least once every three (3) years but shall be eligible for re-election.

Directors who are due for retirement and subject to re-appointment or re-election at the AGM will be assessed by the NC who will evaluate their performance and contribution before making recommendations to the Board. Thereafter their re-appointment will be tabled to shareholders for approval at the AGM.

After due diligence and review, the NC and the Board recommended the re-election of Directors namely Chew Chong Keat, Tengku Nurul Azian Binti Tengku Shahrman and Soh Chin Teck, for shareholders' approval at the forthcoming AGM.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

(e) Continuing Education Programme

The Board, via the NC, continues to evaluate and determine the training needs of its members to ensure the Directors keep abreast with changes in legislations and regulations affecting the Company through training and development programmes. The Directors are also mindful of the need to continue enhancing their skills and knowledge as well as to remain updated on the Company's business and regulatory requirements so as to maximise their effectiveness as Directors during their tenure.

During the FY2022, all Directors attended various training programmes, as listed below:-

Name of Director	Training Programme/Conference/Seminar
Tengku Nurul Azian Binti Tengku Shahrman	<ul style="list-style-type: none"> • SC's Audit Oversight Board Conversation with Audit Committees • Fraud Risk Management Workshop 2021- PWC • Powertalk Global Series, ASEAN Board Trends Survey 2022: What Keeps you Awake At Night? - ICDM • TCFD Climate Disclosure Training Programme 101 • Progress Update Meeting for Sustainable Development Solutions Network Project • PowerTalk ESG Series #1 - Plan Your ESG Journey: Lessons for the Boardroom
Chew Chong Keat	<ul style="list-style-type: none"> • Liability of Service Provider • Avoiding Litigation • Contract Management • Briefing on Legal Matters Affecting Contracts • FMGL Sustainability Reporting Regime FY2022
Yang Heng Lam	<ul style="list-style-type: none"> • Liability of Service Provider • Avoiding Litigation • Contract Management • Briefing on Legal Matters Affecting Contracts • FMGL Sustainability Reporting Regime FY2022
Gan Siew Yong	<ul style="list-style-type: none"> • Liability of Service Provider • Avoiding Litigation • Contract Management • Briefing on Legal Matters Affecting Contracts • FMGL Sustainability Reporting Regime FY2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (continued)

(e) Continuing Education Programme (continued)

During the FY2022, all Directors attended various training programmes, as listed below (continued):-

Name of Director	Training Programme/Conference/Seminar
Ong Looi Chai	<ul style="list-style-type: none"> • Liability of Service Provider • Avoiding Litigation • Contract Management • Briefing on Legal Matters Affecting Contracts • FMGL Sustainability Reporting Regime FY2022
Lau Swee Chin	<ul style="list-style-type: none"> • SC’s Audit Oversight Board Conversation with Audit Committees • Beyond a Pandemic - Building Towards a Sustainable and Resilient Recovery after COVID-19 • Post Budget 2022 Rebuilding National Resilience • Reimagining Women in Leadership - Being a Driving Force for Transformation and Sustainable Development • Understanding Sustainability and Climate Risks: A Series of Webinars to Future-proof your Business (Part 2) • Reimagining Women in Leadership - Being a Driving Force for Transformation and Sustainable Development • Combating the Threats of Cybercrimes in Malaysia Build Trusted, Secure and Ethical Digital Environment • FMGL Sustainability Reporting Regime FY2022
Soh Chin Teck	<ul style="list-style-type: none"> • SC’s Audit Oversight Board Conversation with Audit Committees • Updated Malaysian Code on Corporate Governance and Securities Commission Guidelines on Conduct of Directors of Listed Corporation and their subsidiaries • Environmental, Social and Governance Trends • Cyber-Security • FMGL Sustainability Reporting Regime FY2022
Khua Kian Keong	<ul style="list-style-type: none"> • FMGL Sustainability Reporting Regime FY2022

The Company Secretaries regularly brief the Board and highlight relevant guidelines and regulatory requirements, including, among others the amendments to the MMLR of Bursa Securities, the new requirements of MCCG and the Companies Act 2016. The External Auditors keep the Board members informed on any current and future change to the Malaysian Financial Reporting Standards that affect the Company’s financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. **Board Composition (continued)**

Remuneration Committee (“RC”)

The RC was established to assist the Board in determining and developing a remuneration policy for Directors. The RC consists of the following members:-

- Chairman : **Tengku Nurul Azian Binti Tengku Shahrman** (Independent Non-Executive Director)
Member : **Lau Swee Chin** (Independent Non-Executive Director)

The RC is governed by its Terms of Reference, which are available at www.fmgloballogistics.com.

Directors’ and Senior Management Remuneration Framework

The Board has an established Remuneration Policy and Procedure for Directors and Senior Management which aims to attract, retain and motivate high-calibre Directors and senior management personnel. The Remuneration Policy and Procedure for Directors and Senior Management is available on the Company’s website at www.fmgloballogistics.com.

The remuneration package of Directors consists of Directors’ fees and benefits payable such as meeting allowance. Meanwhile, Executive Directors cum senior management are entitled to a fixed salary, performance-based bonus and other emoluments. The Board, as a whole, determines the amount of fees and benefits payable to Directors with the interested Directors abstaining from any deliberations or voting on their own remuneration.

The RC held one (1) meeting during the financial year under review. The RC reviewed and recommended the Directors’ fees and benefits payable to Directors to the Board pursuant to seeking shareholders’ approval at the Company’s forthcoming AGM.

The details of the remuneration received by the Directors of the Company for the FY2022 are disclosed in the CG Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1. **Audit and Risk Management Committee (“ARMC”)**

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC is chaired by Soh Chin Teck, an INED who is distinct from the Chairman of the Board.

The ARMC is entrusted by the Board to provide robust and comprehensive oversight on the financial reporting of the Group, to ensure the objectivity and effectiveness of the Group’s internal audit function and external audit processes, to oversee related party transactions and conflicts of interest as well as to ensure the adequacy and effectiveness of the Group’s internal control and risk management frameworks. The ARMC is steered by its Terms of Reference which are available on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

1. Audit and Risk Management Committee (“ARMC”) (continued)

As part of its remit, the ARMC keeps under review the effectiveness of the external auditors. The Board has adopted an External Auditors Assessment Policy which outlines the guidelines to monitor and assess the performance of the external auditors in respect of their suitability, objectivity and independence.

The ARMC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors to ensure it does not give rise to any conflict of interest.

The Board strives to provide a true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts, in accordance with the MFRS and MMLR of Bursa Securities.

The activities of the ARMC are further detailed in the ARMC Report that is contained in the Annual Report.

2. Risk Management and Internal Control Framework

The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. A robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision-making processes. Thus, the Company has established an Enterprise Risk Management (“ERM”) framework which proactively identifies, evaluates and manages key risks of the Group.

The Group, as a whole, has established several risk management processes where the responsibility and accountability lie with the various Heads of Departments and also involve the participation of the Executive Directors and Internal Auditors. The Heads of Departments are responsible for the day-to-day management of risks inherent in the business activities, while the Executive Directors are responsible for setting the risk management framework as well as developing tools and methodologies.

The responsibility to review the adequacy and integrity of the internal control function has been delegated by the Board to the ARMC through independent reviews conducted by an in-house internal audit team established by the Company. All internal audit work carried out is guided by the International Professional Practices Framework published by The Institute of Internal Auditors. The Internal Auditors and their personnel are independent from the operational activities of the Company and they do not hold management authority and responsibility over the operations that internal audit covers in its scope of works.

The Statement on Risk Management and Internal Control furnished on pages 106 to 110 of the Annual Report provides an overview on the state of internal controls within the Group to manage risk.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. **Engagement with Stakeholders**

There is continuous communication between the Company and stakeholders to facilitate a mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board endeavours to ensure that communication with the Group's stakeholders is continuous and forthcoming, as guided by the Company's Corporate Disclosure Policies and Procedures.

The Group ensures that the Company's corporate website at www.fmgloballogistics.com contains important information relating to the Company, including amongst others, corporate information, corporate announcements, financial results, Annual Reports, Company policies and procedures, so as to promote a closer association with its stakeholders by allowing accessibility of information. Dialogues are conducted with financial analysts or through media interviews that enables the Board and the Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

2. **Conduct of General Meetings**

General meetings are the principal forum for dialogue and interaction with shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors to make informed decisions. Shareholders are encouraged to attend the AGM and use the opportunity to enquire and seek clarification on the resolutions being proposed and the Group's performance and future prospects. The Board also encourages participation from shareholders through a question and answer session during the AGM where the Directors (inclusive of the Chairman of each Board Committee), with the assistance of external auditors, are available to provide meaningful explanations to the questions raised by the shareholders.

In addition, the notice of the AGM, together with the Annual Report, are circulated to shareholders at least 28 days before the meeting. The notice of the AGM, which outlines the resolutions to be tabled during the meeting, is accompanied with detailed explanatory notes and background information on the matters to be decided at the AGM so that shareholders can better understand the proposed resolutions and make informed decisions when exercising their votes. The Company also encourages shareholders and investors to access the Company's Annual Report and up-to-date announcements, which are made available at Bursa Securities and the Company's website.

With the outbreak of COVID-19 and as part of the safety measures to curb the spread of the virus, the Company's 25th AGM held on 24 November 2021 was conducted virtually through live streaming from the broadcast venue via Remote Participation and Voting ("RPV") facilities which were in line with the Securities Commission Guidance Note on the Conduct of General Meetings for Listed Issuers to ensure companies could continue to fulfil their obligations under the law and to shareholders during the pandemic. Shareholders participated in the AGM by posting questions or seeking clarification on matters relating to the Company's management and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

2. Conduct of General Meetings (continued)

Poll voting in respect of all resolutions was carried out via RPV facilities. All shareholders were briefed on the voting procedures by the poll administrator prior to poll voting. The poll results were verified by the Independent Scrutineers appointed by the Company and announced on the same day of the AGM.

The minutes of the AGM were published on the Company's website as soon as practicable after the conclusion of the AGM, after review and approval by the Board.

Investors and the public who wish to contact the Group to make any enquiry, comment or proposal can channel them through email: enquiry-my@fmgloballogistics.com any time throughout the year.

Focus Areas and Future Priorities

The Board took cognisance of the MCCG recommendation to have at least half of the Board comprising Independent Directors. The Board will review the Board size and composition and take appropriate steps to discuss the merits of increasing the number of Independent Directors to the Board who could bring in a wider perspective, valuable, experience and increased knowledge.

With the growing awareness and need to address environmental and social challenges in the wake of the COVID-19 pandemic and severe flash floods in Malaysia especially in the Klang Valley, the Board will continue its focus to embed sustainability efforts into the strategic priorities of the Group to build long-term success while creating sustainable business value for its shareholders and stakeholders.

Conclusion

The Board recognises that inculcating and promoting good corporate governance practices is an ongoing process. As such, the Board will continuously assess and implement relevant measures to improve its corporate governance practices and structures in line with the needs of the Group to achieve an optimal framework of governance.

This Statement is issued in accordance with a resolution of the Board dated 18 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of FM Global Logistics Holdings Berhad (“the Company”) recognises the importance of maintaining a sound system of risk management and internal control for good corporate governance and to safeguard shareholders’ interests and the assets of the Company and its subsidiaries (“the Group”). Accordingly, the Board is committed to ensure the effectiveness and efficiency of the Group’s risk management framework and internal control system through periodic reviews. In accordance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Securities, the Board is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 30 June 2022 (“FY2022”), which outlines the key features of the risk management framework and internal control system of the Group.

Board’s Responsibility

The Board assumes the responsibility to ensure the effectiveness and adequacy of the Group’s risk management and internal control system provides a reasonable assurance of the reliability of financial reporting and compliance with applicable laws and regulations. This responsibility requires the Board to establish procedures, controls and policies to ensure that the system is operating satisfactorily and robustly in identifying and managing key business risks in respect of the strategic direction, financial, operational, compliance and risk management policies and procedures.

The system of internal control is designed to manage the Group’s risks rather than eliminate the risk of failure to achieve the Group’s policies and business objectives, and provides reasonable assurance against any material errors, misstatement or irregularities. The system of internal control covers all types of control, inter alia, risk management, financial as well as compliance controls.

The Board is aware that the expansion into new areas of business as well as its operations in different countries would involve new and different risk considerations. The Board will, in addition to its normal risk management process, be attentive to the impact of the Group’s overall risk profile and ensure that existing internal controls are sufficient to address the additional risks, if any. The Board had on 19 August 2022, via the Audit and Risk Management Committee (“ARMC”), reviewed and was satisfied that the risk management framework and internal control system of the Group could function effectively in identifying, assessing and managing its risk.

Risk Management

The Board regards risk management as an integral part of the Group’s business operations. The objectives of the Group’s risk management are as follows:-

- Ensure business continuity;
- Safeguard the assets of the Group;
- Safeguard the interests of all shareholders;
- Ensure quality service is continuously extended to customers at all times;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

Risk Management (continued)

- Preserve the safety and health of its employees; and
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems.

The Board recognises that it is crucial to achieve a critical balance between risks incurred and potential returns for the viability of the Group. Thus, the Company has adopted an Enterprise Risk Management ("ERM") Framework which proactively identifies, evaluates and manages key risks of the Group. The ERM Framework and its methodology are in line with ISO 31000:2018 – *Risk Management Principles and Guidelines*, to promote risk ownership and the continuous monitoring of key risks identified.

Furthermore, the Board has established an organisational structure with clearly defined lines of responsibility and accountability aligned to business and operation requirements which support the maintenance of a strong control environment. It has extended the responsibilities of the ARMC to oversee the Group's risk management framework and policies to ensure its effectiveness.

The Group as a whole has established several risk management processes whereby the responsibility and accountability are with the various Heads of Divisions and also involve the participation of the Executive Directors and Internal Auditors. The Heads of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the Executive Directors are responsible for setting the risk management framework as well as developing tools and methodologies. Complementing this is internal audit, which independently provides assurance on the effectiveness of the risk management approach. These risk management processes are aligned across the business units and subsidiaries of the Group through the streamlining of the risk framework, policies and organisational structures in order to embed and enhance a risk management culture based on the Group's business segments, its regional growth and expansion plans.

In addition to the above, the ERM Manual which outlines the Risk Policy, Risk Governance Structure and Risk Management Processes has also been established. For good measure, the ERM Manual is in line with the ISO 31000:2018 - Risk Management Principles and Guidelines. The Risk Register outlines and categorises the sources of risks, the impacts, the risk owners and the controls that are in place. The ERM plan has also been implemented with the aim to continuously check and review the key risks to ensure that controls are adequate and effective. Wherever necessary, further steps are also developed and implemented for continued improvement.

Risk Assessment

The risk appetite defines the value and type of risks that the Group is willing to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk-taking activities. The Group's risk appetite serves as a benchmark for all divisions to develop risk tolerances and limits in accordance with their specific business or operational requirements and objectives.

ERM methodology is adopted in identifying, evaluating and managing significant risks faced by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

Internal Control Mechanism

The responsibility to review the adequacy and integrity of the internal control system has been delegated by the Board to the ARMC. The ARMC, in turn, assesses the adequacy and integrity of the internal control system through independent reviews conducted on reports received from in-house internal auditors and the management. In addition, the ARMC also considers findings from the external auditors in the form of management letters, which highlight certain internal control areas for improvement identified during the external audit. Any area for improvement identified by the external auditors and internal auditors are brought to the attention of the ARMC.

Key Elements of the Internal Control System

The key elements of the Group's internal control system are described below:-

- Organisational structure with a clearly defined responsibilities to the Board;
- Regular meetings are held at operational and management levels to identify and resolve business, financial, operational and management issues;
- Three subsidiaries were accredited ISO 9001:2015 certifications for quality management systems. Documented internal procedures and standard operating procedures have been put in place and surveillance audits are conducted by assessors of the ISO certification bodies on a yearly basis to ensure that the system is adequately implemented;
- Guidelines on operating procedures have been put in place for relevant departments;
- Reports on financial performance and key business indicators are presented to the Board on a quarterly basis;
- Monthly monitoring of results by the management through financial reports;
- Internal audit visits and other specific assignments, if the need arises, are assigned by the ARMC and/or the Board who monitors compliance with procedures and assesses the integrity of financial information provided; and
- The ARMC holds quarterly meetings with the management on the actions taken for internal control issues, identified through reports prepared by the internal auditors, external auditors (identified during the audits) and/or the management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

Internal Audit Function

As part of the Group's effort to establish a sound framework for risk management and internal control, an in-house internal audit function was established to undertake regular reviews of the Group's internal control system. The Group's internal auditors report directly to the ARMC. The ARMC meets quarterly on a scheduled basis to review issues identified in the internal audit report prepared by the internal auditors and evaluates the effectiveness and adequacy of the Group's internal control system. The ARMC has active oversight on the independence, scope of work and resources of the internal auditors.

The internal auditors have adopted a risk-based approach in undertaking the internal audits for the Group which include the development of internal audit policies, the establishment of an annual audit plan, audit work processes and audit work reporting formulated through a risk assessment process. In doing so, the internal auditors plan the engagement through consultation sessions with ARMC, the senior management and staff in order to identify the relevant risks faced by the Group. With better understanding of these risks, the internal auditors have developed risk-based internal audit programmes that allow internal audit to provide assurance that risk management processes are managing risk effectively based on the Group's risk appetite.

At the same time, the Board has ensured that relevant control measures are implemented so as to address the control weaknesses identified during the internal audits and ultimately enhance the integrity of the Group's system of internal control. This is carried out via necessary consultation with the internal auditors and senior management.

The Board recognises that the development of a good internal control system for the Group is a continuous process. Hence, the Board encourages interactive discussion of audit findings through the ARMC, taking into consideration the possible establishment of additional control measures in managing its risks within the Group from time to time.

Effectiveness of Risk Management and Internal Control System

The Board's review of risk management and internal control effectiveness is based on information from:

- Executive Directors and Heads of Divisions who are responsible for the maintenance and continuous improvements and development of the risk management and internal control system; and
- Review from internal audit reports and work undertaken by the internal auditors, who report directly to the ARMC together with the assessment of the internal control system relating to key risks and recommendations for improvement.

The review and assurance of the system of internal control is continuously assessed by the ARMC. Any risk, weaknesses and/or incidents of non-compliance with policies and procedures are communicated by the internal auditors to the ARMC and highlighted to the management for corrective action.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

Effectiveness of Risk Management and Internal Control System (continued)

The Board is of the opinion that that the system of internal control described in this Statement is effective and the risks are at an acceptable level within the context of the Group's business environment. The Board and senior management will continue to monitor and adapt the ERM framework to address external and internal changes and from time to time improve the adequacy and effectiveness of the risk management processes.

The Group's system of internal control does not apply to associated companies and joint ventures in which the Group does not have full management control.

Review of Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that the Statement, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate. Their limited assurance review was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3 – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (AAPG 3), issued by the Malaysian Institute of Accountants.

Assurance from Management

Based on the risk management framework and internal control maintained by the Group, the Group Managing Director and the Group Financial Controller have acknowledged that the risk management and internal control system of the Group is operating adequately and effectively in all material aspects.

For the financial year under review, the Board is of the opinion that the Group's overall system of internal control and risk management processes are adequate and sufficiently sound to provide reasonable assurance of the safeguarding of shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this Annual Report.

This Statement is made in accordance with the resolution of the Board dated 18 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”):

1. Utilisation of Proceeds raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2022.

2. Audit and Non-Audit Fees

The fees paid or payable to the Company’s external auditors in respect of the audit and non-audit services rendered to the Company and its subsidiaries (“the Group”) for the financial year ended 30 June 2022 are as follows:-

	Group (RM)	Company (RM)
Audit services	378,789	68,000
Non-audit services	47,500	47,500
Total fees:	426,289	115,500

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2022 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions (“RRPT”)

The details of the RRPT undertaken by the Company during the financial year ended 30 June 2022 are disclosed in Note 39 of the Financial Statement on pages 209 to 211 of this Annual Report.

As the threshold for the RRPT is below the required threshold of the MMLR of Bursa Securities to obtain shareholders’ approval, the Board will not be seeking the shareholders’ mandate on the RRPT at the forthcoming annual general meeting of the Company. The Board and the Management will continue to monitor and track the value of the RRPT as and when a transaction is entered into with related parties.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the Annual Audited Financial Statements

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements of the Group and of the Company, which are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia, International Financial Reporting Standards, and the requirements of the Act.

The Directors are responsible for ensuring that the financial statements are prepared with reasonable accuracy from accounting records, so as to give a true and fair view of the Group and Company's financial performance for and financial position at the end of the fiscal year.

In preparing the financial statements for the financial year ended 30 June 2022, the Board has:-

- ensured that appropriate accounting policies have been adopted and applied consistently, supported by reasonable and prudent judgements and estimates;
- ensured that all applicable approved accounting standards have been adhered to; and
- considered the going concern basis and made enquiries that the Group has adequate resources to continue operations for the foreseeable future.

The Directors also have a general responsibility to keep proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy to ensure compliance with the Act.

The Directors are also responsible for taking steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

In fulfilling its roles and responsibilities, the Board presents the financial statements of the Group and the Company for the financial year ended 30 June 2022 as set out on pages 128 to 217 of this Annual Report.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

CHANGE OF NAME

On 1 December 2021, the Company changed its name from Freight Management Holdings Bhd. to FM Global Logistics Holdings Berhad.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	49,761	17,872
Attributable to:		
Owners of the parent	45,585	17,872
Non-controlling interests	4,176	-
	49,761	17,872

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2021 are as follows:

	RM'000
Ordinary Share	
<u>In respect of the financial year 30 June 2021</u>	
Third interim single tier dividend of 1.0 sen per ordinary share, paid on 18 October 2021	5,585
<u>In respect of the financial year 30 June 2022</u>	
First interim single tier dividend of 1.0 sen per ordinary share, paid on 19 May 2022	5,584
Second interim single tier dividend of 1.0 sen per ordinary share, paid on 28 July 2022	5,584
	16,753

DIRECTORS' REPORT

(CONTINUED)

DIVIDENDS (CONTINUED)

The Company paid a third interim single tier dividend of 2.0 sen per ordinary share amounting to RM11,168,897 for the financial year ended 30 June 2022 on 7 October 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of the debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tengku Nurul Azian binti Tengku Shahrman
Chew Chong Keat
Yang Heng Lam
Gan Siew Yong
Ong Looi Chai
Soh Chin Teck
Khua Kian Keong
Lau Swee Chin

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS (CONTINUED)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Yeow Soon Guat
 Leong Wan Keng
 Bradley John O' Donnell
 Chew Chong Ngai
 Gan Siew Hooi
 Low Gim Beng
 Dang Anh Binh
 Pandikadavil Jayaprakash Unnikrishnan
 Won Mi-Yeon
 Juliana Eddy
 Herman
 Phatteera Sirijitjinda
 Yupadee Sirijitjinda
 Rajagopalan Gokulakrishnan
 Songvud Anuvongcharoen
 Baig Nadeem Mohammed (appointed on 8 September 2021)
 Kenny Chao (appointed on 19 March 2022)
 Shelvy (appointed on 7 April 2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	<----- Number of ordinary shares ----->			
	Balance as at 1.7.2021	Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Chew Chong Keat	134,375,228	-	-	134,375,228
Yang Heng Lam	102,610,076	-	-	102,610,076
Gan Siew Yong	24,295,608	-	-	24,295,608
Ong Looi Chai	9,435,466	610,000	-	10,045,466

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows (continued):

	<----- Number of ordinary shares ----->			
	Balance as at 1.7.2021	Bought	Sold	
Shares in the Company				
<u>Indirect interests</u>				
Chew Chong Keat@	551,698	-	-	551,698
Yang Heng Lam@#	1,839,896	125,000	-	1,964,896
Gan Siew Yong@	551,698	-	-	551,698
Khua Kian Keong^	111,977,400	-	-	111,977,400
Ong Looi Chai@#	-	533,000	-	533,000

@ Deemed interested in shares held by their children.

Deemed interested in shares held by spouse.

^ Deemed interested by virtue of his interest in Singapore Enterprise Private Limited.

By virtue of their shareholdings in the Company, Chew Chong Keat, Yang Heng Lam and Khua Kian Keong are also deemed to be interested in the ordinary shares of its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS' REMUNERATION

The Directors' remuneration paid or payable to the Directors of the Group and of the Company during the financial year were RM14,119,882 and RM520,600 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM10,000,000 and RM20,150 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of subsidiaries as disclosed in Note 38 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would further render the amounts written off for bad debts or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

DIRECTORS' REPORT

(CONTINUED)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year were RM426,289 and RM115,500 respectively.

Signed in accordance with a resolution of the Directors dated 18 October 2022.

Chew Chong Keat

Director

Port Klang

18 October 2022

Yang Heng Lam

Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chew Chong Keat and Yang Heng Lam, being two of the Directors of FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Bhd.), state that, in the opinion of the Directors, the financial statements set out on pages 128 to 217 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 18 October 2022.

Chew Chong Keat
Director

Yang Heng Lam
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Chew Chong Keat, being the Director primarily responsible for the financial management of FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Bhd.), do solemnly and sincerely declare that the financial statements set out on pages 128 to 217 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chew Chong Keat,
at Kuala Lumpur
in the Federal Territory
on this 18 October 2022

Chew Chong Keat

Before me:

Datin Hajah Raihela Wanchik (No. W-275)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Bhd.), which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 128 to 217.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)**
(CONTINUED)

Key Audit Matters (continued)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition Refer to Note 31 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue from freight forwarding and logistics services amounting to approximately RM1,151.25 million represent 99% of the Group's revenue for the financial year ended 30 June 2022.</p> <p>Revenue from freight forwarding and logistics services is recognised during the period in which control over the promised services have been transferred to customers. These services consist of large volumes of individually low value transactions and the rates applied to each transaction are based on contract terms agreed among different customers.</p> <p>Although the recognition of revenue transactions from these services is largely automated, management periodically records manual adjustments to accrue for revenue when services have been rendered but not billed.</p> <p>Through such manual adjustments, management has the ability to influence the recognition of revenue, hence there is a risk of misstatement in the revenue recognised from these services.</p> <p>The accounting policies for revenue recognition has been disclosed in Note 31 to the financial statements.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of the revenue recognition process and evaluated the controls surrounding revenue recognition; • engaged our IT auditors to test the Group's application controls; • verified recorded revenue before and after the end of the reporting period, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue has been appropriately recognised; and • assessed the appropriateness of the manual adjustments recorded in computing accrued revenue in relation to revenue from freight forwarding and logistics services.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)**
(CONTINUED)

Key Audit Matters (continued)

Recoverability of trade receivables Refer to Note 15 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As at 30 June 2022, the Group's trade receivables amounted to approximately RM229.04 million net of impairment losses. Trade receivables are a major component of the financial position of the Group's total assets.</p> <p>We focused on this area due to the magnitude of the amount involved and judgements are required to assess the allowance for impairment losses of trade receivables.</p>	<p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> • reviewed ageing analysis of trade receivables and tested the reliability thereof; • reviewed subsequent cash collections for major receivables and overdue amounts; • tested the adequacy of the Group's allowance for impairment losses on trade receivables by assessing management's policy; and • reviewed the adequacy of the Group's disclosure in this area.
Impairment of goodwill Refer to Note 7 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As at 30 June 2022, the Group's goodwill on consolidation was RM7.92 million in relation to the acquisition of IOS Group.</p> <p>We focused on this area because the assessment of whether goodwill is impaired involved subjective judgements and key assumption estimates in determining its recoverable amount.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • enquired and challenged the management on the key assumptions made, including: <ul style="list-style-type: none"> - the consistent application of management's methodology; - revenue growth, operating margin and discount rate; and - assumptions in relation to terminal growth in the business at the end of the plan period. • evaluated the reasonableness of management's estimate of expected future cash flows by taking into consideration the past performances of their cash generating units ("CGUs"); • performed sensitivity analysis to assess the impact on the recoverable amount of the CGUs; and • reviewed the adequacy of the Group's disclosure in this area.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)**
(CONTINUED)

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)**
(CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FM GLOBAL LOGISTICS HOLDINGS BERHAD
(FORMERLY KNOWN AS FREIGHT MANAGEMENT HOLDINGS BHD.)**
(CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

18 October 2022

Chong Wei-Chnoong
03525/08/2024 J
Chartered Accountants

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	188,903	193,420	-	-
Intangible assets	7	8,152	497	-	-
Investments in subsidiaries	8	-	-	62,753	62,753
Investments in associates	9	451	449	-	-
Investments in joint ventures	10	9,402	5,963	-	-
Other investments	11	360	360	-	-
Right-of-use assets	12	157,220	113,167	-	-
Deferred tax assets	13	1,130	918	-	-
		365,618	314,774	62,753	62,753
Current assets					
Other investments	11	1,329	1,639	-	-
Inventories	14	-	84	-	-
Trade receivables	15	229,044	168,755	-	-
Other receivables, deposits and prepayments	16	49,170	31,265	6	6
Amounts owing by subsidiaries	17	-	-	26,146	37,229
Amounts owing by associates	18	300	280	-	-
Amount owing by a related company	19	-	-	22,523	15,640
Amounts owing by related parties	20	341	576	-	-
Amounts owing by joint ventures	21	1,677	169	-	-
Current tax assets		1,020	1,986	138	137
Cash and cash equivalents	22	106,034	54,826	12,772	6,301
		388,915	259,580	61,585	59,313
TOTAL ASSETS		754,533	574,354	124,338	122,066
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	104,290	104,290	104,290	104,290
Reserves	24	257,285	228,109	14,260	13,141
		361,575	332,399	118,550	117,431
Non-controlling interests		15,162	11,220	-	-
TOTAL EQUITY		376,737	343,619	118,550	117,431

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022
 (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	25	34,917	21,770	-	-
Term loans	26	73,310	39,468	-	-
Deferred tax liabilities	13	31,038	30,788	-	-
Post-employment benefits obligation	27	2,514	1,579	-	-
		141,779	93,605	-	-
Current liabilities					
Trade payables	28	82,398	53,963	-	-
Other payables and accruals	29	48,097	40,613	157	177
Amounts owing to subsidiaries	17	-	-	47	4,458
Amount owing to an associate	18	11	82	-	-
Amounts owing to joint ventures	21	394	142	-	-
Lease liabilities	25	19,251	14,216	-	-
Term loans	26	10,194	7,439	-	-
Short-term borrowings	30	65,875	17,910	-	-
Dividend payable		5,584	240	5,584	-
Current tax liabilities		4,213	2,525	-	-
		236,017	137,130	5,788	4,635
TOTAL LIABILITIES		377,796	230,735	5,788	4,635
TOTAL EQUITY AND LIABILITIES		754,533	574,354	124,338	122,066

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	31	1,152,945	763,431	18,600	30,559
Cost of services		(924,432)	(569,401)	-	-
Gross profit		228,513	194,030	18,600	30,559
Other income		9,061	9,172	441	775
Administrative expenses		(167,727)	(158,116)	(1,162)	(10,243)
Finance costs	32	(5,675)	(3,278)	-	-
Share of profit/(loss) of associates	9	2	(589)	-	-
Share of profit of joint ventures	10	2,439	1,277	-	-
Profit before tax	33	66,613	42,496	17,879	21,091
Tax expense	34	(16,852)	(13,027)	(7)	(9)
Profit for the financial year		49,761	29,469	17,872	21,082
Profit for the financial year attributable to:					
Owners of the parent		45,585	27,035	17,872	21,082
Non-controlling interests		4,176	2,434	-	-
		49,761	29,469	17,872	21,082
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share (sen)	37	8.16	4.84		
Diluted earnings per ordinary share (sen)	37	8.16	4.84		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the financial year		49,761	29,469	17,872	21,082
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translations	34(d)	546	(2,615)	-	-
		546	(2,615)	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial (loss)/gain on defined benefits plan	34(d)	(238)	87	-	-
Revaluation surplus on land and buildings	34(d)	-	27,469	-	-
		(238)	27,556	-	-
Other comprehensive income for the financial year, net of tax		308	24,941	-	-
Total comprehensive income for the financial year		50,069	54,410	17,872	21,082
Total comprehensive income attributable to:					
Owners of the parent		46,082	52,072	17,872	21,082
Non-controlling interests		3,987	2,338	-	-
		50,069	54,410	17,872	21,082

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

GROUP	Note	Non-distributable			Distributable			Total equity RM'000
		Share capital RM'000	Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 July 2020		104,290	2,139	57,680	126,452	290,561	7,953	298,514
Profit for the financial year		-	-	-	27,035	27,035	2,434	29,469
Actuarial gain on defined benefits plan, net of tax		-	-	-	58	58	29	87
Foreign currency translations, net of tax		-	(2,490)	-	-	(2,490)	(125)	(2,615)
Revaluation surplus on land and buildings, net of tax		-	-	27,469	-	27,469	-	27,469
Total comprehensive income, net of tax		-	(2,490)	27,469	27,093	52,072	2,338	54,410
Transactions with owners								
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	-	(40)	(40)	40	-
Dilution of equity by non-controlling interests of a subsidiary		-	236	-	739	975	(975)	-
Dividends paid	35	-	-	-	(11,169)	(11,169)	-	(11,169)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	(240)	(240)
Ordinary shares contributed by non-controlling interests of a subsidiary		-	-	-	-	-	2,104	2,104
Total transactions with owners		-	236	-	(10,470)	(10,234)	929	(9,305)
Transfer due to crystallisation of revaluation reserve		-	-	(802)	802	-	-	-
Balance as at 30 June 2021		104,290	(115)	84,347	143,877	332,399	11,220	343,619

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

GROUP	Note	Non-distributable			Distributable			Total equity RM'000
		Share capital RM'000	Foreign exchange translation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 July 2021		104,290	(115)	84,347	143,877	332,399	11,220	343,619
Profit for the financial year		-	-	-	45,585	45,585	4,176	49,761
Actuarial loss on defined benefits plan, net of tax		-	-	-	(159)	(159)	(79)	(238)
Foreign currency translations, net of tax		-	656	-	-	656	(110)	546
Total comprehensive income, net of tax		-	656	-	45,426	46,082	3,987	50,069
Transactions with owners								
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	-	(5)	(5)	5	-
Dilution of equity by non-controlling interests of a subsidiary		-	-	-	(148)	(148)	148	-
Acquisition of non-controlling interests		-	-	-	-	-	(244)	(244)
Dividends paid	35	-	-	-	(16,753)	(16,753)	-	(16,753)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	(400)	(400)
Ordinary shares contributed by non-controlling interests of a subsidiary		-	-	-	-	-	446	446
Total transactions with owners		-	-	-	(16,906)	(16,906)	(45)	(16,951)
Transfer due to crystallisation of revaluation reserve		-	-	(1,218)	1,218	-	-	-
Balance as at 30 June 2022		104,290	541	83,129	173,615	361,575	15,162	376,737

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

COMPANY	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2020		104,290	3,228	107,518
Profit for the financial year		-	21,082	21,082
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	21,082	21,082
Transactions with owners				
Dividends paid	35	-	(11,169)	(11,169)
Balance as at 30 June 2021		104,290	13,141	117,431
Balance as at 1 July 2021		104,290	13,141	117,431
Profit for the financial year		-	17,872	17,872
Other comprehensive income, net of tax		-	-	-
Total comprehensive income, net of tax		-	17,872	17,872
Transactions with owners				
Dividends paid	35	-	(16,753)	(16,753)
Balance as at 30 June 2022		104,290	14,260	118,550

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	66,613	42,496	17,879	21,091
Adjustments for:				
Amortisation of intangible assets	265	508	-	-
Bad debts written off:				
- other receivables	-	270	-	233
- trade receivables	1,043	488	-	-
Depreciation:				
- property, plant and equipment	8,802	8,316	-	-
- right-of-use assets	14,631	12,103	-	-
Dividend income	(33)	(26)	(18,600)	(30,559)
Fair value loss/(gain) on:				
- short-term fund	-	(39)	-	-
- quoted shares	310	(804)	-	-
(Gain)/Loss on disposal of:				
- an associate	-	152	-	1,499
- property, plant and equipment	(279)	(217)	-	-
Gain on remeasurement of previously held interests	-	(736)	-	(736)
Impairment losses on:				
- amounts owing by associates	-	1,508	-	1,717
- goodwill	-	764	-	-
- investments in associates	-	-	-	1,038
- investments in subsidiaries	-	-	-	4,481
- other receivables	1	1,299	-	-
- property, plant and equipment	891	702	-	-
- trade receivables	2,191	2,054	-	-
Intangible assets written off	2	-	-	-
Interest expense	5,675	3,278	-	-
Interest income	(187)	(240)	(40)	(37)
Property, plant and equipment written off	335	510	-	-
Provision for post-employment benefits obligation	610	(26)	-	-
Reversal of impairment losses:				
- trade receivables	(180)	(514)	-	-
- other receivables	(590)	-	-	-
- property, plant and equipment	(226)	-	-	-
Share of (profit)/loss of associates	(2)	589	-	-
Share of profit of joint ventures	(2,439)	(1,277)	-	-
Unrealised (gain)/loss on foreign currency transactions	(453)	381	(391)	-
Operating profit/(loss) before changes in working capital	96,980	71,539	(1,152)	(1,273)
Balance c/f	96,980	71,539	(1,152)	(1,273)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Balance b/f		96,980	71,539	(1,152)	(1,273)
Decrease in inventories		84	1,533	-	-
Increase in trade receivables		(54,004)	(55,880)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments		(16,430)	(14,441)	-	911
Decrease/(Increase) in amounts owing by related parties		235	(475)	-	-
(Increase)/ Decrease in amounts owing by joint ventures		(1,500)	67	-	-
Increase in amounts owing to a joint ventures		252	44	-	-
Increase in trade payables		20,970	14,899	-	-
(Decrease)/Increase in other payables and accruals		(1,321)	14,303	(19)	44
Cash generated from/(used in) operations		45,266	31,589	(1,171)	(318)
Contributions paid for post-employment benefits obligation	27	(38)	(20)	-	-
Interest paid		(132)	(176)	-	-
Tax paid		(14,100)	(13,284)	(8)	(14)
Net cash generated from/(used in) operating activities		30,996	18,109	(1,179)	(332)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
- additional interest in non-controlling interests of a subsidiary		(244)	-	-	-
- a joint venture		(1,000)	-	-	-
- subsidiaries, net of cash and cash equivalents acquired		(546)	(896)	-	(1,500)
Additional investment in an existing subsidiary		-	-	-	(750)
Repayment from/(Advances to) subsidiaries (Advances to)/Repayment from associates		-	-	179	(21,598)
Dividends received		33	26	18,600	30,559
Interest received		187	240	40	37
Placements of:					
- fixed deposits pledged to licensed banks		(38)	(882)	-	-
- fixed deposits placed with licensed banks with original maturity of more than three (3) months		(10)	(11)	-	-
Proceeds from disposal of an associate		-	283	-	283
Proceeds from disposals of property, plant and equipment		583	5,940	-	-
Purchase of:					
- property, plant and equipment	6(e)	(4,081)	(10,850)	-	-
- right-of-use assets	12(g)	(4,726)	(669)	-	-
Net cash (used in)/generated from investing activities		(9,943)	(3,271)	18,819	7,435

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(11,169)	(13,961)	(11,169)	(13,961)
Dividends paid to non-controlling interests of subsidiaries		(640)	-	-	-
Drawdown of revolving credit		56,855	14,500	-	-
Drawdown of term loans		24,588	251	-	-
Interest paid		(5,543)	(3,102)	-	-
Ordinary share capital contributed by non-controlling interests of subsidiaries		446	2,104	-	-
Repayments of:					
- lease liabilities		(17,412)	(12,474)	-	-
- revolving credit		(8,000)	-	-	-
- term loans		(7,957)	(5,100)	-	-
Net cash generated from/(used in) financing activities		31,168	(17,782)	(11,169)	(13,961)
Net increase/(decrease) in cash and cash equivalents		52,221	(2,944)	6,471	(6,858)
Effects of exchange rate changes on cash and cash equivalents		(171)	(480)	-	-
Cash and cash equivalents at beginning of the financial year		46,051	49,475	6,301	13,159
Cash and cash equivalents at end of the financial year	22(d)	98,101	46,051	12,772	6,301

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

1. CORPORATE INFORMATION

FM Global Logistics Holdings Berhad (formerly known as Freight Management Holdings Bhd.) (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 37, Lebuhr Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 June 2022 comprise the Company and its subsidiaries and the interests of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 October 2022.

2. CHANGE OF NAME

On 1 December 2021, the Company changed its name from Freight Management Holdings Bhd. to FM Global Logistics Holdings Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities and details of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 45.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

5. OPERATING SEGMENTS

The Group is principally engaged in the freight forwarding and logistics industry. The Group has arrived at seven (7) (2021: seven (7)) reportable segments that are organised and managed separately according to the nature of services that is logistics, which requires different business and marketing strategies.

The reportable segments are Malaysia, Australia, Indonesia, Thailand, Vietnam, India, and the United States of America ("USA"), which are involved in providing integrated freight forwarding and logistics services such as sea freight, air freight, land freight, warehouse and distribution and supporting services.

Other operating segments comprise operations related to investment holding and provision of management services, provision of IT application solutions, support services and trading of goods.

The accounting policies of operating segments are the same as those described in the respective sections of the notes to the financial statements.

The Group evaluates operating segments' performance on the basis of profit or loss from operations before tax not including non-recurring losses such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Details are provided in the reconciliation from segment assets and segment liabilities to the statements of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

	Logistics					Other operating segments	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (continued)							
Other material non-cash items							
Depreciation:							
- property, plant and equipment	7,613	117	334	77	85	71	8,802
- right-of-use assets	12,847	901	528	185	170	-	14,631
Amortisation of intangible assets	-	-	-	-	-	265	265
Impairment losses on:							
- other receivables	1	-	-	-	-	-	1
- property, plant and equipment	891	-	-	-	-	-	891
- trade receivables	1,298	142	413	57	273	-	2,191
Provision for post-employment benefits obligation	-	-	610	-	-	-	610
Reversal of impairment losses:							
- trade receivables	(179)	-	-	-	(1)	-	(180)
- other receivables	(590)	-	-	-	-	-	(590)
- property, plant and equipment	(226)	-	-	-	-	-	(226)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022
(CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

	Logistics					Other operating segments		Total RM'000	
	Malaysia RM'000	Australia RM'000	Indonesia RM'000	Thailand RM'000	Vietnam RM'000	India RM'000	USA RM'000		Eliminations RM'000
2021									
Revenue									
Total revenue	582,565	68,958	40,943	35,370	31,716	21,687	4,491	(24,441)	763,431
Inter-segment revenue	(11,359)	(994)	(1,605)	(2,818)	(931)	(1,122)	(3,748)	24,441	-
Revenue from external customers	571,206	67,964	39,338	32,552	30,785	20,565	743	-	763,431
Finance costs	(3,020)	(22)	(41)	(28)	(19)	(148)	-	-	(3,278)
Share of loss of associates	2	-	-	-	-	-	-	(591)	(589)
Share of profit of joint ventures	-	-	-	-	-	-	-	1,277	1,277
Segment profit/(loss) before income tax	27,497	2,246	3,192	1,873	2,656	1,019	(147)	11,193	42,496
Investments in associates	449	-	-	-	-	-	-	-	449
Investments in joint ventures	-	-	-	-	-	-	-	5,963	5,963
Other investments	-	-	-	-	-	-	-	1,999	1,999
Additions to non-current assets other than financial instruments	22,684	17	31	61	9	50	-	11	22,863
Segment assets	550,021	18,097	20,333	8,699	5,277	5,666	2,372	73,140	571,450
Segment liabilities	289,762	8,963	6,209	6,587	1,798	4,717	1,762	25,151	197,422

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

	Logistics					Other operating segments	Eliminations	Total
	Malaysia	Australia	Indonesia	Thailand	Vietnam			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021 (continued)								
Other material non-cash items								
Depreciation:								
- property, plant and equipment	7,425	88	357	59	100	77	253	8,316
- right-of-use assets	11,202	91	454	191	165	-	-	12,103
Amortisation of intangible assets	-	-	-	-	-	508	-	508
Impairment losses on:								
- amounts owing by associates	(209)	-	-	-	-	1,717	-	1,508
- goodwill	-	-	-	-	-	764	-	764
- other receivables	-	-	-	-	-	1,299	-	1,299
- property, plant and equipment	702	-	-	-	-	-	-	702
- trade receivables	1,494	28	347	30	155	-	-	2,054
Provision for post-employment benefits obligation	-	-	(26)	-	-	-	-	(26)
Reversal of impairment losses on trade receivables	(485)	-	-	-	(29)	-	-	(514)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

5. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2022 RM'000	2021 RM'000
Profit for the financial year		
Total profit or loss for reportable segments	66,613	42,496
Tax expense	(16,852)	(13,027)
Profit for the financial year of the Group per consolidated statement of profit or loss	49,761	29,469
Assets		
Total assets for reportable segments	752,383	571,450
Deferred tax assets	1,130	918
Current tax assets	1,020	1,986
Assets of the Group per consolidated statement of financial position	754,533	574,354
Liabilities		
Total liabilities for reportable segments	342,545	197,422
Deferred tax liabilities	31,038	30,788
Current tax liabilities	4,213	2,525
Liabilities of the Group per consolidated statement of financial position	377,796	230,735

Major customers

The Group does not have any major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2021 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000			Impairment losses RM'000	Reversal of impairment losses RM'000	Acquisition of subsidiaries (Note 38) RM'000	Reclassification RM'000	Translations adjustments RM'000	Balance as at 30.6.2022 RM'000
					Depreciation charge for the financial year RM'000	Written off RM'000	Disposals RM'000						
Carrying amount													
At valuation													
Freehold land	65,660	-	-	-	-	-	-	-	-	-	-	-	65,660
Buildings	107,462	-	-	-	(2,817)	-	-	-	-	-	-	22	104,667
At cost													
Machinery, furniture and fittings	6,336	892	(38)	-	(1,604)	-	-	-	-	22	-	(2)	5,606
Office equipment	3,821	1,240	(136)	(126)	(1,264)	-	-	-	-	-	-	(2)	3,533
Renovations	1,945	707	(111)	(209)	(394)	-	226	-	-	-	-	12	2,176
Motor vehicles	1,053	-	(19)	-	(563)	-	-	-	-	-	597	20	1,088
Storage containers	174	1,224	-	-	(67)	-	-	-	-	-	-	-	1,331
Prime movers and trailers	1,097	-	-	-	(980)	-	-	-	-	-	663	-	780
Tugboats and barges	5,872	-	-	-	(1,113)	-	(891)	-	-	-	-	176	4,044
Construction -in-progress	-	18	-	-	-	-	-	-	-	-	-	-	18
	193,420	4,081	(304)	(335)	(8,802)	(891)	(891)	226	226	22	1,260	226	188,903

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At 30.6.2022				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
At valuation					
Freehold land	-	65,660	-	-	65,660
Buildings	-	107,488	(2,821)	-	104,667
At cost					
Machinery, furniture and fittings	22,014	-	(16,408)	-	5,606
Office equipment	18,715	-	(15,182)	-	3,533
Renovations	4,100	-	(1,924)	-	2,176
Motor vehicles	13,197	-	(12,109)	-	1,088
Forklifts	4,024	-	(4,024)	-	-
Storage containers	2,022	-	(691)	-	1,331
Prime movers and trailers	26,341	-	(25,561)	-	780
Tugboats and barges	6,767	-	(1,832)	(891)	4,044
Construction-in-progress	18	-	-	-	18
	97,198	173,148	(80,552)	(891)	188,903

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2020 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Impairment losses RM'000	Revaluation surplus RM'000	Acquisition of subsidiaries RM'000	Reclassification RM'000	Translations adjustments RM'000	Balance as at 30.6.2021 RM'000
Carrying amount											
At valuation											
Freehold land	55,560	-	-	-	-	-	10,100	-	-	-	65,660
Buildings	90,579	1,853	-	-	(2,383)	-	11,713	-	5,727	(27)	107,462
At cost											
Machinery, furniture and fittings	7,639	450	(7)	(3)	(1,734)	-	-	-	-	(9)	6,336
Office equipment	3,514	1,588	(91)	(81)	(1,108)	-	-	-	-	(1)	3,821
Renovations	2,271	791	(18)	(426)	(431)	(226)	-	-	-	(16)	1,945
Motor vehicles	1,468	46	-	-	(529)	-	-	-	92	(24)	1,053
Storage containers	230	9	-	-	(65)	-	-	-	-	-	174
Prime movers and trailers	2,364	-	(312)	-	(1,086)	-	-	-	131	-	1,097
Tugboats and barges	-	6,113	(5,295)	-	(980)	(476)	-	6,510	-	-	5,872
Construction -in-progress	5,727	-	-	-	-	-	-	-	(5,727)	-	-
	169,352	10,850	(5,723)	(510)	(8,316)	(702)	21,813	6,510	223	(77)	193,420

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022
 (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At 30.6.2021				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
At valuation					
Freehold land	-	65,660	-	-	65,660
Buildings	-	107,462	-	-	107,462
At cost					
Machinery, furniture and fittings	21,160	-	(14,824)	-	6,336
Office equipment	18,527	-	(14,706)	-	3,821
Renovations	4,173	-	(2,002)	(226)	1,945
Motor vehicles	12,694	-	(11,641)	-	1,053
Forklifts	3,700	-	(3,700)	-	-
Storage containers	798	-	(624)	-	174
Prime movers and trailers	25,047	-	(23,950)	-	1,097
Tugboats and barges	7,029	-	(681)	(476)	5,872
	93,128	173,122	(72,128)	(702)	193,420

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are stated at valuation, which are the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued regularly (or at least once in every three (3) years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation is calculated to write down the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods and annual rates are as follows:

Buildings	50 years
Machinery, furniture and fittings	10% - 33%
Office equipment	10% - 66%
Renovations	10% - 25%
Motor vehicles	10% - 20%
Forklifts	20%
Storage containers	10%
Prime movers and trailers	10%
Tugboats and barges	7 years

Freehold land has unlimited useful life and is not depreciated.

Construction work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

- (b) Freehold land and buildings (collectively known as land and buildings) classified under property, plant and equipment were measured at valuation with effect as at 30 June 2021. The valuation exercise on the land and buildings was performed by an independent professional valuer using the open market value method.

The amounts recognised in the financial statements arising from the revaluation are as follows:

	Group	
	2022 RM'000	2021 RM'000
Revaluation reserve	-	21,813
Deferred tax liabilities (Note 13(a))	-	(3,316)
	-	18,497

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (c) Had the revalued assets been carried out at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	2022 RM'000	2021 RM'000
Freehold land	42,480	42,480
Buildings	71,598	73,521
	114,078	116,001

- (d) The fair value of land and buildings (at valuation) of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Freehold land	-	65,660	-	65,660
Buildings	-	104,667	-	104,667
	-	170,327	-	170,327
2021				
Freehold land	-	65,660	-	65,660
Buildings	-	107,462	-	107,462
	-	173,122	-	173,122

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2022.
- (ii) Level 2 fair value of land and buildings (at valuation) was determined by external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuer provides the fair value of the land and buildings (at valuation) of the Group on a regular basis.
- (iii) The fair value measurements of the land and buildings (at valuation) were based on the highest and best use, which did not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	4,081	10,850
Cash payments on purchase of property, plant and equipment	<u>4,081</u>	<u>10,850</u>

- (f) Property, plant and equipment charged as security for banking facilities granted to the Group as disclosed in Notes 26 and 30 to the financial statements are as follows:

	Group	
	2022 RM'000	2021 RM'000
Carrying amount		
Freehold land	65,000	65,000
Buildings	103,358	106,107
	<u>168,358</u>	<u>171,107</u>

7. INTANGIBLE ASSETS

Group	Balance as at 1.7.2021 RM'000	Acquisition of subsidiaries (Note 38) RM'000	Written off RM'000	Amortisation charge for the financial year RM'000	Balance as at 30.6.2022 RM'000
Goodwill on consolidation	-	7,922	-	-	7,922
Computer software	497	-	(2)	(265)	230
	<u>497</u>	<u>7,922</u>	<u>(2)</u>	<u>(265)</u>	<u>8,152</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

7. INTANGIBLE ASSETS (CONTINUED)

Group	← As at 30.6.2022 →		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill on consolidation	8,912	(990)	7,922
Computer software	2,668	(2,438)	230
	11,580	(3,428)	8,152

Group	Balance as at 1.7.2020 RM'000	Acquisition of subsidiaries RM'000	Impairment losses RM'000	Amortisation charge for the financial year RM'000	Balance as at 30.6.2021 RM'000
Goodwill on consolidation	-	764	(764)	-	-
Computer software	1,005	-	-	(508)	497
	1,005	764	(764)	(508)	497

Group	← As at 30.6.2021 →		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill on consolidation	990	(990)	-
Computer software	2,674	(2,177)	497
Rights to participate in hub business	250	(250)	-
	3,914	(3,417)	497

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses.
- (b) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

7. INTANGIBLE ASSETS (CONTINUED)

(c) Goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to each unit is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Logistics:		
- United States of America	7,922	-
- Malaysia	943	943
- Thailand	32	32
- Australia	4	4
Others	11	11
	8,912	990
Less: Impairment losses		
Logistics:		
- Malaysia	(943)	(943)
- Thailand	(32)	(32)
- Australia	(4)	(4)
Others	(11)	(11)
	7,922	-

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the cash-generating units ("CGUs") based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions, including taking into consideration the effect of COVID-19, where applicable:

	Average Gross Margin 2022 %	Growth Rate 2022 %	Discount Rate 2022 %
IOS Group (Note 38(c))	9.40	1.80	10.92

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

7. INTANGIBLE ASSETS (CONTINUED)

(c) Goodwill on consolidation (continued)

- (i) Average gross margin Average gross margin achieved in 5 years immediately before the period increased for expected efficiency improvements and cost saving measures.
- (ii) Growth rate Based on the expected projection of GDP growth rate in the United States of America.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant CGUs.

The values assigned to the key assumptions represent management's assessment of future trends in the CGUs and are based on both external sources and internal historical data.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

- (d) Computer software that does not form an integral part of the related hardware is treated as intangible assets with finite useful lives and is amortised on a straight line basis over its estimated useful life of five (5) years.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted equity shares, at cost	43,373	43,373
Equity loan to a subsidiary	26,161	26,161
	<hr/>	<hr/>
	69,534	69,534
Less: Impairment losses	(6,781)	(6,781)
	<hr/>	<hr/>
	62,753	62,753
	<hr/>	<hr/>

- (a) Investments in subsidiaries are measured at cost in the separate financial statements of the Company. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs.
- (b) Equity loan to a subsidiary is unsecured and interest-free. Equity loan represents non-trade loan granted by the Company to a subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future and is intended to provide the subsidiary with a long-term source of additional capital.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
FM Global Logistics (M) Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Multimodal Services Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
FM Global Logistics () Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# FM Worldwide Logistics Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# Resolute Marine Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# FM Global Logistics (Melaka) Sdn. Bhd.	Malaysia	100%	100%	Dormant
# AIF Marine Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# Advance International Freight Sdn. Bhd.	Malaysia	100%	100%	Dormant
# FMG Capital & Management Sdn. Bhd. ("FMGC")	Malaysia	100%	100%	Investment holding
# Freight Management MSC Sdn. Bhd.	Malaysia	100%	100%	Developing, providing and maintaining IT software application solutions
Symphony Express Sdn. Bhd.	Malaysia	80%	80%	Provision of freight services
# Exterian Enterprise Sdn. Bhd.	Malaysia	100%	100%	Provision of freight services
# FM Hubwire Sdn. Bhd.	Malaysia	65%	65%	Dormant
Parcel To Post Services Sdn. Bhd.	Malaysia	100%	100%	Provision of parcel services
+ FMGL Overseas Venture Limited	Hong Kong	100%	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
# Transenergy Shipping Pte. Ltd.	Malaysia	100%	100%	Provision of marine services
# Transenergy Shipping Management Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiaries of FMGL Overseas Venture Limited				
# FM Global Logistics (S'pore) Pte. Ltd.	Singapore	100%	100%	Provision of freight services
FM Global Logistics Ventures Sdn. Bhd. ("FMGLV")	Malaysia	100%	100%	Investment holding
Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.				
* PT. FM Global Logistics ("PTFM")	Indonesia	67%	67%	Provision of freight services
+ FM Global Logistics Pty. Ltd.	Australia	55%	55%	Provision of integrated freight forwarding and logistic services
#β FM Global Logistics Co., Ltd.	Thailand	49%	49%	Provision of freight services
+ FM Global Korea Corporation	South Korea	100%	100%	Dormant
* FM Global Logistics Company Limited	Vietnam	98%	95%	Provision of freight services
+ FM Global Logistics (HK) Limited	Hong Kong	100%	100%	Dormant
#@ FM Global Logistics (India) Private Limited	India	51%	51%	Provision of integrated freight forwarding and logistic services
+ FM Global Logistics (USA), LLC	United States of America	100%	70%	Provision of freight services
# Star Cargo Network Pte. Ltd.	Singapore	100%	100%	Provision of freight services
+ Star Cargo Alliance Pte. Ltd.	Singapore	100%	100%	Dormant
+ Inter-Orient Services	United States of America	85%	-	Provision of freight forwarding services

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
+ Inter-Orient Corporation	United States of America	85%	-	Provision of freight forwarding services
+ Noble Shipping Corporation	United States of America	85%	-	Provision of freight forwarding services
Subsidiaries of FM Global Logistics Company Limited, Vietnam				
* FM-TCI Global Logistics Company Limited	Vietnam	80%	-	Provision of freight services
Subsidiary of FMG Logistics Co., Ltd.				
#β FM Global Logistics Co., Ltd.	Thailand	21%	21%	Provision of freight services
Subsidiary of FM Multimodal Services Sdn. Bhd.				
#^ Dependable Global Express Malaysia Sdn. Bhd.	Malaysia	-	51%	Dormant
Subsidiaries of FM Global Logistics (M) Sdn. Bhd.				
# FM Contract Logistics Sdn. Bhd.	Malaysia	100%	100%	Dormant
Subsidiaries of FMG Capital & Management Sdn. Bhd.				
Centro Maxx Sdn. Bhd.	Malaysia	100%	100%	Trading of goods
# Advance Retail Services Sdn. Bhd.	Malaysia	100%	100%	Dormant
# FMX Logistics Sdn. Bhd.	Malaysia	100%	-	Dormant
Subsidiaries of Exterian Enterprise Sdn. Bhd.				
+ Exterian Capital Pte. Ltd.	Singapore	100%	100%	Investment holding
# Ω FMG Logistics Co., Ltd. ("FMGT")	Thailand	24%	24%	Provision of freight services
Subsidiary of Advance International Freight Sdn. Bhd.				
# Ω FMG Logistics Co., Ltd. ("FMGT")	Thailand	25%	25%	Provision of freight services

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
Subsidiary of Parcel To Post Services Sdn. Bhd.				
+ Parcel To Post Services (S) Pte. Ltd.	Singapore	100%	100%	Provision of parcel services
Subsidiary of FM Global Logistics (India) Private Limited				
#@ FM Global Consolidation Services Private Limited	India	80%	-	Provision of integrated freight forwarding and logistic services

+ Subsidiaries are consolidated based on management accounts for the financial year ended 30 June 2022. The financial statements of these subsidiaries are not required to be audited in their country of incorporation.

* Subsidiaries audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

Subsidiaries audited by other firms of chartered accountants.

@ Subsidiary had financial year ended 31 March 2022 and was consolidated based on management accounts for the financial year ended 30 June 2022.

Ω Although the Company owns less than half of the voting power in FMGT, the Company controls this subsidiary by virtue of an agreement with the other investor of FMGT. Consequently, the Company consolidates its investment in this subsidiary at 100% effective interest in equity.

^ This subsidiary is under liquidation during the financial year.

β In the previous financial year, the subsidiary increased its issued and paid-up share capital by way of issuance of 400,000 new ordinary shares, which were subscribed by the Company (245,500 new ordinary shares) and non-controlling interests (154,500 new ordinary shares) respectively. This resulted in a dilution in equity interest from 100% to 70%.

(d) In the previous financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries' financial performances that had been persistently making losses. A total impairment loss of RM4,481,459, representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	PT. FM Global Logistics	FM Global Logistics Pty. Ltd.	FM Global Logistics Co., Ltd.	Other individual immaterial subsidiaries	Total
2022					
NCI percentage of ownership and voting interests	33%	45%	30%		
Carrying amount of NCI (RM'000)	6,358	4,966	1,485	2,353	15,162
Profit allocated to NCI (RM'000)	1,224	1,230	546	1,176	4,176
Other comprehensive income allocated to NCI (RM'000)	(79)	-	-	-	(79)
Dividend paid to NCI (RM'000)	-	-	-	(400)	(400)
2021					
NCI percentage of ownership and voting interests	33%	45%	30%		
Carrying amount of NCI (RM'000)	5,027	3,878	987	1,328	11,220
Profit allocated to NCI (RM'000)	756	720	103	855	2,434
Other comprehensive income allocated to NCI (RM'000)	29	-	-	-	29
Dividend paid to NCI (RM'000)	-	-	-	(240)	(240)

The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of the reporting period are as follows:

2022	PT. FM Global Logistics RM'000	FM Global Logistics Pty. Ltd. RM'000	FM Global Logistics Co., Ltd. RM'000
Assets and liabilities			
Non-current assets	3,429	1,612	576
Current assets	24,749	28,354	12,861
Non-current liabilities	(105)	(651)	(165)
Current liabilities	(8,807)	(18,280)	(8,322)
Net assets	<u>19,266</u>	<u>11,035</u>	<u>4,950</u>
Results			
Revenue	65,147	124,811	47,962
Profit for the financial year	3,709	2,733	1,819
Total comprehensive income	<u>3,709</u>	<u>2,733</u>	<u>1,819</u>
Cash flows from operating activities	999	5,480	2,294
Cash flows used in investing activities	(293)	(51)	(133)
Cash flows used in financing activities	(601)	(975)	(160)
Net increase in cash and cash equivalents	<u>105</u>	<u>4,454</u>	<u>2,001</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (f) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of the reporting period are as follows (continued):

2021	PT. FM Global Logistics RM'000	FM Global Logistics Pty. Ltd. RM'000	FM Global Logistics Co., Ltd. RM'000
Assets and liabilities			
Non-current assets	2,725	486	514
Current assets	18,719	17,610	9,356
Non-current liabilities	-	(287)	(157)
Current liabilities	(6,209)	(9,192)	(6,424)
Net assets	15,235	8,617	3,289
Results			
Revenue	40,943	68,957	35,369
Profit for the financial year	2,291	1,600	1,357
Total comprehensive income	2,378	1,600	1,357
Cash flows from/(used in) operating activities	947	2,463	(6,140)
Cash flows (used in)/from investing activities	(282)	(30)	360
Cash flows (used in)/from financing activities	(580)	(89)	5,207
Net increase/(decrease) in cash and cash equivalents	85	2,344	(573)

Restriction imposed by shareholders' agreements

In certain subsidiaries not wholly-owned by the Company, the non-controlling shareholders hold protective right, which restricts the ability of the Group to transfer its shares to any other third party at any point in time, unless approval is obtained from the non-controlling interest shareholders.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted equity shares, at cost	6,045	6,045	4,323	4,323
Share of post-acquisition losses	(3,994)	(3,996)	-	-
	2,051	2,049	4,323	4,323
Less: Impairment losses	(1,600)	(1,600)	(4,323)	(4,323)
	451	449	-	-

- (a) Investments in associates are measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements of the Group.
- (b) The details of the associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
*^ YKP-FM Global Shipyard Co., Ltd.	Thailand	31%	31%	Development and operation of shipyard
Associate of FM Global Logistics (M) Sdn. Bhd.				
* FM Distribution Sdn. Bhd.	Malaysia	49%	49%	Provision of warehouse services
Associate of FM Global Logistics Ventures Sdn. Bhd.				
*^ Hubwire Sdn. Bhd.	Malaysia	20%	20%	Provision of e-commerce business

* Associates audited by other firms of chartered accountants.

^ Associates had financial year ended 31 December 2021 and were equity accounted based on management accounts for the financial year ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

(c) The summarised financial information of the associates is as follows:

2022	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000
Assets and liabilities			
Non-current assets	-	12,255	-
Current assets	785	5,677	-
Non-current liabilities	-	-	-
Current liabilities	(3)	(32,256)	-
Net assets/(liabilities)	782	(14,324)	-
Results			
Revenue	81	344	-
Profit/(loss) for the financial year	4	(1,574)	-
Total comprehensive income/(expense)	4	(1,574)	-

2021	TCH Marine Pte. Ltd. RM'000	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000
Assets and liabilities				
Non-current assets	-	-	19,262	-
Current assets	-	783	1,394	-
Non-current liabilities	-	-	-	-
Current liabilities	-	(5)	(38,333)	-
Net assets/(liabilities)	-	778	(17,677)	-
Results				
Revenue	397	94	718	-
(Loss)/profit for the financial year	(1,206)	4	(2,921)	-
Total comprehensive (expense)/income	(1,206)	4	(2,921)	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

- (d) The reconciliation of net assets of the associates to the carrying amount of the investments in associates is as follows:

	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000	Total RM'000
As at 30 June 2022				
Share of net assets of the Group	383	-	342	725
Goodwill	68	-	1,258	1,326
Less: Impairment losses	-	-	(1,600)	(1,600)
Carrying amount in the statements of financial position	451	-	-	451
Share of results of the Group for the financial year ended 30 June 2022				
Share of profit/other comprehensive income of the Group	2	-	-	2

	TCH Marine Pte. Ltd. RM'000	FM Distribution Sdn. Bhd. RM'000	YKP-FM Global Shipyards Co., Ltd. RM'000	Hubwire Sdn. Bhd. RM'000	Total RM'000
As at 30 June 2021					
Share of net assets of the Group	-	381	-	342	723
Goodwill	-	68	-	1,258	1,326
Less: Impairment losses	-	-	-	(1,600)	(1,600)
Carrying amount in the statements of financial position	-	449	-	-	449
Share of results of the Group for the financial year ended 30 June 2021					
Share of (loss)/profit/other comprehensive (expense)/income of the Group	(591)	2	-	-	(589)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

- (e) The Group has not recognised losses relating to YKP-FM Global Shipyard Co., Ltd. and Hubwire Sdn. Bhd., where their share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM5,722,997 (2021: RM5,035,247) of which RM687,750 (2021: RM905,622) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

10. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted equity shares, at cost	3,607	1,990	-	-
Share of post-acquisition profits	5,795	3,973	-	-
	9,402	5,963	-	-

- (a) Investments in joint ventures are measured at cost less impairment losses, if any, in the separate financial statements of the Company. The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures. The Group accounts for investments in joint ventures using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) The details of the joint ventures are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022	2021	
Joint ventures of FM Global Logistics Ventures Sdn. Bhd.				
* FM Global Logistics (Phil.), Inc.	Philippines	50%	50%	Provision of integrated freight forwarding and logistics services
*^ Amass Freight Middle East FZCO	United Arab Emirates	50%	50%	Investment holding
CN FM Logistics (Malaysia) Sdn. Bhd.	Malaysia	50%	-	Provision of freight services

* *Joint ventures audited by other firms of chartered accountants.*

^ *Joint venture had financial year ended 31 December 2021 and was equity accounted based on management accounts for the financial year ended 30 June 2022.*

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

(c) The summarised financial information of the joint ventures is as follows:

	CN FM Logistics (Malaysia) Sdn. Bhd. RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000
2022			
Assets and liabilities			
Non-current assets	102	3,108	395
Current assets	4,817	12,911	10,413
Current liabilities	(2,436)	(5,671)	(6,793)
Net assets	2,483	10,348	4,015
Results			
Revenue	17,620	33,298	56,926
Administrative expenses	(17,138)	(30,637)	(55,193)
Profit for the financial year	482	2,661	1,733
2021			
Assets and liabilities			
Non-current assets		1,884	240
Current assets		11,069	8,496
Current liabilities		(5,268)	(6,455)
Net assets		7,685	2,281
Results			
Revenue		28,392	38,839
Administrative expenses		(26,217)	(38,459)
Profit for the financial year		2,175	380

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

- (d) The reconciliation of net assets of the joint ventures to the carrying amount of the investments in joint ventures is as follows:

	CN FM Logistics (Malaysia) Sdn. Bhd. RM'000	FM Global Logistics (Phil.), Inc. RM'000	Amass Freight Middle East FZCO RM'000	Total RM'000
As at 30 June 2022				
Share of net assets of the Group	1,241	5,174	2,007	8,422
Goodwill	-	980	-	980
	<hr/>			
Carrying amount in the statements of financial position	1,241	6,154	2,007	9,402
	<hr/> <hr/>			
Share of results of the Group for the financial year ended 30 June 2022				
Share of profit by the Group for the financial year	241	1,331	867	2,439
	<hr/> <hr/>			
As at 30 June 2021				
Share of net assets of the Group		3,842	1,141	4,983
Goodwill		980	-	980
		<hr/>		
Carrying amount in the statements of financial position		4,822	1,141	5,963
		<hr/> <hr/>		
Share of results of the Group for the financial year ended 30 June 2021				
Share of profit by the Group for the financial year		1,087	190	1,277
		<hr/> <hr/>		

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

11. OTHER INVESTMENTS

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Equity security:		
- Unquoted shares in Malaysia	360	360
Current		
Equity securities:		
- Quoted shares outside Malaysia	1,329	1,639
Total other investments	1,689	1,999

- (a) Equity securities which are not held for trading for which the Group has irrevocably elected to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.
- (b) All regular way purchases and sales of financial assets are recognised or derecognised using trade date accounting.
- (c) The fair values of quoted investments are determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

The fair value of unquoted shares in Malaysia is estimated based on the market approach model. Management obtained the industry share price from observable market data divided by price to earnings ratio ("P/E"), and multiplied by profit after taxation of the investee to derive the estimated fair value. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of the reporting period.

- (d) In the previous financial year, the Group divested its unit trust funds quoted in Malaysia, at net for a total cash consideration of RM9,539,409 and recognised a fair value gain of RM39,409 in the financial statements.
- (e) At the end of the reporting period, the Group recognised a fair value loss on quoted shares of RM310,422 (2021: fair value gain - RM804,640) in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

11. OTHER INVESTMENTS (CONTINUED)

(f) The fair values of other investments of the Group are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2022				
Other investments				
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	1,329	-	-	1,329
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2021				
Other investments				
- Unquoted shares in Malaysia	-	-	360	360
- Quoted shares outside Malaysia	1,639	-	-	1,639

(g) The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair values, is detailed in the table below:

Financial instruments	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
<u>Financial assets</u> Unquoted investments in Malaysia	Industry price-earnings ratio of comparable competitors 18.88 (2021: 17.72)	The higher the price-earnings ratio, the higher the fair values of the unquoted investments would be.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022
(Continued)

12. RIGHT-OF-USE ASSETS

Group	Balance as at 1.7.2021	Depreciation charge for the financial year				Reassessment of lease liabilities	Reclassification	Translations	Balance as at 30.6.2022
	RM'000	Additions	Revaluation surplus	Reassessment of lease liabilities	Reclassification	Translations	RM'000	RM'000	
Long-term leasehold land	70,239	23,313	(1,189)	-	-	-	-	92,363	
Motor vehicles	8,729	3,386	(1,841)	-	(597)	(15)	-	9,662	
Machinery	-	8,927	(188)	-	-	-	-	8,739	
Forklifts	1,553	-	(432)	-	-	-	-	1,121	
Prime movers and trailers	23,300	12,163	(3,606)	-	(663)	-	-	31,194	
Storage containers	-	470	(24)	-	-	-	-	446	
Warehouse	6,633	-	(4,551)	7,528	-	-	-	9,610	
Office	2,713	-	(2,800)	4,134	-	38	-	4,085	
	113,167	48,259	(14,631)	11,662	(1,260)	23	-	157,220	

Group	Balance as at 1.7.2020	Depreciation charge for the financial year				Reassessment of lease liabilities	Reclassification	Translations	Balance as at 30.6.2021
	RM'000	Additions	Revaluation surplus	Reassessment of lease liabilities	Reclassification	Translations	RM'000	RM'000	
Long-term leasehold land	59,359	-	(925)	-	-	-	-	70,239	
Motor vehicles	8,002	2,512	(1,681)	-	(92)	(12)	-	8,729	
Forklifts	1,060	906	(413)	-	-	-	-	1,553	
Prime movers and trailers	17,355	8,595	(2,519)	-	(131)	-	-	23,300	
Warehouse	7,562	-	(4,581)	3,652	-	-	-	6,633	
Office	3,532	-	(1,984)	1,208	-	(43)	-	2,713	
	96,870	12,013	(12,103)	11,805	(223)	(55)	-	113,167	

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

12. RIGHT-OF-USE ASSETS (CONTINUED)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets except for long-term leasehold land are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

Long-term leasehold land is stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Long-term leasehold land is revalued regularly (or at least once in every three (3) years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long-term leasehold land	60 years - 99 years
Motor vehicles	10% - 20%
Machinery	10%
Forklifts	20%
Prime movers and trailers	10%
Storage containers	10%
Warehouse	2 - 3 years
Office	2 - 4 years

- (b) Included in right-of-use assets of the Group, the long-term leasehold land with a carrying amount of RM92,363,285 (2021: RM70,239,024) is subject to fixed charges as security for banking facilities granted to the Group as disclosed in Notes 26 and 30 to the financial statements to secure certain lease liabilities of the Group.
- (c) The Group has certain leases with lease term of 12 months or less. The Group applies the "short-term lease" exemptions for these leases.
- (d) Long-term leasehold land classified under right-of-use assets were measured at valuation with effect as at 30 June 2021. The valuation exercise on the long-term leasehold land was performed by an independent professional valuer using the open market value method.

The amounts recognised in the financial statements arising from the revaluation are as follows:

	Group	
	2022 RM'000	2021 RM'000
Revaluation reserve	-	11,805
Deferred tax liabilities (Note 13(a))	-	(2,833)
	-	8,972

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

12. RIGHT-OF-USE ASSETS (CONTINUED)

- (e) Had the revalued assets been carried out at cost less accumulated depreciation, the carrying amount would have been:

	Group	
	2022	2021
	RM'000	RM'000
Long-term leasehold land	44,504	21,676

- (f) The fair value of long-term leasehold land (at valuation) of the Group is categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2022				
Long-term leasehold land	-	92,363	-	92,363
2021				
Long-term leasehold land	-	70,239	-	70,239

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2022.
- (ii) Level 2 fair value of long-term leasehold land (at valuation) was determined by external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuer provides the fair value of the long-term leasehold land (at valuation) of the Group on a regular basis.
- (iii) The fair value measurements of the long-term leasehold land (at valuation) was based on the highest and best use, which did not differ from their actual use.
- (g) During the financial year, the Group made the following cash payments to acquire right-of-use assets:

	Group	
	2022	2021
	RM'000	RM'000
Right-of-use assets acquired	48,259	12,013
Financed by lease liabilities arrangements	(23,942)	(10,956)
Financed by term loans	(19,979)	-
Other payables	388	(388)
Cash payments on right-of-use assets acquired	4,726	669

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

13. DEFERRED TAX (ASSETS)/LIABILITIES

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2022	2021
	RM'000	RM'000
Balance as at 1 July	29,870	22,543
Acquisition of subsidiaries (Note 38)	-	618
Recognised in profit or loss (Note 34)		
- Originating and reversal of temporary differences	36	141
- Underprovision in prior years	92	362
Recognised in other comprehensive income		
- Actuarial (loss)/gain on defined benefits plan	(68)	24
- Arising from revaluation of land and buildings	-	6,149
Exchange differences	(22)	33
	29,908	29,870
Presented after appropriate offsetting		
Deferred tax assets, net	(1,130)	(918)
Deferred tax liabilities, net	31,038	30,788
	29,908	29,870

(b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets		
Balance as at 1 July	(918)	(1,215)
Recognised in profit or loss		
- Trade receivables	(106)	(64)
- Provision for post-employment benefits obligation	(170)	58
- Unused tax losses	273	311
- Others	(141)	(32)
Recognised in other comprehensive income		
- Actuarial (loss)/gain on defined benefits plan	(68)	24
Balance as at 30 June	(1,130)	(918)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

13. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

- (b) The movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (continued):

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax liabilities		
Balance as at 1 July	30,788	23,758
Acquisition of subsidiaries (Note 38)	-	618
Recognised in profit or loss		
- Property, plant and equipment	597	95
- Unrealised gain on foreign currency transactions	27	428
- Crystallisation of deferred tax on revaluation reserve	(374)	(260)
Recognised in other comprehensive income		
- Arising from revaluation of land and buildings	-	6,149
Balance as at 30 June	31,038	30,788

- (c) The components of deferred tax assets and liabilities as at the end of the reporting period are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets		
Trade receivables	(211)	(105)
Provision for post-employment benefits obligation	(490)	(320)
Unused tax losses	(33)	(306)
Actuarial (loss)/gain on defined benefits plan	(63)	5
Others	(333)	(192)
	(1,130)	(918)
Deferred tax liabilities		
Property, plant and equipment	10,548	9,951
Unrealised gain on foreign currency transactions	37	10
Revaluation of land and buildings	20,453	20,827
	31,038	30,788

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

13. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

(d) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unused tax losses	6,952	6,909	-	-
Unabsorbed capital allowances	1,432	1,284	-	-
Others	(265)	(302)	-	-
	8,119	7,891	-	-

14. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Trading goods	-	84

In the previous financial year, inventories were stated at the lower of cost and net realisable value. Cost was determined using the weighted average method. Inventories of the Group recognised as cost of sales amounted to RM2,108,723.

15. TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Third parties	234,876	172,570
Less: Impairment losses	(5,832)	(3,815)
Total trade receivables	229,044	168,755

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 7 to 60 days (2021: 7 to 60 days) from date of invoices. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

15. TRADE RECEIVABLES (CONTINUED)

- (c) The information about the exposure to credit risk and the loss allowance calculated under MFRS 9 are summarised below:

Group	Gross amount RM'000	Loss allowance RM'000	Carrying amount RM'000
2022			
Current (not past due)	181,576	(781)	180,795
1 to 30 days past due	25,476	(340)	25,136
31 to 60 days past due	11,257	(442)	10,815
61 to 90 days past due	3,979	(285)	3,694
91 to 120 days past due	1,608	(288)	1,320
More than 120 days	3,768	(1,630)	2,138
	227,664	(3,766)	223,898
Credit impaired:			
- individually impaired	7,212	(2,066)	5,146
	234,876	(5,832)	229,044
2021			
Current (not past due)	126,806	(436)	126,370
1 to 30 days past due	22,459	(226)	22,233
31 to 60 days past due	8,515	(258)	8,257
61 to 90 days past due	4,279	(292)	3,987
91 to 120 days past due	2,067	(290)	1,777
More than 120 days	2,753	(872)	1,881
	166,879	(2,374)	164,505
Credit impaired:			
- individually impaired	5,691	(1,441)	4,250
	172,570	(3,815)	168,755

- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. The expected loss rates are based on the Group's historical credit losses experienced over a one year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP) as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within 'Administrative Expenses' in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

15. TRADE RECEIVABLES (CONTINUED)

(e) The reconciliation of movements in the impairment losses on trade receivables are as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 July	3,815	2,439
Charged for the financial year	2,191	2,054
Reversal for the financial year	(180)	(514)
Written off	-	(151)
Exchange differences	6	(13)
	<hr/>	<hr/>
At 30 June	5,832	3,815
	<hr/> <hr/>	<hr/> <hr/>

(f) The Group determines concentration of credit risk by monitoring the country sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	Group			
	2022		2021	
	RM'000	% of total	RM'000	% of total
By country				
Domestic	148,677	65	120,223	71
Foreign	80,367	35	48,532	29
	<hr/>		<hr/>	
	229,044	100	168,755	100
	<hr/> <hr/>		<hr/> <hr/>	

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 53.72% (2021: 70.41%) of total receivables of the Company as at the end of the reporting period.

(g) Foreign currency exposure profiles of trade receivables are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Ringgit Malaysia	148,677	120,223
US Dollar	41,878	19,895
Singapore Dollar	102	23
Australian Dollar	13,087	9,404
Thai Baht	6,460	5,277
Indonesian Rupiah	12,123	10,019
Vietnamese Dong	1,541	1,097
Indian Rupee	5,124	2,672
Others	52	145
	<hr/>	<hr/>
	229,044	168,755
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

15. TRADE RECEIVABLES (CONTINUED)

- (h) Sensitivity analysis of Ringgit Malaysia ("RM") against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	974	713

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables and deposits				
Other receivables	31,537	15,437	-	-
Less: Impairment losses	(710)	(1,299)	-	-
	30,827	14,138	-	-
Deposits	6,985	10,312	1	1
	37,812	24,450	1	1
Prepayments				
Prepayments	11,358	6,815	5	5
	49,170	31,265	6	6

- (a) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (b) The reconciliation of movements in the impairment losses on other receivables are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 July	1,299	-	-	-
Charged for the financial year	1	1,299	-	-
Reversal for the financial year	(590)	-	-	-
At 30 June	710	1,299	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(c) Foreign currency exposure profiles of other receivables are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	4,599	2,524	-	-
Singapore Dollar	20,793	9	-	-
US Dollar	1,898	5,776	-	-
Indonesian Rupiah	1,155	963	-	-
Australian Dollar	1,170	624	-	-
Thai Baht	315	3,638	-	-
Vietnamese Dong	203	139	-	-
Indian Rupee	694	465	-	-
	30,827	14,138	-	-

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2022 RM'000	2021 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- Singapore Dollar	790	-
- US Dollar	71	219
- Thai Baht	15	131

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Amounts owing by subsidiaries	26,146	37,229
Amounts owing to subsidiaries	(47)	(4,458)

Company

- The amounts owing by/(to) subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- The maturity profile of amounts owing to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- Amounts owing by/(to) subsidiaries are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts owing by associates	3,376	3,356	3,076	3,076
Less: Impairment losses	(3,076)	(3,076)	(3,076)	(3,076)
	300	280	-	-
Amount owing to an associate	(11)	(82)	-	-

Group and Company

- (a) The amounts owing by/(to) associates represent mainly advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) The maturity profile of amount owing to an associate of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (c) The reconciliation of movements in the impairment losses on amounts owing by associates are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July	3,076	1,568	3,076	1,359
Charged for the financial year	-	1,508	-	1,717
At 30 June	3,076	3,076	3,076	3,076

- (d) Foreign currency exposure profiles of amounts owing by associates are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
US Dollar	25	-	-	-
Thai Baht	275	280	-	-
	300	280	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

18. AMOUNTS OWING BY/(TO) ASSOCIATES (CONTINUED)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects of 5% changes to RM against foreign currencies				
Profit after tax				
- US Dollar	1	-	-	-

- (f) Amounts owing by/(to) an associate are denominated in RM.

19. AMOUNT OWING BY A RELATED COMPANY

	Company	
	2022 RM'000	2021 RM'000
Amount owing by a related company	26,034	19,151
Less: Impairment losses	(3,511)	(3,511)
	22,523	15,640

Company

- (a) The amount owing by a related company represent advances and payments made on behalf, which is unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (b) Amount owing by a related company is denominated in RM.
- (c) The reconciliation of movements in the impairment losses on amount owing by a related company are as follows:

	Company	
	2022 RM'000	2021 RM'000
At 30 June	3,511	3,511

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

20. AMOUNTS OWING BY RELATED PARTIES

Group

- The amounts owing by related parties represent trade transactions that have credit terms ranging from 30 to 60 days (2021: 30 to 60 days) from date of invoices.
- Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as there is no effect of the changes in the exchange rate.
- Amounts owing by related parties are denominated in RM.

21. AMOUNTS OWING BY/(TO) JOINT VENTURES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts owing by joint ventures	1,677	169	-	-
Amounts owing to joint ventures	(394)	(142)	-	-

Group and Company

- The amounts owing by/(to) joint ventures represent trade transactions and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents, except for trade transactions that have credit terms ranging from 30 to 60 days (2021: 30 to 60 days) from date of invoices.
- The maturity profile of amounts owing to joint ventures of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- The reconciliation of movements in the impairment losses on amounts owing by joint ventures are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 July	-	1,758	-	1,758
Written off	-	(1,758)	-	(1,758)
At 30 June	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

21. AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

Group and Company (continued)

(d) Foreign currency exposure profiles of amounts owing by joint ventures are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
US Dollar	763	169	-	-

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects of 5% changes to RM against foreign currencies				
Profit after tax				
- US Dollar	29	6	-	-

(f) Amounts owing to joint ventures is denominated in US Dollar. Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as the effect is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand	440	333	-	-
Cash at bank	100,181	49,128	12,772	6,301
Fixed deposits with licensed banks	5,413	5,365	-	-
	106,034	54,826	12,772	6,301

- (a) The weighted average effective interest rate of deposits of the Group at the end of the reporting period is as follows:

	Group	
	2022	2021
Weighted average effective interest rate		
- Fixed rate	1.30%	1.30%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

- (b) The fixed deposits of the Group as at 30 June 2022 have maturity periods ranging from 1 month to 12 months (2021: 1 month to 12 months).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM4,875,057 (2021: RM4,837,486), which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.
- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	100,621	49,461	12,772	6,301
Fixed deposits with licensed banks	5,413	5,365	-	-
	106,034	54,826	12,772	6,301
Less:				
Bank overdrafts - secured (Note 30)	(2,520)	(3,410)	-	-
Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(538)	(528)	-	-
Fixed deposits pledged to licensed banks	(4,875)	(4,837)	-	-
	98,101	46,051	12,772	6,301

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

22. CASH AND CASH EQUIVALENTS (CONTINUED)

(e) No expected credit losses were recognised arising from the cash and bank balances and deposits with financial institutions because the probabilities of default by these financial institutions were negligible.

(f) Foreign currency exposure profiles of cash and cash equivalents are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	46,481	29,912	12,765	6,294
US Dollar	31,734	9,063	4	4
Singapore Dollar	2,607	2,562	-	-
Indonesian Rupiah	7,532	5,537	-	-
Thai Baht	3,675	1,827	-	-
Australian Dollar	9,253	5,377	-	-
Vietnamese Dong	4,592	406	-	-
Indian Rupee	108	34	-	-
Euro	2	20	-	-
Hong Kong Dollar	50	88	3	3
	106,034	54,826	12,772	6,301

(g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2022 RM'000	2021 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	694	264

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

22. CASH AND CASH EQUIVALENTS (CONTINUED)

(h) The reconciliation of liabilities arising from financing activities are as follows:

Group	Term loans RM'000	Lease liabilities RM'000	Revolving credit RM'000	Total RM'000
2022				
At 1 July	46,907	35,986	14,500	97,393
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	44,567	-	56,855	101,422
Repayment of borrowing principal	(7,957)	(17,412)	(8,000)	(33,369)
Repayment of borrowing interests	(2,037)	(2,368)	(1,467)	(5,872)
	34,573	(19,780)	47,388	62,181
<u>Non-cash changes</u>				
Acquisition of new leases	-	23,942	-	23,942
Reassessment of leases (Note 25)	-	11,662	-	11,662
Finance charges recognised in cost of sales	-	329	-	329
Finance charges recognised in finance costs (Note 32)	2,037	2,039	1,467	5,543
Foreign translation differences	(13)	(10)	-	(23)
	2,024	37,962	1,467	41,453
At 30 June	83,504	54,168	63,355	201,027

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022
 (CONTINUED)

22. CASH AND CASH EQUIVALENTS (CONTINUED)

(h) The reconciliation of liabilities arising from financing activities are as follows (continued):

Group	Term loans RM'000	Lease liabilities RM'000	Revolving credit RM'000	Total RM'000
2021				
At 1 July	51,756	32,685	-	84,441
<u>Changes in financing cash flows</u>				
Proceeds from drawdown	251	-	14,500	14,751
Repayment of borrowing principal	(5,100)	(12,474)	-	(17,574)
Repayment of borrowing interests	(1,669)	(1,687)	(260)	(3,616)
	(6,518)	(14,161)	14,240	(6,439)
<u>Non-cash changes</u>				
Acquisition of new leases	-	10,956	-	10,956
Reassessment of leases (Note 25)	-	4,860	-	4,860
Finance charges recognised in cost of sales	-	514	-	514
Finance charges recognised in finance costs (Note 32)	1,669	1,173	260	3,102
Foreign translation differences	-	(41)	-	(41)
	1,669	17,462	260	19,391
At 30 June	46,907	35,986	14,500	97,393

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

23. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
At beginning of the financial year	558,445	104,290	279,222	104,290
Issuance of bonus issue	-	-	279,223	-
At end of the financial year	558,445	104,290	558,445	104,290

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) In the previous financial year, the Company issued 279,222,415 new ordinary shares by way of an issuance of bonus issue ("Bonus Share") on the basis of one (1) Bonus Share for every one (1) existing ordinary share held in the Company on 17 June 2021.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

24. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable:				
Foreign exchange translation reserve	541	(115)	-	-
Revaluation reserve	83,129	84,347	-	-
	83,670	84,232	-	-
Distributable:				
Retained earnings	173,615	143,877	14,260	13,141
	257,285	228,109	14,260	13,141

- (a) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

- (b) Revaluation reserve

The revaluation reserve arose from the revaluation of land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

25. LEASE LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
At 1 July	35,986	32,685
Additions	23,942	10,956
Interest expense recognised in cost of sales	329	514
Interest expense recognised in finance costs	2,039	1,173
Changes due to reassessment of lease term	11,662	4,860
Repayment of principal	(17,412)	(12,474)
Repayment of interest expense	(2,368)	(1,687)
Exchange differences	(10)	(41)
At 30 June	54,168	35,986
Analysed by:-		
Current liabilities	19,251	14,216
Non-current liabilities	34,917	21,770
	54,168	35,986

- (a) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

- (b) The table below summaries the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Within one year RM'000	One to five years RM'000	Total RM'000
2022			
Lease liabilities	21,503	38,201	59,704
2021			
Lease liabilities	15,796	23,329	39,125

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

25. LEASE LIABILITIES (CONTINUED)

(c) Foreign currency exposure profiles of lease liabilities were as follows:

	Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	51,496	35,028
Australian Dollar	1,580	360
Indonesian Rupiah	425	132
Thai Baht	303	264
Vietnamese Dong	327	148
Indian Rupee	37	54
	54,168	35,986

(d) Sensitivity analysis of RM against foreign currencies at the end of the reporting period was not presented as there was no effect of the changes in the exchange rates due to they represent the functional currencies of the respective entities of the Group.

26. TERM LOANS

	Group	
	2022 RM'000	2021 RM'000
Secured		
Term loan I	238	649
Term loan II	290	580
Term loan III	15,025	19,021
Term loan IV	21,634	19,049
Term loan V	6,871	7,357
Term loan VI	238	251
Term loan VII	9,867	-
Term loan VIII	10,112	-
Term loan IX	19,229	-
Total term loans	83,504	46,907
Term loans are repayable as follows:		
Current liabilities:		
- not later than one (1) year	10,194	7,439
Non-current liabilities:		
- later than one (1) year but not later than two (2) years	9,687	7,032
- later than two (2) years but not later than five (5) years	26,468	18,644
- later than five (5) years	37,155	13,792
	73,310	39,468
	83,504	46,907

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

26. TERM LOANS (CONTINUED)

- (a) Term loan I is repayable by 119 monthly instalments of RM34,167 plus one final instalment of RM34,127 and bears interest at 1.50% (2021: 1.50%) per annum above the effective cost of fund of the bank.

Term loan II is repayable by 119 monthly instalments of RM24,167 plus one final instalment of RM24,127 and bears interest at 1.50% (2021: 1.50%) per annum above the effective cost of fund of the bank.

The term loans I and II are secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Notes 6 and 12 to the financial statements and are guaranteed by the Company.

- (b) Term loan III is repayable by 119 monthly instalments of RM333,000 plus one final instalment of RM373,300 and bears interest at 1.00% (2021: 1.00%) per annum above the effective cost of fund of the bank.

The term loan III is secured by way of a charge over freehold land and building of a subsidiary as disclosed in Note 6 to the financial statements and is guaranteed by the Company.

- (c) Term loan IV is repayable by 179 monthly instalments of RM167,000 plus one final instalment of RM107,000 and bears interest at 0.90% (2021: 0.90%) per annum above the effective cost of fund of the bank.

The term loan IV is secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Notes 6 and 12 to the financial statements and is guaranteed by the Company.

- (d) Term loan V is repayable by 180 monthly instalments of RM58,522 inclusive of profit until full settlement of the facility and bears interest at 2.40% (2021: 2.40%) per annum below the base financing rate of the bank.

The term loan V is secured by way of a charge over long-term leasehold land and building of a subsidiary as disclosed in Notes 6 and 12 to the financial statements and is guaranteed by the Company.

- (e) Term loan VI is repayable by 48 monthly instalments of RM7,897 and bears interest at 8.25% per annum.

The term loan VI is guaranteed by a director of a subsidiary of the Company.

- (f) Term loan VII is repayable by 180 monthly instalments of RM68,140 inclusive of profit until full settlement of the facility and bears interest at 2.40% per annum below the base financing rate of the bank.

The term loan VII is secured by way of a charge over long-term leasehold lands of a subsidiary company and is guaranteed by the Company.

- (g) Term loan VIII is repayable by 180 monthly instalments of RM69,829 inclusive of profit until full settlement of the facility and bears interest at 2.40% per annum below the base financing rate of the bank.

The term loan VIII is secured by way of a charge over long-term leasehold lands of a subsidiary company and is guaranteed by the Company.

- (h) Term loan IX is repayable by 60 monthly instalments of RM257,012, followed by 59 monthly instalments of RM76,322 plus one final instalment of RM76,282 and bears interest at at 1.00% per annum above the effective cost of fund of the bank.

The term loans IX are secured by way of a charge over freehold land and building of a subsidiary company as disclosed in Note 6 to the financial statements and is guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

26. TERM LOANS (CONTINUED)

- (i) The interest rate profiles of the term loans as at end of the reporting period are as follows:

	Group	
	2022 RM'000	2021 RM'000
Floating rate	83,504	46,907

- (j) The weighted average effective interest rate of the term loans of the Group as at the end of the reporting period is 3.46% (2021: 3.34%).
- (k) The fair values of term loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing at the end of the reporting period.

The fair value of term loans are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (l) The table below summaries the maturity profile of the term loans of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2022				
Term loans	12,144	42,414	42,723	97,281
2021				
Term loans	8,926	29,069	15,009	53,004

- (m) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as there is no effect of the changes in the exchange rate as it represents the functional currency of the entity of the Group.
- (n) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group	
	2022 RM'000	2021 RM'000
Effects of 100bp changes to profit after tax		
Floating rate instruments	635	356

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

27. POST-EMPLOYMENT BENEFITS OBLIGATION

PT. FM Global Logistics (“PTFM”), a subsidiary of FM Global Logistics Ventures Sdn. Bhd. (“FMGLV”), operates a defined benefits plan for its employees. The employee benefits scheme was valued by an independent qualified actuary using the projected unit credit method.

PTFM provides its employees with the retirement, disability, death and voluntarily resignation benefits. PTFM uses the current income of employer to fund pension payment whenever it is required. The figures presented in the financial statements cover the potential excess of benefits stipulated under Labor Law in Indonesia over the balance in the Saving Plan.

(a) The amount recognised in the statements of financial position is analysed as follows:

	Group	
	2022	2021
	RM'000	RM'000
Present value of defined benefits obligation	2,514	1,579

(b) The following table sets out the reconciliation of defined benefits plan:

	Group	
	2022	2021
	RM'000	RM'000
Balance as at 1 July	1,579	1,807
Current service cost	296	195
Net interest cost	121	134
Excess benefits paid	2	17
Past service cost	191	(372)
Included in profit or loss (Note 33)	610	(26)
Re-measurements		
Actuarial gain/(losses) from:		
- Effect on changes in actuarial assumptions	156	93
- Experience adjustments	150	(204)
Included in other comprehensive income (Note 34(d))	306	(111)
Exchange differences	57	(71)
Benefits paid	(38)	(20)
Balance as at 30 June	2,514	1,579

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

27. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

(c) Movements in the present value of the defined benefits obligation in the current year are as follows:

	Group	
	2022 RM'000	2021 RM'000
Opening defined benefits obligation	1,579	1,807
Current service cost	296	195
Net interest cost	121	134
Excess benefits paid	2	17
Past service cost	191	(372)
Re-measurement gains/(losses):		
- Actuarial gains and losses on benefits payments	150	(204)
- Actuarial gains and losses on changes in actuarial assumptions	156	93
Benefits paid	(38)	(20)
Foreign currencies translation	57	(71)
Closing defined benefits obligation	2,514	1,579

(d) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

	Group	
	2022 %	2021 %
Discount rate	7.85	7.55
Expected rate of wage increase	11.00	10.00

(e) The employee benefits of the Group are exposed to changes in discount rate and expected rate of salary. However, the volatility of these changes is considered low, and hence, sensitivity analysis for employee benefits is not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

28. TRADE PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Trade payables	82,398	53,963

- (a) Trade payables are classified as financial liabilities and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2021: 7 to 90 days) from date of invoices.
- (c) The maturity profile of the Group's trade payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.
- (d) Foreign currency exposure profiles of trade payables are as follows:

	Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	38,783	29,925
US Dollar	31,563	13,529
Australian Dollar	4,129	3,929
Indonesian Rupiah	2,228	1,033
Indian Rupee	2,371	1,516
Thai Baht	1,875	1,841
Euro	917	1,218
Singapore Dollar	128	359
Vietnamese Dong	55	286
Japanese Yen	13	44
Others	336	283
	82,398	53,963

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2022 RM'000	2021 RM'000
Effects of 5% changes to RM against foreign currencies		
Profit after tax		
- US Dollar	742	450

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	8,066	8,531	-	32
Accruals	40,031	32,082	157	145
	48,097	40,613	157	177

- (a) The maturity profile of the Group's and of the Company's other payables and accruals at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one year.
- (b) Foreign currency exposure profiles of other payables and accruals are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	38,407	34,066	157	177
Australian Dollar	3,993	2,567	-	-
Indonesian Rupiah	2,352	2,434	-	-
Hong Kong Dollar	22	21	-	-
US Dollar	876	270	-	-
Thai Baht	1,417	786	-	-
Indian Rupee	690	278	-	-
Others	340	191	-	-
	48,097	40,613	157	177

- (c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as the effect is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

30. SHORT-TERM BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
Bank overdrafts - secured	2,520	3,410
Revolving credit	63,355	14,500
	65,875	17,910
	65,875	17,910

- (a) The bank overdrafts and revolving credit of the Group are secured by way of:
- (i) fixed deposits with licensed banks of the Group (Note 22);
 - (ii) long-term leasehold land and buildings of the Group (Notes 6 and 12); and
 - (iii) fixed and floating charge over the assets of subsidiaries.
- (b) The bank overdrafts and revolving credit are guaranteed by the Company.
- (c) The maturity profile of the Group's bank overdrafts and revolving credit at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one year.
- (d) Foreign currency exposure profiles of bank overdrafts and revolving credit are as follows:

	Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	64,902	16,470
Indian Rupee	973	1,440
	65,875	17,910
	65,875	17,910

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period is not presented as there is no effect of the changes in the exchange rates as it represents the functional currencies of the entity of the Group.
- (f) The weighted average effective interest rate of the bank overdrafts and revolving credit of the Group as at the end of the reporting period is 7.02% and 3.61% (2021: 6.70% and 3.39%) respectively.
- (g) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period is not presented as the effect is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

31. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from Contracts with Customers				
Freight forwarding and logistics services	1,151,249	761,402	-	-
Sale of goods	1,696	2,029	-	-
Revenue from Other Sources				
Dividend income	-	-	18,600	30,559
	1,152,945	763,431	18,600	30,559

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Timing of revenue recognition				
Over time:				
Freight forwarding and logistics services	1,151,249	761,402	-	-
At a point in time:				
Sale of goods	1,696	2,029	-	-
Dividend income	-	-	18,600	30,559
	1,152,945	763,431	18,600	30,559

Disaggregation of revenue from contracts with customers based on geographical location has been presented in the operating segments, Note 5 to the financial statements.

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

31. REVENUE (CONTINUED)

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Services

Revenue from freight forwarding and logistics services are recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

(b) Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

32. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- bank overdrafts	98	176	-	-
- lease liabilities	2,039	1,173	-	-
- revolving credit	1,467	260	-	-
- term loans	2,037	1,669	-	-
- others	34	-	-	-
	5,675	3,278	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

33. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
Crowe Malaysia				
- statutory audit:				
- current year	213	202	68	65
- non-statutory:				
- current year	48	39	48	39
Crowe Global Member Firms				
- statutory audit:				
- current year	55	47	-	-
Other auditors				
- statutory audit:				
- current year	110	104	-	-
Amortisation of intangible assets	265	508	-	-
Bad debts written off:				
- other receivables	-	270	-	233
- trade receivables	1,043	488	-	-
Depreciation:				
- property, plant and equipment	8,802	8,316	-	-
- right-of-use assets	14,631	12,103	-	-
Directors' remunerations:				
- Fees:				
- payable by the Company	465	478	465	478
- payable by the subsidiaries	218	248	-	-
- Other emoluments:				
- paid by the Company	56	41	56	41
- paid by the subsidiaries	13,380	13,466	-	-
Expenses relating to short-term leases	1,602	2,989	-	-
Fair value loss on quoted shares	310	-	-	-
Impairment losses on:				
- amounts owing by associates	-	1,508	-	1,717
- goodwill	-	764	-	-
- investments in associates	-	-	-	1,038
- investments in subsidiaries	-	-	-	4,481
- other receivables	1	1,299	-	-
- property, plant and equipment	891	702	-	-
- trade receivables	2,191	2,054	-	-
Intangible assets written off	2	-	-	-
Loss on disposal of an associate	-	152	-	1,499
Loss on foreign currency transactions:				
- realised	1,615	1,472	-	-
- unrealised	54	501	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

33. PROFIT BEFORE TAX (CONTINUED)

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax (continued):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging (continued):				
Property, plant and equipment written off	335	510	-	-
Provision for post-employment benefits obligation	610	-	-	-
Admin expenses payable to a joint venture	116	-	-	-

Profit before tax is arrived at after crediting:

Bad debts recovered	134	-	-	-
Fair value gain on:				
- short-term fund	-	39	-	-
- quoted shares	-	804	-	-
Gain on disposal of property, plant and equipment	279	217	-	-
Gain on foreign currency transactions:				
- realised	1,488	254	10	1
- unrealised	507	120	391	-
Gain on remeasurement of previously held interests	-	736	-	736
Gross dividends from:				
- subsidiaries	-	-	18,600	30,559
- quoted shares	33	26	-	-
Interest income received from:				
- fixed deposits and repo	75	105	-	-
- current and savings accounts	112	111	40	33
- an associate	-	24	-	4
Management fees received from a third party	-	144	-	-
Lease income from:				
- third parties	4,628	4,712	-	-
- a joint venture	77	-	-	-
Provision for post-employment benefits obligation	-	26	-	-
Reversal of impairment losses on:				
- trade receivables	180	514	-	-
- property, plant and equipment	226	-	-	-
- other receivables	590	-	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Lease income

Lease income is accounted for on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

34. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense based on profit for the financial year	17,694	12,655	10	9
Deferred tax (Note 13)	36	141	-	-
	17,730	12,796	10	9
(Over)/Under provision in prior years:				
- income tax	(970)	(131)	(3)	-
- deferred tax (Note 13)	92	362	-	-
	(878)	231	(3)	-
Total income tax expense	16,852	13,027	7	9

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2021: twenty-four percent (24%)) of the estimated taxable profit for the fiscal year.
- (b) Tax expenses for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) A reconciliation of tax expense applicable to the profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	66,613	42,496	17,879	21,091
Tax at the statutory rate of 24% (2021: 24%)	15,987	10,199	4,291	5,062
Tax effects in respect of:				
Share of results of associates	-	141	-	-
Share of results of joint ventures	(585)	(306)	-	-
Non-allowable expenses	3,321	3,953	279	2,458
Non-taxable income	(630)	(1,441)	(4,560)	(7,511)
Deferred tax assets not recognised	58	754	-	-
Utilisation of deferred tax assets previously not recognised	(3)	(131)	-	-
Crystallisation of deferred tax on revaluation reserve	(374)	(260)	-	-
Lower tax rate in foreign jurisdiction	(44)	(113)	-	-
	17,730	12,796	10	9
(Over)/Under provision in prior years:				
- income tax	(970)	(131)	(3)	-
- deferred tax	92	362	-	-
	16,852	13,027	7	9

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

34. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	Before tax RM'000	2022 Tax effect RM'000	After tax RM'000	Before tax RM'000	2021 Tax effect RM'000	After tax RM'000
Items that will be reclassified subsequently to profit or loss						
Foreign currency translations	546	-	546	(2,615)	-	(2,615)
Items that will not be reclassified subsequently to profit or loss						
Actuarial (gain)/loss on defined benefits plan (Note 27)	(306)	68	(238)	111	(24)	87
Revaluation surplus on land and buildings (Note 6)	-	-	-	21,813	(3,316)	18,497
Revaluation surplus on long-term leasehold land (Note 12)	-	-	-	11,805	(2,833)	8,972

35. DIVIDENDS

	Group and Company			
	2022		2021	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
In respect of the financial year ended 30 June 2021/2020				
- Third/Second interim single tier dividend	1.0	5,585	1.0	2,792
In respect of the financial year ended 30 June 2022/2021				
- First interim single tier dividend	1.0	5,584	1.0	2,792
- Second interim single tier dividend	1.0	5,584	2.0	5,585
	3.0	16,753	4.0	11,169

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

35. DIVIDENDS (CONTINUED)

The Company paid a third interim single tier dividend of 2.0 sen per ordinary share amounting to RM11,168,897 for the financial year ended 30 June 2022 on 7 October 2022. The financial statements for the current financial year do not reflect this dividend and it would be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2023.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2022.

36. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages and bonuses	93,743	88,604	56	41
Contributions to defined contribution plans	9,498	9,256	-	-
Social security contributions	664	631	-	-
Defined benefits plan (Note 27)	610	(26)	-	-
Other benefits	3,328	2,948	-	-
	107,843	101,413	56	41

Included in the employee benefits of the Group and of the Company are Directors' remunerations amounting to RM13,436,400 (2021: RM13,506,706) and RM56,000 (2021: RM41,000) respectively.

37. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022 '000	2021 '000
Profit attributable to equity holders of the parent (RM)	45,585	27,035
Weighted average number of ordinary shares in issue (unit)	558,445	279,222
Effect of bonus issue (unit)	-	279,223
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share (unit)	558,445	558,445
Basic earnings per ordinary share (sen)	8.16	4.84

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

37. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2022	2021
	'000	'000
Profit attributable to equity holders of the parent (RM)	45,585	27,035
Adjusted weighted average number of ordinary shares in issue applicable to diluted earnings per ordinary share (unit)	558,445	558,445
Diluted earnings per ordinary share (sen)	8.16	4.84

38. ACQUISITION OF SUBSIDIARIES

On 4 October 2021, the Company acquired an 85% equity interest in Inter-Orient Services, Inter-Orient Corporation and Noble Shipping Corporation ("IOS Group") for a total cash consideration of USD1,870,000 (RM8,172,258). The acquisition of IOS Group was completed on 1 December 2021.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed of IOS Group at the date of acquisition:

(a) Identifiable assets acquired and liabilities assumed

	Group
	2022
	RM'000
Equipment (Note 6)	22
Trade and other receivables	8,704
Cash and cash equivalents	7,626
Trade and other payables	(16,102)
	250

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

38. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Net cash flows arising from acquisition of IOS Group

	Group 2022 RM'000
Purchase consideration settled in cash and cash equivalents	8,172
Less: Cash and cash equivalents of subsidiaries acquired	(7,626)
	<hr/> 546 <hr/> <hr/>

(c) Goodwill arising from business combination

	Group 2022 RM'000
Fair value of consideration transferred	8,172
Less: Fair value of identifiable net assets	(250)
	<hr/> 7,922 <hr/> <hr/>

The goodwill is attributable to the further expansion into the United States of America ("USA") market by the acquired business as well as the synergies expected to achieve from integrating the subsidiaries into the Group's existing USA segment. The goodwill is not deductible for tax purposes.

(d) Impact of acquisition on the Group's results

The acquired subsidiaries have contributed the following results to the Group:

	Group 2022 RM'000
Revenue	<hr/> 59,223 <hr/> <hr/>

If the acquisition had taken place at the beginning of the current financial year, the revenue would have been RM82,069,076.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

The relationships and identities between the Group and its other related parties are as follows:

Related parties	Relationships
Nankai Global Logistics (M) Sdn. Bhd.	Related by control of key management personnel
Advance Logistics Sdn. Bhd.	Related by control of key management personnel
FM Distribution Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics (M) Sdn. Bhd.
Hubwire Sdn. Bhd.	An associate of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.
FM Global Logistics (Phil.), Inc.	A joint venture of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.
CN FM Global Logistics Sdn. Bhd.	A joint venture of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freight charges received/receivable from:				
- FM Global Logistics (Phil.), Inc.	1,804	1,582	-	-
- CN FM Global Logistics Sdn. Bhd.	6,005	-	-	-
Freight charges paid/payable to:				
- Advance Logistics Sdn. Bhd.	138	201	-	-
- FM Global Logistics (Phil.), Inc.	1,644	1,295	-	-
- CN FM Global Logistics Sdn. Bhd.	1,461	-	-	-
Dividend paid/payable to a Director of a subsidiary	400	240	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

39. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (continued)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Administrative income received/receivable from an associate				
- TCH Marine Pte. Ltd.	-	24	-	-
- FM Distribution Sdn. Bhd.	18	18	-	-
Administrative expenses paid/payable to a joint venture	116	-	-	-
Interest income received/receivable from an associate	-	24	-	4
Lease income received/receivable from a joint venture	77	-	-	-
Software rental income received/receivable from a joint venture	14	-	-	-
Lease expense paid/payable to a joint venture	24	-	-	-
Gross dividends received from subsidiaries	-	-	18,600	30,599

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2022 is disclosed in Notes 17, 18, 19, 20 and 21 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

39. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remunerations of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	683	726	465	478
Short-term employee benefits	12,204	12,108	56	41
Contributions to defined contribution plans	1,232	1,399	-	-
	14,119	14,233	521	519

40. COMMITMENTS

Capital commitments

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for	24,754	79,349

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

41. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2022	2021
	RM'000	RM'000
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM268,739,500 (2021: RM240,739,500)	153,256	72,339

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

42. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base, good credit rating and healthy capital ratios to support its businesses and maximise its shareholders' value.

To manage the capital structure, the Group uses various methods including issuance of new shares, distribution of cash and share dividend payments to shareholders and debt financing. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2022 and 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

42. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Capital management (continued)

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings and lease liabilities less cash and cash equivalents. Capital represents equity attributable to the owners of the parent. The net debt-to-equity ratios as at 30 June 2022 and 30 June 2021 are as follows:

		Group	
	Note	2022 RM'000	2021 RM'000
Lease liabilities	25	54,168	35,986
Term loans	26	83,504	46,907
Short-term borrowings	30	65,875	17,910
Less: Cash and cash equivalents	22	(106,034)	(54,826)
Net debt		97,513	45,977
Total capital		361,575	332,399
Net debt-to-equity ratio		0.27	0.14

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2022.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The overall financial risk management objective of the Group is to optimise its shareholders' value and not to engage in speculative transactions.

The Group is exposed mainly to foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counterparty fails to perform as contracted. The counterparties are major licensed financial institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counterparties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

42. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The average credit period is two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk profiles have been disclosed in Note 15 to the financial statements.

(ii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 17, 18, 21, 25, 26, 28, 29 and 30 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group are exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge this risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 22, 25, 26 and 30 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

42. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than functional currencies of the operating entities. The Company did not have any foreign currency exposure on its transactions.

It is not the policy of the Group to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as transactions denominated in foreign currency are minimal.

The Group is also exposed to foreign currency risk in respect of its overseas investments. The Group and the Company do not hedge this exposure with foreign currency borrowings.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 15, 16, 18, 21, 22, 28, 29 and 30 to the financial statements respectively.

(v) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments held by the Group. Quoted equity instrument outside Malaysia is listed on the Tokyo Stock Exchange, which is held for strategic rather than trading purpose. Short-term funds are unit trust funds quoted in Malaysia. These instruments are classified as financial assets designated at fair value through profit or loss.

At the end of the reporting period, the maximum exposure of the Group to market risk is represented by the total carrying amount of these financial assets recognised in the statements of financial position, which amounted to approximately RM1,328,825 (2021: RM1,639,247). There has been no change to the exposure of the Group to market risk or the manner in which the risk is managed and measured.

The sensitivity analysis of market risk has been disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) Outbreak of Coronavirus Pandemic ("COVID-19")
In transitioning to the endemic phase of COVID-19, the Group and the Company are still unable to reasonably estimate the financial impact of COVID-19 for the foreseeable future as the situation is still evolving and uncertain. Nonetheless, the Group and the Company will continuously monitor, take appropriate measures to mitigate the impact of COVID-19 on its operation and financial performance.
- (ii) On 12 May 2021, FMX Logistics Sdn. Bhd. was incorporated under FMG Capital & Management Sdn. Bhd., a wholly-owned subsidiary, with an issued and paid-up share capital of RM1 comprising 1 ordinary share of RM1. The Company remained dormant during the financial period.
- (iii) On 1 July 2021, FM Global Logistics Company Limited., increased its issued and paid-up share capital from 6,000,000,000 ordinary shares to 15,100,000,000 ordinary shares by way of issuance of 9,100,000,000 new ordinary shares for a total consideration of VND9,100,000,000 (RM1,675,742) to FM Global Logistics Ventures Sdn. Bhd.. This resulted in an increase in equity interest in FM Global Logistics Company Limited. from 95% to 98%.
- (iv) On 8 September 2021, FM Global Consolidation Service Private Limited ("FMGCS") was incorporated under FM Global Logistics (India) Private Limited ("FMGLI"), with an issued and paid-up share capital of IDR100,000 comprising 10,000 ordinary shares of IDR100,000 (RM5,510). On the day of incorporation, FMGLI subscribed 8,000 ordinary shares representing 80% equity interest in FMGCS.
- (v) On 8 September 2021, FM-TCI Global Logistics Company Limited ("FMTCI") was incorporated under FM Global Logistics Company Limited, Vietnam, ("FM Vietnam") with an issued and paid-up share capital of VND11,470,000,000 comprising 11,470,000,000 ordinary shares of VND11,470,000,000 (RM2,118,644). On the day of incorporation, FM Vietnam subscribed 9,176,000,000 ordinary shares representing 80% equity interest in FMTCI.
- (vi) On 1 October 2021, FM Global Logistics Ventures Sdn. Bhd., a wholly-owned subsidiary acquired 60,000 ordinary shares for a total consideration of USD 60,000 (RM243,879) in FM Global Logistics (USA), LLC ("FM USA"), representing the remaining 30% equity interest. Upon the completion of the acquisition, FM USA became a wholly-owned subsidiary of the Company.
- (vii) On 4 October 2021, FM Global Logistics Ventures Sdn. Bhd., a wholly-owned subsidiary entered into a Stock Purchase Agreement with several independent third parties to acquire the entire issued and paid-up share capital of Inter-Orient Services, Inter-Orient Corporation and Noble Shipping Corporation, for a total cash consideration of USD1,870,000 (RM8,172,258). The acquisition was completed on 1 December 2021.

44. CONTINGENT LIABILITY

As of the date of this financial statements, FM Global Logistics (M) Sdn. Bhd. ("FMGLM" or "Plaintiff"), a wholly-owned subsidiary of the Company has an ongoing civil suit at the Shah Alam High Court ("the Court") since 1 November 2019 against Prestige Sports Sdn. Bhd. ("the Defendant") for warehousing and logistics services amounting to RM1,918,909. The Defendant filed a counterclaim against FMGLM for damages and tort of conversion amounting RM8,862,965. On 8 August 2022, the Court delivered its judgement and allowed the Plaintiff's total claim of RM2,065,396 and dismissed the Defendant's claims. Subsequently, the Defendant has filed an appeal against the Court's judgement. The next court date will be held on 7 March 2023 and the litigation is still ongoing. The Directors of the Company believe, based on legal advice that the Company's subsidiary has a good chance of success in this case.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2022

(CONTINUED)

45. ADOPTION ON NEW MFRSs AND AMENDMENTS TO MFRSs

45.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendment to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

45.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2022

Total No. of Share Capital : 558,444,830 ordinary shares
Class of Shares : Ordinary shares
Voting Right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	140	2.53	5,561	0.00
100 – 1,000	863	15.56	482,172	0.09
1,001 – 10,000	2,680	48.33	14,626,554	2.62
10,001 – 100,000	1,626	29.33	50,524,451	9.05
100,001 to less than 5% of issued shares	232	4.18	155,820,788	27.90
5% and above of issued shares	4	0.07	336,985,304	60.34
Total	5,545	100.00	558,444,830	100.00

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 30 September 2022

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
CHEW CHONG KEAT	134,375,228	24.06	551,698@	0.10
SINGAPORE ENTERPRISES PRIVATE LIMITED	111,977,400	20.05	-	-
YANG HENG LAM	102,610,076	18.37	1,964,896#	0.35
KHUA KIAN KEONG	-	-	111,977,400^	20.05

@ Deemed interested in shares held by his children.

Deemed interested in shares held by his spouse and children.

^ Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

(CONTINUED)

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 30 September 2022

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
CHEW CHONG KEAT	134,375,228	24.06	551,698@	0.10
YANG HENG LAM	102,610,076	18.37	1,964,896#	0.35
GAN SIEW YONG	24,295,608	4.35	551,698@	0.10
ONG LOOI CHAI	10,045,466	1.80	633,000#	0.11
TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN	-	-	-	-
SOH CHIN TECK	-	-	-	-
LAU SWEE CHIN	-	-	-	-
KHUA KIAN KEONG	-	-	111,977,400^	20.05

@ Deemed interested in shares held by their children.

Deemed interested in shares held by his spouse and children.

^ Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

(CONTINUED)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1.	CHEW CHONG KEAT	134,375,228	24.06
2.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	100,000,000	17.91
3.	YANG HENG LAM	59,115,864	10.59
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YANG HENG LAM (PB)	43,494,212	7.79
5.	GAN SIEW YONG	24,295,608	4.35
6.	SINGAPORE ENTERPRISES PRIVATE LIMITED	11,977,400	2.14
7.	ONG LOOI CHAI	10,006,040	1.79
8.	SEE KOK HING	9,935,140	1.78
9.	FOO SOOK WAN	6,316,406	1.13
10.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)	6,315,000	1.13
11.	NG CHEE SENG	5,700,000	1.02
12.	TANG GEONG KOANG	4,760,498	0.85
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679)	3,879,000	0.69
14.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	2,450,000	0.44
15.	RHB NOMINEES (ASING) SDN BHD LIN, KUANG	2,299,998	0.41
16.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,062,200	0.37

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

(CONTINUED)

THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	%
17.	TER LEONG YAP	2,036,300	0.36
18.	NIOW SOO SEE	1,957,946	0.35
19.	RHB NOMINEES (ASING) SDN BHD NAIGAI TRANS LINE LTD	1,642,850	0.29
20.	CHEW PHEK YING	1,542,998	0.28
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)	1,500,000	0.27
22.	CH'NG BENG KIAN	1,470,000	0.26
23.	YEOW SOON GUAT	1,374,596	0.25
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (8095789)	1,270,000	0.23
25.	RONIE TAN CHOO SENG	1,250,000	0.22
26.	LIM SOON HUAT	1,000,000	0.18
27.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KOK KHEN	940,000	0.17
28.	DYNAQUEST SDN. BHD	873,500	0.16
29.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AH CHIEW	833,300	0.15
30.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	760,800	0.14
TOTAL		445,434,884	79.76

LIST OF PROPERTIES

POSTAL ADDRESS/LOCATION	DESCRIPTION	EXISTING USE	LAND AREA (SQUARE FEET)	TENURE OF LAND (YEARS)	APPROXIMATE AGE OF BUILDING	DATE OF LAST REVALUATION*/ DATE OF ACQUISITION	NET BOOK VALUE AS AT 30.06.22 RM'000
Geran No. 2893, Lot 1841 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara. Postal Address: No. 4453, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,019	Freehold	47 years	30 June 2021*	330 (Land) 336 (Building)
Geran No. 2892, Lot 1840, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang Pulau Mutiara. Postal Address: No. 4454, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang Pulau Mutiara.	Three (3) storey terrace shophouse	Office	1,021	Freehold	47 years	30 June 2021*	330 (Land) 340 (Building)
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan. Postal Address: No. 45-2A, 2 nd Floor, Jalan Sungai Chandong 15, Bandar Armada Putra, Pulau Indah, 42920 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 19 October 2102	22 years	30 June 2021*	18 (Building)
Master Title: H.S (D) 49488 and 49489, PT 49974 and 49975, Mukim Klang, Daerah Klang, Selangor Darul Ehsan. Postal Address: No. 45-2B, 2 nd Floor, Jalan Sungai Chandong 15, Bandar Armada Putra, Pulau Indah, 42920 Port Klang, Selangor Darul Ehsan.	Office Unit	Vacant	Nil	99 years ending on 19 October 2102	22 years	30 June 2021*	13 (Building)
H.S (D) 116412, PT 239, Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan. Postal Address: Lot 37, Jalan Lebu Sultan Mohamed 1, Kawasan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land	Warehouse and Office	644,811	99 years ending on 2105	16 years	30 June 2021*	44,377 (Land) 63,356 (Building)
H.S (D) 116367, PT 183 Mukim Bandar Sultan Sulaiman, Daerah Klang, Selangor Darul Ehsan. Postal Address: Lot 24, Jalan Lebu Sultan Mohamed 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.	Industrial land	Warehouse and Office	217,797	99 years ending on 30 June 2105	29 years	30 June 2021*	16,056 (Land) 16,830 (Building)

LIST OF PROPERTIES

(CONTINUED)

POSTAL ADDRESS/LOCATION	DESCRIPTION	EXISTING USE	LAND AREA (SQUARE FEET)	TENURE OF LAND (YEARS)	APPROXIMATE AGE OF BUILDING	DATE OF LAST REVALUATION*/ DATE OF ACQUISITION	NET BOOK VALUE AS AT 30.06.22 RM'000
H.S (D) 37855, PT 478 Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang Pulau Mutiara. Postal Address: No. 1077, Lorong Perusahaan Maju 1, Kawasan Perusahaan F4, 13600 Perai, Pulau Pinang Pulau Mutiara.	Industrial land	Warehouse and Office	92,424	60 years ending on 30 October 2052	27 years	30 June 2021*	4,456 (Land) 6,200 (Building)
H.S (D) 261818, Lot No. PT598 Pekan Hicom, Daerah Petaling, Selangor Darul Ehsan. Postal Address: Lot 5, Persiaran Sabak Bernam, Section 26 (Hicom), 40400 Shah Alam, Selangor Darul Ehsan.	Industrial land	Warehouse and Office	371,990	Freehold	33 years	30 June 2021*	65,000 (Land) 9,773 (Building)
HS (D) 37850, PT476, Mukim 6, Daerah Seberang Perai Tengah, Negeri Pulau Pinang. Postal Address: Plot No. 61, Lorong Perusahaan Maju 3, Kawasan Perusahaan Perai Fasa 4, 13600 Perai, Pulau Pinang.	Industrial land	Warehouse and Office	87,121	60 years ending on 23 September 2052	26 years	30 June 2021*	4,249 (Land) 7,198 (Building)
H.S.(M) 42050, PT 65647, Tempat Selat Klang Utara, Jalan Sultan Suleiman Alauddin/KU17, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Industrial land	Vacant	152,267	99 years ending on 7 December 2110	-	28 February 2022	11,481 (Land)
H.S. (M) 42053, PT65650, Tempat Selat Klang Utara, Jalan Sultan Suleiman Alauddin/KU17, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan.	Industrial land	Vacant	160,503	99 years ending on 7 December 2110	-	28 February 2022	11,744 (Land)
Ruko CBD Jababeka Blok B No. 18, Jl. Niaga Raya Kav. AA3, Pasirsari, Cikarang Selatan, Bekasi, Jawa Barat. Zip code : 17530	Office Unit	Office	624	8 years ending on 24 September 2026, after that extend every 30 years	13 years	30 June 2021*	277 (Building)
Ruko CBD Jababeka Blok B No. 19, Jl. Niaga Raya Kav. AA3, Pasirsari, Cikarang Selatan, Bekasi, Jawa Barat. Zip code : 17530	Office Unit	Office	624	8 years ending on 24 September 2026, after that extend every 30 years	13 years	30 June 2021*	326 (Building)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 26th Annual General Meeting (“AGM”) of the Company will be conducted entirely through live streaming from the **Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** on **Monday, 28 November 2022** at **10.00 a.m.**, to transact the following businesses:-

AS ORDINARY BUSINESS:-

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 1 of the Explanatory Notes to the Agenda |
| 2. To approve the payment of Directors’ fees up to an aggregate amount of RM500,000 for the financial year ending 30 June 2023, to be paid monthly in arrears. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors’ benefits amounting to RM80,000 from the date of the forthcoming AGM until the next AGM of the Company. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who are retiring pursuant to Clause 125 of the Constitution of the Company:-

a. Chew Chong Keat
b. Tengku Nurul Azian Binti Tengku Shahrman
c. Soh Chin Teck | Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5 |
| 5. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions, with or without modification(s):-

- | | |
|--|------------------------------|
| 6. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK | Ordinary Resolution 7 |
| <p>“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company (“Share Buy-Back Mandate”) provided that:</p> | |

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

- (a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to the Share Buy-Back Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and to give full effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit or expedient at their discretion in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

7. SPECIAL RESOLUTION

Special Resolution

WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016

“THAT pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act.”

8. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Ordinary Resolution 8

“THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 (“Act”) and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

9. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board,

FONG SOK YEE (MAICSA 7066501) (SSM PC NO. 202008001180)

TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)

Company Secretaries

Kuala Lumpur

28 October 2022

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

NOTES:-

- a. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the 26th AGM via the remote participation and voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the 26th AGM available at <https://fmgloballogistics.listedcompany.com/AR2022.html> on registration, participation and voting at the 26th AGM.
- b. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2022 (General Meeting Record of Depositors) shall be eligible to participate in the 26th AGM or appoint proxy(ies) to participate on his behalf at the meeting.
- c. A member, including an authorised nominee, entitled to attend, speak and vote at the meeting may appoint not more than two (2) proxies to attend, speak and vote for him. A proxy need not be a member of the Company.
- d. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares 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.
- e. Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- f. The appointment of proxy(ies) may be made in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof:-
 - i. In hard copy form
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means via TIIH Online website at <https://tiih.online>
Please follow the procedures as set out in the Administrative Guide for 26th AGM for electronic lodgement of Proxy Form via TIIH Online.
- g. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned 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 notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- h. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
- i. Last date and time for lodging the Proxy Form is **Saturday, 26 November 2022 at 10.00 a.m.**
- j. For a corporate member who has appointed a representative instead of a proxy to attend the meeting, please deposit the **original or duly certified** certificate of appointment executed in the manner as stated in the Proxy Form with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
- k. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 26th AGM will be put to vote by poll.

EXPLANATORY NOTES TO THE AGENDA:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2022

This Agenda item is meant for discussion only. The provision of Section 248(2) and 340(1)(a) of the Companies Act 2016 (“Act”) require the audited financial statements and the reports of the Directors and Auditors thereon be laid before the Company at its AGM. Hence, this Agenda item is not a business which requires a motion to be put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

EXPLANATORY NOTES TO THE AGENDA (CONTINUED):

2. Ordinary Resolutions 3, 4 and 5 – Re-election of retiring Directors

The following Directors of the Company are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 26th AGM:-

- i. Chew Chong Keat;
- ii. Tengku Nurul Azian Binti Tengku Shahrman; and
- iii. Soh Chin Teck.

Their profiles are disclosed in the Board of Directors' Profile of the 2022 Annual Report.

Save as disclosed, the retiring Directors have no conflict of interest with the Company and its subsidiaries. The Nomination Committee ("NC") has considered the performance and contribution of the retiring Directors and has assessed the independence of the Independent Non-Executive Directors ("INED") seeking re-election. Based on the recommendation of the NC, the Board is supportive of their re-election based on the following justifications:-

- i. Ordinary Resolution 3 – Re-election of Chew Chong Keat as Group Managing Director
As one of the Group's co-founders and with his extensive industry knowledge, Chew Chong Keat demonstrated exemplary leadership in building the business and creating value. He is familiar with the Company's business operation and has contributed significantly to the Group by providing valuable input to steer the Group forward during his tenure as the Group Managing Director of the Company.
- ii. Ordinary Resolution 4 – Re-election of Tengku Nurul Azian Binti Tengku Shahrman as INED
Tengku Nurul Azian Binti Tengku Shahrman has exercised due care and carried out her duties proficiently as the Chairman and INED of the Company. She demonstrated objectivity and independence through her participation at the meetings by giving valuable feedbacks to the Board's discussion and decision making for the best interest of the Company.
- iii. Ordinary Resolution 5 – Re-election of Soh Chin Teck as INED
Soh Chin Teck has exercised due care and shown high commitment by carrying out his duties professionally during his tenure as INED of the Company. He participated actively and contributed effectively for robust discussion at the Board and Board Committees' meetings, bringing independent judgement and depth into the Board's decision making in the best interest of the Company.

3. Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The proposed resolution, if passed, will empower the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The Company has not purchased any of its own shares since the mandate was obtained from its shareholders at the last AGM held on 24 November 2021.

Further information relating to this proposed resolution is set out in the Statement to Shareholders dated 28 October 2022.

4. Special Resolution – Waiver of Pre-emptive Rights under Section 85 of the Act

The provision of Section 85 of the Act requires all new shares or other convertible securities of the Company be first offered to shareholders in proportion to their existing holdings.

The purpose of this Special Resolution is to seek waiver from the shareholders on their statutory pre-emptive rights pursuant to Section 85 of the Act. This Special Resolution, if passed, will allow the Directors to issue and allot shares in the Company from time to time without making a pre-emptive offer to the existing shareholders.

5. Ordinary Resolution 8 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 8, if passed, will empower the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

This is a renewal of the mandate obtained from shareholders at the last AGM held on 28 November 2021. Subject to the passing of the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Act, the proposed Ordinary Resolution 8, if passed, will provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

As of the date of this notice, the Company did not issue any new shares pursuant to the mandate granted by the shareholders at the last AGM.



FM GLOBAL LOGISTICS HOLDINGS BERHAD
 (Formerly known as Freight Management Holdings Bhd.)
 Registration No. 199601008064 (380410-P)
 (Incorporated in Malaysia)

PROXY FORM

CDS A/C. No.	No. of shares held

I/We _____ NRIC No./Co. Registration No. _____
 (Full Name in Block Letters)

of _____
 (Full Address)

being (a) member(s) of FM Global Logistics Holdings Berhad, hereby appoint:-

Full Name in Block Letters		Proportion of Shareholdings
NRIC / Passport No.		
Full Address		%
Email Address		

*and,

Full Name in Block Letters		Proportion of Shareholdings
NRIC / Passport No.		
Full Address		%
Email Address		
		100%

or failing *him / her, the Chairman of the Meeting as *my / our *proxy / proxies to attend and to vote for *me / us on *my / our behalf at the 26th Annual General Meeting of the Company, which will be conducted entirely through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Monday, 28 November 2022 at 10.00 a.m., and at any adjournment thereof and to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees for the financial year ending 30 June 2023 to be paid monthly in arrears.		
Ordinary Resolution 2	To approve the payment of Directors' benefits.		
Ordinary Resolution 3	To re-elect Chew Chong Keat as Director of the Company.		
Ordinary Resolution 4	To re-elect Tengku Nurul Azian Binti Tengku Shahrman as Director of the Company.		
Ordinary Resolution 5	To re-elect Soh Chin Teck as Director of the Company.		
Ordinary Resolution 6	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		
Special Resolution	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016.		
Ordinary Resolution 8	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[*Delete if not applicable]

Telephone no. during office hours:

Dated this _____ day of _____ 2022

 [Signature / Common Seal of shareholder(s)]

NOTES:-

- a. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the 26th AGM via the remote participation and voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the 26th AGM available at <https://fmgloballogistics.listedcompany.com/AR2022.html> on registration, participation and voting at the 26th AGM.
- b. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2022 (General Meeting Record of Depositors) shall be eligible to participate in the 26th AGM or appoint proxy(ies) to participate on his behalf at the meeting.
- c. A member, including an authorised nominee, entitled to attend, speak and vote at the meeting may appoint not more than two (2) proxies to attend, speak and vote for him. A proxy need not be a member of the Company.
- d. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares 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.
- e. Where a member, an authorised nominee or an exempt authorised nominee, appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- f. The appointment of proxy(ies) may be made in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof:
 - i. In hard copy form
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means via TIIH Online website at <https://tiih.online>
Please follow the procedures as set out in the Administrative Guide for 26th AGM for electronic lodgement of Proxy Form via TIIH Online.

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FM GLOBAL LOGISTICS HOLDINGS BERHAD
(Formerly known as FREIGHT MANAGEMENT HOLDINGS BHD.)
Registration No. 199601008064 (380410-P)

The Share Registrar:
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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- g. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned 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 notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- h. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
- i. Last date and time for lodging the Proxy Form is **Saturday, 26 November 2022 at 10.00 a.m.**
- j. For a corporate member who has appointed a representative instead of a proxy to attend the meeting, please deposit the **original or duly certified** certificate of appointment executed in the manner as stated in the Proxy Form with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
- k. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 26th AGM will be put to vote by poll.

GROUP DIRECTORY

(CONTINUED)

NO	AREA	ADDRESS	TEL	FAX
MALAYSIA				
7.	BUTTERWORTH	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) No. 4453 & 4454, Jalan Bagan Luar, 12000 Butterworth, P.W. Pulau Pinang. Email Address : enquiry-pen@fmgloballogistics.com	+604-331 4358	+604-331 4368
8.	PENANG	FM GLOBAL LOGISTICS (KUL) SDN. BHD. (Company No. 199558-U) Block A-Unit 8, Cargo Agent Building, MAS Cargo Complex, Penang International Airport, 11900 Bayan Lepas, Pulau Pinang Pulau Mutiara. Email : enquiry-air@fmgloballogistics.com	+604-640 4943 +604-640 4944	+604-640 4948
9.	IPOH	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) 1B (2 nd Floor), Persiaran Greentown 9, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan. General Email Address : fmipoh@fmgloballogistics.com Email : cs_ipoh@fmgloballogistics.com	+605-242 1600 +605-255 1382	+605-255 1446 +605-255 1380
10.	MELAKA	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) No. 1-2, Jalan PPMP 1, Pusat Perniagaan Malim Permai, 75250 Hang Tuah Jaya, Malim, Melaka Bandar Bersejarah. General Email Address : sales_mel@fmgloballogistics.com	+606-336 8888	+606-336 7777
11.	KUANTAN	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) A-43, Tingkat 1, Lorong Balok Perdana 3/1, Balok Perdana, 26100 Kuantan, Pahang Darul Makmur. General Email Address : azha@fmgloballogistics.com	+609-584 0359 +609-584 0459	+609-584 0159
12.	BUKIT KAYU HITAM	FM GLOBAL LOGISTICS (M) SDN. BHD. (Company No. 85740-U) No. 6, Tingkat 1, Susuran Cenggal Emas, Kompleks Cenggal Emas, 06050 Bukit Kayu Hitam, Kedah Darul Aman. Email : fmbkadmin@fmgloballogistics.com	+604-922 1098	+604-922 1098
13.	KUCHING	FM MULTIMODAL SERVICES SDN. BHD. (Company No. 251269-V) Lot 1255, Block 8, MTLD Demak Laut Industrial Park, Jalan Bako, 93050 Kuching, Sarawak, Malaysia Email : general@fmmultimodal.com	+082-496 143	

GROUP DIRECTORY

(CONTINUED)

NO	AREA	ADDRESS	TEL	FAX
THAILAND				
FM GLOBAL LOGISTICS CO., LTD.				
1.	BANGKOK	Richmond Building 11 th Floor 75/25 Soi Sukhumvit 26, Klongton, Klongtoey, Bangkok, 10110 Thailand. Email : enquiry-th@fmgloballogistics.com	+66-2 661 2400-6	+66-2 661 2407-8
2.	SADAO	97 Moo 2 Kanjanavanich Road, Samnak kham, Sadao, Songkhla 90320 Thailand.	+66-74-802089	
INDONESIA				
PT. FM GLOBAL LOGISTICS				
1.	JAKARTA	Rukan Artha Gading Niaga Blok H No. 11, Jl. Bulevar Artha Gading, Kelapa Gading 14240, Jakarta Utara, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 4585 6727 +62-21 4585 0905	+62-21 4585 0906
2.	JAKARTA	Jakarta Cengkareng Airport Office & Warehouse Soewarna Integrated Business Park Warehouse Area, Block E3 Soekarno Hatta, International Airport Tangerang 19110, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 5591 1270	
3.	CIKARANG	Ruko CBD Jababeka Blok B No. 18 & 19, Jl. Niaga Raya Kav AA3, Cikarang Baru, Bekasi 17550 Kawasan Industri Jababeka Tahap 2, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-21 893 4869 +62-21 893 4913	+62-21 8983 6776
4.	BANDUNG	Topaz Commercial TC-78, Jl. Boulevard Selatan - Summarecon Bandung, Bandung 40294, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-22 753 5706 +62-22 753 5719 +62-22 8730 4055 +62-22 756 5687	
5.	MEDAN (BELAWAN)	Graha Harmoni Building 5 th Floor, Jln. Gaharu No. 2B, Harmoni, Medan Timur, Kota Medan, Sumatera Utara 20235, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-61 414 1723	+62-61 414 1785
6.	SURABAYA	Wisma AGI - 3rd. Fl, Unit A, Jl. Tidar No. 17.19, Surabaya 60251, Jawa Timur, Indonesia. Email : enquiry-id@fmgloballogistics.com	+62-31 531 8903	

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NO	AREA	ADDRESS	TEL	FAX
VIETNAM				
FM GLOBAL LOGISTICS COMPANY LIMITED				
FM-TC GLOBAL LOGISTICS CO., LTD				
1.	HO CHI MINH	Unit 1205, 12 th Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City, Vietnam. Email : enquiry-vn@fmgloballogistics.com	+8428-3823 8628	+8428-3823 7868
2.	HAIPHONG	Unit 516A, 5 th Floor, TD Business Center, Lot 20A, Le Hong Phong Street, Dong Khe Ward, Ngo Quyen District, Hai Phong City, Vietnam. Email : enquiry-vn@fmgloballogistics.com	+ 84225-3722 168	+ 84225-3722 998
3.	HA NOI	12 th Floor, Mippec Tower, 229 Tay Son Street, Nga Tu So Ward, Dong Da District, Ha Noi City, Vietnam Email : enquiry-vn@fmgloballogistics.com	+ 8424-6683 1836	
INDIA				
FM GLOBAL LOGISTICS (INDIA) PVT. LTD.				
1.	CHENNAI	23, Andhra Chamber of Commerce Building, 2 nd floor, 3 rd Cross Street. West CIT Nagar, Nandanam, Chennai - 600035, Tamilnadu, India. Email : Dhamu.maa@fmgloballogistics.com, acc-maa@fmgloballogistics.com	+91 44 2434 3800	+91 442 433 2045
2.	MUMBAI	V TIMES SQUARE, Office Number 1003, 10 th Floor, Plot Number 03, Sector 15, C B D Belapur, Navi Mumbai 400614 Email : nadeem@fmgloballogistics.com, abdul@fmgloballogistics.com	+91 226 846 3300	+91 226 846 3301
3.	JAIPUR	307, 3 rd Floor, Amrpali Plaza, Amrpali Circle, Vaishali Nagar, Jaipur 302021 Email : Girish-jaipur@fmgloballogistics.com, cs-jaipur@fmgloballogistics.com	+91 978 468 9968	
4.	KANPUR	40/119, 3 rd Floor, Hospital Road, Parade, Kanpur-208001 (U.P.) India Email : karim-kanpur@fmgloballogistics.com	+91 700 727 7741	
INDIA				
FM GLOBAL CONSOLIDATION SERVICES PVT LTD				
1.	AHMEDABAD	Sakar IX, 4 th Floor, B-411, OPP Gold City Cinema, Ashram road, Ahmedabad - 380009 Email : ram@fmgloballogistics.com	+91 734 95 025	

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NO	AREA	ADDRESS	TEL	FAX
AUSTRALIA				
FM GLOBAL LOGISTICS PTY. LTD.				
1.	FREMANTLE	6 Rivers Street Bibra Lake WA 6163, Australia. Email : brad@fmgloballogistics.com.au	+61 8 9314 2004	+61 8 9314 6004
2.	MELBOURNE	218C Waterdale Road, Ivanhoe VIC 3079, Australia. Email : amanda@fmgloballogistics.com.au	+61 431 691 102	
3.	ADELAIDE	Level 2, 306 St Vincent Street, Port Adelaide SA 5015, Australia. Email : darren@fmgloballogistics.com.au	+61 413 939 204	
4.	BRISBANE	Unit 29, 16 Crockford Street, Northgate QLD 4013, Australia. Email : brad.evans@fmgloballogistics.com.au	+61 478 564 090	
5.	SYDNEY	Unit 5, 50 Lacey Street, Kogarah Bay NSW 2217, Australia. Email : michael.eder@fmgloballogistics.com.au	+61 428 080 580	
PHILIPPINES				
FM GLOBAL LOGISTICS (PHIL.), INC.				
1.	MANILA	2/F, TMI Centre Arzobispo St, Intramuros, Manila, Philippines. Email : elma@fmgloballogistics.com	+63 - 2- 85270221 +63 - 2- 85270224	+63 - 2- 85270209
2.	CEBU	Plaridel St. Looc Mandaue City, Cebu, Philippines. Email: dante-ph@fmgloballogistics.com	+63 - 32- 3450937 +63 - 32- 3449698	
3.	PARANAQUE	G/F Unit 22 Cargo Village Complex Ninoy Aquino cor. Multinational Aves. Brgy. Sto. Niño, Paranaque City, Philippines. Email : airfreight-ph@fmgloballogistics.com	+63 - 2- 88390538 +63 - 2- 88390539	+63 - 2- 88390411
4.	LAS PIÑAS	Las Pinas Cargo Complex Previously Francisco Motors Compound J. Aguilar Ave., CAA Road, Las Pinas City Email : elma@fmgloballogistics.com Email : irene-ph@fmgloballogistics.com	+63 - 2- 83767090	
UAE				
AMASS MIDDLE EAST SHIPPING SERVICES LLC				
1.	DUBAI	202, Sultan Business Centre, Oud Metha, P.O. Box 33463, Dubai, UAE Email : jay.prakash@dxb.amassfreight.com	+971 4 2255551	+971 4 2221794
USA				
FM GLOBAL LOGISTICS (USA), LLC				
1.	LOS ANGELES	735 W. Emerson Ave Monterey Park, CA 91745, USA Email : manager-usa@fmgloballogistics.com	323-982-8007	323-982-8711
USA				
INTER-ORIENT SERVICES				
1.	LOS ANGELES	735 W. Emerson Ave Monterey Park, CA 91745, USA Email : info@interorientalservices.com	323-263-1820	323-604-1837

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FM GLOBAL LOGISTICS HOLDINGS BERHAD

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