GLOBAL LOGISTICS

FM GLOBAL LOGISTICS HOLDINGS BERHAD

Registration No. 199601008064 (380410-P)

ANNUAL REPORT 2023

SEAMLESS SYNERGY: EMPOWERING INTEGRATED LOGISTICS

| SEA FREIGHT | AIR FREIGHT | LAND FREIGHT | 3PL, WAREHOUSE & DISTRIBUTION | HAULAGE | CUSTOMS BROKERAGE |
| LAND TRANSPORTATION | E-COMMERCE FULFILMENT | LAST MILE SERVICES |

SEAMLESS SYNERGY: EMPOWERING INTEGRATED LOGISTICS

The art and science of the management and movement of goods on a global scale blends the artistry of strategic planning and precision of science. While art guides us in crafting meticulous plans and processes, science provides us with cutting-edge tools and technology. When these two elements sync, the outcome is the effective flow of materials, merchandise and products that underpin the optimal workings of industry, commerce, consumption and society as a whole.

At FM Global Logistics Holdings Berhad ("FMGL" or "the Group"), we have amassed decades of expertise and invaluable experience in addressing the multifaceted needs of our discerning clientele. From warehousing to materials handling, from efficient inventory management to the technological precision of transportation logistics, including our aptitude in third-party logistics ("3PL") and adeptness of information and control, our comprehensive portfolio is a testament to our standing as a preferred partner in the region, fortified by a steadfast history of financial excellence.

Yet, what truly distinguishes us is our resolute commitment to the efficient, professional and responsible management and stewardship of our customers' valuable cargo. This commitment is the cornerstone of our business philosophy, illustrating our dedication to fostering **Seamless Synergy: Empowering Integrated Logistics** with a firm sense of purpose and integrity.

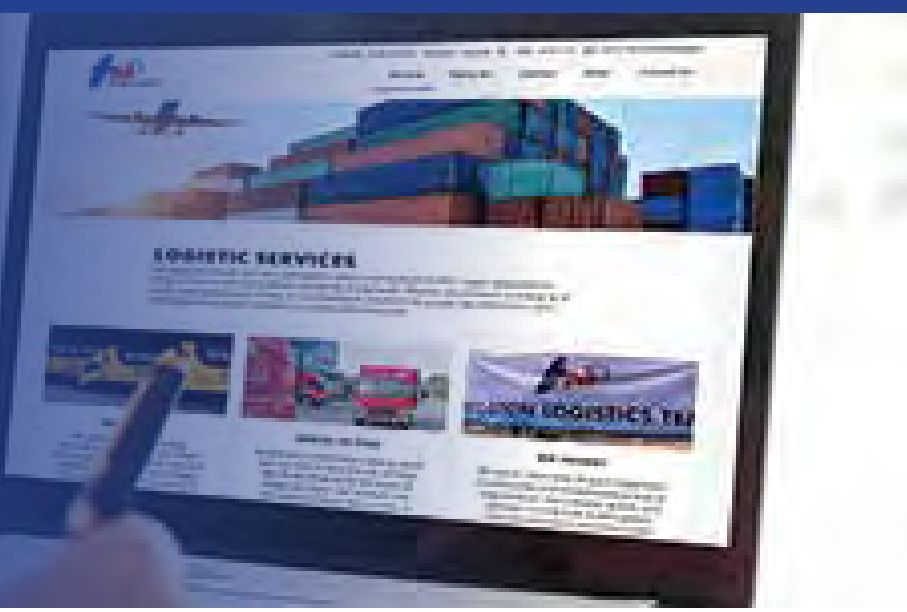
| SEA FREIGHT | AIR FREIGHT | LAND FREIGHT |
3PL, WAREHOUSE & DISTRIBUTION | HAULAGE |
CUSTOMS BROKERAGE | LAND TRANSPORTATION |
E-COMMERCE FULFILMENT | LAST MILE SERVICES |

27th Annual General Meeting

Broadcast Venue:
The Vertical,
Connexion Conference & Event Centre
The Vertical, Pinnacle 3 (Level M1)
Bangsar South City, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Date:
Thursday, 23 November 2023

Time:
10:00 a.m.



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Executive Summary

About Us

Established in 1988, FM Global Logistics Holdings Berhad (“FMGL” or “the Group”) stands as a preferred International Freight Services Provider headquartered in Malaysia. We specialise in integrated **International Freight Services**, encompassing Sea Freight Less Than Container Load (“LCL”), Full Container Load (“FCL”), Air Freight and Land Freight services, including cross-border trucking services.

Within our **Domestic Logistics** segment, we offer a wide array of services, including Third Party Logistics (“3PL”), Warehousing & Distribution, and Supporting Services. These services extend to Customs Brokerage, Haulage, E-Commerce Fulfilment and Last Mile Delivery, providing our clients with a seamless and integrated logistics experience.

822,000 sq ft
Warehousing Space (Bonded & Non-bonded)

9
Operating Countries

722
Trailers
2022: 612

121
Trucks
2022: 109

165
Prime Movers
2022:154

This enables the Group to offer dedicated and reliable freight services to its diverse range of customers with a workforce of over 1,800 personnel, who are stationed at all the important maritime and air gateways of Malaysia and also in the ASEAN Region, India, Australia, the United Arab Emirates ("UAE") and the United States of America ("USA").

FMGL was first listed on Bursa Malaysia Securities Berhad ("Bursa Securities") in February 2005 and transferred to the Main Board in December 2007, making it one of the first Malaysian owned freight services companies to be listed on the Main Board of Bursa Securities.

123,066

TEUs

2022: 126,941

1,871

Employees

2022: 1,748

Your Connection to the World

FMGL is simplifying logistics to connect businesses, customers and communities through efficient, reliable and safer solutions.

Our Vision is to be a global, innovative, sustainable and integrated leading supply chain logistics partner to support and advance the 5Ps of People, Planet, Prosperity, Peace and Partnerships.

PEOPLE
Building a High Performance Culture

GROWTH
Being Innovative to Achieve Success

CUSTOMERS
Listening & Improving Service

QUALITY
Meet Expectations & Continually Improve Satisfaction Levels

Future Focused

Global Integrated International Freight & Logistics Services

FMGL is a leading international freight forwarder in the Asean Region, operating as an intermediate agent between importers/exporters and carriers.

International and Domestic Air Freight Services

FMGL handles inbound and outbound air freight services both internationally and between Peninsular Malaysia and Sabah/ Sarawak. We are part of an established worldwide network of air freight forwarders, offering seamless air freight services to all destinations.

3PL, Warehousing & Distribution

FMGL operates a total of 822,000 square feet ("sq ft") of bonded and non-bonded ambient and cool warehouses. We offer a one-stop centre for storage, value-added services and distribution, and E-Commerce Fulfilment services.

Haulage & Customs Clearance

FMGL operates a sizeable fleet of prime movers and trailers to offer door-to-door and port-to-port solutions for its FCL customers.

With a team of more than 100 personnel nationwide, FMGL is able to offer professional and efficient customs clearance for both sea and air freight forwarding services.

International and Domestic Sea Freight Services LCL/FCL

FMGL's extensive experience in export/import sea freight services ensures efficient handling of customers' cargo movement internationally and between Peninsular Malaysia and Sabah/Sarawak.

Land Transportation

FMGL's extensive fleet of 121 trucks, 165 prime movers and 722 trailers enables door-to-door delivery and cross-border services spanning across Peninsular Malaysia. Our services extend between Malaysia, Singapore and Thailand. We accommodate a range of transportation services, including Full Truck Load, Less Than Truck Load and Container Haulage.

Project Management

FMGL's Project Management Department is equipped to handle the organisation and shipping of all oversized cargo.

Last Mile Delivery

FMGL, through its wholly owned subsidiary Parcel To Post Services Sdn. Bhd., operates Business-to-Business ("B2B") and Business-to-Consumer ("B2C") Last Mile Delivery services.

Chairman's Statement

Dear Esteemed Shareholders,

Financial Year 2023 ("FY2023") closed with an expected outcome for FM Global Logistics Holdings Berhad ("FMGL" or "the Group") as results reflected the correction to the global logistics market on the easing of the post-pandemic surge.

FMGL's steady performance during the financial period in review was in line with industry norms as global economic and trade activities began to moderate since the start of 2023.

Revenue (RM Million)

RM948.4

FY2022: RM1,152.9

Profit Before Tax (RM Million)

RM62.3

FY2022: RM66.6

Profit After Tax and Minority Interest (RM Million)

RM42.0

FY2022: RM45.6

Net Assets Per Share (sen)

0.69

FY2022: 0.65

Even so, the Group has achieved impressive results in financial returns when benchmarked against preceding years, with the exclusion of FY2022 when unique circumstances including pent-up demand led to an exceptional performance.

As an indication, Group Revenue in FY2023 was higher by 24.2% than FY2021 and 73.9% than pre-pandemic FY2019, while pre-tax profit grew 46.5% since FY2021 and a substantial 175.4% from FY2019.

Clearly, FMGL's continuous efforts to enhance and expand our operational infrastructure supported by prudent financial management have shored up our resilience to perform under challenging operating conditions.

During FY2023, global trade and external demand experienced a gradual decline, causing freight rates to plummet from previously elevated levels. At the same time, Malaysia's exports decreased by 18.6% year-on-year ("YoY") to RM115.16 billion in August 2023, while imports also saw a YoY reduction of 21.2% to RM97.85 billion. The overall trade volume contracted by 19.8% YoY to RM213.01 billion due to a combination of slower global demand and declining commodity prices. These developments highlight the significant challenges faced by Malaysia's international trade, which include external uncertainties, shifting consumer preferences and geopolitical tensions. *(Source: Ministry of Investment, Trade and Industry)*

According to freight booking platform Freightos, international freight rates have dropped by more than 80% since peaking in late 2021, while statistics from the Malaysian External Trade Development Corporation ("MARTRADE") indicated trade was lower by an estimated 14% YoY in the first half of 2023.

FOCUSED ON GROWTH

Despite the positive outlook on Malaysia's economy and expected growth between 4% and 5% in 2023, there are concerns about potential risks. In the global landscape, efficient and secure movement of goods, streamlined documentation, minimal human involvement, and predictable customs processes are crucial.

In meeting these expectations, I am pleased to announce that FM Global Logistics (M) Sdn Bhd was Authorised Economic Operator ("AEO") accredited by the Royal Malaysian Customs Department on 4 August 2023, signifying the Group's calibre in customs clearance services that encourages high-security measures across various aspects of operations. This positions FMGL as a multimodal freight and integrated logistics provider that upholds enhanced trade safety and efficiency while bolstering Malaysia's global trading reputation.

In line with FMGL's strategic objectives of expanding our market presence and diversifying our client portfolio, we are pleased to announce our entry into a significant corporate undertaking. On 25 September 2023, the Group executed a Sale and Purchase Agreement ("SPA") to acquire the entire equity of CAC Logistics Services Pte Ltd ("CAC"), a reputable Singapore-based logistics company.

Notably, this transaction brings an additional rented 236,000 sq ft of warehousing space into our inventory, strengthening our infrastructure. Equally significant is the company's access to the vibrant Singaporean market and its numerous multinational corporations. The Board is confident that this strategic move will contribute considerably to FMGL's future earnings, further solidifying our position in the Southeast Asian logistics industry. We anticipate finalising this transaction by the second quarter of FY2024, whereby CAC will become an indirect wholly-owned subsidiary of the Group. This development marks a positive development in the Group's pursuit of growth and market expansion.

Chairman's Statement (continued)

FINANCIAL RESULTS

Group Revenue for the year ended 30 June 2023 was RM948.4 million, declining 17.7% from the previous financial year's record of RM1,152.9 million.

As expected, revenue contribution from our International Freight Services was impacted by falling freight rates and softer demand, dropping by 27.7% to RM715.4 million (FY2022: RM988.9 million).

In contrast, revenue from the Domestic Logistics business grew by a hefty 42.1% to RM233.0 million from RM164.0 million previously after we successfully captured new clients for our warehousing and distribution services.

Profit Before Tax ("PBT") for the Group decreased by 6.5% to RM62.3 million from RM66.6 million in the previous year. This decline in performance was primarily due to increased depreciation from the acquisition of new assets, specifically prime movers and trucks, as well as higher interest expenses associated with these purchases.

Profit After Tax and Minority Interest ("PATAMI") amounted to RM42.0 million, which was 7.9% lower than RM45.6 million achieved in FY2022. Earnings Per Share ("EPS") was 7.52 sen compared to 8.16 sen in the previous financial year.

At the close of FY2023, the Shareholders' Funds accrued to RM384.0 million, an increase of 6.2% from RM361.6 million previously, while Total Assets was reduced by 8.7% at RM689.0 million (FY2022: RM754.5 million). Net Assets Per Share was 69 sen (FY2022: 65 sen).

FMGL has been focused on building resilience by extending our reach on the international frontwhile increasing capacity and enhancing competencies in the domestic arena.

PROFIT DISTRIBUTION

In step with the practice of consistently sharing profits with our loyal shareholders, I am pleased to report that the Board of Directors ("The Board") has declared a dividend of 4.0 sen per share for the year.

In issuing three single-tier interim dividends (1.0 sen, 1.0 sen and 2.0 sen), the Board has matched the highest-ever total dividend issued in the previous financial year. Total dividend payout amounts to RM22.3 million, representing 53% of PATAMI (FY2022: 49%).

RISING ABOVE THE HEADWINDS

The Group is cognisant that our performance, especially in international freight, is contingent on the global economy and world trade. Ultimately, factors such as economic uncertainty and disruptions to global supply chains impact our performance as well as top and bottom lines.

Building Resilience

As a counter against external forces beyond our control, FMGL has been focused on building resilience by extending our reach on the international front while increasing capacity and enhancing competencies in the domestic arena. Based on this approach, the Group is in a progressively better position to capitalise on growth opportunities, as was the case during the reporting period when our efforts to improve service offerings led to increased business in Domestic Logistics. To maintain growth momentum for our warehousing and distribution activities, we are poised to develop or acquire additional warehousing facilities to replace leased premises that currently account for an estimated one-third of our total space.

In the case of our International Freight Services, the Group's acquisition of the USA-based IOS Group of Companies in the previous financial year provides us with an effective platform to make further inroads in the American market. We expect our USA operations to drive growth for this business segment in the years to come despite the subdued performance in FY2023 on account of slower trade activities across that region.

In the meantime, the Group will continue to shift towards the deployment of emerging technologies such as automation, artificial intelligence ("AI") and other digital-based platforms to boost operational efficiency and broaden our range of services to clients.

Chairman's Statement (continued)

Sustaining Our Competitive Edge

How has FMGL progressed in its environmental, social and governance ("ESG") and sustainability efforts?

Into the sixth year of our Sustainability reporting journey, I am delighted to share that the Group's unwavering commitment to sustainability has yielded tangible improvements in both our financial and non-financial aspects.

In February 2023, we proudly inaugurated FMGL ESG Day, signifying our dedicated efforts to drive innovation and progress across various facets of our operations. We strive to adopt a proactive approach in mitigating material ESG risks and addressing concerns to foster positive societal and environmental impacts. Besides contributing to our nation's development, we are paving the way for the Group to explore new business prospects.

Chairperson Tengku Nurul Azian Binti Tengku Shahriman leads the way in FMGL's ESG commitment,

In essence, our commitment to responsible corporate citizenship seamlessly aligns with our mission to excel, with enhancements in ESG performance directly contributing to our favourable financial performance and operational results, including stable revenues and earnings over the years. Over time, FMGL has significantly strengthened its commitment to ESG principles through a series of systematic initiatives. One significant area of improvement pertains to climate change issues and their impact on the company's operations.

In FY2021, we initiated plans to develop crucial capabilities for measuring and managing GHG emissions within Scope 1 and 2. This milestone underscores our proactive approach to quantifying and controlling our carbon footprint. These deliberate steps also reflect our heightened awareness of environmental and societal concerns, reinforcing strong governance practices for a more sustainable and conscientious business approach.

Sustainability Key Highlights FY2023

The rooftop solar project at FMGL's headquarters and warehouse in Port Klang, was completed in September 2022 and commenced operation in November 2022.

In FY2023, we recorded 22.6% (447,356 kWh) energy savings and 277.4 mt CO_2e in GHG emissions savings for a seven-month period from December 2022 to June 2023;

Purchasing and replacing existing prime movers and trucks with more fuel-efficient and lower GHG-emitting models that can cut down nitrogen oxide emissions;

Installing energy-efficient LED lighting and replacing old air-conditioning units with inverter types at the Port Klang warehouse;

Improving the workplace environment:

- installation of air purification equipment to safeguard the health of our employees; and
- upskilling of human capital to raise the quality of our workforce.

Enhancements and extensions to FM Plus, the Group's Digital Portal to further reduce carbon footprint via paperless transactions between our operations staff, customers and supply-chain vendors;

Supporting and collaborating with NGOs for community-related social upliftment programmes; and

Establishing effective policies on business conduct and compliance to meet regulatory and certification requirements.

A detailed review of our sustainability performance is presented in the Sustainability Reports of this Annual Report.

Intensifying Efforts

Growth in the global economy and world trading is expected to decelerate for the remainder of 2023 and into 2024 with economic growth sliding to 3.0% for both years and trade growing by only 1.7% and 3.2%, respectively. *(Source: IMF, WTO)*

Given the prevailing conditions marked by a predominance of downside risks, the Group anticipates that the new financial year may present challenges akin to the past. Nonetheless, we maintain our steadfast commitment to seize opportunities and drive enhancements in performance, thereby stabilising the groundwork for enduring and sustainable growth in the years to come.

In our relentless pursuit of improving performance, we are intensifying our efforts on multiple fronts by:

1. enhancing operational efficiency;
2. exploring new markets and partnerships;
3. evaluating investments in sustainable logistics solutions and cutting-edge technologies;
4. creating a socially sustainable workplace to attract the next generation of talent; and
5. developing our workforce with effective training programmes that are focused on upskilling and reskilling.

These strategic actions underscore our determination to weather the current challenges and emerge stronger and more resilient, setting the stage for a promising and secure future.

Chairman's Statement (continued)

ACKNOWLEDGEMENTS

Growing steadily over the years, our workforce of over 1,800 dedicated employees across the globe forms the cornerstones of FMGL's enduring success. In an operational and services-oriented business like ours, our people are at the forefront, driving the gears of our vast operations. Each of you plays a pivotal role in ensuring the peak performance of every facet of our operations. I extend my heartfelt commendations and appreciation for your unwavering commitment and efforts.

To the Management Team, under the stewardship of Mr. Chew Chong Keat, the co-founder and pillar of our Group, I offer my sincere congratulations on your resolute leadership. Your tenacity has steered FMGL to ever-greater heights with each passing year. Celebrating 35 years is a remarkable milestone for a company that started from humble beginnings and has since achieved ambitious goals extending far beyond Malaysian shores.

On behalf of the Board, I extend my deepest gratitude to Mr Khua Kian Keong, who retired as a Non-Independent Non-Executive Director on 20 September 2023. Your invaluable contributions during your tenure have left an indelible mark on the Group.

Please join me in welcoming Mr Francis Lee Fook Wah, who was appointed as a Non-Independent Non-Executive Director on 20 September 2023. We look forward to your insights and wise counsel as we manoeuvre the Group toward accomplishing our strategic plans and objectives.

Through collaborative efforts with my fellow Board members, I have had the privilege of upholding strong corporate governance standards within both the Board and the Group. I extend my heartfelt gratitude and look forward with great enthusiasm to continue serving in a company that has evolved remarkably. Let us persist in fostering strong relationships with all stakeholders, including the Government, regulators, customers, trade organisations, suppliers, contractors, vendors, business analysts, the media and the communities.

While the Group could not reach the peaks of the previous financial year's performance, this outcome was anticipated, given the prevailing downtrend in the external market. Nonetheless, the collective spirit and resilience throughout the Group reaffirmed the undeniable significance of teamwork, collaboration and unwavering focus in achieving substantial results and performance excellence.

I also extend my heartfelt thanks to our partners, associates, vendors and the authorities for their steadfast support over the years. To our valued shareholders and investors, your loyalty toward the Group is unparalleled. We pledge to continuously enhance our operations, invest in our people and further our sustainability initiatives to realise the long-term growth and prosperity of the Group.

Thank you.
TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN
Chairperson

Please refer to the Management Discussion & Analysis ("MD&A") and the Audited Financial Statements in the Annual Report 2023 for the Financial Results of the Group for FY2023.


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Management Discussion & Analysis

Disclaimer: The following Management Discussion and Analysis ("MD&A") is intended to convey the Management's perspective on the operating performance and financial review of FMGL for the financial year ended 30 June 2023 ("FY2023"). We recommend you read the MD&A in conjunction with the Financial Statements, notes thereto, and other information included in the Annual Report. The MD&A is presented according to the Main Market Listing Requirements ("MMLR") of Bursa Securities and the Malaysian Financial Reporting Standards ("MFRS"), and relates to the disclosure requirements per the Malaysian Code on Corporate Governance. Significant details on the Group's business operations, performance and strategy, as well as financial review and position, governance, risks and capital management, are covered in the MD&A. Your attention is also drawn to sections on our human capital management and sustainability efforts. This MD&A contains forward-looking statements that enable investors to gauge FMGL's business prospects and make informed investment decisions. However, they involve inherent risks and uncertainties and other factors that are, in many cases, beyond our control. The forward-looking statements include, but are not limited to, for instance, our 2023 business prospects and outlook, as well as our expectations regarding the macroeconomic and socio-geographic conditions and their anticipated impact on the Group's business operations. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'expect', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance. 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.

THE YEAR THAT WAS

Global industrial production, which directly impacts the logistics industry, mirrored the broader economic deceleration in 2022. After a robust 7.4% growth in 2021, this metric weakened to a growth of 2.9% in 2022. Relatedly, global trade experienced a less pronounced expansion, registering a 6.8% growth in 2022, in contrast to the 10.8% seen in the previous year. *(Source: International Monetary Fund).*

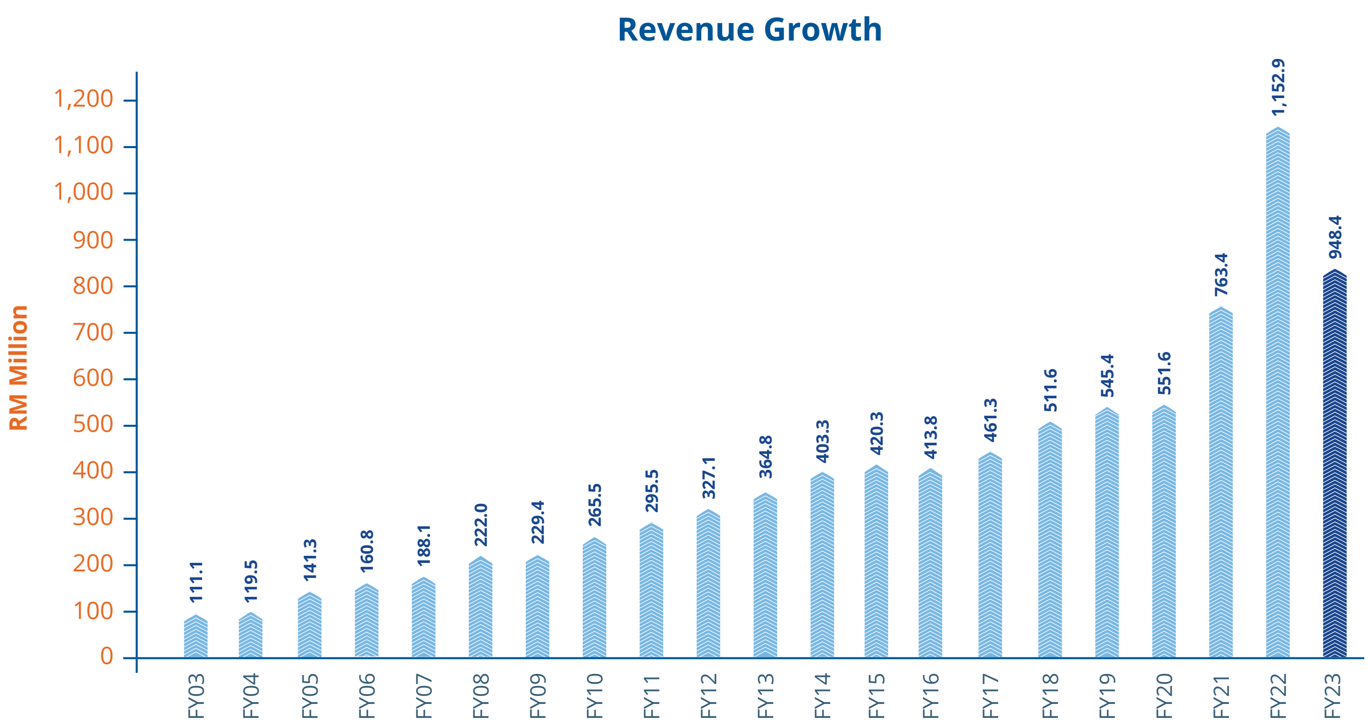
FM Global Logistics Holdings Berhad ("FMGL" or "the Group") was not spared the impact of the slowdown in global trade on the revenue and earnings patterns of its operations during the year. While global trade remained relatively stable at the start of 2022, the growth trajectory gradually tapered off as the year progressed. As a result, due to decreased demand and increased inventories, the customary seasonal surge in volumes, typically observed in the second half of the year, failed to materialise in International Freight Services and Domestic Logistics. As pandemic-related restrictions began to ease for ocean freight fleets, cargo capacities in air freight also gradually recovered. This led to the anticipated normalisation of air, ocean and road freight rates in the latter half of 2022 up through mid-2023.

Management Discussion & Analysis (continued)

Despite the headwinds, FMGL returned a second-best ever performance on record for the financial year ended 30 June 2023 ("FY2023"). The Group's Revenue for FY2023 amounted to RM948.4 million, which was a predictable decrease from the record-breaking Revenue of RM1,152.9 million in FY2022. These results were anticipated as freight rates saw contraction in 2022, exacerbated by a widespread sharp decline in economic growth that swept the globe in the face of elevated inflation, higher interest rates, and reduced investments and consumption due to tighter monetary conditions and financial market uncertainties. Continued disruptions caused by the ongoing Russia-Ukraine war, aggravated by waning confidence in China's economic growth, further impacted the increasingly uncertain outlook.

Nevertheless, the Group performed satisfactorily, with the expected slide in freight performance offset by healthy expansion of our domestic logistics business, including Third-Party Logistics ("3PL"), Warehouse & Distribution and Last Mile Services. Even as market conditions weakened during the second half of the financial year, the Group's domestic and international business operations remained profitable in FY2023 as we capitalised on the benefits of better cost efficiency, a strong network of partners and a growing customer base.

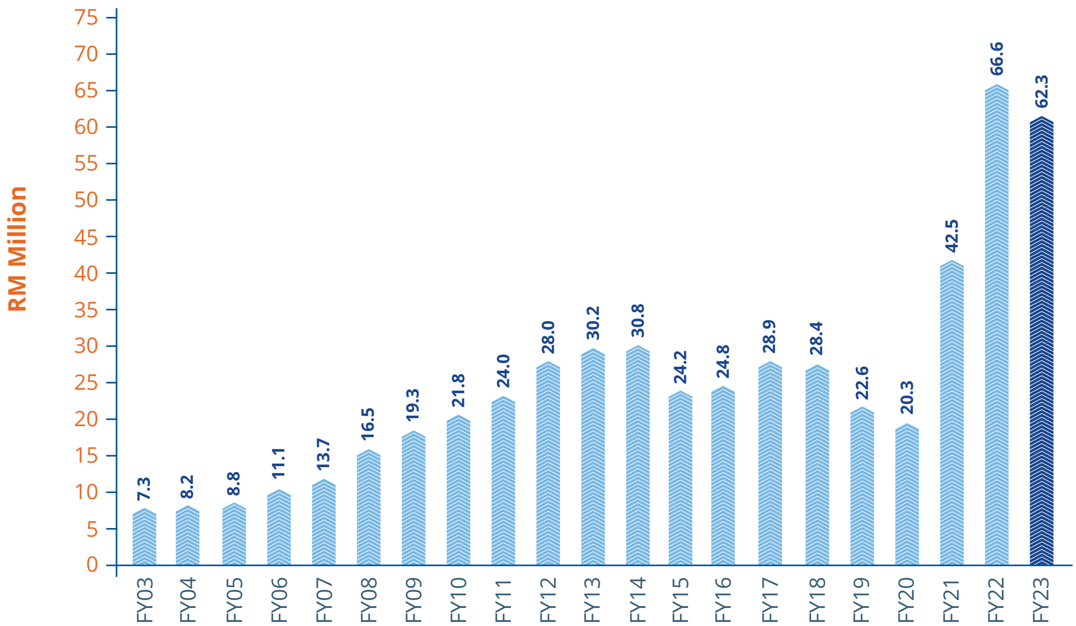
In FY2023, our Revenue declined 17.7% compared to the significant 51.0% increase in FY2022. Despite this decrease, we maintained consistent income levels over an extended period. Pre-tax profits showed steady growth, expanding at a Compound Annual Growth Rate ("CAGR") of 11.3% in FY2023, compared to 13.1% in FY2022, since the fiscal year 2003. The Profit Before Tax ("PBT") also exhibited a CAGR of 11.3% over the same period, although there was a 6.5% drop in the year-on-year ("YoY") PBT, contrasting with the 56.7% increase in FY2022. Net profit CAGR was 11.1% with a YoY drop of 7.9%. Despite these challenges, we successfully concluded the reporting period with a strong balance sheet and a low gearing ratio. These factors position us well to sustain our growth momentum as an international multimodal freight and integrated logistics service provider.



11.3%
20-year CAGR

-17.7%
YoY Growth 2023

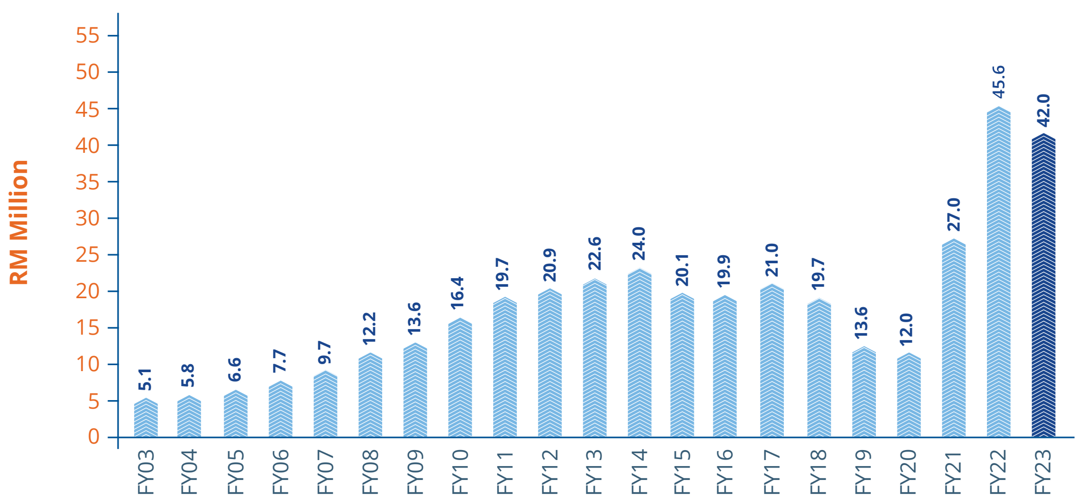
Long Term Profit Trend - PBT



11.3%
20-year CAGR

-6.5%
YoY Growth 2023

Earnings Track Record - PATAMI



11.1%
20-year CAGR

-7.9%
YoY Growth 2023

Management Discussion & Analysis (continued)

GROWING CAPABILITY, STRENGTHENING OUR POSITION

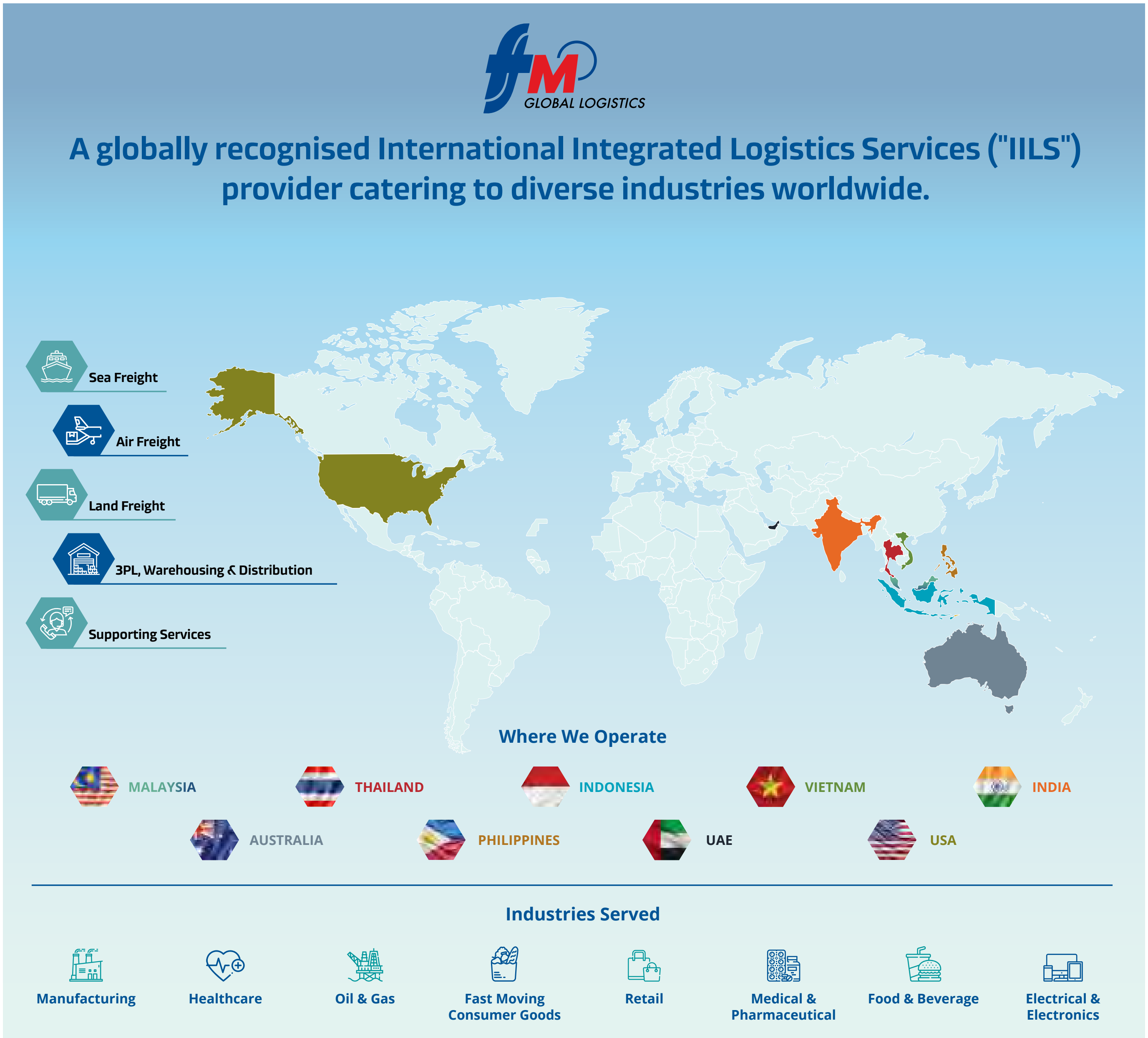
In 2023, FMGL marks its 35th anniversary, and armed with determination, we are committed to strategically grow our market share in two key areas. First, we will persist in leveraging our existing customer base to secure more business while actively pursuing new clients. Secondly, we will proactively continue to identify new investment opportunities that will enhance our future growth potential.

On the domestic front, we aim to expand into various logistics market segments, encompassing 3PL, Warehousing and Distribution, and freight services, to tap into opportunities for increasing market share. Malaysia's container port throughput exceeds 20 million TEUs annually, and when considering countries like Thailand, Indonesia, Vietnam and the Philippines, the cargo traffic surpasses 100 million TEUs.

Currently managing a total of 120,000 TEUs annually, we are poised to capture a larger market share based on the World Trade Organisation's ("WTO") forecasted growth of 1.7% in world merchandise trade in 2023 (2022: 2.7%). This growth potential augurs well for FMGL, hinging on our excellent track record and unwavering focus on the emerging Southeast Asia market.

Originating from Malaysia, we have steadily expanded our operations across Southeast Asia, including Thailand, Indonesia, the Philippines, and Vietnam, and further extended our reach to Australia, India, and the United Arab Emirates ("UAE") in the Middle East. As of 30 June 2023, the Group manages 42 offices across Malaysia and at strategically positioned trade locations in nine different countries.

We have also made meaningful strides in the United States of America ("USA") in the previous financial year, with the acquisition of the IOS Group of Companies. This was a significant milestone for FMGL to gain a foothold in capturing market share in the vast North America market. In markets where FMGL does not have a presence, the Group engages with a strong network of independent contract agents that represent FMGL in all the main ports worldwide. This allows us the flexibility to work with multiple partners or agents, tapping into their network to provide an avenue to explore business opportunities in other markets.



The focus on our core businesses has held us in good stead, even in the most volatile business environments. Our resilience in weathering challenges and staying the course has been demonstrated many times over since our inception, underpinning how we responded flexibly to rapid economic changes and market demands.

Each passing year, we have consistently strived to enhance the quality of our services. Our commitment to improving service quality spans across various international business sectors, where accreditations serve as a testament to our trustworthiness and authenticity. Recently, FMGL added another feather to its cap by obtaining the AEO certification. This certification recognises the authority and reliability of our services in freight forwarding, logistics, warehousing and support. It has equipped FMGL with a wide range of advantages, particularly in streamlining the customs clearance process.

Management Discussion & Analysis (continued)

Moreover, in FY2023, the Group has complied with the ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Safety & Health Management System and ISO 14001:2015 Environmental Management Systems for all our services. This dedication ensures that we consistently meet the diverse needs and requirements of our valued customers.

ISO 9001, 14001, and 45001 standards apply across various departments within our organization. However, the GDPMD and Halal certifications specifically pertain to our warehouse operations. The Group manages a total of 822,000 square feet of both owned and leased bonded/ non-bonded warehouses, which includes comprehensive cold-chain logistics services. In addition to these, we have obtained additional certifications, including Good Distribution Practice for Medical Devices ("GDPMD") and Halal certification granted by the Department of Islamic Development Malaysia ("JAKIM") for our warehouse facilities.

Our strength in integrated services is augmented by the adept management of our road transportation fleet, which has a commendable track record. Our consolidated fleet processes and logistics solutions are customised to align with each client's specific needs and requirements, offering flexibility and improved accessibility for more efficient cost control, compliance and streamlined operations. The Group maintains a total fleet of 313 transport vehicles as of the reporting period.

At the heart of our logistics operations lies FMGL's total complement of 1,871 employees. Overall, we recruited an additional 123 personnel throughout FY2023 in tandem with increasing industry demands, bridging the skills gap of retiring experienced professionals and maintaining operational continuity. Of the total workforce, 70% are based in Malaysia, with the remaining 30% of the staff stationed at our overseas offices.

From warehouse staff to truck drivers, operations and administration staff, our employees ensure that day-to-day operations run efficiently. Their attention to detail and diligence minimise errors, reduce costs and optimise workflow. More critical are the safety and reliability aspects in adherence to strict safety protocols to ensure secure handling and transportation of goods, cementing clients' trust.*Please refer to the Sustainability Report and Corporate Directory in this Annual Report 2023.*

GLOBAL FREIGHT TRANSPORTATION AND LOGISTICS TRENDS

Following the surge in global trade throughout 2022, demand has gradually tapered off since the start of 2023. This decline can be attributed to the prevailing economic uncertainty, inflationary pressures, the ongoing Russia-Ukraine war and the natural market adjustment from the previously high baseline. According to the Malaysia External Trade Development Corporation ("MATRADE"), total trade for Malaysia in the first six months of this year fell by 4.6% from the corresponding six-month period (January to June) in 2022. When compared to the previous six months (July to December 2022), the decrease is even more acute at 13.7%. This is both a reflection and cause for the slowdown in growth for the global as well as local economies. The International Monetary Fund ("IMF") expects world economic growth to soften from 3.5% in 2022 to 3.0% this year.

On the domestic front, Bank Negara Malaysia ("BNM") has projected the domestic economy will ease from the exceptional growth of 8.7% previously to between 4.0% and 5.0% in 2023. Already, economic growth had slowed to 5.6% in the first quarter of 2023, followed by an even lower 2.9% in the subsequent quarter.

In the face of weakening demand, global freight rates have nosedived by an average of almost seven-fold from September 2021 to June 2023: from US$10,361 per container to US$1,494, according to online data platform Statista. Further, the gradual normalisation of the global supply chain has reduced the capacity crunch in international freight, one of the main reasons for elevated costs throughout 2022.

FY2023 FINANCIAL PERFORMANCE (IN RM MILLION)

Revenue

RM948.4

FY2022: RM1,152.9

YoY (17.7%)

Profit Before Tax

RM62.3

FY2022: RM66.6

YoY (6.5%)

Profit After Tax and Minority Interest

RM42.0

FY2022: RM45.6

YoY (7.9%)

Earnings Per Share (sen)

7.52

FY2022: 8.16

YoY (7.8%)

FINANCIAL PERFORMANCE

The Group recorded a lower Revenue of RM948.4 million in the financial year in review against RM1,152.9 million previously.

Revenue was down YoY for the past three quarters as trade eased gradually and freight rates fell more abruptly, with the downtrend particularly severe in the second half of FY2023 (Q3 2023: -37.7%, Q4 2023: -40.8%).

As a result of significantly lower freight rates, revenue from our International Freight Services dropped by 27.7% to RM715.4 million from RM988.9 million, although Group volume dipped by only 3.1%.

Management Discussion & Analysis (continued)

The slowdown in the International Freight Services segment was cushioned to an extent by the Domestic Logistics segment, where revenue grew by a robust 42.1% to RM233.0 million from RM164.0 million in FY2022 on the back of higher demand for warehousing and distribution from new clients.

With this contrasting performance, Domestic Logistics increased its share of Group Revenue to 24.6% (FY2022: 14.2%) during the reporting period against 75.4% for International Freight Services (FY2022: 85.8%).

Despite the lower Revenue, the Group returned a marginally higher Gross Profit ("GP") of RM229.2 million as compared with RM228.5 million in FY2022. However, Profit Before Tax ("PBT") decreased by 6.5% to RM62.3 million in FY2023 against RM66.6 million previously due to higher depreciation and financing cost. PBT was also dragged down by the quarterly performance in Q3 2023 (YoY: -17.4%) and Q4 2023 (YoY: -36.9 %).

Meanwhile, Profit After Tax and Minority Interest ("PATAMI") was lower by 7.9% at RM42.0 million in comparison with RM45.6 million the previous financial year, resulting in an Earnings Per Share ("EPS") of 7.52 sen for FY2023 (FY2022: 8.16 sen). At the close of FY2023, the Shareholders Funds stood at RM384.0 million, 6.2% higher than RM361.6 million previously, while Total Assets stood at RM689.0 million (FY2022: RM754.5 million). Meanwhile, Net Assets per Share was 69 sen (FY2022: 65 sen).

As of 30 June 2023, the Group had cash reserves and bank balances of RM105.7 million, similar to the previous reporting period. The Group shaved a significant portion of its borrowings to RM150.8 million from RM203.5 million previously to close with a comparatively low gearing of 0.12x (FY2022: 0.27x). The Group achieved a Return on Equity ("ROE") of 11.3% and a Return on Assets ("ROA") of 6.1% in FY2023.

Dividend

The Board of Directors ("the Board") has declared a total dividend of 4.0 sen per ordinary share for FY2023, matching the quantum of the previous financial year. The total dividend comprises two interim dividends of 1.0 sen per share, each declared earlier, and a third interim single-tier dividend of 2.0 sen per share, which was paid out on 13 October 2023.

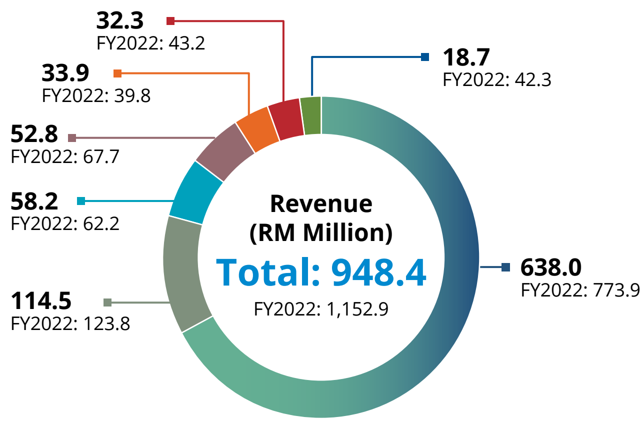
The total dividend payout for FY2023 amounts to RM22.3 million, equivalent to 53% of PATAMI as compared with 49% previously. FMGL will continue to reward its shareholders by issuing dividends commensurate with our financial performance after setting aside sufficient reserves to grow the business and cater for any unforeseen events.

OPERATIONS REVIEW

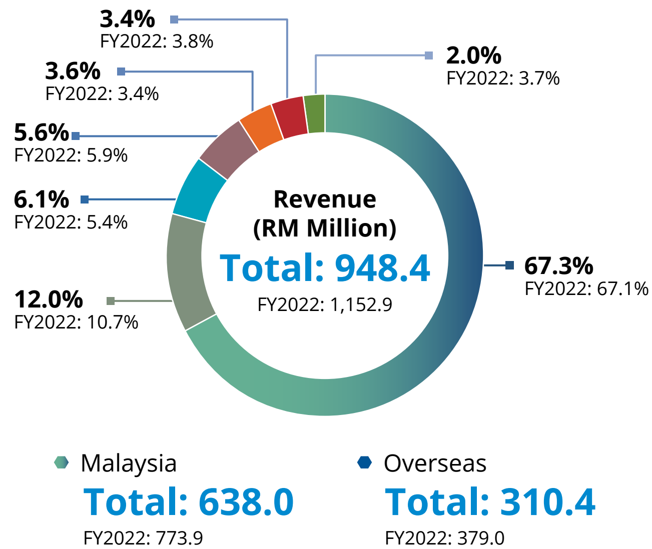
Revenue was down across the board, with the Malaysian Operations recording a lower contribution by 17.6% at RM638.0 million from RM773.9 million posted in FY2022. Meanwhile, our Overseas Operations experienced an 18.1% decrease, dropping to RM310.4 million compared to RM379.0 million in the previous year. The Malaysian Operations remained the largest contributor to Group Revenue, chalking up 67.3% (FY2022: 67.1%), while Overseas Operations accounted for 32.7% market share, consistent with the previous year (FY2022: 32.9%).

The International Freight Services segment experienced increased business activities in Australia, Indonesia and India, although their respective revenue contributions were lower YoY due to the decline in freight rates.

FY2023 Financial Performance by Market (RM Million and %)



FY2023 Share by Market (RM Million and %)



Malaysia · Australia · Indonesia · USA · India · Thailand · Vietnam

Operations in Vietnam and Thailand bore the brunt of the slowdown in trade demand, which especially affected their air freight business in FY2023. Likewise, the USA market was hit by slower activities, which led to reduced revenue despite the contribution by the IOS Group of Companies we acquired in FY2022.

Among the international markets, Australia remained the largest, contributing 12.0% to Group Revenue, followed by Indonesia (6.1%) and the USA (5.6%).

In terms of PBT, all markets where we operate remained profitable, albeit with reduced contributions in comparison with the FY2022. Contributions from Overseas and Malaysian Operations in FY2023 were RM17.1 million (down by 8.1% YoY) and RM40.7 million (down by 9.2% YoY), respectively.

The PBT performance of our international markets followed a similar trend as their revenue contributions in FY2023. The operations in Australia and India registered significant increases of 53.8% and 33.3%, respectively, while Indonesia recorded a more modest bump of 9.6%.

On the flip side, the PBT contributions from Vietnam, Thailand and the USA dipped substantially by 76.5%, 47.6% and 26.3%, respectively.

Management Discussion & Analysis (continued)

International Freight Services

International Freight Services returned a more subdued financial performance consistent with the weaker operating environment in FY2023, although volume was only affected by a relatively minor 3.1% decline to 123,066 TEUs (2022: 126,941 TEUs). The business segments of Sea Freight, Air Freight and Land Freight collectively contributed RM715.4 million (FY2022: RM988.9 million) to Group Revenue, which was 27.7% lower than the previous financial period due largely to freight rates returning to normal levels.

Concurrently, the dip in GP for International Freight Services was much less pronounced than for revenue contribution. The strong relationships we have built over the years with third-party carrier networks, direct ties to exporters and importers in Malaysia and a growing presence in overseas markets were key factors in supporting freight volume.

The expected slide in TEU volume for Sea Freight was partially offset by higher volume for Land Freight, where efforts to reduce dependence on third-party transport in favour of using the Group-owned vehicles are beginning to yield positive results.

Volume for Air Freight was the hardest hit, falling 29.0% to 10.3 million kg (FY2022: 14.5 million kg) in the reporting period. However, the impact of slower business on GP was mitigated by contributions from special projects. In this regard, our joint venture companies in Malaysia, the UAE and the Philippines have contributed positively to achieving economies of scale for our freight forwarding operations.

Domestic Logistics

The Group has been focused on building capacity for our Domestic Logistics to capture a higher share of business as well as exercise greater control over our local operations, in part to provide a buffer against the volatility of the external environment.

In FY2023, we invested in new trucks, prime movers and trailers to increase our distribution assets to shift away from third-party service providers. As of 30 June 2023, the Group's total land transportation fleet consisted of 165 prime movers, 121 trucks and 27 delivery vans.

Our investment yielded commendable results in a financial year when we faced expected headwinds for the International Freight Services business. The land freight segment effectively cushioned the drop in International Freight Services performance.

Revenue from the Domestic Logistics segments of 3PL, Warehousing & Distribution and Supporting Services increased by 42.1% to RM233.0 million (FY2022: RM164.0 million). Beyond capacity building, we also optimised resources for better cost efficiency and developed a selective clientele based on requirements that dovetail with our unique profile in service provision. In response to the growth momentum of Domestic Logistics, we are investing in 200,000 sq ft of new warehousing facilities.

KEY MATERIAL CONCERNS

As the heartbeat of global trade, the freight and logistics industry is particularly vulnerable to events such as economic headwinds, infrastructural bottlenecks, labour shortages, emerging technologies and sustainability.
(Sources: https://www.orkestrascs.com, https://www.palletmarketinc.com)

Global trade remains fraught with downside risks as geopolitical tensions and the impact of climate change threaten the integrity of the supply chain, while rising inflation and tighter financial conditions pose challenges to demand for goods and services. Instability and unpredictability in the global business and economic environments have heightened over the last three years, edging us to increase attention on the importance of risk management, especially in the logistics industry. The Group remains resilient in the face of constant threats, underpinned by raising a higher level of efficiency and agility in continuously improving its strategy, plans and processes of its established Enterprise Risk Management ("ERM") system.

In FY2023, we identified cybersecurity threats as a high-risk area and took steps to enhance the security of our ICT system, reducing the impact of email spam, malware, and phishing attempts. However, our overall risk profile was deemed to have remained largely unchanged from the previous year. Utilising the ERM framework, the risk assessment indicated that none of the risk factors were assessed as surpassing acceptable thresholds.

FMGL's comprehensive risk management plan extends beyond mere prevention and is designed to achieve several key objectives:

Effective Impact Control:

Our strategy focuses on more than just risk avoidance; it empowers us to proactively manage and mitigate the impact when threats arise.

Enhanced Decision-Making Confidence:

By implementing robust risk management practices, we instil confidence in our decision-making processes, ensuring that choices are well-informed and aligned with our long-term objectives.

Strategic Goal & KPIs Attainment:

Our risk management framework is tailored to safeguard against potential disruptions and advance toward our strategic goals/KPIs, ensuring stability and growth.

Building Trust:

We cultivate trust among our valued stakeholders, including customers, employees, and partners, by demonstrating our commitment to responsible risk management.

Operational Stability:

Our approach contributes to stabilising of our commercial operations, safeguarding against unforeseen disruptions that could impact our day-to-day activities.

Asset Protection:

We prioritise the protection of our valuable human resources and assets, ensuring resilience in overcoming various risks and threats.

Economic Gains:

Our proactive efforts lead to economic gains by preventing potential losses, bolstering our financial health and fostering sustainability in a volatile business landscape.

In summary, FMGL's risk management plan is a multifaceted strategy that shields us from risks, fortifies our decision-making, fosters trust, and drives economic growth and stability.

Management Discussion & Analysis (continued)

Operational Risks

Operational risks fall within our control as the causes are either shortcomings in processes, policies or systems. Issues such as wrongful handling of cargo, inaccurate inventory and billings could hamper our operations and damage our reputation, potentially leading to the loss of clients and business. Although the emergency phase of the COVID-19 outbreak has ended, infections by new strains still pose a global threat, according to the World Health Organisation.

Mitigation: We have implemented control measures that call for constant monitoring of operational functions and stringent adherence to ensure due diligence is conducted throughout the process at all times. We also provide regular training to cargo handling and inventory management employees. In the case of an outbreak of contagious diseases, we have established protocols in place and complied with all standard operating procedures ("SOP") recommended by the Ministry of Health ("MoH") to limit its spread to safeguard our employees and other stakeholders.

External Risks

As a freight and logistics company, we are subject to the volatility of the external market, where economic downturns and disruption to supply chains are bound to impact sales and volume.

Mitigation: Having weathered such events before, FMGL has a proven approach to sustain its business performance, including on-going plans to strengthen relationships with third-party carriers, expand and diversify our client base, and extend our presence in strategic markets. To counterbalance the cyclical downturns that may affect our International Freight Services, we continuously assess areas for improvements in further developing our core competencies and capabilities in Domestic Logistics.

Supply Chain Risks

Our International Freight Services rely exclusively on third-party carriers to transport goods over sea, air and land. Any failure by these vendors to meet on-time delivery schedules and deadlines directly impacts our clients.

Mitigation: In Malaysia, we are based in nine states in Peninsular Malaysia, as well as in Kuching, Sarawak, East Malaysia. Internationally, we have firmly established the FMGL brand as a one-stop logistics solutions provider with 42 offices in nine countries and an extensive collaborative network of agents spanning over 100 major shipping ports worldwide. Our physical presence, combined with strategic partnerships with international freight carriers and domestic distributors, particularly in the Southeast Asian region, has solidified the trust of our clients. This trust has allowed us to expand the scale and breadth of our core operations, supported by our world-class track record of reliability and experience.

We maintain meticulous oversight and monitoring of our freight operations, ensuring open lines of communication with vendors and clients to address any emerging issues promptly.

Compliance Risks

Health, Safety, Security and Environment ("HSSE"): Failure to comply with HSSE regulations can lead to workplace accidents, injuries or illnesses, potentially harming employees and threatening public safety. The company's reputation may be tarnished as a result of misconduct, negligence or ignorance.

Mitigation:

- Establish SOPs aligned with the Health and Safety Policy in line with local regulations for employees and visitors.
- Conducted monthly reviews to assess compliance with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, GDPMD and Halal Certification to meet regulatory requirements effectively.

- Weekly gathering on knowledge sharing from Potential Incident Near Missed ("PINM") reports. Monthly HSSE Audit is conducted to determine gaps and continually improved to upkeep the standards
- Annual refresher training and awareness programmes.
- Implement safety protocols, including the provision of necessary safety equipment.
- Conduct safety audits and inspections to identify and rectify potential hazards.

Legal and Regulatory Risk: Non-compliance with legal and regulatory requirements may result in fines, legal actions, and reputational damage.

Mitigation:

- A dedicated compliance team has been established and is responsible for monitoring and ensuring adherence to all relevant laws and regulations.
- The Anti-bribery & Anti-Corruption ("ABAC") Policy has been introduced at the Group level.
- Awareness campaigns and training conducted with 100% employee attendance record.
- Recruits are to acknowledge the ABAC declaration attached to their Offer Letters and undergo orientation where, briefings are conducted.

  All employees undergo periodic refresher training on ABAC once every two years.
- Regular compliance assessments and audits are conducted.
- Implementation of a robust record-keeping system to document compliance efforts.

Cybersecurity Risks

Cyber threats have emerged as the latest area of concern for the freight and logistics industry, with a survey conducted in 2023 by insurance services provider WTW indicating that business decision makers consider cyber risks as having the most profound impact on supply chains. *(Source: https://www.wtwco.com/en-ph/insights/2023/04/2023-logistics-supply-chain-risk-report)*

The escalating cyber threats within our industry have been further compounded by the increasing data exchange among industry stakeholders, clients and carriers through interconnected systems, which are susceptible to various risks. These risks dramatically surged in 2022, particularly during the reopening phase for most businesses, including ransomware attacks demanding substantial payments or resulting in delivery disruptions.

Highlighting the gravity of the situation, CyberSecurity Malaysia has reported nearly 5,000 online attacks in the country as of end 2022, with an increasingly alarming rise in cases continuing into 2023. Malaysia ranks among the top three in Southeast Asia for malicious phishing attacks, a worrying trend mirrored globally as well.

Mitigation: In recognising these mounting concerns, the Group has allocated budgets and resources to strengthen our defences against the onslaught of cyber threats targeting our networks. To ensure the security of our IT systems, we have diligently implemented robust security practices and protocols, including testing and vigilant monitoring, to identify any potential weaknesses or vulnerabilities. Other measures include conducting regular awareness programmes for employees to ensure a culture of collective and collaborative effort to safeguard cybersecurity across the entire Group.

Other Risks

We also keep close tabs on other risk categories, including business continuity, liquidity and currency exchange rates. Results from our evaluation and assessment show that these risks have relatively low overall ratings.

In terms of business operations, we have maintained a solid financial track record for the past two decades. As of 30 June 2023, the Group had sufficient cash reserves of RM105.7 million while borrowings totalled RM150.8 million, leading to an RM45.1 million net debt position. The Group's International Freight services uses the USD for billing and accounting purposes. *Please refer to the Statement of Risk Management and Internal Control in this Annual Report 2023.*

Management Discussion & Analysis (continued)

SECTOR & ECONOMIC INSIGHT

Slowing global momentum, continuing economic uncertainty and geopolitical tensions, including China's slower-than-expected recovery, will likely have a lasting impact on emerging economies with high trade exposure to the world's second-largest economy. *(Sources: https://www.rand.org, https://www.euromonitor.com)*

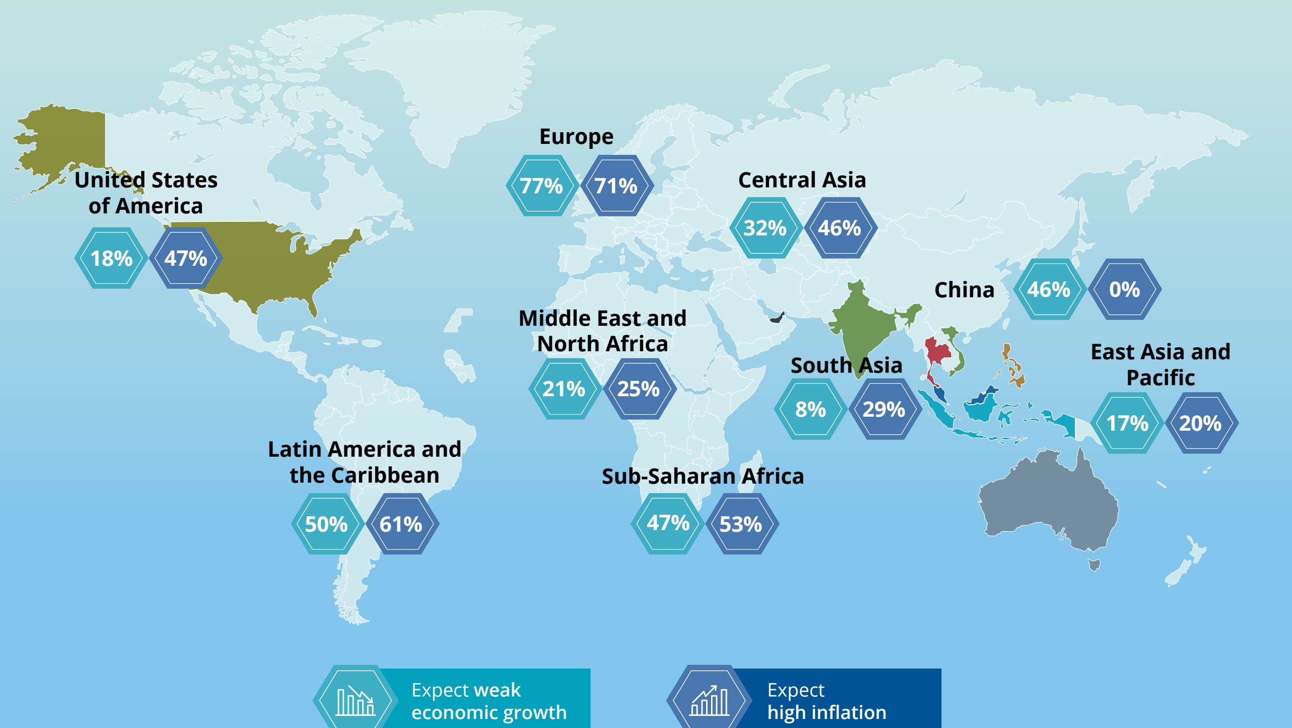
According to the World Economic Outlook released by the IMF in July 2023, global economic growth is expected to moderate to 3.0% for both 2023 and 2024 from 3.5% in 2022 due to the decline in manufacturing output and merchandise trade. Interest rate hikes by central banks worldwide intended to combat rising inflation also put pressure on economic activities, causing volatile market conditions and increased financial stability risks.

The report stated that advanced economies are forecast to grow by only 1.5% in 2023 and 1.4% the following year. The situation is considerably brighter for emerging economies at the corresponding growth rates of 4.0% and 4.1%, respectively, and for emerging Asia at 5.3% and 5.0%.

Growth for the Malaysian economy is expected to ease from the 20-year high of 8.7% in 2022 to between 4.0% and 5.0%, according to BNM. The Asian Development Bank ("ADB") has projected economic growth to recover moderately to 4.9% in 2024.

Against the softening world economy, merchandise trade is forecast to grow by only 1.7% this year but rebound by 3.2% the following year, according to the World Trade Organization ("WTO").

Where do chief economists expect the risk stagflation?



(Source: Chief Economist Outlook, World Economist Forum, September 2023)

However, the WTO has cautioned that the 2024 estimate is uncertain due to the risks of rising geopolitical tensions, global food insecurity, the possibility of unforeseen fallouts from monetary tightening, risks to financial stability and increasing levels of debt.

The global freight forwarding market has an even bleaker outlook. It is expected to contract by 3.9% this year, according to the Global Freight Forwarding 2023 Report by TI Insight, a market research firm for the global logistics industry. *(Sources: https://www.hellenicshippingnews.com/global-freight-forwarding-market-to-contract-3-9-in-2023/)*

According to the report, demand for sea and air freight will remain soft in 2023, and supply will continue to outstrip demand to depress freight rates and reduce yields for freight and logistics players.

ON TRACK WITH FUTURE PROGRESS

Considering the subdued economic outlook, we cautiously approach the Group's prospects for FY2024. Our primary focus, as always, will be to grow our cargo volumes, negotiate favourable rates with shipping lines and complement these efforts with our comprehensive services, including trucking, customs brokerage and warehousing, to provide customers with a seamless one-stop solution. We are firm in our efforts in expanding our capacities and enhancing our capabilities, capitalising on any uptick and opportunities in the global economy as they emerge.

Meanwhile, we will direct our efforts towards further reinforcing the positioning of our International Freight Services by acquiring new clients while increasing investments for warehousing and distribution assets to capture a larger market share for our Domestic Logistics sector.

FM Global Logistics (M) Sdn Bhd Recognised as Authorised Economic Operator ("AEO")

Malaysia is anticipated to avoid a recession in 2023, with the central bank predicting economic growth ranging from 4% to 5%. However, despite this optimistic outlook, we remain vigilant for potential risks that could tip us into a recession. In hindsight, Malaysia stands as one leading trading nations, with active participation from multinational corporations and SMEs spanning diverse sectors like agriculture, manufacturing, electronics and information technology.

In this dynamic global landscape, the swift and secure movement of goods, streamlined documentation processes, minimal human intervention and predictable customs procedures are vital elements for businesses engaged in procurement, supply, distribution and marketing services on a global scale, especially for those implementing Just-in-Time inventory systems. It is crucial to note that the global trading system is susceptible to potential terrorist exploitation, posing a significant threat to the supply chain and, subsequently, the entire global economy.

To address these challenges, the concept of AEO was introduced under the World Customs Organisation ("WCO") SAFE Framework of Standards to Secure and Facilitate Global Trade. On 4 August 2023, FM Global Logistics (M) Sdn Bhd was conferred the AEO accreditation by the Royal Malaysian Customs Department ("RMCD"). The RMCD developed the AEO Scheme, mirroring this international concept to grant approvals for operators within the international trade supply chain who have met stringent security standards and gained accreditation from member countries. The AEO framework actively promotes electronic transactions, enhancing security management throughout the supply chain. Economic operators are encouraged to incorporate high-security measures, aligning with international standards, in various aspects of their operations, including manufacturing, raw material and finished goods transportation, storage, warehousing, and secure handling of goods. This strategic initiative not only ensures the safety and efficiency of trade but also reinforces FMGL's expertise in the international market and positions Malaysia as a global trading powerhouse.

Strategic Growth Through Acquisitions

As part of FMGL's strategy to grow our market presence and expand our client base, the Group entered into a Sale and Purchase Agreement ("SPA") to acquire the entire equity of Singapore-based CAC Logistics Services Pte Ltd ("CAC") on 25 September 2023.

The proposed acquisition of CAC's operations in warehousing, road transportation and related services involves a total cash consideration of SGD5.5 million (an estimated RM18.9 million at the prevailing currency exchange rate).

Management Discussion & Analysis (continued)

Over and above the addition of 236,000 sq ft in warehousing space, the acquisition will provide FMGL with a gateway into the considerable Singaporean market and the many multinational companies based in the island state. Upon completion of the acquisition, the Group can immediately tap CAC's existing client base and market reach, which will contribute positively to FMGL's future earnings while raising its profile as a regional logistics business.

The exercise is expected to be completed by the second quarter of FY2024, following which CAC will become an indirect wholly-owned subsidiary of the Group.

STEERING OUR SUSTAINABILITY COURSE

- Building a high-performance culture amongst our people
- Ensuring quality in meeting expectations and continually improving satisfaction levels
- Listening and improving customer service
- Being innovative to achieve success in driving growth

FMGL's Sustainability strategy defines the extent of our dedication to upholding environmental preservation, promoting social development and adhering to good principles in governance ("ESG") across all our operations and undertakings. We recognise that our impact extends beyond financial returns, and we are committed to a journey of continual improvement on the integrated logistics sector, the welfare and wellbeing of our employees, earning the trust of our customers and stakeholders, contributing to our communities, and safeguarding the environment through a carefully planned ESG approach that aligns with the Group's Vision, Mission and commitments. Sustainability considerations are integrated into every facet of our operations, validating our FMGL brand, particularly in the Southeast Asian region.

Charting our path towards stronger ESG practices with FMGL's Board Members and Senior Management. The ESG Day launch signifies our unwavering dedication to sustainability and ethical responsibility in the ever-evolving landscape of international freight forwarding and logistics.

In FY2022, FMGL started the groundwork to implement comprehensive sustainability initiatives in mitigating climate change impacts in our operations. We have made headway in some areas as follows:

Renewable Energy Adoption:

Installing rooftop solar panels at our headquarters and warehouse in Port Klang to harness clean energy in aligning environmental responsibility with economic efficiency.

Energy Efficiency Programme:

As part of a pilot programme, we implemented an energy-efficient LED lighting system, battery-operated Material Handling Equipment (MHE) and installed inverter air conditioning units at our Port Klang warehouse. This initiative demonstrates our commitment to reducing energy consumption and underscores our exploration of possibilities for extending this technology to other work sites within our extensive operations.

Energy Efficient Vehicles Fleet Transition:

To combat GHG emissions, we are progressively phasing out older vehicles and replacing them with newer, more fuel-efficient models. This transition aligns with our objective to reduce our environmental footprint and adopt eco-conscious transportation solutions.

Digital Innovation Ecosystem:

We are also ramping up strategic initiatives for automation and digitalisation across our operations, aimed at enhancing our service portfolio and delivering as much value as possible to our growing clientele, serving two primary purposes: cutting down our carbon footprint and addressing cybersecurity.

Over the past three years, we have gradually transitioned towards embracing digital technologies to optimise communication and connectivity with our customers and supply-chain network, resulting in increased productivity, better controls of processes and operations, and more efficient and responsive service. This strategic shift towards employing innovation is particularly timely, aligning with the growing demand for e-commerce and e-fulfilment services.

During FY2023, the FM Plus Portal was beefed up to enable better and more secure collaboration with all system users, including our clients and supply-chain vendors. Newly added features have considerably contributed to minimising work duplication, improving communications for better overall freight and logistics delivery services and ultimately creating more robust customer experience and satisfaction. *(Note: FM Portal elaborated under the Environment segment in the Sustainability Report)*

We have further plans in motion to leverage technological advancements, aiming to achieve even higher levels of collaboration. This collaborative approach is essential to seamlessly and effectively blend technological advancements with our human resources, ultimately enhancing the overall effectiveness of our operations.

In line with our ongoing commitment to enhance transparency regarding the Group's annual non-financial performance and building upon the strides made since 2018, including the initiation of our first Materiality Assessment to identify sustainability priorities and the publication of our inaugural Sustainability Report in 2019, FMGL has aligned its Sustainability Report with the latest guidelines from the Global Reporting Initiative (GRI) Standards 2022 for reporting in FY2023. *Please refer to the Sustainability Report in this Annual Report 2023 for initiatives and progress.*

Management Discussion & Analysis (continued)

VALUE CREATION MODEL

To illustrate our value creation journey, please refer to the accompanying diagramme.

OUR SIX CAPITALS

FINANCIAL CAPITAL
Our financial assets including cash generated from our operations and investments, and other sources of funding.

MANUFACTURED CAPITAL
Our land banks, leased land or concession areas, physical assets including machinery and technologies.

INTELLECTUAL CAPITAL
Our established and systematic procedures and processes, expertise and skills, brand value and reputation in our markets and industries.

HUMAN CAPITAL
Our visionary leadership, knowledgeable and skilled workforce, competencies, experience and contributions to growth and innovation.

SOCIAL AND RELATIONSHIP CAPITAL
Our long-established, carefully nurtured, trust-filled and respect-based ties with stakeholders including shareholders, customers, associates, authorities and communities.

NATURAL CAPITAL
The natural resources we consume and utilise in our products, services and solutions.

VALUE CREATION PROCESS

Please refer to the Corporate Structure on page 41 of this Annual Report

- **International and Domestic Sea Freight Services LCL/FCL**
- **International and Domestic Air Freight Services**
- **3PL, Warehousing & Distribution**
- **Haulage & Customs Clearance**
- **Land Transportation**
- **Project Management**
- **Last Mile Delivery**

STRATEGY

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

Sustainability Mission

- To hire, train and develop a capable group;
- To create a conducive and enjoyable working environment;
- To minimise outsourcing; and
- To provide service levels that meet customer expectations.

Materiality Matters

ENVIRONMENTAL
M1 Climate Change
M2 Energy Management
M3 Waste Management

SOCIAL
M4 Occupational Health & Safety
M5 Training, Education & Career Development

ECONOMIC/GOVERNANCE
M6 Ethics & Integrity

CORPORATE COMMITMENTS

Your Connection to the World

FMGL is simplifying logistics to connect businesses, customers and communities through efficient, reliable and safer solutions.

Please refer to the Sustainability Report on pages 46 to 87 of this Annual Report 2023.

Employees | Certification Bodies | Government/ Regulatory Bodies | Shareholders/ Investors/ Analysts | Clients/ Customers | Local Communities, Civil Society & NGOs | Vendors and Suppliers | Media

VALUE CREATED

ECONOMIC/GOVERNANCE

Revenue
RM948.3 million
(FY2022: RM1,152.9 million)

Total Assets
RM689.0 million
(FY2022: RM754.4 million)

Tax Paid
RM17.3 million
(FY2022: RM14.1 million)

Dividend
RM22.3 million
(FY2022: RM22.3 million)

SOCIAL: WORKPLACE

No. of Employees
1,871
(FY2022: 1,748)
→ **55%** Male → **45%** Female

New Hires
123
(FY2022: 175)
→ **61%** Male → **39%** Female

SOCIAL: COMMUNITY

- Stakeholder and Community Relations
- Religious Festivals Celebrations with Employees & Communities
- Employee Training & Team Building
- Education & Sponsorships
- Sports & Recreation
- Charitable Donations & philanthropy

ENVIRONMENT & QUALITY

FMGL stringently adheres to environmental laws and policy practices in Malaysia according to the Environmental Quality Act 1974.

Certifications:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management Systems
- ISO 45001:2018 Occupational Health & Safety Management System
- Good Distribution Practice for Medical Devices ("GDPMD")
- Halal certified by the Department of Islamic Development Malaysia ("JAKIM")

STAKEHOLDERS IMPACTED

People Planet Prosperity Peace Partnerships

UNSDGS

Our Vision is to be a global, innovative, sustainable and integrated leading supply chain logistics partner to support and advance the 5Ps of People, Planet, Prosperity, Peace and Partnerships.

Performance & Leadership

Financial Highlights

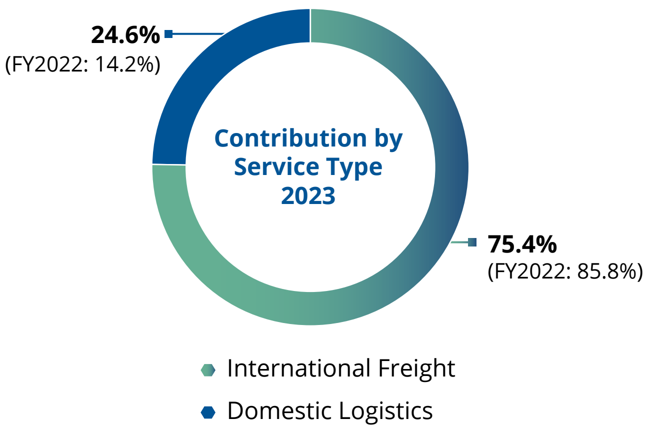
Statements of Comprehensive Income (RM'000)	2019	2020	2021	2022	2023
Revenue	545,353	551,609	763,431	1,152,945	**948,361**
Profit Before Taxation	22,602	20,267	42,496	66,613	**62,252**
Profit After Tax and Minority Interest	13,600	12,045	27,035	45,585	**42,007**
Net Earnings Per Share (sen)	2.44^	2.16^	4.84	8.16	**7.52**
Gross Dividend Per Share (sen)	3.50	2.00	4.00	4.00	**4.00**

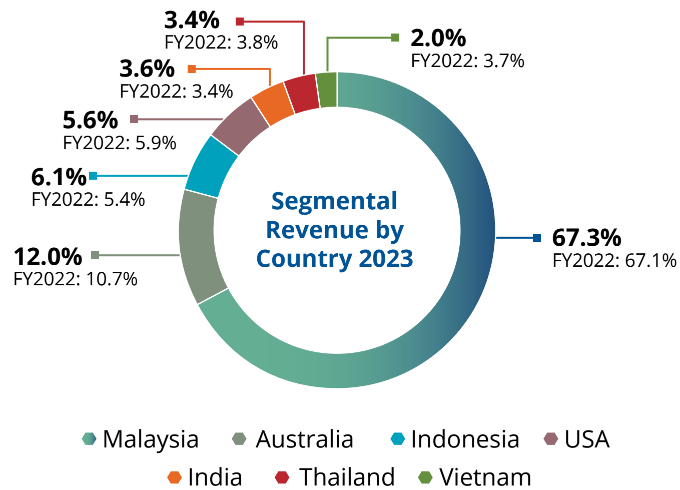
Statements of Financial Position (RM'000)	2019	2020	2021	2022	2023
No. of Shares in Issue ('000)	279,222	279,222	558,445	558,445	**558,445**
Paid-up Share Capital	104,290	104,290	104,290	104,290	**104,290**
Reserves	184,225	186,271	228,109	257,285	**279,729**
Net Assets per Share (RM)	0.52^	0.52^	0.60	0.65	**0.69**

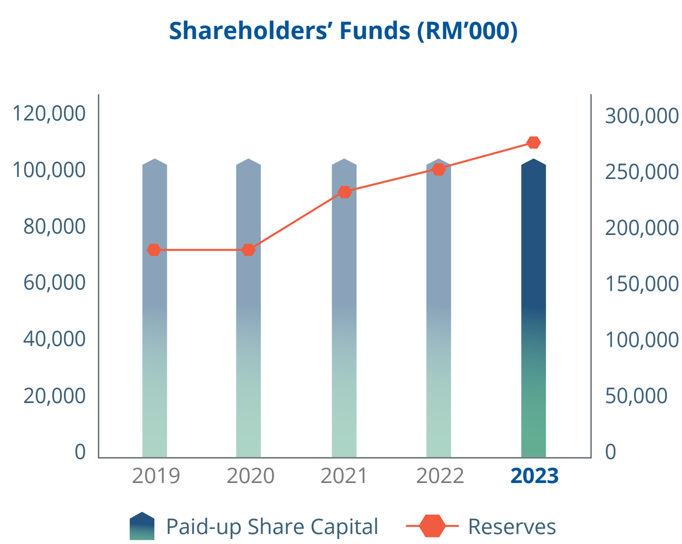
^ The comparative figures have been adjusted, taking into account the issuance of bonus shares on the basis of 1:1 in the financial year ended 30 June 2021.

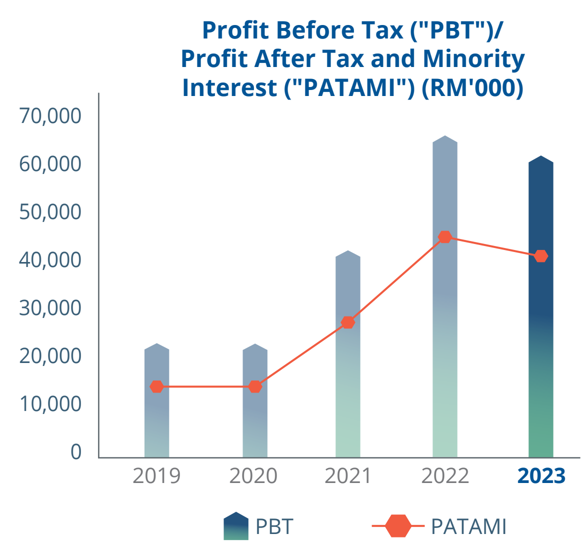
Revenue Analysis (RM Million)	2019	2020	2021	2022	2023
Contribution by Service Type					
International Freight	421.1	418.4	609.7	988.9	**715.4**
Domestic Logistics	124.3	133.2	153.7	164.0	**233.0**
Total	**545.4**	**551.6**	**763.4**	**1,152.9**	**948.4**

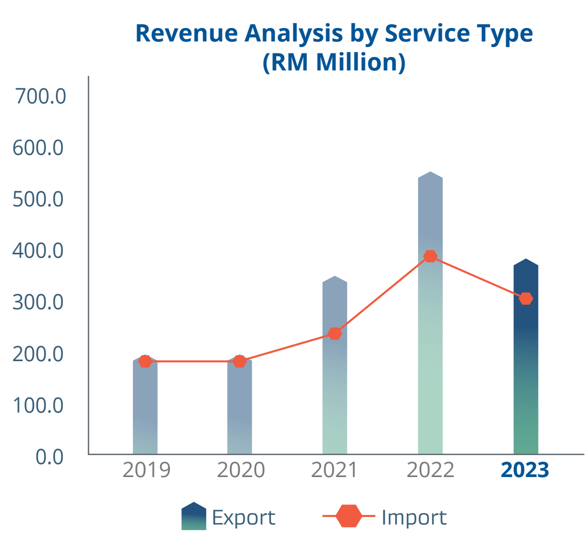
Financial Highlights (continued)

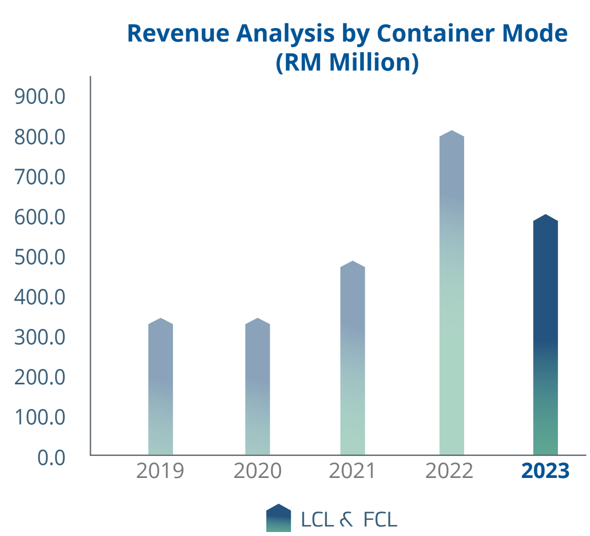












Corporate Information

BOARD OF DIRECTORS

Tengku Nurul Azian Binti Tengku Shahriman
Chairperson/Independent Non-Executive Director

Chew Chong Keat
Group Managing Director

Yang Heng Lam
Executive Director

Gan Siew Yong
Executive Director

Ong Looi Chai
Executive Director

Soh Chin Teck
Independent Non-Executive Director

Lau Swee Chin
Independent Non-Executive Director

Francis Lee Fook Wah
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Soh Chin Teck
Independent Non-Executive Director

Members
Tengku Nurul Azian Binti Tengku Shahriman
Independent Non-Executive Director

Lau Swee Chin
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairperson
Lau Swee Chin
Independent Non-Executive Director

Member
Soh Chin Teck
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairperson
Tengku Nurul Azian Binti Tengku Shahriman
Independent Non-Executive Director

Member
Lau Swee Chin
Independent Non-Executive Director

COMPANY SECRETARIES

- Fong Sok Yee (MAICSA 7066501)
  (SSM Practicing Certificate No. 202008001180)
- Te Hock Wee (MAICSA 7054787)
  (SSM Practicing Certificate No. 202008002124)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.
+603-2783 9191
+603-2783 9111
info@my.tricorglobal.com

HEAD/MANAGEMENT OFFICE

Lot 37, Lebuh Sultan Mohamed 1,
Kawasan Perindustrian Bandar
Sultan Suleiman, 42000 Port Klang,
Selangor Darul Ehsan, Malaysia.
+603-3176 1111 / +603-3322 3111
+603-3176 8634
www.fmgloballogistics.com

PRINCIPAL BANKERS

- Bangkok Bank Berhad
- Hong Leong Bank Berhad
- HSBC Amanah Malaysia Berhad
- Maybank Islamic Berhad
- OCBC Al-Amin Bank Berhad
- RHB Islamic Bank Berhad

AUDITORS

Crowe Malaysia PLT
[Firm No. 201906000005
(LLP0018817-LCA) & AF 1018]
Chartered Accountants

Level 16, Tower C, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia
+603-2788 9999
+603-2788 9998
www.crowe.my

SOLICITORS

Wong Lu Peen & Tunku Alina
Advocates & Solicitors

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.
+603-2783 9299
+603-2783 9222
is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : FM
Stock No. : 7210
Sector : Transportation & Logistics
(Listed on Second Board on 3 February 2005)

Corporate Structure

as at 30 September 2023

FM GLOBAL LOGISTICS HOLDINGS BERHAD
Registration No. 199601008064 (380410-P)

- **100% FM Global Logistics (M) Sdn. Bhd.**
  - 100% FM Contract Logistics Sdn. Bhd.*
  - 49% FM Distribution Sdn. Bhd.
- **100% Resolute Marine Sdn. Bhd.**
- **100% FM Global Logistics (Melaka) Sdn. Bhd.***
- **100% AIF Marine Sdn. Bhd.**
- **100% FM Multimodal Services Sdn. Bhd.**
- **100% Advance International Freight Sdn. Bhd.***
  - 49% FMG Logistics Co., Ltd., Thailand
- **100% FM Global Logistics (KUL) Sdn. Bhd.**
- **100% FM Worldwide Logistics Sdn. Bhd.**
- **80% Symphony Express Sdn. Bhd.**
- **100% Transenergy Shipping Pte. Ltd., Labuan**
- **100% Transenergy Shipping Management Sdn. Bhd.***
- **100% FMG Capital & Management Sdn. Bhd.**
  - 100% Centro Maxx Sdn. Bhd.
  - 100% Advance Retail Services Sdn. Bhd.*
  - 100% FMX Logistics Sdn. Bhd.*
- **100% Freight Management MSC Sdn. Bhd.**
- **100% FMGL Overseas Ventures Limited, Hong Kong**
  - 100% FM Global Logistics (S'pore) Pte. Ltd, Singapore
  - 100% FM Global Logistics Ventures Sdn. Bhd.
    - 100% FM Global Logistics (HK) Limited, Hong Kong*
    - 100% Star Cargo Network Pte. Ltd., Singapore
    - 100% Star Cargo Alliance Pte. Ltd., Singapore*
    - 100% FM Global Logistics (USA), LLC, United States of America
    - 98% FM Global Logistics Company Limited, Vietnam
      - 80% FM-TCI Global Logistics Company Limited
    - 85% Inter-Orient Services, United States of America
    - 85% Inter-Orient Corporation, United States of America
    - 85% Noble Shipping Corporation, United States of America
    - 67% PT. FM Global Logistics, Indonesia
    - 55% FM Global Logistics Pty. Ltd., Australia
    - 51% FM Global Logistics (India) Private Limited, India
      - 80% FM Global Consolidation Services Private Limited
    - 50% FM Global Logistics (Phil.), Inc., Philippines
    - 50% CN FM Logistics (Malaysia) Sdn. Bhd.
    - 49% FM Global Logistics Co., Ltd., Thailand
    - 40% Amass Freight Middle East FZCO, United Arab Emirates
- **100% FM Hubwire Sdn. Bhd.***
- **100% Parcel To Post Services Sdn. Bhd.**
  - 100% Parcel To Post Services (S) Pte. Ltd.*

* Dormant Companies

Board of Directors' Profile

TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN

Chairperson/Independent Non-Executive Director

AGE
60

Tengku Nurul Azian Binti Tengku Shahriman was appointed to the Board on 21 August 2019. She is also the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee.

She graduated with a Law Degree from the School of Oriental & African Studies, University of London. After graduation, she obtained her Barrister of Law from the Honourable Society of the Inner Temple and was subsequently admitted to and enrolled as an Advocate and Solicitor of the High Court in Malaya.

Tengku Nurul Azian started her career in 1988 as an Advocate and Solicitor with Messrs. Shook Lin & Bok before pursuing a career in investment banking in 1992. She has over 18 years of broad experience in investment banking and corporate finance. Her last position was Head of Corporate Finance in RHB Investment Bank Berhad, a member of the RHB Banking Group, an integrated financial services group in Malaysia.

In 2010, she was appointed as the Director of Education and Human Capital Development in the Performance Management and Delivery Unit ("PEMANDU") and held this position until 2017. She was the Executive Vice President and Partner of PEMANDU Associates Sdn. Bhd., a management consultancy firm until June 2020.

She is also a board member of PEMIMPIN GSL Malaysia (affiliated to Global School Leaders Network), an organisation that focuses on strengthening leadership in schools across Malaysia PEMIMPIN GSL Malaysia is also the organiser of the Malaysia Teacher Prize. She sits on the Board of Governors of her alma mater, Convent Bukit Nanas.

Other than her positions in the Company, she is also an Independent Non-Executive Director of Dutch Lady Milk Industries Berhad, PPB Group Berhad and Sunway REIT Management Sdn. Bhd. (the management company of Sunway REIT, which is listed on Bursa Malaysia Securities Berhad).

CHEW CHONG KEAT

Group Managing Director

AGE
62

Mr Chew Chong Keat joined the Board on 20 March 1996.

He graduated from the University of Manchester, the United Kingdom in 1984 with a Bachelor's Degree in Economics. He also holds a Diploma from the Business Education Council National, United Kingdom and a Diploma of Competence in Freight Forwarding from the International Federation of Freight Forwarders ("FIATA").

As one of the Group's co-founders, he serves on the board of some of its subsidiaries and associated companies of the Group. He is principally responsible for managing the Group's business and corporate affairs. With over 35 years of experience in freight forwarding and logistics services, he plays a key role in setting the direction of the Group's business strategies.

YANG HENG LAM

Executive Director

AGE
60

Mr Yang Heng Lam joined the Board on 20 March 1996. He also serves on the board of all subsidiaries and associated companies of the Group. He helms the business development and operations divisions, encompassing the development of global air and ocean agencies, and numerous divisions namely the ocean import, customs brokerage, air freight, parcel, warehouse, and transport divisions. He played a key role in identifying suitable partners for the establishment of offices in Thailand, Indonesia, The Philippines, India, the UAE and the USA.

He founded Cargo World Network and Star Cargo Alliance, part of the global freight forwarding network for the Group, and serves as the President of both organisations.

Mr Yang has over 30 years of experience in the freight forwarding and logistics industry and has been instrumental in securing and maintaining major customers for the Group.

GAN SIEW YONG

Executive Director

AGE
61

Madam Gan Siew Yong joined the Board on 20 March 1996. She also serves on the board of several subsidiary companies of the Group. As the Head of the Export Division, she is principally responsible for the export-related services of the Group and is actively involved in negotiating rates and securing container space with the shipping lines.

Backed by more than 30 years of experience, and supported by a strong team, she has been instrumental in establishing the Group's LCL consolidation business in all the major ports of the world.

ONG LOOI CHAI

Executive Director

AGE
55

Mr Ong Looi Chai was appointed to the Board on 1 June 2006. He joined the Group in 1989, securing attachment with the Port Klang headquarters. In 1995, he assumed the position of Branch Manager in Penang and was instrumental in the growth and development of the Penang branch.

He is currently responsible for the overall business development in the northern region of West Malaysia and East Malaysia. He also leads the business development of the Group's overseas offices in Thailand and Indonesia.

SOH CHIN TECK

Independent Non-Executive Director

AGE
65

Mr Soh Chin Teck was appointed to the Board on 30 September 2019. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee.

He holds a Bachelor of Economics Degree from Monash University, Australia, and a Master of Business Administration - International Management from RMIT University, Australia. He is a Fellow Member of the Institute of Chartered Accountants Australia and New Zealand and a member of the Malaysian Institute of Accountants.

He has more than 13 years of experience in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur. He was a former Executive Director and General Manager of CSR Building Materials (M) Sdn. Bhd. and was a Business Director and board member of Rockwool Malaysia Sdn. Bhd. Mr Soh also held the chairmanship of FMM Malaysian Insulation Manufacturers Group and the Deputy Managing Director position of Saint-Gobain Malaysia Sdn. Bhd.

Other than the Company, he is also an Independent Non-Executive Director of PPB Group Berhad.

Board of Directors' Profile (continued)

LAU SWEE CHIN

Independent Non-Executive Director

AGE 60

Madam Lau Swee Chin was appointed to the Board on 21 August 2018. She is the Chairperson of the Nomination Committee and a member of the Audit and Risk Management Committee, and the Remuneration Committee.

She started her career in the Audit Department of Hanafiah Raslan & Mohamad before embarking on her studies for The Institute of Chartered Secretaries and Administrators ("ICSA") examination.

She completed her ICSA studies in 1986 and subsequently obtained her Associate Membership of ICSA in 1993. She joined TAMS Secretarial Sdn. Bhd. in 1987 where she was later promoted as Head of the Company Secretarial Department.

In 2003, she joined Miomira Corporate Services Sdn. Bhd. as a Partner and Head of the Company Secretarial Department.

Her work covered the incorporation of companies and business enterprises, public listing, company secretarial services, deregistrations and liquidations, and included advisory services.

Following her retirement in 2014, she set up a new partnership, Eco Gifts Shoppe, where the company's primary focus is on importing natural oils from selected countries for local distribution in Malaysia.

Notes:

FAMILY RELATIONSHIPS : Gan Siew Yong is the spouse of Chew Chong Keat. Save as disclosed, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

DIRECTORSHIP OF PUBLIC COMPANIES : Save as disclosed above, none of the Directors holds any other directorships in public companies and listed issuers in Malaysia other than the Company.

NUMBER OF BOARD MEETINGS ATTENDED : Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement of this Annual Report.

CONVICTIONS : None of the Directors has been convicted of any offences (other than traffic offences, if any) within the past 5 years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2023.

CONFLICT OF INTEREST : None of the Directors has any conflict of interest with the Company.

KEY SENIOR MANAGEMENT : The Executive Directors sitting on the Board also occupy the offices of the Key Senior Management of the Company.

FRANCIS LEE FOOK WAH

Non-Independent Non-Executive Director

AGE 57

Mr Francis Lee Fook Wah was appointed to the Board on 20 September 2023.

He graduated from the National University of Singapore with a Bachelor's Degree in Accountancy in 1990 and obtained a Master's Degree in Business Administration (Investment and Finance) from the University of Hull, UK in 1993. He is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors.

Mr Francis Lee is the Executive Director of Vibrant Group Limited from 1 September 2020, responsible for the overall management of finance functions of Vibrant Group Limited and its subsidiaries, matters relating to the regulatory compliance and reporting, and for overseeing the groups human resource matters. Prior to this, he served as the Chief Financial Officer of Vibrant Group Limited from 1 April 2019.

Previously, he was the chief financial officer of OKH Global Ltd, a company listed on the SGX-ST from 2015 to 2017. Between 2005 and 2011, he also served as an executive director, finance director and chief financial officer of Man Wah Holdings Ltd, a company listed on the Hong Kong Stock Exchange. He began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer. In 1993, Mr Francis Lee served as an assistant manager in OCBC Bank conducting credit analysis. Between 1994 and 2001, he worked as a dealers' representative for Deutsche Morgan Securities. He then served at the Singapore branch of the Bank of China between 2001 and 2004 as a relationship manager. Between 2004 and 2005, he was with AP Oil International Ltd working as an investment and project manager.

Mr Francis Lee is an independent director of Joyas International Holdings Ltd, Asiaphos Ltd and Pavillon Holdings Ltd and non-executive, non-independent director of Figtree Holdings Ltd.