



# SUSTAINABILITY STATEMENT 2021

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## CAUTIONARY STATEMENT

FMHB 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 FMHB 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.



# OVERVIEW

(GRI 102-1)

This is the fourth Sustainability Statement (“Statement”) by Freight Management Holdings Bhd. (“FMHB” or “the Group”) to present our performance in corporate sustainability for the financial year in review (“FY2021”).

As FY2021 essentially covers a full pandemic year, we have also taken note of the growing significance and relevance of corporate sustainability in cushioning the impacts of COVID-19 on stakeholder engagement and value communication.

## SCALE AND SCOPE OF REPORTING

(GRI 102-4, 102-46)

Besides the Sustainability Roadmap, this Statement presents an in-depth review of our Most Material Matters. It also outlines the key performance indicators (“KPI”) for a revised set of Most Material Matters along with plans to achieve these KPIs. The reporting covers the operations and activities of the Group and the following subsidiaries:

- FM Global Logistics (M) Sdn. Bhd.
- FM Multimodal Services Sdn. Bhd.
- FM Global Logistics (KUL) Sdn. Bhd.

This Statement only includes activities at our headquarters and other locations in Malaysia. It excludes any overseas operations, joint venture companies and associate companies beyond our direct control.

*Details of FMHB’s ownership, control and authority of the organisation are according to the Corporate Structure in this Annual Report.*

## REPORTING FORMAT

(GRI 102-54)

The 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 2<sup>nd</sup> Edition
- Bursa Malaysia Corporate Governance Guide
- Criteria for F4GBM

In efforts to improve sustainability initiatives within the Group, we crafted a Sustainability Roadmap in 2018 to align our sustainability agenda to the United Nations Sustainable Development Goals (“UNSDGs”) while also underpinning our reporting to frameworks outlined by the Global Reporting Initiative (“GRI”) and FTSE4Good Bursa Malaysia (“F4GBM”). The GRI reporting framework and the F4GBM overlap in many Economic, Environmental, Social and Governance (“ESG”) areas to identify, gather, report and assess impact clearly and concisely. Where relevant, we also display the appropriate GRI indicator below the headings and sub-headings.

## REPORTING PERIOD AND CYCLE

(GRI 102-50, 102-51, 102-52)

The Statement covers the period from 1 July 2020 to 30 June 2021 unless otherwise specified. Data and information from the past reporting cycles have also been included, where relevant. As per Bursa Securities MMLR, FMHB reviews, updates and reports on the Group’s sustainability performance annually, with the most recent report published in October 2020 for the period covering 1 July 2019 till 30 June 2020.

## FEEDBACK

(GRI 102-53)

FMHB welcomes feedback on our sustainability performance and reporting to guide us towards improvements in our sustainability performance. Please direct any enquiries or comments to:

## FREIGHT MANAGEMENT HOLDINGS BHD.

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## STEERING THE WAY FORWARD

**Reliability and adaptability are the attributes that helped FMHB navigate uncharted territories since the start of the pandemic, turning challenges into opportunities to focus on the common goal of delivering critical supplies in our areas of operations.**

This time last year, few of us imagined we would still be grappling with the impact of the COVID-19 pandemic 12 months later. The pandemic has left a trail of destruction worldwide with businesses facing financial ruin, retrenched workers burdened with little or no income, and millions of people picking up the pieces of broken dreams and shattered hopes. The East Asia and Pacific region's recovery has been undermined by the spread of the COVID-19 Delta variant, which is likely slowing economic growth and increasing inequality in the region (*Source: World Bank*). Economic activity began to slow in the second quarter of 2021, and growth forecasts were downgraded for most countries in the region. (*Sources: World Bank's East Asia and Pacific Fall 2021 Economic Update*).

Against such a backdrop, FMHB managed to circumnavigate through a challenging period as part of the supply community at the forefront of ensuring the survival of nations which it serves by providing essential business in freight and logistics.

During the year in review, two crucial questions needed to be addressed: Firstly, how can FMHB ensure business continuity amid events beyond our control? And secondly, how can we shield our stakeholders from the worst of the pandemic and support them during such difficult times?

And at every turn, the answers remain the same. Corporate sustainability needs to be the defining way of business for economic stability, which would in turn, contribute towards social cogency and environmental integrity. There is a profound shift in stakeholder expectations where business expansion is interlinked with considerations for EESG factors, be it climate change or a range of material issues.

As such, we took a decisive turn in 2018 to embark on our corporate sustainability journey and understood this is a learning curve for us. We initially studied as many aspects of our operations as possible and identified what and how we should undertake initiatives for improvement in the EESG spectrums.

Since then, we have integrated sustainability considerations, measures and practices in many areas of our operations. While there have been setbacks due to the pandemic, we remain committed to progressively increasing and improving our disclosures, according to Bursa Malaysia's MMLR.

We stepped up our reporting regime during the period in review to incorporate more EESG practices in order to increase value and ultimately achieve long-term success for the Group.



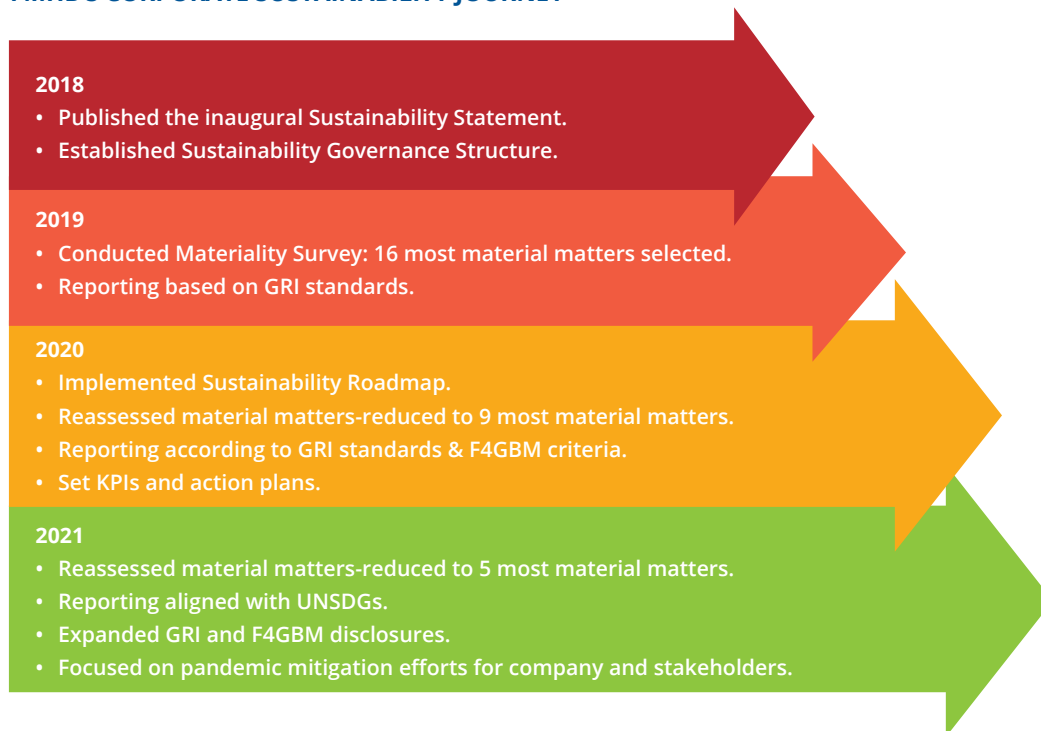
# OUR SUSTAINABILITY ROADMAP

(GRI 103-2)

FMHB developed a formal corporate sustainability reporting regime in 2018 to start the groundwork essential in addressing ESG risks. The Group's Sustainability Policy was crafted and adopted to signify our considerations in EESG aspects. While the current environment holds many uncertainties exacerbated by the pandemic, we must keep the momentum by gradually deepening our knowledge and expanding our reporting scope steadily.

Essentially, the Roadmap offers a meticulous step-by-step guide to practising and reporting on corporate sustainability based on clear objectives and specific milestones, many of which are already in place at present.

## FMHB'S CORPORATE SUSTAINABILITY JOURNEY



Between the Group's financial years of 2018 and 2020, we had:

- Established a Governance Structure to plan, implement and report on the performance of our sustainability initiatives;
- Outlined a Sustainability Policy to provide the overarching direction of our sustainability efforts;
- Selected the Most Material Matters to our company and stakeholders before refining our selection to the most relevant ones during the year in review;
- Set KPIs for these Most Material Matters together with the respective Action Plans to meet these targets while also assigning responsibility for tracking and monitoring; and
- Progressively increased our disclosure on sustainability performance according to the GRI and F4GBM indicators as well as underpinning our approach to the UNSDGs agenda.

## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

### GOVERNANCE STRUCTURE

(GRI 102-18, 102-20, 102-22, 102-23, 102-24, 102-26)

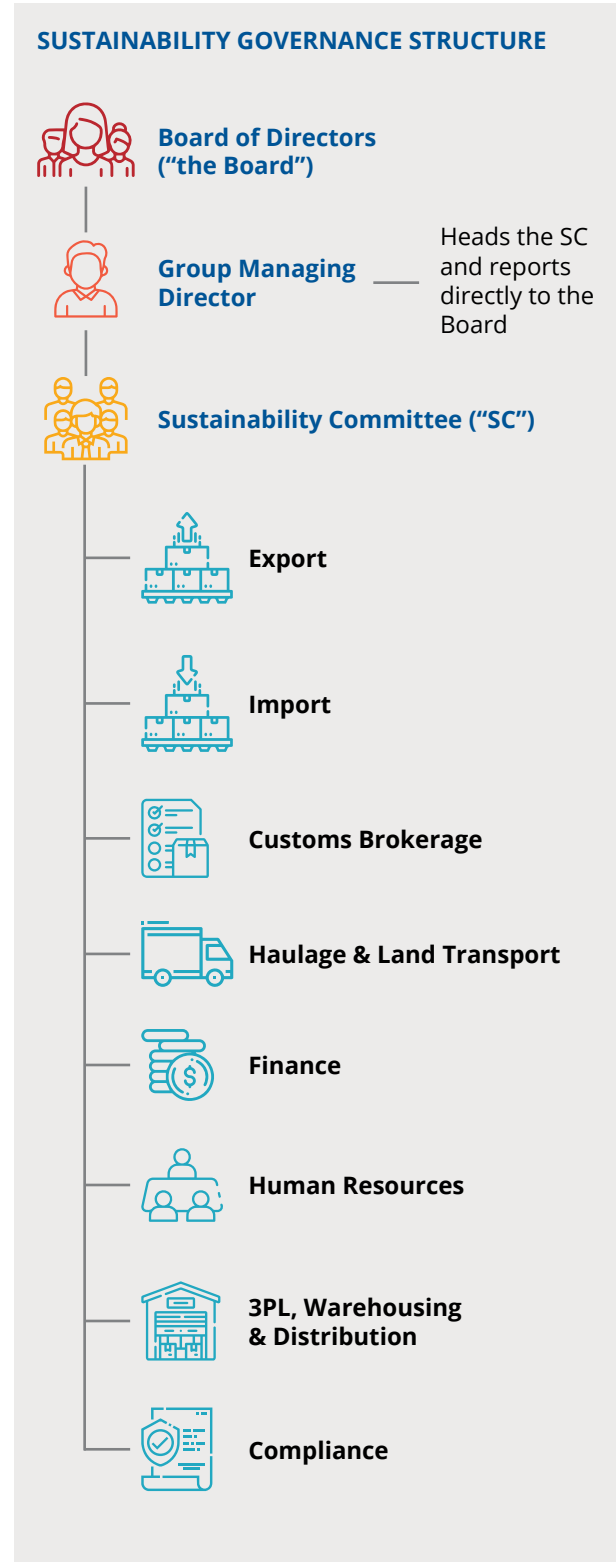
Our Governance Structure was established in 2018 to drive the Group’s sustainability agenda. It consists of three reporting tiers anchored by a Sustainability Committee (“SC”) helmed by the Group Managing Director and includes representatives from eight separate departments.

As the Chairman of the SC, the Group Managing Director reports to the Board of Directors (“the Board”) on all issues related to corporate sustainability. The roles and responsibilities are as follows:

| Board of Directors  |
|---|
| <ul style="list-style-type: none"> <li>Oversees the overall implementation of the Group’s sustainability initiatives.</li> <li>Endorses the Group’s sustainability report and materiality matters.</li> <li>Endorses sustainability strategies and initiatives proposed by the Sustainability Committee.</li> </ul> |

| SC Chairman<br>(Group Managing Director)   |
|--|
| <ul style="list-style-type: none"> <li>Proposes sustainability strategies and initiatives.</li> <li>Monitors implementation of sustainability initiatives.</li> <li>Reports sustainability progress to the Board.</li> </ul> |

| Sustainability Committee  |
|---|
| <ul style="list-style-type: none"> <li>Identifies materiality matters that are relevant to the Group’s business operations.</li> <li>Proposes sustainability initiatives and measures to be implemented across the Group.</li> <li>Implements sustainability initiatives that have been approved by the Board.</li> <li>Conducts data gathering for sustainability reporting.</li> <li>The Chairman of the Sustainability Committee reports the overall progress of the Group’s sustainability efforts to the Board.</li> </ul> |



## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

The SC convened three times during the reporting period via hybrid meetings involving a blend of physical and online presence as dictated by pandemic restrictions imposed by the Government.

During these meetings, we conducted reviews on the Group’s Most Material Matters in light of external events affecting our operations and stakeholders as well as assessed our on-going activities, risk exposure and other areas of importance.

### SUSTAINABILITY POLICY

(GRI 102-29)

FMHB’s Sustainability Policy outlines our commitment to corporate sustainability and prescribes the overall direction of our conduct and performance as a leading freight forwarding and logistics company in the region.



Our Policy addressed the issues of concern in the three main EES Sustainability Pillars (with Governance as a component of Economic).

### SUSTAINABILITY POLICY



#### ECONOMIC

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



#### 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 to give back to the community.

## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

### MATERIALITY MATTERS

(GRI 102-21, 102-29, 102-30, 102-31, 102-33, 102-34, 102-48, F4GBM)

A company's business operations and ancillary activities can have both positive and negative impacts on the company and its stakeholders.

To illustrate further, FMHB's financial performance affects the Group's business sustainability which in turn has implications on the wealth and recurring income of our shareholders, partners, customers, employees, associates, vendors, the Government and the community at large. Similarly, our business conduct and corporate governance can impact on our reputation and confidence among prospective or existing investors and business partners, lending institutions, the authorities, customers and the community in which we operate. On the environmental front, FMHB's activities inevitably contribute to such concerns as pollution, carbon footprint, depletion of natural resources and ecological contamination. And finally, the Group's operations have an effect on our employees' careers as well as the health and safety of our workforce, customers and other stakeholders.

Given the varied and extensive impact on these EESG issues and concerns, the Group initially shortlisted 16 most material matters following a Materiality Survey carried out in FY2019. The original list included materiality matters in all four EESG dimensions.

Subsequently during FY2020, the Sustainability Committee reduced this number to nine most material matters after deciding a lower number would be more manageable in view of changing priorities as a result of the pandemic.





### MOST MATERIAL MATTERS 2021

In FY2021, the Sustainability Committee decided to opt for a reduction to five most material matters. This was premised on the need to further concentrate efforts in tandem with on-going measures to insulate the company and stakeholders against the continuing fallout from the pandemic.

### MOST MATERIAL MATTERS FY2020

| MATERIALITY MATTER   | EESG PILLAR        |
|--|--------------------|
| Economic & Business Performance               | Economic           |
| Ethics & Integrity                            | Governance         |
| Risk Management                               | Governance         |
| Environmental Initiatives                     | Environmental      |
| Waste Management                              | Environmental      |
| Occupational Health & Safety                  | Social Workplace   |
| Training, Education and Career Development  | Social Workplace   |
| Product & Service Quality                   | Social Marketplace |
| Community Engagement                        | Social Community   |

### REVISED MOST MATERIAL MATTERS FOR FY2021

| MATERIALITY MATTER   | EESG PILLAR      |
|--|------------------|
| Ethics & Integrity                          | Governance       |
| Environmental Initiatives                   | Environmental    |
| Waste Management                            | Environmental    |
| Occupational Health & Safety                | Social Workplace |
| Training, Education and Career Development  | Social Workplace |



## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

In its deliberations, the Sustainability Committee omitted the materiality matters of Economic & Business Performance (Economic) and Product & Service Quality (Social – Marketplace) on account that FMHB achieved above than expected financial results during the reporting year. In addition, we have also secured new customers because we have maintained and continuously improved our capacity to offer solutions in terms of cargo space and other value-added integrated logistics services.

The materiality matter of Risk Management is constantly being determined and reviewed. Appropriate actions are planned and implemented to eliminate, mitigate and improve the eventualities due to the determined risks. (Refer to KPIs and Action Plans below). For Community Engagement, FMHB is resolved to enhance contributions and projects that can uplift affected communities and other people in need.

### KPIS & ACTION PLANS

(GRI 102-31, 102-33, 102-24, F4GBM)

We had set key performance indicators (“KPIs”) for the five most material matters along with the requisite Action Plans to meet these KPIs while also assigning responsibility to the respective departments, sub-committees and individuals. From the initial five KPIs in the previous reporting year, we included a new KPI under Environmental Initiatives, bringing the total of KPIs to six.

We have successfully met three out of the six KPIs as shown in the following table. The other three KPIs were deferred or affected by circumstances related to the pandemic. In the next report, we intend to include more KPIs for our Most Material Matters.

| MATERIALITY MATTER               | PILLAR                   | KPI   | ACTION PLAN  | RESPONSIBILITY        | ACHIEVEMENT  |
|----------------------------------|--------------------------|---|--|-----------------------|--|
| <b>ETHICS &amp; INTEGRITY</b>    | Economic<br>(Governance) | 100% of relevant personnel familiarised with anti-bribery and anti-corruption procedures  | MACC Programme TRUST*  | Compliance Department | <b>ACHIEVED</b><br><b>100%</b>   |
| <b>ENVIRONMENTAL INITIATIVES</b> | Environmental            | 20% reduction in monthly usage of single-use plastic packaging at the head office cafeteria                                       | To introduce education programmes on plastics reduction and ban on polystyrene   | Compliance Department | <b>Deferred:</b> Cafeteria was closed as a precautionary measure due to the pandemic in FY2021 |
|                                  |                          | To reduce emission of:<br>a) PM (Particulate Matter) from 0.25 to 0.1 g/kWh, and<br>b) NOx (Oxides of nitrogen) from 7 to 5 g/kWh | To phase out old trucks using EURO II engines with new trucks using EURO III engines. (About 22 new trucks were purchased) | Haulage Department    | <b>ACHIEVED</b><br>Actual emission:<br>a) PM = 0.1 g/kWh<br>b) NOx = 5 g/kWh                   |

## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

| MATERIALITY MATTER                       | PILLAR                | KPI  | ACTION PLAN  | RESPONSIBILITY                                  | ACHIEVEMENT   |
|--|-----------------------|--|--|---|---|
| WASTE MANAGEMENT                         | Environmental         | 10% improvement in paper recycling in General Office   | To introduce programmes on paper reduction                                       | Health, Safety, Security & Environment ("HSSE") | <b>Deferred:</b><br>Due to the pandemic                             |
| OCCUPATIONAL HEALTH & SAFETY             | Social<br>(Workplace) | 10% reduction in incidences of exceeding speed limits by transport and haulage truck drivers | To introduce programmes on driving performance including rewards and recognition | Haulage Department                              | <b>ACHIEVED</b><br><b>21.2% reduction</b>                           |
| TRAINING, EDUCATION & CAREER DEVELOPMENT | Social<br>(Workplace) | 50% utilisation of Human Resources Development Fund ("HRDF")                                 | Utilisation of HRDF  | All Departments and Human Resource Department   | <b>Not achieved:</b><br>Utilisation of 32% HRDF due to the pandemic |

Moving ahead, we have started to monitor Greenhouse Gas ("GHG") emissions as part of our efforts to reduce our carbon footprint to expand our reporting scope under the Environmental segment.



### Ethics & Integrity (Governance)

FMHB has closely followed the ministerial guidelines; TRUST\*, on adequate procedures to guide companies on Section 17A of the MACC Act governing corporate bribery and corruption practices at the workplace.

The Group began implementing the requirements of the MACC Act as early as the third quarter of FY2019 and succeeded in meeting the KPIs for this most material matter with 100% of relevant personnel familiarised with Anti-Bribery and Anti-Corruption ("ABAC") procedures.

Based on the TRUST\* approach, we carried out the following activities:

- Training the employees on our ABAC and Whistleblowing ("WB") policies and communicating the policies to all our third party stakeholders;

- Enhancement of our Procurement Policy including due diligence, determination of associated risks and development of procedural guides on gifts, entertainment, hospitality and other gratuitous acts offered to FMHB employees by third parties;
- Monitoring whistleblowing results;
- Internal audit; and
- Sharing of the latest updates from MACC, learning from incidents ("LFI") and any known cases brought up for prosecution.

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

Further details on this sustainability indicator are presented in the Governance section of this Statement.

## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)



### Environmental Initiatives (Environmental)

Beyond mandatory requirements governing environmental protection, companies are also encouraged to plan and implement initiatives that can either reduce adverse effects of business operations on the ecology or contribute to resource conservation via recycling and other measures.

At FMHB, we have long entrenched the practice of recycling among our employees and also third parties such as our canteen operator. We had intended to reduce the use of plastic packaging at our head office cafeteria by 20% under this most material matter. However, this KPI is being deferred since the cafeteria was closed as a precautionary measure during the pandemic in FY2021.

The Group has endeavoured to reduce the gas emissions of PM and NOx by phasing out our old trucks using EURO II engines with new trucks using EURO III engines. Thus far, we have purchased 22 new trucks.

*Further details on this sustainability indicator are presented in the Environmental section.*



### Waste Management (Environmental)

Apart from conserving resources, recycling materials is also an avenue to reduce waste and by extension, cut down on management costs and potential for ground or air contamination from landfill disposal or incineration.

During the year in review, we carried out a project to improve paper recycling with a 10% improvement target in the reuse and recycling of one-sided printed paper. However, due to the circumstances caused by the pandemic, we have decided to defer the KPI for this most material matter.



### Occupational Health & Safety (Social)

As a freight forwarder with our own fleet of trucks, the safety of our drivers are the main occupational hazard at FMHB. 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 the expectations of customers.

During the year in review, we undertook a haulage improvement project with the objective of reducing speed violations among our drivers. Involving 64 personnel from our Haulage Department, the project set a target of reducing speed violations by at least 10% as measured by data captured by GPS devices and a vehicle management software installed in all our trucks above 10 tonnes.





As an incentive, we introduced rewards and other forms of recognition for our drivers on top of various programmes to improve driving performance. This proved effective as the monthly average of 8,786 recorded infringements of procedures between July and October 2020 dropped to a corresponding average of 6,920 from November 2020 to May 2021, representing an improvement of 21.2%.

In addition, we determined that our drivers only violated speed limits a bare 1.2% of the time they were on the road. While this is considered an extremely low percentage, nevertheless, we will continue to drive towards a zero violation culture.

## OUR SUSTAINABILITY ROADMAP (CONTINUED)

(GRI 103-2)

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

| FACTORS                    |  <b>FATIGUE</b>                              |  <b>VEHICLE CONDITION</b>  |  <b>ROADS AND ENVIRONMENTAL CONDITIONS</b> |  <b>DRIVERS' STATE OF MIND AND BEHAVIOUR</b>   |
|----------------------------|---|---|---|---|
| <b>PREVENTIVE MEASURES</b> | <ul style="list-style-type: none"> <li>Daily pre-driving checks on drivers' health</li> <li>Compliance spot checks</li> </ul> | <ul style="list-style-type: none"> <li>Daily pre-operation checks on vehicle operability and safety</li> <li>Periodic preventive maintenance checks and services</li> <li>Half-yearly audit on preventive maintenance system</li> </ul> | <ul style="list-style-type: none"> <li>Defensive driving training</li> <li>Daily journey management plan</li> </ul>         | <ul style="list-style-type: none"> <li>Monitor driving behaviour</li> <li>Feedback on driving performances</li> <li>Counselling</li> <li>Recognition awards (Best performing driver, Most improved driver, etc.)</li> </ul> |

*Further details on this sustainability indicator are presented in the Environmental section.*



### Training, Education & Career Development

During the reporting year, we targeted to utilise 50% of HRDF funds for training and development purposes. However, due to pandemic-related reasons, we only managed to utilise 32% of the HRDF fund. We are planning to include more training programmes in the future.



# STAKEHOLDER ENGAGEMENT

(GRI 102-21, 102-40, 102-42, 102-43)

Stakeholder engagement is an integral feature of corporate sustainability which is a platform to enhance the positive product while reducing the negative by-products of a company's operations for its stakeholders.

## STAKEHOLDER ENGAGEMENT



SHAREHOLDERS  
AND INVESTORS



EMPLOYEES



CLIENTS/CUSTOMERS



INDUSTRY GROUPS AND  
STRATEGIC PARTNERS

### ENGAGEMENT METHOD

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

- Town hall meetings.
- Training programmes.

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

- Virtual meetings and site visits.

### CONCERNS

- Financial performance.
- Transparent reporting.

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





- Pricing.
- Service delivery.

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

## STAKEHOLDER ENGAGEMENT (CONTINUED)

(GRI 102-21, 102-40, 102-42, 102-43)

It is through engagement that companies can better understand the expectations and aspirations of stakeholders in order to chart and carry out improvements in areas particularly important and relevant to all concerned. As a standard practice, FMHB engages with our stakeholders through various avenues listed in the table. However, many of these engagement methods were conducted virtually as a result of pandemic restrictions throughout much of the financial year.

| <br><b>LOCAL COMMUNITIES</b>  | <br><b>GOVERNMENT AGENCIES/<br/>REGULATORS</b>   | <br><b>VENDORS/SUPPLIERS</b>  | <br><b>MEDIA</b>                                       |
|--|---|---|---|
| ENGAGEMENT METHOD  |   |   |   |
| <ul style="list-style-type: none"> <li>• Sponsorship of community service events.</li> <li>• Social and environmental initiatives.</li> <li>• Donations.</li> </ul>  | <ul style="list-style-type: none"> <li>• Regulatory discussions and meetings with authorities.</li> <li>• Public consultation with local authorities.</li> <li>• Site inspections.</li> <li>• Seminars, briefings and training.</li> </ul>  | <ul style="list-style-type: none"> <li>• Procurement policies.</li> <li>• Performance evaluation.</li> <li>• Virtual meetings and site visits.</li> </ul> | <ul style="list-style-type: none"> <li>• Media interviews, briefing sessions and media conferences.</li> <li>• Press releases.</li> </ul> |
| CONCERNS   |   |   |   |
| <ul style="list-style-type: none"> <li>• Community engagement.</li> <li>• Life-improving programmes.</li> <li>• Environmental and social impacts.</li> <li>• Corporate Social Responsibility (“CSR”).</li> </ul> | <ul style="list-style-type: none"> <li>• Compliance to requirements set by government agencies or other regulatory authorities.</li> <li>• Compliance to regulatory requirements of Bursa Malaysia Securities Berhad, Companies Commission of Malaysia and other reporting guidelines.</li> <li>• Policy aligned with areas of national interests including initiatives.</li> </ul> | <ul style="list-style-type: none"> <li>• Payment schedule.</li> <li>• Procurement policies and practices.</li> <li>• Supplier Code of Conduct.</li> </ul> | <ul style="list-style-type: none"> <li>• Brand positioning, image and credibility.</li> </ul>   |

## STAKEHOLDER ENGAGEMENT (CONTINUED)

(GRI 102-21, 102-40, 102-42, 102-43)

### MEMBERSHIP OF ASSOCIATIONS

(GRI 102-13)

FMHB is an active contributor on issues related to freight forwarding and logistics. We help to shape the industry by expressing our opinions, sharing ideas and proffering recommendations in engagements with governments, customers, the business community and other relevant parties via memberships in international and domestic associations.

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 Hauliers (“AMH”); and
- Selangor Association of Freight and Logistics Agents.



## AWARDS & RECOGNITION

(GRI 201-4)

FMHB is recognised as a leading integrated freight and logistics service provider in Malaysia and other operational regions. During the year in review, three of our subsidiaries were conferred awards to recognise their achievements in the industry. These recognitions correlate with the quality of our work and services and elevate FMHB's reputation in the industry to demonstrate the exemplary performance of our employees in executing their tasks.



### Port Klang

FM Global Logistics (M) Sdn. Bhd. (Port Klang) was awarded with the Halal Logistics Excellence Award for the World Halal Conference 2020 by Halal Development Corporation ("HDC"). The award was to acknowledge the Company's efforts in technological advancement towards the growth of the global halal economy.

### Ipoh, Perak

FM Global Logistics (M) Sdn. Bhd. - Ipoh was awarded the Top Contributor for 2019-2020 by Ipoh Cargo Terminal, a train service provider in Perak.



### Overseas - India

FM Global Logistics (India) Private Limited was conferred the Certificate of Appreciation for prompt GST filing and payment.





# ECONOMIC

The sporadic disruptions to economic activity and curbs on movement during pandemic FY2021 have led to a greater understanding of the importance of business and economic sustainability.



## ECONOMIC (CONTINUED)

(GRI 102-17, 102-25, 201, 202, 203, F4GBM)

Although FMHB was spared the full brunt of the COVID-19 pandemic's impact on economic activity, many previously thriving businesses were hard hit, resulting in increasing unemployment rates, pay cuts, and reduced consumer demand. Our ability to weather the difficulties and challenges for the reporting period reflects the strength of the Group's foundation built by sound business fundamentals and strategies and a growing regional market presence.

Externally, our freight and logistics services played an essential role in ensuring trade continued unabated and this was critical to a trading nation such as Malaysia in which robust export revenue compensated for a depressed domestic consumption.

Internally, the Group met expectations in our mandate to reward shareholders, protect employees' income security, provide business opportunities for partners, associates, vendors, and service providers; and support the financial and in-kind contributions of a hard-hit community.

### ECONOMIC & BUSINESS PERFORMANCE

(GRI 102-6, 201-1, 201-2, 201-3, 201-4, F4GBM)

The Group achieved its above par results during the financial year in review, returning record revenue and profits to extend its growth sequence to 18 consecutive years for Revenue, PBT and PATMI.

We achieved higher Revenue by 38.4% in FY2021 to cap a CAGR of 11.3% for the period 2003 to 2021 while expanding PBT growth by a phenomenal 109.7% and PATMI by an equally-remarkable 124.4% y-o-y. The CAGR for the same period was 10.3% for PBT and 9.7% for PATMI.

As with previous years, we tapped on our financial results to provide dividends for shareholders and maintained our remuneration packages for employees.

We issued a total dividend of 2.5 sen per share to commemorate this record-breaking financial year, with a total payout representing 52% of PATMI after ensuring the Group held on to sufficient reserves.

*Details of the Group's business objectives and financial results are presented in the Management Discussion & Analysis section in this Annual Report.*

### SUSTAINABILITY OF THE BUSINESS STRATEGY

(F4GBM)

FMHB has grown to become a leading integrated freight and logistics services provider in Malaysia with a portfolio that includes International Logistics: freight forwarding via sea, air and land; and Domestic Logistics: 3PL, Warehousing & Distribution and Supporting Services.

During the reporting period, we focused on acquiring new customers for regional and international freight services at a time when demand for freight services was increasing with the reopening of economies worldwide. At the same time, we also practised prudent cost management to improve margins in Malaysia and our regional bases.

Over the years, we have always emphasised on improving the quality and reliability of our services as the stepping stones to expanding our customer base, nurturing preferential relationships with international cargo fleets, extending our areas of operations and achieving better cost efficiency.

*The review of our business strategies is elaborated on in the Management Discussion & Analysis section in this Annual Report.*

## ECONOMIC (CONTINUED)

(GRI 102-17, 102-25, 201, 202, 203, F4GBM)

### MARKET PRESENCE

(GRI 202-1, 202-2, F4GBM)

FMHB casts a considerable footprint with our domestic and regional presence. Our operations extend across Peninsular Malaysia with a head office in Port Klang, Selangor and branch offices in Penang, Ipoh and Melaka.

Overseas, we have bases across Southeast Asia in Singapore, Thailand, Indonesia, the Philippines and Vietnam; in India, UAE, Australia and the USA.

In terms of economic sectors, our multimodal services cater to a broad base of industries including healthcare, medical & pharmaceutical, manufacturing, electrical & electronics, oil & gas, fast moving consumer goods, retail and others.

FMHB contributes to economic development among local communities in the areas where we operate. We offer comparable remuneration and other benefits to domestic service providers of similar size and portfolio in all the markets where we have offices. FMHB complies with the Minimum Wage Order 2020 Regulations. All permanent and contract employees are paid according to the market rate or above, where applicable.

### HIRING FROM THE LOCAL COMMUNITY

(F4GBM)

FMHB takes cognisance of its corporate responsibility to prioritise locals over foreigners for all levels of skilled, semi-skilled and unskilled positions in Malaysia and also in our overseas operations where the preference is to employ local talent. In Malaysia, all senior management personnel are locals, while the ranks of middle to junior managers are predominantly filled by Malaysians.

*Please refer to the Employee Demographics in this Sustainability Statement for more information.*

### PROCUREMENT PRACTICES/SUSTAINABLE PROCUREMENT AND SUPPLIER ASSESSMENT

(GRI 102-9, 204-1) (F4GBM)

Established procurement practices form the building blocks of a robust and resilient supply chain, which can lead to better services and lower costs. In our case, this covers transportation, haulage and other supporting services.

We have an established Procurement Procedure for acquiring shipping space for exports, assets, capital purchases and stocks, warehousing, lorries and other haulage vehicles as well as other products and services.

This procedure also incorporates an assessment of new and existing vendors covering among others, quality of service, competitive pricing, efficiency, punctuality, knowledge and skills, financial stability and many more.

FMHB prioritises procurement from domestic over foreign sources, and also prefer to appoint Malaysian third party contractors over foreign companies.

### INDIRECT ECONOMIC IMPACTS

(GRI 203)

Due to the nature of our business, we are not in any position to develop physical infrastructure that can indirectly benefit the local communities. However, we contribute to job creation and provide ample business opportunities for local vendors, suppliers and service providers. Such benefits are elaborated on in other segments of this Sustainability Statement.



## FM Online Portal



FM Multimodal Services is ready to manage your freight & logistics requirements from Offline to Online with FM Online Portal.

Air, Sea & Land base freight bookings, logistics requirements, quotation & tracking, organizing your end-to-end shipments is made easy and convenient.

# GOVERNANCE

We view Corporate Governance as one of the most important and valuable aspects in FMHB where principles of conduct and best practices are the determiners of achieving long-term results.

## GOVERNANCE (CONTINUED)

(GRI 102, 204, 205, 206, 206, F4GBM)

At FMHB, we are committed to having in place a robust governance system, which outlines the most appropriate and optimum courses of action to serve the best interests of all our stakeholders. Good corporate governance carried out with ethics, transparency, trust and exemplary counsel has led to our business growth, mitigated inherent risks, improved compliance, and enhanced the reputation of and confidence in our Group.

This section reviews our plans and performance in the following areas in accordance with GRI indicators and F4GBM criteria:

- 1 Risk Management;
- 2 Business Ethics and Transparency incorporating Anti-Bribery and Anti-Corruption;
- 3 Anti-Competitive Behaviour;
- 4 Tax; and
- 3 Board Management & Oversight.

Please refer to the Statement on Corporate Governance of this Annual Report for further details.



**GOVERNANCE (CONTINUED)**

(GRI 102, 204, 205, 206, 206, F4GBM)

**RISK MANAGEMENT**

(GRI 102-11 102-30)

Long-entrenched as an imperative for any business undertaking, the Group has further prioritised risk management due to the uncertainty and volatility posed by the COVID-19 pandemic. We constantly review our Risk Register along with a Risk Possibility Impact Scale where the former assesses a host of risks and prescribes the requisite preventive or remedial actions while the latter grades potential risks according to the severity of their impact on our operational and corporate integrity.

Both the register and impact scale are incorporated in our Enterprise Risk Management Framework ("ERM"). For FY2021, it also includes a supplementary section of managing internal and external risks as a direct result of the COVID-19 threat, as presented in the tables.

| INTERNAL RISK  | PRESCRIBED MITIGATION  |
|--|--|
| 1. COVID-19<br>a) Mental health issues due to restricted movements.<br>b) Unpredictability of COVID-19 infections. | a. Created online platforms to share healthcare and mental health information among employees.<br>b. Established a Business Continuity Team supported by HSSE and Compliance departments to keep track of all operating regulations and SOPs as warranted by the authorities.  |
| 2. Employees<br>a) Potential lower productivity.<br>b) Higher absenteeism.   | a. Established staggered working hours in which teams were split into two shifts; (morning shift – 8 am to 4 pm and evening shift – 4 pm to 12 midnight).<br>b. Enforced WFH policy on employees that were not involved in physical operations. Employees were also provided with adequate tools and support.<br>c. Purchase of vaccination for employees. |
| 3. Decline in individual staff performance (required more monitoring due to the above factors).                    | a. Utilisation of Microsoft Teams for work communication.<br>b. Routine update of the daily tasks.   |

**GOVERNANCE (CONTINUED)**

(GRI 102, 204, 205, 206, 206, F4GBM)

| EXTERNAL RISK  | IMPACT  | MEASURES   |
|--|---|--|
| 1. COVID-19: Credit Control.   | a. Delayed payment collections from customers.  | a. Identified customer's COVID-19 status and category based on National Security Council's directives.<br>b. Weekly aging report.<br>c. Continued communication and follow-up with customers.  |
| 2. COVID-19: Contractual customers/clients – KPIs & targets on performance and productivity. | a. Unable to achieve certain stipulated terms in the contract due to Internal Risk stated above.  | a. As stated in the Prescribed Mitigation above.<br>b. Enforcement of the Force Majeure clause due to pandemic.  |
| 3. COVID-19 – External infections (family members).  | a. Staff needed to be quarantined and lost focus due to these circumstances.<br>b. Infected staff struggled with emotional health.  | As stated in the Prescribed Mitigation above.  |
| 4. Business Continuity Risk.   | a. Loss of major customers or key accounts.   | a. Sustain competitive services and rates to ensure our customer base is secure and to attract potential customers.<br>b. Our marketing team provides regular updates, and customer satisfaction surveys are conducted annually.   |
| 5. Operational Risk.   | a. Loss of customers' cargoes through fire, theft, and other hazards and risks.<br>b. Loss of customers due to potential hazards, delays or disruption in services within the supply chain. | a. All necessary precautions taken to combat potential hazards.<br>b. Regularly analyse operational risks, whether existing or anticipated and implement effective processes to counter these said risks.<br>c. Stringent SOPs, regular safety inspections and tight security in our operations. |
| 6. Financial Risk.   | a. Group's liquidity and cash flow risk due to insufficient cash funding and credit facilities.   | a. Cashflow monitoring and collateral obligations to support ongoing funding requirements.<br>b. Coordination of various sources of available funds for business and investment.   |
| 7. Cybersecurity Risk.   | a. Threats or loss to customer and business data.<br>b. Threats to the confidentiality, availability and integrity of FMHB's digital assets, network and system security.                   | a. Security measures were deployed to protect confidential information.<br>b. Continuous assessments on IT security and safety.<br>c. Ongoing training on cyber security awareness among our employees.<br>d. The Group's disaster recovery plan and PDPA policy have been established.          |

Given the heightened importance of managing risks in a pandemic reality, we remain vigilant against risks to our business and stakeholders. *For further details, please refer to the Statement on Risk Management and Internal Control in this Annual Report.*

## GOVERNANCE (CONTINUED)

(GRI 102, 204, 205, 206, 206, F4GBM)

### BUSINESS ETHICS AND TRANSPARENCY/ ANTI-CORRUPTION

(GRI 102-17, 205-2, 205-3) (F4GBM)

Ethics and transparency are the pillars of a trustworthy and reputable brand. The way in which a company conducts its business affairs has implications on issues such as capturing new customers, enticing new investors, attracting vendors as well as improving collaboration with corporate, government or civil society bodies.

Ethics and Integrity was selected as one of our most material matters to direct employees by example and guide them in making decisions beneficial to them as individuals and the organisation. Building on a foundation of ethical behaviour helps create long-lasting positive effects for a company, including attracting and retaining highly talented individuals and maintaining a positive reputation within the industry and community. Details on our performance in this area are also disclosed earlier in this report.

FMHB adheres to all relevant laws and regulations as well as the highest levels of corporate governance and best practices in compliance, accountability and transparency recommended by the Malaysian Code of Corporate Governance ("MCCG").

#### RELEVANT LAWS AND REGULATIONS

- 1 Companies Act 2016;
  - 2 Penal Code 1976 (re: 1977);
  - 3 Malaysian Anti-Corruption Commission Act 2009 (re: 2018);
  - 4 Environmental Quality Act 1974;
  - 5 Occupational Safety and Health Act 1994;
  - 6 Road Transport Act 1987;
  - 7 Customs Act 1967;
- and other applicable laws.

The Group's Anti-Bribery and Anti-Corruption ("ABAC") Policy lists identified issues including soliciting or receiving gratification from third parties, conflicts of interest, nepotism and others.

The Whistleblowing ("WB") Policy was implemented to enable employees to file a complaint or a report in relation to any improper conduct which include bribery and corruption.

The ABAC Policy and WB Policy can be viewed on FMHB's website [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

All Board members and employees underwent relevant training on anti-bribery and anti-corruption and have signed a declaration to acknowledge these policies.

In addition, all third parties including customers, vendors and service providers are formally notified in writing of FMHB's ABAC and WB policies.





## GOVERNANCE (CONTINUED)

(GRI 102, 204, 205, 206, 206, F4GBM)

### ANTI-COMPETITIVE BEHAVIOUR

(GRI 206-1)

FMHB 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 regards to taxation according to the respective laws in Malaysia including the Income Tax Act 1967. During the financial year in review, FMHB's wholly-owned subsidiary FMGLM gained eligibility from the MIDA for tax incentives for integrated logistics services.

### BOARD MANAGEMENT & OVERSIGHT

(F4GBM)

The involvement of the Board in FMHB's operations and activities is guided by Bursa Malaysia's Code on Corporate Governance. Board members exercise oversight on business and corporate matters via several Board committees, including:

- 1 Nomination Committee;
- 2 Remuneration Committee; and
- 3 Audit & Risk Management Committee.

In terms of corporate sustainability, the Group's Sustainability Committee reports to the Board. The roles and responsibilities of Board Members in these committees are spelt out in the relevant sections in this Annual Report.





# ENVIRONMENTAL

Through the consistent review, evaluation and improvement of our environmental performance, we take a proactive approach to help address and reduce regulated and non-regulated issues, promote stronger operational control and employee stewardship within the Group.

## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)

Climate change leading to global warming is seen as a catalyst for environmental degradation, natural disasters, weather extremes, food and water insecurity, economic disruption, conflict and even terrorism. *(Source: Frontiers in Climate, publisher of climate change research).*

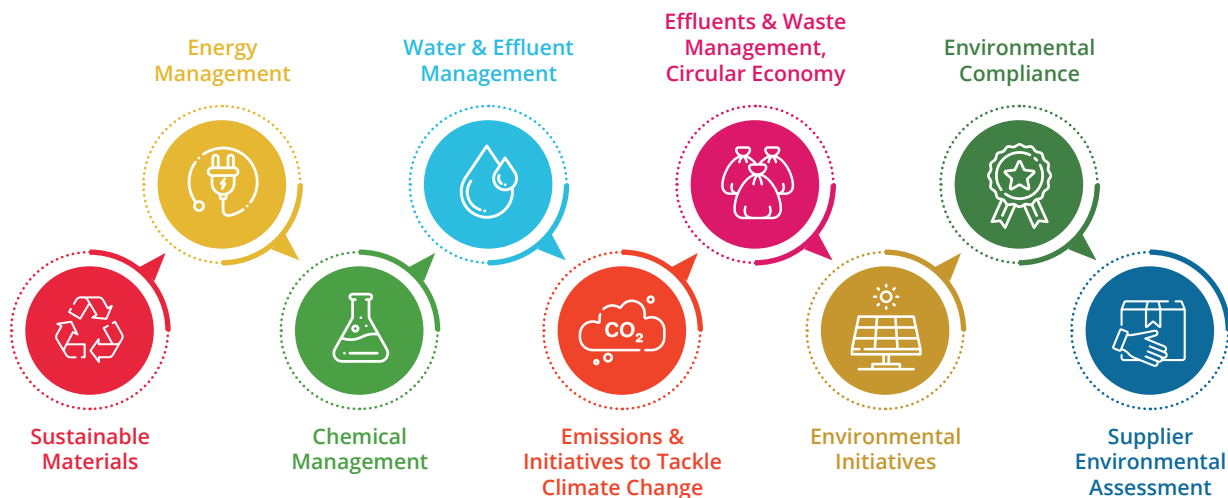
With attention drawn towards battling COVID-19, the United Nations Framework Convention on Climate Change (“UNFCCC”) had warned in February 2021 that “nations must redouble their climate efforts if they are to reach the Paris Agreement’s goal of limiting global temperature rise by 2C – ideally 1.5C – by the end of the century”. Failing to do has existential implications on humankind.

As our core business is primarily freight services, FMHB understands and accepts the role we need to play to control transport-related greenhouse gas (“GHG”) emissions that are fuelling climate change.

Internally, we have begun the process of assessing our sources of GHG emissions with the view of controlling and reducing the by-production of among others carbon dioxide (“CO<sub>2</sub>”), methane (“CH<sub>4</sub>”), nitrous oxide (“N<sub>2</sub>O”) and a host of chlorofluorocarbons (“CFC”) and hydrofluorocarbons (“HFC”).

At the same time, the Group is also reviewing the consumption of natural resources, particularly fuel as well as energy, water and material consumables while also looking into waste management and recycling.

This section reviews our plans and performance in the following GRI and F4GBM indicators and reporting areas (titles of indicators may be amalgamated from their original GRI or F4GBM nomenclature):



## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)



### SUSTAINABLE MATERIALS

(GRI 301) (F4GBM)

Due to the nature of our business, FMHB does not consume any raw materials beyond office consumables. Nevertheless, we are committed to the 3R Principles of reuse, reduce and recycle as part of our efforts towards a circular economy. For more details, refer to "Effluents and Waste Management/Circular Economy" in this Environmental section.



### ENERGY MANAGEMENT

(GRI 302, 302-1, 302-4, F4GBM)




As an operator of transportation and haulage vehicles, FMHB concentrates its environmental sustainability efforts on managing the consumption of energy since this is a primary source of GHG emission from the burning of fossil fuels.

Our fleet of trucks use diesel as their fuel while the other source of energy is purchased electricity for the lighting, cooling and running of minor machinery at our warehouses, storage facilities and offices.

Our transport department had introduced a Fuel Consumption Improvement Project in FY2019 to substitute the original EURO 2M (B10 blend) diesel for the more efficient and thereby more environment-friendly EURO 5 (B7 blend) version.

Apart from mitigating GHG emissions and conserving fuel, it also resulted in cost savings from reduced vehicle servicing and downtime needs. This last factor served to offset higher direct fuel costs from the more expensive EURO 5 diesel.

### DIESEL CONSUMPTION 2021 (L)\*

|  |                            |               |
|--|----------------------------|---------------|
|  | 1,425,483.61<br>HAULAGE    | 66<br>FLEETS  |
|   | 364,428<br>TRANSPORTATION  | 25<br>FLEETS  |
|   | 227,674<br>P2P TRANSPORT** | 43<br>FLEETS  |
|  | 2,016,687<br>TOTAL         | 134<br>FLEETS |

\* Diesel consumption recorded for FMGL Port Klang and Parcel to Post services.

\*\* P2P - Parcel to Post

In the area of electricity, the major consumption is for the air-conditioning preservation of products such as pharmaceuticals and food & beverages at our warehousing facilities. Some of the efforts to reduce electricity usage includes installing energy saving LED lighting, insulating the walls against heat, use of rooftop wind turbines to circulate airflow and promotion of good habits in energy conservation.

FMHB has taken proactive actions to continually look for ways to reduce electricity usage. We had obtained Sustainable Energy Development Authority Malaysia ("SEDA") approval to install a solar project which would reduce our electricity consumption substantially.

At this stage, we will continue to defer the GRI indicators of 302-2 (energy consumption outside the organisation) and 302-5 (reductions in energy requirements of products and services) until such time when we can fulfil the reporting requirements. The other indicators are not applicable to our nature of operations.

## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)



### CHEMICAL MANAGEMENT (F4GBM)

FMHB handles and manages many types of cargo, including Dangerous Cargo. Our warehouses are equipped with relevant facilities for receiving, storing and distribution. Our trucks are also well maintained as per the planned maintenance schedule. The warehouse staff and drivers are trained to manage and distribute the cargo safely. We have established and are certified to ISO 4500:2018 Occupational Health and Safety Management Systems ("OHSMS") and ISO 14001:2015 Environmental Management Systems ("EMS"). These management systems help us to comply with the relevant regulations and to meet customers' satisfaction.



### WATER AND EFFLUENT MANAGEMENT (GRI 303-5, F4GBM)

Water conservation is a priority in Malaysia with supply under pressure against growing demand from an expanding population and increasing economic activities. This has been exacerbated by the rash of water cuts in previous years arising from contamination of water catchment areas by industries.

Water consumption in FMHB is primarily used for essential sanitary purposes. There is no identified activities which consume water unnecessary. FMHB is committed to water conservation throughout the Group and subsidiary companies. We have promoted and implemented good practices in water conservation.



### EMISSIONS AND INITIATIVES TO TACKLE CLIMATE CHANGE (GRI 305-5, F4GBM)

FMHB is committed to the control of its GHG emissions as part of efforts to mitigate climate change as mentioned under Energy Management in this Environmental section.

In terms of air pollution, fuel consumption from our transport vehicles contributes to carbon dioxide ("CO<sub>2</sub>") emission, which has been identified as the primary GHG emitted through human activities.

The Fuel Consumption Improvement Project implemented in the previous financial year has successfully reduced pollution in the form of sulphur, sulphuric acid and lead emissions from our transportation vehicles.

We have continued to make efforts to reduce GHG by purchasing new trucks that are EURO III compliant. Electricity usage at our various warehousing facilities and offices is a secondary source of GHG emission.

## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)

### RESULTS OF DARK SMOKE OBSERVATION

#### Data Analysis Results

The results of Dark Smoke Observation monitoring of an electric generator set at FM Global Logistics (M) Sdn. Bhd. are shown in the table below:

| Parameters  | Results (Time)          | Permissible Dark Smoke Limit#  |
|---|-------------------------|--|
| Dark Smoke Observation (every 15 seconds in one-hour intervals) | * 0 minute<br>0 Second  | Not darker than shade No. 1 on the Ringelmann Chart.   |
|   | ** 0 minute<br>0 Second | Not darker than shade No. 2 on the Ringelmann Chart for aggregate of less than 5 minutes in any period of 1 hour, provided that the total period of such emissions do not exceed an aggregate of 15 minutes in any period of 24 hours. |

\* The amount of time the emission of smoke is darker than shade No. 1 on the Ringelmann Chart.

\*\* The amount of time the emission of smoke is darker than shade No. 2 on the Ringelmann Chart.

# The permissible Dark Smoke Limit under Regulation 12 of the Malaysian Environmental Quality (Clean Air) Regulations 2014.



## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)

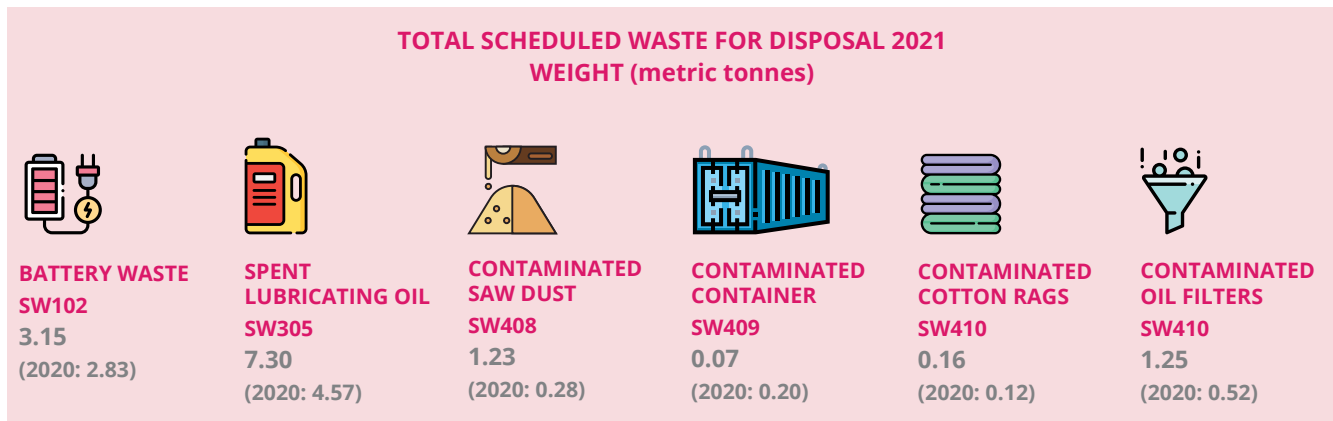


### EFFLUENTS AND WASTE MANAGEMENT, CIRCULAR ECONOMY

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

FMHB adheres to all relevant laws and regulations for effluent discharge and waste disposal as part of our commitment to reduce potential pollution and contamination of the natural environment. To ensure compliance with the Standard B benchmark of the Environmental Quality Act 1974, we carry out periodic laboratory tests on our effluent discharge for parameters such as the pH level, chemical oxygen demand (“COD”), biological oxygen demand (“BOD”), total suspended solids, metals or any other chemical element or compound.

For waste management, we engage licensed contractors registered with the Department of Environment (“DOE”) to recycle or dispose of our solid waste, including carton boxes, plastic wrapping and containers. Scheduled waste from our operations is generated from the maintenance of vehicles and machinery and 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. The slight increase in the scheduled waste quantum is in line with the transport division workshop’s efforts to consolidate maintenance instead of being outsourced.



We are also firm believers in a circular economy, which advocates the reuse of natural and material resources in order to reduce or eliminate waste. It should be noted that this has spawned a growing recycling industry and created employment in what can be considered as a new economic ecosystem.



### ENVIRONMENTAL INITIATIVES

(F4GBM)

One of the environmental highlights of the financial year was a solar project involving the installation of solar panels at Lot 37, Lebuh Sultan Mohamed 1 in Pelabuhan Klang, Selangor, by a local solar energy company. We have received approval from the authorities to commence with the solar project as of the reporting date, and installation works will start in the near term. The 550.55 kW system has an annual power generation capacity of 706.4 mWh/year (first year) based on an average sun hour per day of 3.52.

## ENVIRONMENTAL (CONTINUED)

(GRI 102-15, 301, 302, 303, 305, 306, 307, 308)



### ENVIRONMENTAL COMPLIANCE (GRI 307-1)

FMHB stringently adheres to all applicable laws, regulations and standards related to the environment. These are listed as follows:

- 1 Environmental Quality Act 1974;
- 2 Environmental Quality (Scheduled Wastes) (Amendment) Regulations 2007;
- 3 Environmental Quality (Clean Air) Regulations 2014;
- 4 Environmental Quality (Industrial Effluents) Regulations 2009;
- 5 Environmental Quality (Sewage) Regulations 2009;
- 6 Environmental Quality (Motor Vehicle Noise) Regulations 1987; and
- 7 Environmental Quality (Control of Emissions from Diesel Engines) (Amendment) Regulations 2000.

During the year in review, there were no incidents of non-compliance with any environmental laws or regulations.



### SUPPLIER ENVIRONMENTAL ASSESSMENT (GRI 308)

FMHB includes environmental factors in the process of evaluating the vendors and suppliers through the Procurement Procedure and Vendor Assessment.







## **SOCIAL**

FMHB's operations and activities cast a considerable social footprint on our stakeholders, from our employees to customers and various groups among the community.

## SOCIAL (CONTINUED)

(GRI 401 - 419)

At the workplace, we are responsible for providing a safe, healthy and inclusive environment for employees. At the same time, we must also create a learning and innovation culture that is conducive for employees to continuously hone their skills and develop their talent.

In the marketplace, FMHB has an obligation to customers in terms of the safety, quality, reliability and integrity of our services in order to meet their needs and ideally exceed their expectations. For the communities we serve, our Corporate Social Responsibility ("CSR") activities focus on alleviating their burden for social upliftment and empowering them to rise above poverty levels.

It is no surprise that such social sustainability needs have been amplified by the pandemic. In response, we understand the virtues of empathy and value of working side by side with our stakeholder groups to find solutions for all. This section reviews our plans and performance in the following GRI and F4GBM indicators and reporting areas (titles of indicators may be amalgamated from their original GRI or F4GBM nomenclature):

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

### EMPLOYMENT

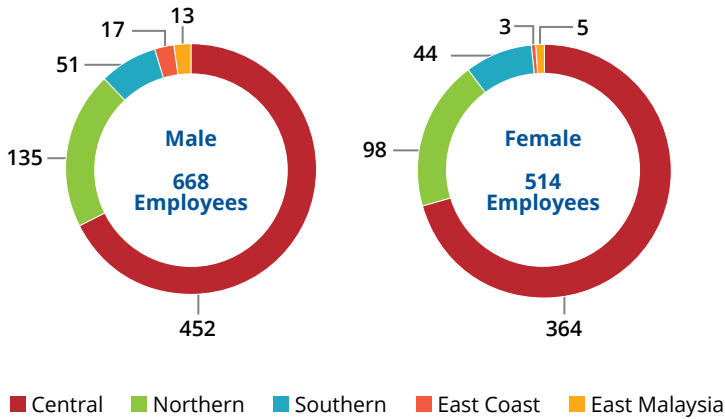
(GRI 102-8, 401-1, 401-2)

FMHB is a preferred employer with 1,182 employees in Malaysia and another 391 staff members at our overseas offices in Thailand, Vietnam, the Philippines, Indonesia, Australia, India and the USA. We have a healthy blend of both genders across our domestic and international operations as well as a vibrant mix of youthful enthusiasm and seasoned experience in terms of age and job level.

## SOCIAL (CONTINUED)

(GRI 401 - 419)

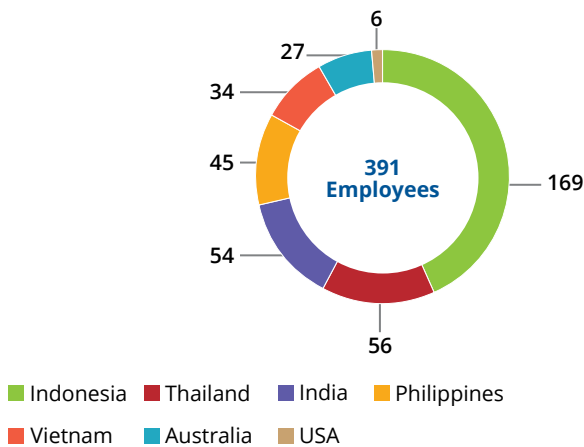
**NO. OF EMPLOYEES IN MALAYSIA BY REGION AND GENDER**  
1,182 EMPLOYEES



On this last segmentation, executive-level employees (director - executive levels) account for an estimated 32% of our workforce with the main 68% being non-executive staff including clerks, despatch riders and drivers.

In Malaysia, the bulk of our employees are stationed at our head office in the central region with relatively large contingents based at the country's major ports in Penang (northern region) and Johor (southern region).

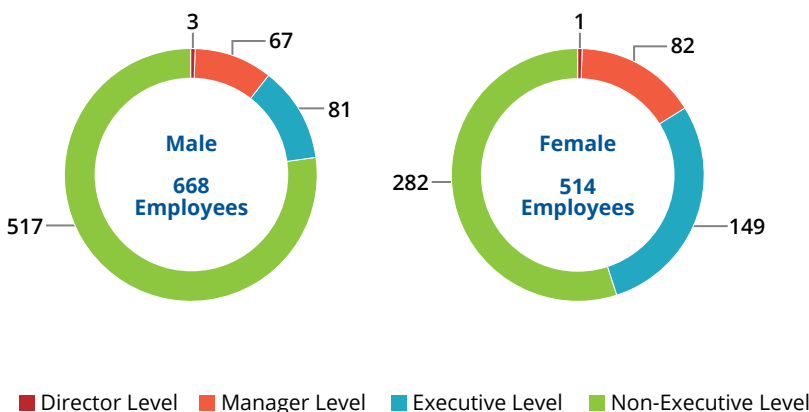
**NO. OF OVERSEAS EMPLOYEES BY COUNTRY AND GENDER**  
391 EMPLOYEES



As a leading company in the logistics industry, we offer attractive remuneration packages on par with peers in the domestic landscape. All our locally-based employees are on permanent employment terms, entitling them to a host of benefits including medical and insurance cover, annual leave and special leave such as maternity and paternity.

In the case of insurance, all employees are covered under our broad-based policy for group term life, total and permanent disability, and terminal illness. Meanwhile, our employees are also entitled to leave as per stipulated in the Employment Act 1955.

**NO. OF EMPLOYEES IN MALAYSIA BY JOB RANKING**  
1,182 EMPLOYEES



**SOCIAL (CONTINUED)**

(GRI 401 - 419)

**LABOUR MANAGEMENT RELATIONS/  
EMPLOYEE ENGAGEMENT**

(GRI 402-1), F4GBM)

We believe in regular interaction and communication as the hallmarks of cooperative and collaborative relations between employer and employees.

Our channels of communication include meetings, where open discussions on challenges and issues are encouraged. We conduct the Learning From Incidents ("LFI"), a programme that encompasses knowledge-sharing and brief discussions on pertinent topics and mitigation solutions relating to work tasks.

Apart from physical meetings where participants adhere strictly to distancing guidelines, we conducted most of our meetings or discussions during the reporting period virtually.

We notify employees of any major operational changes in a timely manner, and we endeavour to ensure affected individuals are given a considerate period to adapt and adjust.

We are committed to building a healthy work environment that safeguards our employees' work-life integration, physical and mental health, and safety. We regularly organise cultural festivities and other celebrations to foster employee engagement and to continue to stay connected with one another despite the pandemic.

**MALAYSIA****FEBRUARY  
2021**

*We encourage inter-ethnic and inter-religious relations among our employees to cultivate a harmonious workplace. Chinese New Year celebrations were held at our various offices in Malaysia to usher in the Year of the Ox.*



### SOCIAL (CONTINUED)

(GRI 401 - 419)

## MALAYSIA

**FEBRUARY  
2021**

*FM Multimodal held the Quality Appreciation Day where two contract workers received Shell's Quality Heroes certificates for their excellent services.*



**MARCH  
2021**

*FM Penang branch employees hosted a birthday celebration for colleagues who were born in the month of March.*



**APRIL  
2021**

*April-born employees were feted to a combo potluck at the Penang branch to commemorate their birthdays.*

**APRIL  
2021**

*24 employees from the Johor branch attended the Telemarketing Excellence programme.*



**SOCIAL (CONTINUED)**

(GRI 401 - 419)

**MALAYSIA****APRIL  
2021**

*FM Johor announced the Sales Champions for recording the highest sales in November Round One and April Round Two.*

**INDONESIA****APRIL  
2021**

*Our employees in Indonesia received flu vaccinations to prevent them from getting influenza and as an additional safeguard measure during the COVID-19 pandemic.*

**AUSTRALIA****MAY  
2021**

*Employees convened in Perth for the National Sales and Operations Training Meeting.*



**We are committed towards embedding strong health and safety awareness throughout our operations to cultivate a safe and positive working environment.**

## SOCIAL (CONTINUED)

(GRI 401 - 419)

### OCCUPATIONAL HEALTH AND SAFETY

(GRI 102-15, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8, 403-9, 403-10, 404, F4GBM)

The health and safety of our employees are of paramount importance at FMHB, where we have comprehensive policies and stringent procedures in place for the protection of our drivers, warehouse staff and office personnel.

Off all three categories of employees, our drivers are considered the most at risk owing to their time spent on the road. As such, we have maintained Occupational Health & Safety ("OHS") as a most material matter and implemented a haulage improvement project during the financial year in review to reduce speed violations among our drivers. Details and results of this project are featured under KPIs & Action Plans in this Statement.

We also addressed the threat of COVID-19 infection among our employees by ensuring every individual was inoculated for his or her safety as well as to fulfil the standard operating procedures ("SOP") for maintaining operations, especially during the months when Malaysia was under a Full Movement Control Order ("FMCO"). Our employees were given face masks and sanitisers as preventive measures during the pandemic.

FMHB collaborated with Pusat Pemberian Vaksin ("PPV") on the vaccine purchases. Our workforce had scheduled vaccination secured via the nation's COVID-19 MySejahtera mobile app and 97% of our Malaysian-based employees were fully vaccinated as of end September 2021.

Beyond vaccination, we continued with the standard precautions at the workplace such as employee registration, mask-wearing, temperature-taking and physical distancing. We also implemented an alternate work-from-home arrangement to ensure a maximum 60% employees at work premises in line with the limit set by the Malaysian Government.

Over and above the COVID-19 pandemic, FMHB complies with all relevant health and safety laws and regulations. Our OHS management system complies with ISO 45001:2018 that covers the provision of Total Logistics Services.

In the previous reporting period, we had updated our HSSE Policy as well as Hazard Identification, Risk Assessment and Control ("HIRAC") procedure on hazard identification, risk assessment and incident investigation. We also have a Stop Work Policy in the event there is an immediate threat to the safety and health of our employees and other people who may be affected.



To implement and oversee OHS matters involving the transport, warehousing, customs brokerage as well as import and export divisions, a HSSE committee has been established.

We were unable to hold any training sessions on health and safety procedures as a result of curbs placed on such activities throughout the entire financial year. Nevertheless, stringent procedures and previous training sessions ensured no workplace incidents resulting in fatalities, lost time, restricted workday cases, or medical treatment of first aid cases.



**SOCIAL (CONTINUED)**

(GRI 401 - 419)

We are pleased to report a decrease in Potential Incident Near Miss ("PINM") in FY2021 which was due to stringent HSSE procedures and processes in place. Pallet support bars were installed at racks in the warehouses as part of an improvement project for additional safety measures.

**OHS INCIDENTS FY2017 - 2021**

| Description                        | Year | 2017    | 2018    | 2019      | 2020      | 2021             |
|------------------------------------|------|---------|---------|-----------|-----------|------------------|
| Man Hours                          |      | 970,000 | 998,400 | 1,300,000 | 1,372,800 | <b>1,144,000</b> |
| Number of Fatalities               |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| Number of Lost Time Incidents      |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| Number of Restricted Workday Cases |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| Number of Medical Treatment Cases  |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| Number of First Aid Cases          |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| PINM                               |      | 371     | 469     | 476       | 274       | <b>122</b>       |
| LTIFR per 200,000 manhours         |      | 0       | 0       | 0         | 0         | <b>0</b>         |
| RIFR per 200,000 manhours          |      | 0       | 0       | 0         | 0         | <b>0</b>         |

*LTIFR = The frequency of lost time injuries per 200,000 hours worked/at risk.*

*RIFR = The frequency of recordable injuries per 200,000 hours worked/at risk.*

**TRAINING, EDUCATION & CAREER DEVELOPMENT**

(GRI 404-2, F4GBM)

Lifelong knowledge acquisition and skills development among our employees are given priority at FMHB as we understand and appreciate the demands of a rapidly-evolving world of business impacted by new business models and digitalisation. As such, we nominally schedule internal and external training for our workforce to ensure they stay abreast of the latest developments as well as to equip them with the necessary expertise under succession plans for business continuity.

Due to pandemic restrictions during the financial year in review, all training sessions, workshops and seminars were conducted virtually, with participants going online either from the office or at home. Our HSSE performance were reviewed on a regular basis, with daily pre-operation checks and monthly audits. This ensured that our employees are apprised with compliance to standards, health, and safety procedures and processes.

**SOCIAL (CONTINUED)**

(GRI 401 - 419)

**LIST OF TRAINING SESSIONS, WORKSHOPS, SEMINARS, TALKS AND CONFERENCES CONDUCTED IN FY2021**

| DEPARTMENT               | DATE                 | TRAINING TOPIC                                       |
|--------------------------|----------------------|--|
| <b>CUSTOMS BROKERAGE</b> | 24/08/2020           | PROCEDURES   |
|                          | 13/01/2021           | EDI DG DECLARATION                                   |
|                          | 18/02/2021           | HS CODE-DSM  |
|                          | 30/03/2021           | CUSTOMS BROKERAGE IMPORT PROCEDURES                  |
| <b>COMPLIANCE</b>        | 01/03/2021           | ISO 9001:2015 – INTERNAL AUDIT TRAINING              |
| <b>EXPORT</b>            | 11/08/2020           | CARRIAGE OF GOODS                                    |
|                          | 09/04/2021           |  |
|                          | 15/04/2021           |  |
| <b>HAULAGE</b>           | 21/09/2020           | LEARNING FROM INCIDENT (LFI) - HAZARD IDENTIFICATION |
|                          | 21/09/2020           | LEARNING FROM INCIDENT (LFI) - SAFE REVERSING        |
|                          | 28/09/2020           | HSSE – SAFE DRIVING/COVID-19 PRECAUTIONS             |
|                          | 28/09/2020           | DAILY VEHICLE INSPECTION                             |
|                          | 18/11/2020           | SPEEDING-BRIEFING & COUNSELING                       |
|                          | 30/12/2020           | LEARNING FROM INCIDENT (LFI) - SECURITY OF CARGO     |
|                          | 06/01/2021           | LEARNING FROM INCIDENT (LFI) - SECURITY OF CARGO     |
| 04/02/2021               | SIDE LOADER HANDLING |  |
| <b>IMPORT</b>            | 03/07/2020           | THEORY TRAINING                                      |
|                          | 13/09/2020           | THEORY TRAINING                                      |
| <b>TRANSPORT</b>         | 25/07/2020           | ABAC POLICY  |
|                          | 25/07/2020           | WHISTLEBLOWING POLICY                                |
| <b>WAREHOUSING</b>       | 09/07/2020           | HALAL LOGISTICS                                      |
|                          | 24/07/2020           | BRIEFING ON COVID-19                                 |
|                          | 05/08/2020           | REFRESHER FOR GDPMD                                  |
|                          | 25/08/2020           | GDPMD REGULATION CHANGE                              |
|                          | 04/12/2020           | HSSE BRIEFING FOR DRIVERS                            |
| 11/01/2021               | HALAL LOGISTICS      |  |
| <b>WORKSHOP</b>          | 13/12/2020           | MACC BRIEFING  |
|                          | 30/03/2021           | MACC BRIEFING  |

**RECRUITING AND RETAINING EMPLOYEES**

(F4GBM)

FMHB believes in achieving a balance between recruitment of new talents and retention of productive employees to face the myriad challenges of a rapidly-shifting business and financial landscape.

Productivity will be impacted by high staff turnover, leading to increased recruitment costs, time spent on training new employees, and lost sales. The employment of recruits contributes towards a multi-perspective approach in our operations through innovative ideas and new collaboration methods.

Recruitment is conducted via sourcing from advertisements, talent placement agencies and social network recommendations. To retain our talents, we consistently provide opportunities for employee growth and maintain a nurturing working environment.

**DIVERSITY AND EQUAL OPPORTUNITY**

(GRI 405-1, F4GBM)

FMHB embraces diversity as a strength, believing it provides companies with different perspectives and life experiences to draw from in the development of a vibrant workplace capable of enhancing productivity and driving growth.

We are committed towards giving equal opportunities to employees of all races, religions, cultures, genders, ages and backgrounds and actively encourage interaction among our employees so they can learn from one another.

## SOCIAL (CONTINUED)

(GRI 401 - 419)

We have established a Diversity Policy, which was previously approved by the Board and last reviewed on 24 August 2020, highlighting the following principles:

- practising and promoting behaviour consistent with the Company's Code of Work Ethics Policy;
- respecting different ways of thinking and using its employees' different perspectives to improve business outcomes;
- treat each other with respect and dignity;
- provide a safe, secure and healthy workplace;
- make decisions genuinely based on equality and fairness;
- value the diversity of people; and
- take appropriate action to eliminate discrimination.

### NON-DISCRIMINATION

(GRI 406-1, F4GBM)

We maintain a discrimination-free workplace that discourages any actions or behaviours that distinguishes individual employees apart from others. Our Corporate Code of Business Conduct and Work Ethics Policy specifically prohibits any form of discrimination and employees are also regularly reminded against using discriminatory language or other actions towards one another. The policy requires every employee:

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

There were no incidents of discrimination of any kind recorded during the year in review.

### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

(GRI 407)

FMHB 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 do not nor intend to employ under-aged labour in accordance with the relevant employment laws and regulations in Malaysia.

### FORCED OR COMPULSORY LABOUR

(GRI 409)

We do not condone any acts of forced or compulsory labour.

### SECURITY PRACTICES

(GRI 410-1)

Our security is outsourced to external service providers, who are bound by our service agreement and have to comply with standard operating procedures ("SOP"). The conduct and behaviour of these security personnel are monitored by our HSSE Committee, with a monthly review carried out with the vendor.

## **SOCIAL (CONTINUED)**

(GRI 401 - 419)



### **HUMAN RIGHTS ASSESSMENT**

(GRI 412-1)

FMHB is a strong advocate and supporter of human rights, at all times treating individuals with dignity and respect in the workplace, providing equal employment opportunities and creating a safe and harmonious work environment.

Our employees are expected to respect the personal dignity, privacy and rights of each individual they interact with during the course of work and will not in any way cause or contribute to the violation or circumvention of human rights. This clause is included in the Group's Corporate Code of Business Conduct and Work Ethics Policy.

### **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)

FMHB abstains from providing any donations or funding of any kind to political parties or individual politicians or towards political campaign or initiatives. However, we do not prevent any individual employee from exercising their human rights to contribute towards political causes of their own choice.

## SOCIAL (CONTINUED)

(GRI 401 - 419)

### QUALITY OF PRODUCTS/SERVICES

(F4GBM)

At FMHB, we take pride in finding innovative solutions for our customers while also ensuring on-time delivery in nominal situations absent of any delays caused by factors beyond our control.

We adhere to ISO 9001:2015 Quality Management System for all of our services.

### CUSTOMER SATISFACTION

(F4GBM)

To ensure we are always poised to exceed expectations, we conduct an annual survey by circulating questionnaires to obtain feedback from our customers as well as recommendations and suggestions on improving the level of our services.

Our surveys and questionnaires cover aspects of :

- Level of satisfaction towards receptionist/customer service assistance;
- Level of satisfaction towards response to customer enquiries;
- Level of customer service and sales; among others.

We also address issues involving responsiveness to enquiries and quotations, sales visits, ratings and documentation deliveries, and transportation.

### 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 respective local and international standards.

### 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 FMHB, 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"). We did not register any complaints on this issue during the year in review.

### SOCIOECONOMIC COMPLIANCE

(GRI 419, F4GBM)

There were no significant incidents of non-compliance with any relevant socioeconomic laws or regulations in our locations of operations covered in this Statement.

### ENGAGING LOCAL COMMUNITIES

(GRI 413, F4GBM)

Although FMHB as a company performed above expectations during the reporting period, we were mindful of the difficulties faced by members of the community who were hard hit by the pandemic and ensuing restrictions on business and work activities.

During the reporting period, we contributed towards worthy causes, whether charitable contributions or programmes aimed at supporting disenfranchised groups.

**SOCIAL (CONTINUED)**

(GRI 401 - 419)

**MALAYSIA****AUGUST  
2020***We collaborated with POBD Dayspring Selangor and sponsored the organisation's Pocket Diary 2021 programme.***DECEMBER  
2020***FM Ipoh donated and delivered bags of clothes collected from Port Klang to Pertubuhan Pengurus Pusat Jagaan 1 Malaysia, Perak for distribution to the needy in the community.***DECEMBER  
2020***We sponsored an annual subscription for the EDUKATE e-learning portal programme for 200 students from SEMOA, Raub Pahang and Shepherd Centre Foundation, Semenyih Selangor.*

**SOCIAL (CONTINUED)**

(GRI 401 - 419)

**MALAYSIA**

2021

The Group contributed NanoZinc Disinfectants that were distributed to all COVID-19 positive employees in Klang, Selangor.



JANUARY 2021

FMHB collaborated with the Association of Malaysian Hauliers to provide aid for the East Coast flood victims.

MAY 2021

We donated face masks and sanitisers to Sekolah Kebangsaan Kebun Sireh, Bukit Mertajam, Penang.



2021

FMHB collaborated with the Malaysian Christian Association for Relief as part of the Group's CSR project for underprivileged children.

JANUARY 2021

As schools were closed during the MCO and CMCO, FM Global assisted with setting up a satellite learning centre for homeschooling for the Orang Asli community students in Damansara Perdana, which included internet access for a year and computers to facilitate e-learning.



JUNE 2021

We donated sanitisers to help safeguard the differently-abled children, orphans, and workers of Persatuan Kebajikan Kanak-Kanak Yatim dan Cacat Ceria Klang during the pandemic.



**SOCIAL (CONTINUED)**  
(GRI 401 - 419)

**THAILAND**

**NOVEMBER  
2020**

*Our counterparts in Thailand donated grocery items to a school for disabled students in Suphanburi.*

**2021**

*Household items and groceries were donated and distributed to the local communities in Klongtoey to ease their burden during the COVID-19 pandemic.*



**MAY  
2021**

*During the COVID-19 outbreak, the Klongtoey Community received a donation of food supplies.*

**VIETNAM**

**JUNE  
2021**

*Employees from FM Vietnam responded to the Government's call for COVID-19 relief and donated to the fund to secure vaccine doses and medical support.*

**INDONESIA**

**JANUARY  
2021**

*Our employees in FM Indonesia distributed household goods and groceries for the underprivileged community during the Chinese New Year celebrations in Medan.*



**MARCH  
2021**

*We collaborated with Jababeka Peduli Banjir to collect and distribute household items and groceries to help ease the burden of flood victims.*



**AUSTRALIA**

**AUGUST  
2020  
FEBRUARY  
2021**

*FM Australia sponsored players of the East Fremantle Women's Football Club to support sporting activities and in the spirit of good sportsmanship.*



## LOOKING AHEAD



Many of the sustainability measures and reporting requirements we had embedded across various aspects of our operations have mitigated the impact of restrictions imposed on business activities, corporate undertakings, and freedom of movement. While the effects of the COVID-19 pandemic still linger, we are taking definite steps towards cascading the importance of sustainability best practices throughout the Group, as this will inevitably lead towards minimising negative impacts in the EESG areas of our operations. By proactively attacking EESG issues in our operations, we endeavour to go beyond mere compliance, contributing to cost savings, competitive differentiation, and improved risk management. As stakeholders' awareness and expectations rise, there has been an increase of regulatory and voluntary measures, which are continuously being upgraded regarding EESG issues. Therefore, it is essential to establish control over pandemic-related issues and any internal and external anticipated risks with speed. Hence we are looking towards equipping ourselves with the knowledge and skills necessary to address sustainability matters in the next reporting period.

We have initiated steps to gain deeper awareness on managing our carbon footprint to address the challenging climate change. In the near term, we will be starting the groundwork to effectively measure and monitor Scope 1 and Scope 2 GHG emissions throughout our operations. We undertook a pilot programme to manage our customers' freight and logistics requirements from offline to online during the reporting period. We leveraged the advances and modernisation in IT and digitalisation to automate manual processes to seamlessly integrate bookings, instructions and documentation flow between our customers and our sub-offices and departments. Suffice to say, this project will positively impact customer experience by offering them a one-stop service platform that is user-friendly and accessible anytime, anywhere. Besides, it will reduce back-end and operations costs, cut down on printing and paper costs for documentation, and increase productivity due to automated tasks.

We look ahead to go beyond compliance to improve our capabilities, establish accountability in measuring results and focus on value-enhanced innovation through planned initiatives with realistic goals that can translate our business strategy into positive value propositions for all our stakeholders.

# TRANSPARENCY

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# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 30 June 2021 (“FY2021”).

The ARMC was established to assist the Board in fulfilling its responsibilities relating to the Group’s financial statements and reporting practices, system of risk management and internal control, internal and external audit processes, and the process of monitoring compliance with relevant laws and regulations.

## COMPOSITION AND ATTENDANCE

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC meets the requirements of Paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 8.4 of the Malaysian Code on Corporate Governance (“MCCG”) where the audit committee comprises solely of Independent Directors.

The composition of the ARMC and their attendance for the meetings held during FY2021 are as follows:

| Name                                     | Designation/Directorate                      | No. of meetings attended/No. of meetings held during FY2021 |
|--|--|---|
| Soh Chin Teck                            | Chairman, Independent Non-Executive Director | 5/5   |
| Tengku Nurul Azian Binti Tengku Shahrman | Member, Independent Non-Executive Director   | 5/5   |
| Lau Swee Chin                            | Member, Independent Non-Executive Director   | 5/5   |

The ARMC Chairman, Mr Soh Chin Teck, is a Fellow Member of the Chartered Accountants of Australia and New Zealand, and a Member of the Malaysian Institute of Accountants. He is not the Chairman of the Board.

All members of the ARMC are financially literate and possess a wide range of skills and knowledge and have sufficient understanding of the Company’s business and matters in order to effectively discharge their duties and responsibilities as members of the ARMC. The ARMC members had 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.

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 Head of Internal Auditors (“IA”), the External Auditors (“EA”) and other senior management personnel were also invited to attend those meetings, where appropriate, to present their reports on financial results, audit findings and recommendations, and to explain to the ARMC on specific issues arising from the audit reports or on any matters of interest. The Company Secretary is responsible for distributing the notice of meetings to the ARMC members prior to each meeting and recording the proceedings of the meetings.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

### COMPOSITION AND ATTENDANCE (CONTINUED)

Minutes of each ARMC meeting were tabled for confirmation of the ARMC at the following ARMC meeting, and subsequently presented to the Board for notation. Subsequent to every ARMC meeting, the ARMC Chairman briefed the Board on activities and significant matters discussed at the ARMC meeting.

### TERMS OF REFERENCE

The duties and responsibilities of the ARMC are set out in its Terms of Reference, which are available on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

### SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC carried out the following key activities for the FY2021:

- Reviewed all the unaudited quarterly financial results and made recommendations to the Board for approval and release to Bursa Securities;
- Reviewed and approved the audit plan for the FY2021, which outlined its engagement and reporting requirements, audit approach, areas of audit emphasis and audit timeline;
- Reviewed the audit status for the FY2021 encompassing key audit findings, internal control observations, status of audit and summary of audit adjustment;
- Reviewed the audited financial statements for the FY2021 and discussed with the EA, in particular, the EA's 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 in relation 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 FY2021;
- Assessed the suitability, independence and performance of the EA. Based on Crowe Malaysia PLT's performance for the FY2021, the ARMC was satisfied with the EA's overall performance, independence as well as the quality of audit services provided, sufficiency of audit resources and interactions with the Management. The ARMC had on 19 August 2021 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 follow-up and validate the completion of outstanding audit issues within the agreed timeline;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

### SUMMARY OF ACTIVITIES OF THE ARMC (CONTINUED)

- Reviewed and approved the Internal Audit Plan to ensure the adequacy of the scope of work based on key risk areas;
- 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;
- Monitored the state of progress in implementation of Anti-Bribery & Anti-Corruption Policy in pursuance to the Adequate Procedures under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”);
- Reviewed and recommended to the Board, the Corporate Governance Report, Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Controls for inclusion into the Annual Report;
- Reviewed all recurrent related party transactions (“RRPT”) entered into by the Group and to ascertain that the transactions are conducted at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders;
- Reviewed the External Auditors’ Assessment Policy; and
- Reviewed its Terms of Reference to ensure its applicability and to align with the provisions of the MMLR and the MCCG.

### 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 of the Group report directly to the ARMC and assist the Board in monitoring and managing 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 undertaking 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 had planned the engagement through conducting necessary consultation sessions with the senior management and staff to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the IA to develop a comprehensive audit programme in identifying any weaknesses in the system of internal controls.

## **AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)**

### **INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES (CONTINUED)**

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

With the enforcement of Section 17A of the MACC Act 2009 on the corporate liability for corruption and personal liability on directors, controllers and management, the IA conducted anti-bribery and anti-corruption awareness sessions for all employees of subsidiaries in Malaysia and overseas. It is also compulsory for all employees and external service providers to sign an Anti-Bribery and Anti-Corruption pledge form. The IA updates the ARMC and the Board on the status of the implementation of policy and procedures of the Anti-Bribery and Anti-Corruption Policy throughout the Company and Group.

During the financial year, the IA conducted reviews on certain key operating functions and procedures and recommended action plans for management improvements. The internal audit reports containing audit findings and recommendations together with management's responses thereto were circulated to the ARMC members for review. Areas of improvement identified were communicated to the management for further action. The IA also conducted follow-up audit reviews to ensure that all corrective actions were implemented appropriately. All audit reports were reviewed and discussed by the ARMC while the ARMC Chairman briefed the Board on audit matters on a quarterly basis.

Areas in which the IA had reviewed during the FY2021 were as follows:

- Credit Control Management
- Vendor Management
- Operation Management
- Billing Management

The total cost incurred for the internal audit function of the Group in respect of the FY2021 amounted to approximately RM96,000 (2020: RM88,000).

This report is issued in accordance with a resolution of the Board dated 21 October 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Freight Management Holdings Bhd (“FMHB” or “the Company”) is pleased to present this Corporate Governance Overview Statement for the financial year ended 30 June 2021 (“FY2021”).

The Board recognised that maintaining good corporate governance is crucial for FMHB and its subsidiaries (“the Group”) long-term sustainable business growth and to safeguard and enhance shareholders’ value. The Board is committed to uphold high standards of corporate governance, business integrity and ethics in cultivating a responsible organisation that adopts practices in accordance with the Principles and Recommendations of the Malaysian Code on Corporate Governance (“MCCG”) and the relevant provisions in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

|  |   |   |
|--|---|---|
| <p><b>Principle A</b></p> <p><b>Board leadership and effectiveness</b></p> <ul style="list-style-type: none"> <li>• Board responsibilities</li> <li>• Board composition</li> <li>• Remuneration</li> </ul> | <p><b>Principle B</b></p> <p><b>Effective audit and risk management</b></p> <ul style="list-style-type: none"> <li>• Audit committee</li> <li>• Risk management and internal control</li> </ul> | <p><b>Principle C</b></p> <p><b>Integrity in corporate reporting and meaningful relationship with stakeholder</b></p> <ul style="list-style-type: none"> <li>• Communication with stakeholder</li> <li>• Conduct of General Meetings</li> </ul> |
|--|---|---|

This Statement provides an overview of the Company’s application of the principles and best practices set out in the MCCG during the financial year under review. The detailed application of each best practice is set out in the Corporate Governance Report (“CG Report”) which is available for viewing on the website of Bursa Securities as well as the Company’s website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

## 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. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

The Board's core responsibilities are as follows:

- Overseeing the Group's 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;
- Overseeing succession planning for the Board and key senior management personnel;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures; and
- Promoting and maintaining effective and timely communication to its stakeholders.

To ensure effective discharge of the Board's functions, the Board has delegated specific powers to its Board Committees which operate within clearly defined terms of reference, the Group Managing Director, the Executive Directors, as well as the Management while the ultimate responsibility for decisions on all matters lies with the Board.

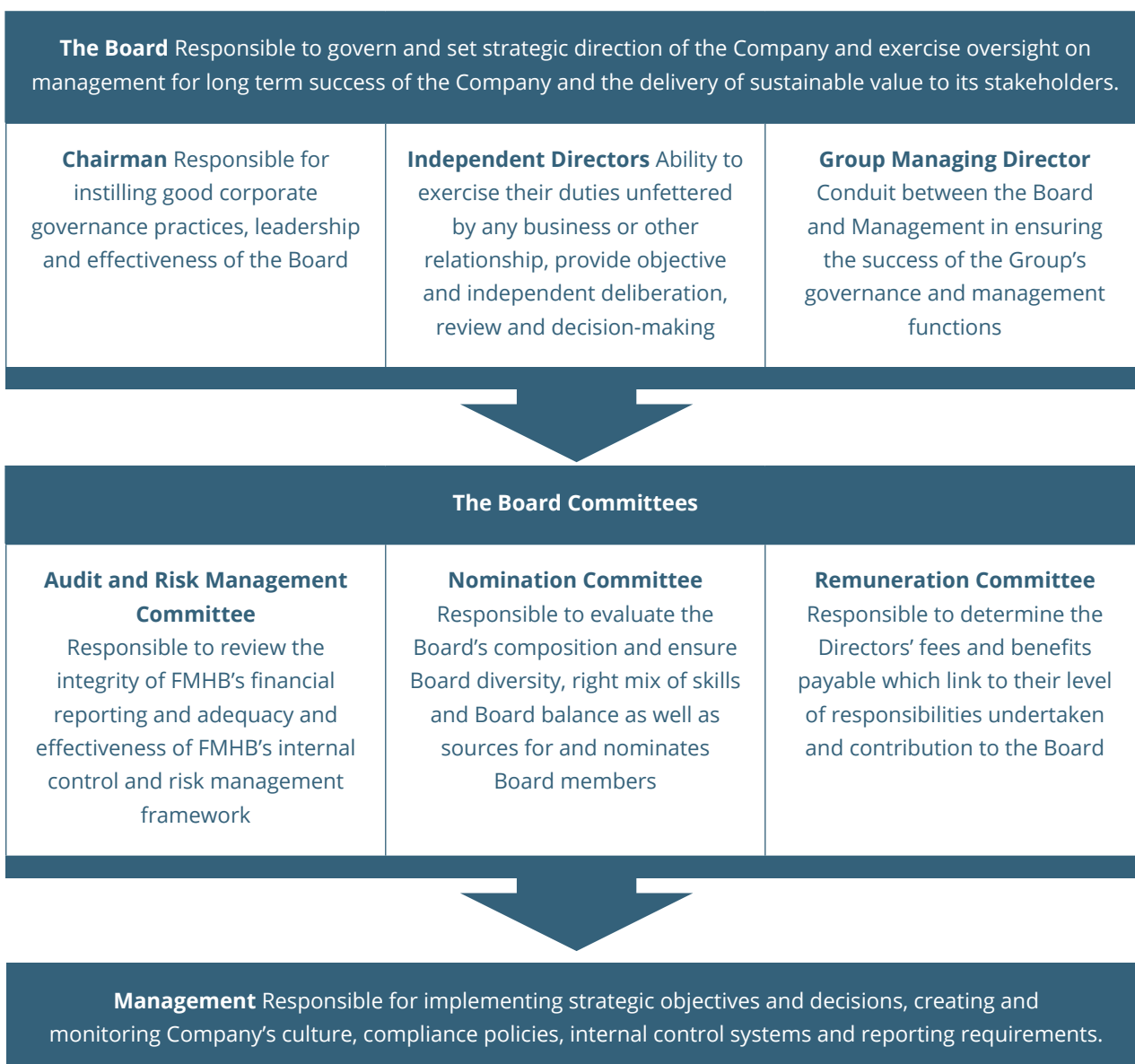


## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### 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 leadership and governance of the Board to ensure the overall Board's effectiveness. Whereas the Group Managing Director, Chew Chong Keat ensures effective implementation of the Board's policies, achieves strategic plans and performance targets, exercises high levels of business judgement and manages the relationships with internal and external stakeholders as well as the public. He serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management function.

The Board has formalised a Board Charter which defines the role, responsibilities, functions and authority of the Board, Board Committees and individual Directors as well as the matters that are solely reserved for the Board's decision. A copy of the Board Charter can be found in the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com). The Board Charter is periodically reviewed by the Board incorporating updates and changes of the existing rules and regulations as well as standards of corporate governance to ensure its relevance to the function and needs of the Board. The Board Charter, which was last reviewed by the Board on 24 August 2020, is available on the Company's website ([www.fmgloballogistics.com](http://www.fmgloballogistics.com)).

The Directors has unrestricted access to the advice and services of the Company Secretaries, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively. The qualified Company Secretaries provide advisory services to the Board on issues relating to corporate governance and compliance applicable statutory and regulatory requirements as well as Company's policies and procedures.

In discharging their roles and responsibilities, Directors are committed to devote sufficient time for the functioning of the Board and to use their best endeavours to attend to the matters of the Group including reviewing the meeting materials and attending Company's meetings. Notice of meetings and the relevant meeting materials are provided to the Board and Board Committees in advance 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 breakdown of the Directors' attendance at the Company's meetings during FY2021 is set out below:-

| <b>Total number of meetings held during the year</b><br><b>Name of Directors</b>                | <b>Board Meeting</b> | <b>Audit and Risk Management Committee meeting</b> | <b>Nomination Committee meeting</b> | <b>Remuneration Committee meeting</b> | <b>General Meeting</b> |
|---|----------------------|--|-------------------------------------|---------------------------------------|------------------------|
| <b>Tengku Nurul Azian Binti Tengku Shahrman</b><br>Chairman, Independent Non-Executive Director | 5/5                  | 5/5  |                                     | 1/1                                   | 2/2                    |
| <b>Chew Chong Keat</b><br>Group Managing Director   | 5/5                  |  |                                     |                                       | 2/2                    |
| <b>Yang Heng Lam</b><br>Executive Director  | 5/5                  |  |                                     |                                       | 2/2                    |
| <b>Gan Siew Yong</b><br>Executive Director  | 5/5                  |  |                                     |                                       | 2/2                    |
| <b>Ong Looi Chai</b><br>Executive Director  | 5/5                  |  |                                     |                                       | 2/2                    |
| <b>Soh Chin Teck</b><br>Independent Non-Executive Director                                      | 5/5                  | 5/5  | 1/1                                 |                                       | 2/2                    |
| <b>Lau Swee Chin</b><br>Independent Non-Executive Director                                      | 5/5                  | 5/5  | 1/1                                 | 1/1                                   | 2/2                    |
| <b>Khua Kian Keong</b><br>Non-Independent Non-Executive Director                                | 5/5                  |  |                                     |                                       | 2/2                    |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 1. **Board Responsibilities (continued)**

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

The Company has established a Corporate Code of Business Conduct and Work Ethics Policy (“Code”), available on the Company’s website ([www.fmgloballogistics.com](http://www.fmgloballogistics.com)) 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. The Code includes areas concerning compliance with applicable laws, conflict 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’s assets.

In line with the implementation of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective 1 June 2020, the Board has adopted the Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”) which sets out the guidance to Directors, Management, employees and business associates who work for/or act for on behalf of the Group to deal with any corrupt activities that may arise in the course of business.

The Company encourages its employees and other stakeholders to report any breaches in its Code or ABAC Policy, suspected malpractice or misconduct. It has therefore in place a Whistleblowing Policy to provide a mechanism whereby employees and other stakeholders can raise their concerns freely about possible improprieties directly to the Head of Compliance or the Chairman of the ARMC without fear of reprisal or intimidation.

The Code, ABAC Policy and Whistleblowing Policy are published on the Company’s website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

#### 2. **Board Composition**

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

Our Board currently has eight (8) Directors, comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board composition is balanced and in compliance with Paragraph 15.02(1) of the Listing Requirements of Bursa Securities which requires 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, economic and accounting. They objectively and independently deliberate on views and decision-making on all the Board’s decisions, at all times.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

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 relationships with other Board members and any other corporations in a similar industry. Moreover, the Independent Directors have vast experience and exercised 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.

#### Nomination Committee (“NC”)

The NC comprises the following members who are exclusively Independent Non-Executive Directors:-

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

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

The main function of the NC is to review and ensure the Board and Board Committees’ composition comprises individuals with right balance of skills, knowledge and experience to maintain the Board’s effectiveness in discharging its responsibilities. The NC is governed by its Terms of Reference, which were last reviewed by the NC and the Board on 24 August 2020. The Terms of Reference of the NC are available on the Company’s website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

During the financial year, the NC carried out the following key activities:

- a. Conducted annual review on the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director;
- b. Conducted annual review on 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 Independent Directors;
- c. Reviewed the terms of office and performance of the ARMC and each of its members in compliance with the MMLR;
- d. Reviewed the details of trainings accomplished by the Directors and determined the training needs of each Director;
- 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; and
- f. Reviewed the Terms of Reference of NC and Diversity Policy.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (a) Selection and Appointment of Directors

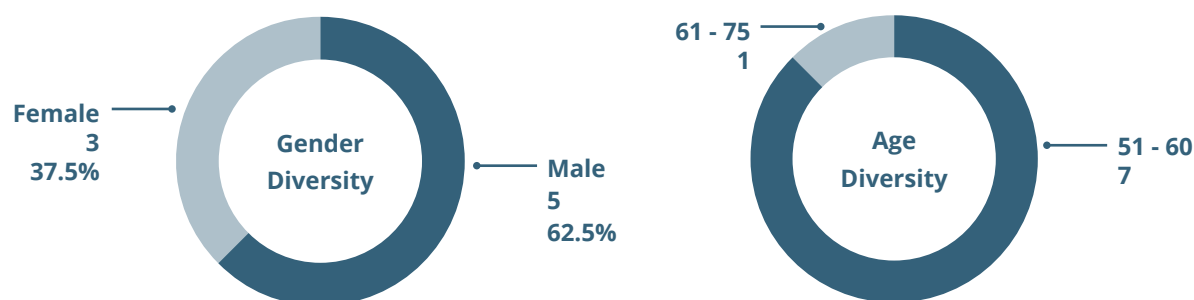
The NC plays a vital role in achieving Board diversity and considers the following before making its recommendations of suitable candidates to the Board:

- (i) The benefits of boardroom diversity and to appoint candidates based on merit and without prejudice when reviewing the Board's composition;
- (ii) The balance of skills, experience, independence, knowledge and the diversity of representation on the Board, as part of the annual performance evaluation on the effectiveness of the Board, Board Committees and individual Directors; and
- (iii) Implement and monitor the progress of the Diversity Policy towards the achievement of such objectives.

The process of appointing new Directors is articulated 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 by utilising various of independent sources.

The Board takes into consideration the diversity in 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 constituted a ratio of 37.5% of the Board composition.

The breakdown of the Board by gender and age as of FY2021 are as follows:-



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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (b) Board Evaluation

The Board, through the NC, has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual Director.

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 involved Directors completing questionnaires which covered the assessment of the Board and Board Committees' performances, assessment of individual Directors and assessment on independence of Independent Directors. The Directors' responses were compiled by the Company Secretaries and a summary of the findings was tabled to the NC for deliberation, before presented to the Board.

The Board was satisfied with the performance of the Board and Board Committees as a whole, as well as the contribution of each Individual Director. The Independent Non-Executive Directors had fulfilled the criteria of "independence" under the MMLR and other criteria pursuant to the MCCG.

The NC had also conducted an annual review of the term of office, competency and performance of the Audit and Risk Management Committee and its members and was satisfied that the Audit and Risk Management Committee 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.

The NC had also reviewed 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 Independent Directors. Based on the report of the NC, the Board was of the view that the current size and composition is appropriate for its purpose, and was satisfied that the current Board composition has the right mix of skills, competencies and experiences to discharge its duties effectively.

##### (c) Tenure of Independent Directors

The Board acknowledges the recommendation of the MCCG that the tenure for an Independent Director shall not exceed nine (9) years. If the Board intends to retain the Independent Director beyond the cumulative term of nine (9) years, it must obtain shareholder's approval commencing the 10th year onwards and justifying the review carried out in determining any impairment to the independence of the said Director(s). If the Board continues to retain the Independent Director after the 12<sup>th</sup> years, the Board shall seek annual shareholders' approval through a 2-tier voting process.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (c) **Tenure of Independent Directors (continued)**

At present, the Company does not have any Independent Director 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 subsequent to 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, whose recommendations will be submitted to the Board for consideration, thereafter, to be tabled to the shareholders for approval at the AGM.

The Directors who are seeking for re-election at the forthcoming AGM are Gan Siew Yong and Lau Swee Chin. Both had expressed their intention to seek for re-election at the forthcoming AGM.

##### (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 trainings and development programmes. The Directors are mindful of the need to continue enhancing their skills and knowledge as well as continuously being updated on the Company's business and regulatory requirements as to maximise their effectiveness as Directors during their tenure.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (e) Continuing Education Programme (continued)

During the FY2021, all Directors attended various training programmes, which are set forth below:-

| Name of Director                         | Training Programme/Conference/Seminar   |
|--|---|
| Tengku Nurul Azian Binti Tengku Shahrman | <ul style="list-style-type: none"> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLCs</li> <li>• Reimagining your business with AI by Federation of Public Listed Companies Berhad</li> </ul>  |
| Chew Chong Keat                          | <ul style="list-style-type: none"> <li>• Environmental, Social, and Governance (ESG): What Matters to You</li> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul>  |
| Yang Heng Lam                            | <ul style="list-style-type: none"> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul>  |
| Gan Siew Yong                            | <ul style="list-style-type: none"> <li>• Environmental, Social, and Governance (ESG): What Matters to You</li> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul>  |
| Ong Looi Chai                            | <ul style="list-style-type: none"> <li>• Environmental, Social, and Governance (ESG): What Matters to You</li> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul>  |
| Lau Swee Chin                            | <ul style="list-style-type: none"> <li>• Navigating the COVID-19 impact: Role &amp; Governance Risk &amp; Compliance by Chartered Institute of Islamic Finance Professionals</li> <li>• Impact of COVID-19: Recovery and Sustainability by Asian Institute of Chartered Bankers' (AICB) Sustainable Finance Webinar Series in collaboration with World Bank and Islamic Banking and Finance Institute Malaysia (IBFIM)</li> <li>• Environmental, Social, and Governance (ESG): What Matters to You</li> <li>• AICB's Empowering Bankers Webinar Series – Accelerating Sustainability – ESG: How the Banking Industry Can Truly Make a Difference to the Communities</li> <li>• The revised Malaysian Code on Corporate Governance and its impact on PLCs</li> <li>• Implementing Amendments in the Malaysian Code on Corporate Governance Confirmation by AICB</li> <li>• Institute of Chartered Accountants in England and Wales (ICAEW) Industry Insights #1: ESG in Malaysia – Priority or Fad?</li> </ul> |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### (e) Continuing Education Programme (continued)

During the FY2021, all Directors attended various training programmes, which are set forth below (continued):-

| Name of Director | Training Programme/Conference/Seminar   |
|------------------|---|
| Soh Chin Teck    | <ul style="list-style-type: none"> <li>• Harnessing Recovery Path to the Next Normal</li> <li>• An introduction to Integrated Reporting</li> <li>• Applied Resilience – Mental Health and Emotional Capacity Building for the future</li> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul> |
| Khua Kian Keong  | <ul style="list-style-type: none"> <li>• The Revised Malaysian Code on Corporate Governance and Its Impact on PLC</li> </ul>  |

The Company Secretaries have been constantly briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements of Bursa Securities, the new requirements of MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements.

#### **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 on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com). The Terms of Reference of the RC were last reviewed by the RC and the Board on 24 August 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 2. Board Composition (continued)

##### Directors' Remuneration Framework

The Board had established a Remuneration Policy and Procedure for Directors and Senior Management which aims to attract, develop and retain and motivate high-calibre Directors and senior management. The Remuneration Policy and Procedure for Directors and Senior Management is available on the Company's website at [www.fmgloballogistics.com](http://www.fmgloballogistics.com).

The remuneration package of Directors consists of Directors' fees and benefits payable whilst for Executive Directors, it comprises fixed salary, performance-based bonus and other emoluments. The Board, as a whole, determines the level 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 year under review. The RC reviewed and recommended the Directors' fees and benefits payable to Directors to the Board to seek shareholders' approval at the Company's forthcoming AGM. No Director is involved in deciding his own remuneration.

The details of the remuneration received by Directors of the Company for the FY2021 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 Mr Soh Chin Teck, an Independent Director who is distinct from the Chairman of the Board.

The ARMC is entrusted by the Board, to provide robust and comprehensive oversight on financial reporting, objectivity and effectiveness of internal audit function and external audit processes, reportable related party transactions, conflict of interest situation and risk management matters. The ARMC is steered by its Terms of Reference which were last reviewed by the ARMC and the Board on 24 August 2020.

As part of its remit, the ARMC keeps under review the effectiveness of the external auditors. The Board had 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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

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 conflict of interest.

The Board strives to provide 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 Listing Requirements of Bursa Securities.

The activities of the ARMC are further detailed in the ARMC Report as 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. Thus, the Company has established an Enterprise Risk Management (“ERM”) framework which proactively identifies, evaluates and manages key risks of the Group. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.

The Group, as a whole, has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the EDs and Internal Auditors. The Head of Divisions are responsible for the day-to-day management of risks inherent in their business activities, while the EDs 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 free from any relationships or conflicts of interest with the Group.

The Statement on Risk Management and Internal Control furnished on pages 114 to 118 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

#### 1. Communication with Stakeholders

There is continuous communication between the Company and stakeholders to facilitate 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 are conducted in a continuous and forthcoming manner guided by the Company's Corporate Disclosure Policies and Procedures.

The Group ensures that the Company's corporate website at [www.fmggloballogistics.com](http://www.fmggloballogistics.com) contains all information relating to the Company, corporate announcements, quarterly financial results, Annual Reports, Company's policies and procedures so as to promote a closer association with its stakeholders by allowing accessibility of information.

#### 2. Conduct of General Meetings

General meetings are the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend 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 by having a question and answer session during the AGM which 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 AGM together with the Annual Report are circulated to shareholders at least 28 days before the meeting. 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.

Due to Covid-19 pandemic, the Company's 24<sup>th</sup> AGM 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 can continue to fulfil their obligations under the law and to shareholders during the pandemic. Shareholders had participated the AGM by posing question 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.

A summary of the key matters discussed at the AGM was published on the Company's website as soon as practicable after the conclusion of the AGM, upon being reviewed and approved by the Board.

Investors and the public, who wish to contact the Group on any enquiry, comment or proposal can channel them through email: [enquiry-my@fmgloballogistics.com](mailto: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 must comprise 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 that could bring a wider range of perspectives, experience and knowledge.

With the growing awareness of addressing environmental and social challenges in the wake of Covid-19 pandemic, the Board will continue its focus to embed sustainability efforts into the strategic priorities of the Group as to build long-term success while creating continuing value for its shareholders and stakeholders.

#### **Conclusion**

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of Freight Management Holdings Bhd. (“the Company”) recognises the importance of a sound framework of risk management and internal control for good corporate governance and to safeguard the Company and its subsidiaries (“the Group”)’s assets and shareholders’ interest. Accordingly, the Board is committed in maintaining a sound system of risk management and internal control for the Group and ensuring its continued effectiveness and efficiency through a process of periodic review. Guided by the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and 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 2021 (“FY2021”).

## Board Responsibility

The Board assumes the responsibility for effective and adequacy of the Group’s risk management and internal control system that would provide a reasonable assurance in 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 robust 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 and operating 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 sufficiency of existing internal control in addressing the additional risks, if any. The Board had, during the FY2021 via the Audit and Risk Management Committee (“ARMC”), reviewed and satisfied that the risk management framework and internal control system of the Group were able to 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 the continuity of business;
- Safeguard the assets of the Group;
- Safeguard the interest of all shareholders;
- Ensure the continuity of its quality service 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. The Board has delegated the responsibility to the Executive Directors to approve and review the process and framework formulated to identify, measure and monitor various risk components.

Furthermore, the Board has established an organisation structure with clearly defined lines of responsibility and accountability aligned to business and operations 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.

The Group as a whole has established several risk management processes where the responsibility and accountability are with the various Head of Divisions and also involving the participation of the Executive Directors and Internal Auditors. The Head 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 provides an independent 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 frameworks, 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 had also been implemented and is a continuous on-going process to check and review the key risks for ensuring the controls are adequate, effective and in also developing further actions for continuous improvement, where necessary.

### Risk Assessment

The risk appetite defines the value and type of risks that the Group is prepared 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 to their specific business or operational requirements and objectives.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

### Risk Assessment (continued)

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

### 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 course of the external audit. Any areas for improvement identified by the external auditors and internal auditors are brought to the attention of the ARMC.

### Key Elements of Internal Control System

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

- Organisation structure with clearly defined delegation of 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 on quality management system. 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;
- Quarterly information is provided by the management to the Board on financial performance and key business indicators;
- Monthly monitoring of results by the management through financial reports;
- Quarterly internal audit visits and other specific assignments, if the need arises, 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 on internal control issues, identified through reports prepared by the internal auditors, external auditors (identified during the course of their 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 is established to undertake regular reviews of the Group's internal control system. The Group's internal auditors report independently to the ARMC. The ARMC meets 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 had adopted a risk-based approach in undertaking 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 internal auditors had planned the engagement through conducting necessary consultation sessions with the senior management and staff in order to identify the relevant risks faced by the Group. With the necessary understanding of these risks, it had facilitated the internal auditors to develop comprehensive audit programmes in order to identify any weaknesses in the system of internal control.

At the same time, the Board had ensured that relevant control measures were implemented so as to address the control weaknesses identified during the course of internal audits and enhance the integrity of the Group's system of internal control ultimately. This was 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 possible establishment of additional control measures in managing its risk 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 internal audit reports and work undertaken by the internal auditors, who report 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 reviewed by the ARMC and weaknesses and incidents of non-compliance with policies and procedures are highlighted to the management for further improvement actions in order to achieve business objectives.

The Board are of the opinion that the system of internal control described in this Statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and senior management will continue adopting the ERM methodology to strengthen and also monitor the risk and control environment and the internal control of the Group.

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)**

### **Effectiveness of Risk Management and Internal Control System (continued)**

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

### **Review of Statement by External Auditors**

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement and reported to the Board that nothing has come to their attention that cause 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 acknowledged that the risk management and internal control system of the Company 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 sound to provide reasonable assurance in safeguarding 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 21 October 2021.

## ADDITIONAL COMPLIANCE INFORMATION

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

### 1. Utilisation of Proceeds raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2021.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred by the Group and the Company payable to the external auditors for the financial year ended 30 June 2021 are as follows:-

|                    | Group (RM)     | Company (RM)   |
|--------------------|----------------|----------------|
| Audit fees         | 352,351        | 65,000         |
| Non-audit fees     | 38,500         | 38,500         |
| <b>Total fees:</b> | <b>390,851</b> | <b>103,500</b> |

### 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 2021 or entered into since the end of the previous financial year.

### 4. Recurrent Related Party Transactions (“RRPT”)

The Company will not be seeking shareholders’ mandate on the provision of exclusive custom clearance services to be provided by Nankai Global Logistics (M) Sdn Bhd and Advance Logistics Sdn Bhd to FMHB Group moving forward as the threshold for the said RRPT is below the required thresholds of MMLR to obtain shareholders’ approval.

Details of the RRPT are disclosed in Note 38 of the Financial Statements on pages 216 to 218 of this Annual Report.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS**

The Companies Act 2016 ("Act") requires the Directors to prepare financial statements of the Company and of the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the financial positions of the Company and of the Group at the end of the financial year.

In preparing the financial statements for the financial year ended 30 June 2021, the Board of Directors had:-

- 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 in Malaysia have been followed; and
- considered the going concern basis and made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept with reasonable accuracy which enables the Company to provide a true and fair view of the financial position.

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

In compliance with the several responsibilities of the Directors, the Board of Directors presents the financial statements of the Company and the Group for the financial year ended 30 June 2021 as set out on pages 135 to 225 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 2021.

### 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 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

|                               | Group<br>RM'000 | Company<br>RM'000 |
|-------------------------------|-----------------|-------------------|
| Profit for the financial year | 29,469          | 21,082            |
| Attributable to:              |                 |                   |
| Owners of the parent          | 27,035          | 21,082            |
| Non-controlling interests     | 2,434           | -                 |
|                               | 29,469          | 21,082            |

### DIVIDENDS

Dividends paid or declared by the Company since 30 June 2020 are as follows:

|  | RM'000 |
|--|--------|
| <b>Ordinary Share</b>  |        |
| <u>In respect of the financial year 30 June 2020</u>                                       |        |
| Second interim single tier dividend of 1.0 sen per ordinary share, paid on 16 October 2020 | 2,792  |
| <u>In respect of the financial year 30 June 2021</u>                                       |        |
| First interim single tier dividend of 1.0 sen per ordinary share, paid on 23 December 2020 | 2,792  |
| Second interim single tier dividend of 2.0 sen per ordinary share, paid on 22 March 2021   | 5,585  |
|  | 11,169 |

The Company paid a third interim single tier dividend of 1.0 sen per ordinary share amounting to RM5,584,448 for the financial year ended 30 June 2021 on 18 October 2021.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2021.

## DIRECTORS' REPORT (CONTINUED)

### 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, 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 during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

### 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 Shahrinan  
Chew Chong Keat  
Yang Heng Lam  
Gan Siew Yong  
Ong Looi Chai  
Soh Chin Teck  
Khua Kian Keong  
Lau Swee Chin

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



## 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:- (continued)

Pandikadavil Jayaprakash Unnikrishnan  
 Gan Siew Geok  
 Won Mi-Yeon  
 Juliana Eddy  
 Herman  
 Phatteera Sirijitjinda  
 Yupadee Sirijitjinda  
 Rajagopalan Gokulakrishnan  
 Songvud Anuvongcharoen (appointed on 3 February 2021)  
 Chua Kok Yee (resigned on 1 July 2020)  
 Pimyada Thitkulthanasarat (resigned on 28 October 2020)  
 Odin Chong Wei Hing (resigned on 31 December 2020)

### 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<br>as at<br>1.7.2020            | Bought/<br>Bonus Issue | Sold |             |
| <b>Shares in the Company</b> |   |                        |      |             |
| <u>Direct interests</u>      |   |                        |      |             |
| Chew Chong Keat              | 67,187,614                              | 67,187,614             | -    | 134,375,228 |
| Yang Heng Lam                | 51,305,038                              | 51,305,038             | -    | 102,610,076 |
| Gan Siew Yong                | 12,147,804                              | 12,147,804             | -    | 24,295,608  |
| Ong Looi Chai                | 4,269,033                               | 5,166,433              | -    | 9,435,466   |
| <u>Indirect interests</u>    |   |                        |      |             |
| Chew Chong Keat@             | 274,999                                 | 276,699                | -    | 551,698     |
| Yang Heng Lam@#              | 919,948                                 | 919,948                | -    | 1,839,896   |
| Gan Siew Yong@               | 274,999                                 | 276,699                | -    | 551,698     |
| Khua Kian Keong^             | 55,988,700                              | 55,988,700             | -    | 111,977,400 |

@ 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.

## **DIRECTORS' REPORT (CONTINUED)**

### **DIRECTORS' INTERESTS (CONTINUED)**

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 a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 38(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' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 38(c) to the financial statements.

### **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 RM17,617 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

## **DIRECTORS' REPORT (CONTINUED)**

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

#### **(I) AS AT THE END OF THE FINANCIAL YEAR (CONTINUED)**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps (continued):
  - (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.

#### **(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.

## **DIRECTORS' REPORT (CONTINUED)**

### **(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 42 to the financial statements.

### **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

The significant events subsequent to the end of the reporting period are disclosed in Note 43 to the financial statements.

### **AUDITORS**

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

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

Signed in accordance with a resolution of the Directors dated 21 October 2021.

**Chew Chong Keat**

Director

Port Klang

21 October 2021

**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 Freight Management Holdings Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 135 to 225 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 2021 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 21 October 2021.

**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 Freight Management Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 135 to 225 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 21 October 2021

**Chew Chong Keat**

Before me:

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Freight Management Holdings Bhd., which comprise the statements of financial position as at 30 June 2021 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 135 to 225.

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 2021, 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 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.

| <b>Revenue recognition</b><br>Refer to Note 30 to the financial statements  |  |
|---|--|
| <b>Key Audit Matter</b>   | <b>How our audit addressed the key audit matter</b>  |
| <p>Revenue from freight and forwarding services amounting to approximately RM761.40 million represent 99% of the Group's revenue for the financial year ended 30 June 2021.</p> <p>Revenue from freight and forwarding 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 30 to the financial statements.</p> | <p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the revenue recognition process and evaluated the controls surrounding revenue recognition;</li> <li>• engaged our IT auditors to test the Group's application controls;</li> <li>• 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</li> <li>• assessed the appropriateness of the manual adjustments recorded in computing accrued revenue in relation to revenue from freight and forwarding services.</li> </ul> |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD. (CONTINUED)

### Key Audit Matters (continued)

| <b>Recoverability of trade receivables</b><br>Refer to Note 14 to the financial statements   |   |
|--|---|
| <b>Key Audit Matter</b>  | <b>How our audit addressed the key audit matter</b>   |
| <p>As at 30 June 2021, the Group's trade receivables amounted to approximately RM168.76 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"> <li>• reviewed ageing analysis of trade receivables and tested the reliability thereof;</li> <li>• reviewed subsequent cash collections for major receivables and overdue amounts;</li> <li>• tested the adequacy of the Group's allowance for impairment losses on trade receivables by assessing management's policy; and</li> <li>• reviewed the adequacy of the Group's disclosure in this area.</li> </ul>   |
| <b>Impairment of property, plant and equipment and right-of-use assets</b><br>Refer to Notes 5 and 11 to the financial statements  |   |
| <b>Key Audit Matter</b>  | <b>How our audit addressed the key audit matter</b>   |
| <p>As at 30 June 2021, the major property, plant and equipment ("PPE") and right-of-use assets ("ROU") as disclosed in Notes 5 and 11 to the financial statements were freehold lands and buildings and long-term leasehold lands of approximately RM173.12 million and RM70.24 million respectively.</p> <p>A valuation exercise has been performed by management on its freehold, long-term leasehold lands and buildings assisted by an external expert.</p> <p>We focused on this area because the assessment of whether PPE and ROU are impaired involved subjective judgements and key assumption estimates in determining its recoverable amount.</p> | <p>Our procedures, with involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> <li>• evaluated the qualifications and competency of the external expert appointed by the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;</li> <li>• assessed the methodology adopted by the management and its appointed expert for calculating the market values of the freehold, long-term leasehold lands and buildings applicable to their transactions and validated the key valuation assumptions used in the valuation models; and</li> <li>• reviewed the adequacy of the Group's disclosure in this area.</li> </ul> |



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREIGHT MANAGEMENT HOLDINGS BHD. (CONTINUED)**

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

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.

### **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 7 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

21 October 2021

#### **Chong Wei-Chnoong**

03525/08/2022 J

Chartered Accountants

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2021

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>ASSETS</b>                                      |      |                |                |                |                |
| <b>Non-current assets</b>                          |      |                |                |                |                |
| Property, plant and equipment                      | 5    | <b>193,420</b> | 169,352        | -              | -              |
| Intangible assets                                  | 6    | <b>497</b>     | 1,005          | -              | -              |
| Investments in subsidiaries                        | 7    | -              | -              | <b>62,753</b>  | 64,248         |
| Investments in associates                          | 8    | <b>449</b>     | 1,473          | -              | 2,820          |
| Investments in joint ventures                      | 9    | <b>5,963</b>   | 4,686          | -              | -              |
| Other investments                                  | 10   | <b>360</b>     | 360            | -              | -              |
| Right-of-use assets                                | 11   | <b>113,167</b> | 96,870         | -              | -              |
| Deferred tax assets                                | 12   | <b>918</b>     | 1,215          | -              | -              |
|  |      | <b>314,774</b> | 274,961        | <b>62,753</b>  | 67,068         |
| <b>Current assets</b>                              |      |                |                |                |                |
| Other investments                                  | 10   | <b>1,639</b>   | 835            | -              | -              |
| Inventories  | 13   | <b>84</b>      | 1,617          | -              | -              |
| Trade receivables                                  | 14   | <b>168,755</b> | 115,090        | -              | -              |
| Other receivables, deposits and prepayments        | 15   | <b>31,265</b>  | 18,099         | <b>6</b>       | 917            |
| Amounts owing by subsidiaries                      | 16   | -              | -              | <b>37,229</b>  | 20,232         |
| Amounts owing by associates                        | 17   | <b>280</b>     | 5,302          | -              | 2,122          |
| Amount owing by a related company                  | 18   | -              | -              | <b>15,640</b>  | 9,441          |
| Amounts owing by related parties                   | 19   | <b>576</b>     | 101            | -              | -              |
| Amounts owing by joint ventures                    | 20   | <b>169</b>     | 5,320          | -              | 5,083          |
| Current tax assets                                 |      | <b>1,986</b>   | 2,775          | <b>137</b>     | 132            |
| Cash and cash equivalents                          | 21   | <b>54,826</b>  | 57,972         | <b>6,301</b>   | 13,159         |
|  |      | <b>259,580</b> | 207,111        | <b>59,313</b>  | 51,086         |
| <b>TOTAL ASSETS</b>                                |      | <b>574,354</b> | 482,072        | <b>122,066</b> | 118,154        |
| <b>EQUITY AND LIABILITIES</b>                      |      |                |                |                |                |
| <b>Equity attributable to owners of the parent</b> |      |                |                |                |                |
| Share capital                                      | 22   | <b>104,290</b> | 104,290        | <b>104,290</b> | 104,290        |
| Reserves   | 23   | <b>228,109</b> | 186,271        | <b>13,141</b>  | 3,228          |
|  |      | <b>332,399</b> | 290,561        | <b>117,431</b> | 107,518        |
| Non-controlling interests                          |      | <b>11,220</b>  | 7,953          | -              | -              |
| <b>TOTAL EQUITY</b>                                |      | <b>343,619</b> | 298,514        | <b>117,431</b> | 107,518        |

## STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

|                                     | Note | Group          |                | Company        |                |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
|                                     |      | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>LIABILITIES</b>                  |      |                |                |                |                |
| <b>Non-current liabilities</b>      |      |                |                |                |                |
| Lease liabilities                   | 24   | <b>21,770</b>  | 21,826         | -              | -              |
| Term loans                          | 25   | <b>39,468</b>  | 46,657         | -              | -              |
| Deferred tax liabilities            | 12   | <b>30,788</b>  | 23,758         | -              | -              |
| Post-employment benefits obligation | 26   | <b>1,579</b>   | 1,807          | -              | -              |
|                                     |      | <b>93,605</b>  | 94,048         | -              | -              |
| <b>Current liabilities</b>          |      |                |                |                |                |
| Trade payables                      | 27   | <b>53,963</b>  | 38,904         | -              | -              |
| Other payables and accruals         | 28   | <b>40,613</b>  | 23,813         | <b>177</b>     | 133            |
| Amounts owing to subsidiaries       | 16   | -              | -              | <b>4,458</b>   | 7,711          |
| Amount owing to an associate        | 17   | <b>82</b>      | -              | -              | -              |
| Amount owing to a joint venture     | 20   | <b>142</b>     | 98             | -              | -              |
| Lease liabilities                   | 24   | <b>14,216</b>  | 10,859         | -              | -              |
| Term loans                          | 25   | <b>7,439</b>   | 5,099          | -              | -              |
| Short-term borrowings               | 29   | <b>17,910</b>  | 4,025          | -              | -              |
| Dividend payable                    |      | <b>240</b>     | 2,792          | -              | 2,792          |
| Current tax liabilities             |      | <b>2,525</b>   | 3,920          | -              | -              |
|                                     |      | <b>137,130</b> | 89,510         | <b>4,635</b>   | 10,636         |
| <b>TOTAL LIABILITIES</b>            |      | <b>230,735</b> | 183,558        | <b>4,635</b>   | 10,636         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>574,354</b> | 482,072        | <b>122,066</b> | 118,154        |

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

## STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|  | Note | Group            |                | Company         |                |
|--|------|------------------|----------------|-----------------|----------------|
|  |      | 2021<br>RM'000   | 2020<br>RM'000 | 2021<br>RM'000  | 2020<br>RM'000 |
| Revenue  | 30   | <b>763,431</b>   | 551,609        | <b>30,559</b>   | 16,171         |
| Cost of services   |      | <b>(569,401)</b> | (395,621)      | -               | -              |
| Gross profit   |      | <b>194,030</b>   | 155,988        | <b>30,559</b>   | 16,171         |
| Other income   |      | <b>9,172</b>     | 8,872          | <b>775</b>      | 595            |
| Administrative expenses  |      | <b>(158,116)</b> | (135,991)      | <b>(10,243)</b> | (10,959)       |
| Finance costs  | 31   | <b>(3,278)</b>   | (3,931)        | -               | -              |
| Share of loss of associates  | 8    | <b>(589)</b>     | (6,026)        | -               | -              |
| Share of profit of joint ventures  | 9    | <b>1,277</b>     | 1,355          | -               | -              |
| Profit before tax  | 32   | <b>42,496</b>    | 20,267         | <b>21,091</b>   | 5,807          |
| Tax expense  | 33   | <b>(13,027)</b>  | (7,521)        | <b>(9)</b>      | -              |
| Profit for the financial year  |      | <b>29,469</b>    | 12,746         | <b>21,082</b>   | 5,807          |
| Profit for the financial year attributable to:                             |      |                  |                |                 |                |
| Owners of the parent   |      | <b>27,035</b>    | 12,045         | <b>21,082</b>   | 5,807          |
| Non-controlling interests  |      | <b>2,434</b>     | 701            | -               | -              |
|  |      | <b>29,469</b>    | 12,746         | <b>21,082</b>   | 5,807          |
| Earnings per ordinary share attributable to equity holders of the Company: |      |                  |                |                 |                |
| Basic earnings per ordinary share (sen)                                    | 36   | <b>4.84</b>      | 2.16           |                 |                |
| Diluted earnings per ordinary share (sen)                                  | 36   | <b>4.84</b>      | 2.16           |                 |                |

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

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|   | Note  | Group          |                | Company        |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Profit for the financial year</b>                                      |       | <b>29,469</b>  | 12,746         | <b>21,082</b>  | 5,807          |
| <b>Other comprehensive income</b>   |       |                |                |                |                |
| <b>Items that will be reclassified subsequently to profit or loss</b>     |       |                |                |                |                |
| Foreign currency translations   | 33(d) | (2,615)        | 578            | -              | -              |
|   |       | <b>(2,615)</b> | 578            | -              | -              |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |       |                |                |                |                |
| Actuarial gain/(loss) on defined benefits plan                            | 33(d) | 87             | (7)            | -              | -              |
| Revaluation surplus on land and buildings                                 | 33(d) | 27,469         | -              | -              | -              |
|   |       | <b>27,556</b>  | (7)            | -              | -              |
| <b>Other comprehensive income for the financial year, net of tax</b>      |       | <b>24,941</b>  | 571            | -              | -              |
| <b>Total comprehensive income for the financial year</b>                  |       | <b>54,410</b>  | 13,317         | <b>21,082</b>  | 5,807          |
| <b>Total comprehensive income attributable to:</b>                        |       |                |                |                |                |
| Owners of the parent  |       | 52,072         | 12,540         | 21,082         | 5,807          |
| Non-controlling interests   |       | 2,338          | 777            | -              | -              |
|   |       | <b>54,410</b>  | 13,317         | <b>21,082</b>  | 5,807          |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

| 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 2019  |      | 104,290              | 1,639                                       | 58,483                     | 123,385                  | 287,797                                     | 7,899                            | 295,696             |
| Profit for the financial year  |      | -                    | -   | -                          | 12,045                   | 12,045                                      | 701                              | 12,746              |
| Actuarial loss on defined benefits plan, net of tax                      |      | -                    | -   | -                          | (5)                      | (5)   | (2)                              | (7)                 |
| Foreign currency translations, net of tax                                |      | -                    | 500   | -                          | -                        | 500   | 78                               | 578                 |
| Total comprehensive income, net of tax                                   |      | -                    | 500   | -                          | 12,040                   | 12,540                                      | 777                              | 13,317              |
| <b>Transactions with owners</b>  |      |                      |   |                            |                          |   |                                  |                     |
| Disposal of a subsidiary   |      | -                    | -   | -                          | -                        | -   | 70                               | 70                  |
| Additional investment in a subsidiary                                    |      | -                    | -   | -                          | (3)                      | (3)   | (63)                             | (66)                |
| Dividends paid   | 34   | -                    | -   | -                          | (9,773)                  | (9,773)                                     | -                                | (9,773)             |
| Dividends paid to non-controlling interests of subsidiaries              |      | -                    | -   | -                          | -                        | -   | (831)                            | (831)               |
| Ordinary shares contributed by non-controlling interests of a subsidiary |      | -                    | -   | -                          | -                        | -   | 101                              | 101                 |
| Total transactions with owners   |      | -                    | -   | -                          | (9,776)                  | (9,776)                                     | (723)                            | (10,499)            |
| Transfer due to crystallisation of revaluation reserve                   |      | -                    | -   | (803)                      | 803                      | -   | -                                | -                   |
| Balance as at 30 June 2020   |      | 104,290              | 2,139                                       | 57,680                     | 126,452                  | 290,561                                     | 7,953                            | 298,514             |

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (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 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              |
| <b>Transactions with owners</b>   |      |                      |   |                            |                          |   |                                  |                     |
| 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  | 34   | -                    | -   | -                          | (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  |      | <b>104,290</b>       | <b>(115)</b>                                | <b>84,347</b>              | <b>143,877</b>           | <b>332,399</b>                              | <b>11,220</b>                    | <b>343,619</b>      |

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

| COMPANY                                | Note | Share<br>capital<br>RM'000 | Distributable<br>Retained<br>earnings<br>RM'000 | Total<br>equity<br>RM'000 |
|--|------|----------------------------|---|---------------------------|
| Balance as at 1 July 2019              |      | 104,290                    | 7,194   | 111,484                   |
| Profit for the financial year          |      | -                          | 5,807   | 5,807                     |
| Other comprehensive income, net of tax |      | -                          | -   | -                         |
| Total comprehensive income, net of tax |      | -                          | 5,807   | 5,807                     |
| <b>Transactions with owners</b>        |      |                            |   |                           |
| Dividends paid                         | 34   | -                          | (9,773)   | (9,773)                   |
| Balance as at 30 June 2020             |      | 104,290                    | 3,228   | 107,518                   |
| 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                    |
| <b>Transactions with owners</b>        |      |                            |   |                           |
| Dividends paid                         | 34   | -                          | (11,169)  | (11,169)                  |
| Balance as at 30 June 2021             |      | 104,290                    | 13,141  | 117,431                   |

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

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                |                |                |                |
| Profit before tax   | 42,496         | 20,267         | 21,091         | 5,807          |
| Adjustments for:  |                |                |                |                |
| Amortisation of intangible assets                         | 508            | 527            | -              | -              |
| Bad debts written off:                                    |                |                |                |                |
| - other receivables                                       | 270            | -              | 233            | -              |
| - trade receivables                                       | 488            | 1,097          | -              | -              |
| Depreciation:   |                |                |                |                |
| - property, plant and equipment                           | 8,316          | 8,413          | -              | -              |
| - right-of-use assets                                     | 12,103         | 10,896         | -              | -              |
| Dividend income   | (26)           | (60)           | (30,559)       | (12,700)       |
| Fair value (gain)/loss on:                                |                |                |                |                |
| - short-term fund   | (39)           | (19)           | -              | -              |
| - quoted shares   | (804)          | 157            | -              | -              |
| Loss/(Gain) on disposal of:                               |                |                |                |                |
| - an associate  | 152            | -              | 1,499          | -              |
| - a subsidiary  | -              | (41)           | -              | -              |
| - property, plant and equipment                           | (217)          | (511)          | -              | -              |
| Gain on remeasurement of previously held interests        | (736)          | -              | (736)          | -              |
| Impairment losses on:                                     |                |                |                |                |
| - amounts owing by associates                             | 1,508          | 686            | 1,717          | 686            |
| - goodwill  | 764            | -              | -              | -              |
| - investments in associates                               | -              | -              | 1,038          | 6,049          |
| - investments in subsidiaries                             | -              | -              | 4,481          | -              |
| - other receivables                                       | 1,299          | -              | -              | -              |
| - property, plant and equipment                           | 702            | -              | -              | -              |
| - trade receivables                                       | 2,054          | 808            | -              | -              |
| Interest expense  | 3,278          | 3,931          | -              | -              |
| Interest income   | (240)          | (501)          | (37)           | (132)          |
| Property, plant and equipment written off                 | 510            | 791            | -              | -              |
| Provision for post-employment benefits obligation         | (26)           | 360            | -              | -              |
| Reversal of impairment losses on trade receivables        | (514)          | (219)          | -              | -              |
| Share of loss of associates                               | 589            | 6,026          | -              | -              |
| Share of profit of joint ventures                         | (1,277)        | (1,355)        | -              | -              |
| Unrealised loss/(gain) on foreign currency transactions   | 381            | 1,119          | -              | (463)          |
| Operating profit/(loss) before changes in working capital | 71,539         | 52,372         | (1,273)        | (753)          |
| Decrease/(Increase) in inventories                        | 1,533          | (540)          | -              | -              |
| (Increase)/Decrease in trade receivables                  | (55,880)       | 3,149          | -              | -              |
| Balance c/f   | 17,192         | 54,981         | (1,273)        | (753)          |

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

|  | Note | Group           |                | Company         |                |
|--|------|-----------------|----------------|-----------------|----------------|
|  |      | 2021<br>RM'000  | 2020<br>RM'000 | 2021<br>RM'000  | 2020<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>                |      |                 |                |                 |                |
| Balance b/f  |      | <b>17,192</b>   | 54,981         | <b>(1,273)</b>  | (753)          |
| (Increase)/Decrease in other receivables, deposits and prepayments     |      | <b>(14,441)</b> | 73             | <b>911</b>      | (658)          |
| (Increase)/Decrease in amounts owing by related parties                |      | <b>(475)</b>    | 92             | -               | -              |
| Decrease/(Increase) in amounts owing by joint ventures                 |      | <b>67</b>       | (424)          | -               | -              |
| Decrease in amount owing to a related party                            |      | -               | (6)            | -               | -              |
| Increase/(Decrease) in amount owing to a joint venture                 |      | <b>44</b>       | (100)          | -               | -              |
| Increase/(Decrease) in trade payables                                  |      | <b>14,899</b>   | (1,783)        | -               | -              |
| Increase/(Decrease) in other payables and accruals                     |      | <b>14,303</b>   | (966)          | <b>44</b>       | (82)           |
| Cash generated from/(used in) operations                               |      | <b>31,589</b>   | 51,867         | <b>(318)</b>    | (1,493)        |
| Contributions paid for post-employment benefits obligation             | 26   | <b>(20)</b>     | (41)           | -               | -              |
| Interest paid  |      | <b>(176)</b>    | (137)          | -               | -              |
| Tax paid   |      | <b>(13,284)</b> | (7,220)        | <b>(14)</b>     | (178)          |
| Net cash generated from/(used in) operating activities                 |      | <b>18,109</b>   | 44,469         | <b>(332)</b>    | (1,671)        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |      |                 |                |                 |                |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired |      | <b>(896)</b>    | -              | <b>(1,500)</b>  | -              |
| Disposal of a subsidiary, net of cash and cash equivalents             |      | -               | (27)           | -               | -              |
| (Advances to)/Repayment from subsidiaries                              |      | -               | -              | <b>(21,598)</b> | 4,211          |
| Repayment from joint ventures  |      | -               | 419            | -               | 420            |
| Repayment from/(Advances to) associates                                |      | <b>3,548</b>    | 2,286          | <b>404</b>      | (36)           |
| Dividends received   |      | <b>26</b>       | 60             | <b>30,559</b>   | 12,700         |
| Dividends received from a joint venture                                |      | -               | 1,029          | -               | -              |
| Interest received  |      | <b>240</b>      | 501            | <b>37</b>       | 132            |
| Balance c/f  |      | <b>2,918</b>    | 4,268          | <b>7,902</b>    | 17,427         |

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

|  | Note  | Group           |                | Company         |                |
|--|-------|-----------------|----------------|-----------------|----------------|
|  |       | 2021<br>RM'000  | 2020<br>RM'000 | 2021<br>RM'000  | 2020<br>RM'000 |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES (continued)</b>                                      |       |                 |                |                 |                |
| Balance b/f  |       | <b>2,918</b>    | 4,268          | <b>7,902</b>    | 17,427         |
| Placements of:   |       |                 |                |                 |                |
| - fixed deposits pledged to licensed banks   |       | <b>(882)</b>    | (276)          | -               | -              |
| - fixed deposits placed with licensed banks with original maturity of more than three (3) months |       | <b>(11)</b>     | (20)           | -               | -              |
| Proceeds from disposal of an associate   |       | <b>283</b>      | -              | <b>283</b>      | -              |
| Proceeds from disposals of property, plant and equipment   |       | <b>5,940</b>    | 922            | -               | -              |
| Purchase of:   |       |                 |                |                 |                |
| - intangible assets  | 6(e)  | -               | (550)          | -               | -              |
| - property, plant and equipment  | 5(e)  | <b>(10,850)</b> | (4,427)        | -               | -              |
| - right-of-use assets  | 11(g) | <b>(669)</b>    | (1,683)        | -               | -              |
| Additional investment in an existing subsidiary  |       | -               | -              | <b>(750)</b>    | (134)          |
| Net cash (used in)/generated from investing activities   |       | <b>(3,271)</b>  | (1,766)        | <b>7,435</b>    | 17,293         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                 |                |                 |                |
| Dividends paid   |       | <b>(13,961)</b> | (9,773)        | <b>(13,961)</b> | (9,773)        |
| Dividends paid to non-controlling interests of subsidiaries                                      |       | -               | (831)          | -               | -              |
| Drawdown of revolving credit   | 21(h) | <b>14,500</b>   | -              | -               | -              |
| Drawdown of term loans   | 21(h) | <b>251</b>      | -              | -               | -              |
| Interest paid  |       | <b>(3,102)</b>  | (3,794)        | -               | -              |
| Ordinary share capital contributed by non-controlling interests of subsidiaries                  |       | <b>2,104</b>    | 101            | -               | -              |
| Repayments of:   | 21(h) |                 |                |                 |                |
| - lease liabilities  |       | <b>(12,474)</b> | (11,733)       | -               | -              |
| - term loans   |       | <b>(5,100)</b>  | (5,243)        | -               | -              |
| Net cash used in financing activities  |       | <b>(17,782)</b> | (31,273)       | <b>(13,961)</b> | (9,773)        |
| Net (decrease)/increase in cash and cash equivalents   |       | <b>(2,944)</b>  | 11,430         | <b>(6,858)</b>  | 5,849          |
| Effects of exchange rate changes on cash and cash equivalents                                    |       | <b>(480)</b>    | 446            | -               | -              |
| Cash and cash equivalents at beginning of the financial year                                     |       | <b>49,475</b>   | 37,599         | <b>13,159</b>   | 7,310          |
| Cash and cash equivalents at end of the financial year   | 21(d) | <b>46,051</b>   | 49,475         | <b>6,301</b>    | 13,159         |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2021

### 1. CORPORATE INFORMATION

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 2021 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 21 October 2021.

### 2. 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 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the 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 2021 (CONTINUED)**

#### **4. OPERATING SEGMENTS**

The Group is principally engaged in the freight and forwarding industry. The Group has arrived at seven (7) (2020: eight (8)) 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 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 holdings 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 2021 (CONTINUED)

### 4. 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   |                |
| <b>2021</b>  |                 |                  |                  |                 |                |                          |              |                |
| Revenue  |                 |                  |                  |                 |                |                          |              |                |
| Total revenue  | 582,565         | 68,958           | 40,943           | 35,370          | 31,716         | 21,687                   | 4,491        | 763,431        |
| Inter-segment revenue  | (11,359)        | (994)            | (1,605)          | (2,818)         | (931)          | (1,122)                  | (3,748)      | -              |
| <b>Revenue from external customers</b>                           | <b>571,206</b>  | <b>67,964</b>    | <b>39,338</b>    | <b>32,552</b>   | <b>30,785</b>  | <b>20,565</b>            | <b>743</b>   | <b>763,431</b> |
| Finance costs  | (3,020)         | (22)             | (41)             | (28)            | (19)           | (148)                    | -            | (3,278)        |
| Share of loss of associates                                      | 2               | -                | -                | -               | -              | -                        | -            | (589)          |
| Share of profit of joint ventures                                | -               | -                | -                | -               | -              | -                        | -            | 1,277          |
| <b>Segment profit/(loss) before income tax</b>                   | <b>41,573</b>   | <b>2,246</b>     | <b>3,192</b>     | <b>1,873</b>    | <b>2,656</b>   | <b>1,019</b>             | <b>(147)</b> | <b>42,496</b>  |
| Investments in associates  | 449             | -                | -                | -               | -              | -                        | -            | 449            |
| Investments in joint ventures                                    | -               | -                | -                | -               | -              | -                        | -            | 5,963          |
| Other investments  | -               | -                | -                | -               | -              | -                        | -            | 1,999          |
| Additions to non-current assets other than financial instruments | 22,684          | 17               | 31               | 61              | 9              | 50                       | 11           | 22,863         |
| <b>Segment assets</b>  | <b>550,021</b>  | <b>18,097</b>    | <b>20,333</b>    | <b>8,699</b>    | <b>5,277</b>   | <b>5,666</b>             | <b>2,372</b> | <b>571,450</b> |
| <b>Segment liabilities</b>                                       | <b>289,762</b>  | <b>8,963</b>     | <b>6,209</b>     | <b>6,587</b>    | <b>1,798</b>   | <b>4,717</b>             | <b>1,762</b> | <b>197,422</b> |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 4. 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 |
| <b>2021 (continued)</b>                            |           |           |           |          |         |                          |              |        |
| <b>Other material non-cash items</b>               |           |           |           |          |         |                          |              |        |
| 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 |
| 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       | -       | -                        | -            | 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 2021 (CONTINUED)

### 4. OPERATING SEGMENTS (CONTINUED)

|  | Logistics |                    |                     |                     |                    |                   |                 |                     |               |          | Other<br>operating<br>segments<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000 |
|--|-----------|--------------------|---------------------|---------------------|--------------------|-------------------|-----------------|---------------------|---------------|----------|--|------------------------|-----------------|
|  | ←         | Malaysia<br>RM'000 | Australia<br>RM'000 | Indonesia<br>RM'000 | Thailand<br>RM'000 | Vietnam<br>RM'000 | India<br>RM'000 | Sri Lanka<br>RM'000 | USA<br>RM'000 | →        |  |                        |                 |
| <b>2020</b>  |           |                    |                     |                     |                    |                   |                 |                     |               |          |  |                        |                 |
| Revenue  |           |                    |                     |                     |                    |                   |                 |                     |               |          |  |                        |                 |
| Total revenue  | 417,205   | 61,042             | 34,982              | 23,535              | 12,847             | 12,001            | 591             | 6,510               | 9,598         | (26,702) | 551,609                                  |                        |                 |
| Inter-segment revenue  | (5,339)   | (1,700)            | (1,147)             | (2,287)             | (922)              | (837)             | (12)            | (5,797)             | (8,661)       | 26,702   | -  |                        |                 |
| <b>Revenue from external customers</b>                           | 411,866   | 59,342             | 33,835              | 21,248              | 11,925             | 11,164            | 579             | 713                 | 937           | -        | 551,609                                  |                        |                 |
| Finance costs  | (3,680)   | (18)               | (69)                | (29)                | (7)                | (128)             | -               | -                   | -             | -        | (3,931)                                  |                        |                 |
| Share of loss of associates                                      | (53)      | -                  | -                   | -                   | -                  | -                 | -               | -                   | (5,973)       | -        | (6,026)                                  |                        |                 |
| Share of profit of joint ventures                                | -         | -                  | -                   | -                   | -                  | -                 | -               | -                   | 1,355         | -        | 1,355                                    |                        |                 |
| <b>Segment profit/(loss) before income tax</b>                   | 22,633    | 802                | 1,383               | 442                 | 62                 | (234)             | (28)            | 167                 | 6,022         | (10,982) | 20,267                                   |                        |                 |
| Investments in associates  | 447       | -                  | -                   | -                   | -                  | -                 | -               | -                   | 1,026         | -        | 1,473                                    |                        |                 |
| Investments in joint ventures                                    | -         | -                  | -                   | -                   | -                  | -                 | -               | -                   | 4,686         | -        | 4,686                                    |                        |                 |
| Other investments  | -         | -                  | -                   | -                   | -                  | -                 | -               | -                   | 1,195         | -        | 1,195                                    |                        |                 |
| Additions to non-current assets other than financial instruments | 21,877    | 367                | 1,513               | 797                 | 373                | 20                | 85              | -                   | 550           | -        | 25,582                                   |                        |                 |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

|   | Logistics       |                  |                  |                 |                |              |                  | Other operating segments RM'000 | Eliminations RM'000 | Total RM'000 |            |
|---|-----------------|------------------|------------------|-----------------|----------------|--------------|------------------|---------------------------------|---------------------|--------------|------------|
|   | Malaysia RM'000 | Australia RM'000 | Indonesia RM'000 | Thailand RM'000 | Vietnam RM'000 | India RM'000 | Sri Lanka RM'000 |                                 |                     |              | USA RM'000 |
| <b>2020 (continued)</b>                             |                 |                  |                  |                 |                |              |                  |                                 |                     |              |            |
| <b>Segment assets</b>                               | 459,589         | 13,257           | 17,929           | 7,638           | 3,108          | 3,636        | -                | 1,782                           | 86,559              | (115,416)    | 478,082    |
| <b>Segment liabilities</b>                          | 233,142         | 6,559            | 5,897            | 12,473          | 2,084          | 3,705        | -                | 984                             | 36,145              | (145,109)    | 155,880    |
| <b>Other material non-cash items</b>                |                 |                  |                  |                 |                |              |                  |                                 |                     |              |            |
| Depreciation: - property, plant and equipment       | 7,443           | 106              | 381              | 41              | 124            | 226          | 6                | 8                               | 78                  | -            | 8,413      |
| - right-of-use assets                               | 10,187          | 61               | 430              | 175             | 43             | -            | -                | -                               | -                   | -            | 10,896     |
| Impairment losses on: - amounts owing by associates | -               | -                | -                | -               | -              | -            | -                | -                               | 686                 | -            | 686        |
| - trade receivables                                 | 621             | 1                | 40               | 49              | -              | 95           | 2                | -                               | -                   | -            | 808        |
| Provision for post-employment benefits              | -               | -                | 360              | -               | -              | -            | -                | -                               | -                   | -            | 360        |
| Reversal of impairment losses on trade receivables  | (207)           | -                | -                | -               | (12)           | -            | -                | -                               | -                   | -            | (219)      |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 4. OPERATING SEGMENTS (CONTINUED)

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

|   | 2021<br>RM'000 | 2020<br>RM'000 |
|---|----------------|----------------|
| <b>Profit for the financial year</b>  |                |                |
| Total profit or loss for reportable segments  | 42,496         | 20,267         |
| Tax expense   | (13,027)       | (7,521)        |
| Profit for the financial year of the Group per consolidated statement of profit or loss | 29,469         | 12,746         |
| <b>Assets</b>   |                |                |
| Total assets for reportable segments  | 571,450        | 478,082        |
| Deferred tax assets   | 918            | 1,215          |
| Current tax assets  | 1,986          | 2,775          |
| Assets of the Group per consolidated statement of financial position                    | 574,354        | 482,072        |
| <b>Liabilities</b>  |                |                |
| Total liabilities for reportable segments   | 197,422        | 155,880        |
| Deferred tax liabilities  | 30,788         | 23,758         |
| Current tax liabilities   | 2,525          | 3,920          |
| Liabilities of the Group per consolidated statement of financial position               | 230,735        | 183,558        |

### 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 2021 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT

| 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 (Note 37) RM'000 | Reclassification RM'000 | Translations adjustments RM'000 | Balance as at 30.6.2021 RM'000 |
|-----------------------------------|-------------------------------|------------------|------------------|--------------------|---|--------------------------|----------------------------|--|-------------------------|---------------------------------|--------------------------------|
|                                   |                               |                  |                  |                    |   |                          |                            |  |                         |                                 |                                |
| <b>Carrying amount</b>            |                               |                  |                  |                    |   |                          |                            |  |                         |                                 |                                |
| <b>At valuation</b>               |                               |                  |                  |                    |   |                          |                            |  |                         |                                 |                                |
| Freehold land                     | 55,560                        | -                | -                | -                  | -   | -                        | 10,100                     | -  | -                       | -                               | 65,660                         |
| Buildings                         | 90,579                        | 1,853            | -                | -                  | (2,383)   | -                        | 11,713                     | -  | 5,727                   | (27)                            | 107,462                        |
| <b>At cost</b>                    |                               |                  |                  |                    |   |                          |                            |  |                         |                                 |                                |
| 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 2021 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group                             | At 30.6.2021   |                     |                                       |   |                              |
|-----------------------------------|----------------|---------------------|---------------------------------------|---|------------------------------|
|                                   | Cost<br>RM'000 | Valuation<br>RM'000 | Accumulated<br>depreciation<br>RM'000 | Accumulated<br>impairment<br>losses<br>RM'000 | Carrying<br>amount<br>RM'000 |
| <b>At valuation</b>               |                |                     |                                       |   |                              |
| Freehold land                     | -              | 65,660              | -                                     | -   | 65,660                       |
| Buildings                         | -              | 107,462             | -                                     | -   | 107,462                      |
| <b>At cost</b>                    |                |                     |                                       |   |                              |
| 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                        |
|                                   | <b>93,128</b>  | <b>173,122</b>      | <b>(72,128)</b>                       | <b>(702)</b>                                  | <b>193,420</b>               |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group                                | Balance<br>as at<br>1.7.2019<br>RM'000 | Additions<br>RM'000 | Disposals<br>RM'000 | Written<br>off<br>RM'000 | Depreciation<br>charge<br>for the<br>financial<br>year<br>RM'000 | Disposal<br>of a<br>subsidiary<br>RM'000 | Translations<br>adjustments<br>RM'000 | Balance<br>as at<br>30.6.2020<br>RM'000 |
|--------------------------------------|--|---------------------|---------------------|--------------------------|--|--|---------------------------------------|---|
|                                      |  |                     |                     |                          |  |  |                                       |   |
| <b>Carrying amount</b>               |  |                     |                     |                          |  |  |                                       |   |
| <b>At valuation</b>                  |  |                     |                     |                          |  |  |                                       |   |
| Freehold land                        | 55,560                                 | -                   | -                   | -                        | -  | -  | -                                     | 55,560                                  |
| Buildings                            | 92,829                                 | -                   | -                   | -                        | (2,260)  | -  | 10                                    | 90,579                                  |
| <b>At cost</b>                       |  |                     |                     |                          |  |  |                                       |   |
| Machinery, furniture<br>and fittings | 8,848                                  | 812                 | -                   | (218)                    | (1,793)  | (10)                                     | -                                     | 7,639                                   |
| Office equipment                     | 3,614                                  | 1,313               | (97)                | (64)                     | (1,244)  | (2)                                      | (6)                                   | 3,514                                   |
| Renovations                          | 2,790                                  | 440                 | -                   | (509)                    | (457)  | -  | 7                                     | 2,271                                   |
| Motor vehicles                       | 2,484                                  | 3                   | (153)               | -                        | (859)  | (5)                                      | (2)                                   | 1,468                                   |
| Forklifts                            | 13                                     | -                   | -                   | -                        | (13)   | -  | -                                     | -                                       |
| Storage containers                   | 416                                    | 85                  | (85)                | -                        | (102)  | (84)                                     | -                                     | 230                                     |
| Prime movers and trailers            | 4,125                                  | -                   | (76)                | -                        | (1,685)  | -  | -                                     | 2,364                                   |
| Construction-in-progress             | -                                      | 5,727               | -                   | -                        | -  | -  | -                                     | 5,727                                   |
|                                      | 170,679                                | 8,380               | (411)               | (791)                    | (8,413)  | (101)                                    | 9                                     | 169,352                                 |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group                             | At 30.6.2020   |                     |                                       |   |                              |
|-----------------------------------|----------------|---------------------|---------------------------------------|---|------------------------------|
|                                   | Cost<br>RM'000 | Valuation<br>RM'000 | Accumulated<br>depreciation<br>RM'000 | Accumulated<br>impairment<br>losses<br>RM'000 | Carrying<br>amount<br>RM'000 |
| <b>At valuation</b>               |                |                     |                                       |   |                              |
| Freehold land                     | -              | 55,560              | -                                     | -   | 55,560                       |
| Buildings                         | -              | 95,209              | (4,558)                               | (72)  | 90,579                       |
| <b>At cost</b>                    |                |                     |                                       |   |                              |
| Machinery, furniture and fittings | 20,824         | -                   | (13,185)                              | -   | 7,639                        |
| Office equipment                  | 18,042         | -                   | (14,528)                              | -   | 3,514                        |
| Renovations                       | 4,038          | -                   | (1,767)                               | -   | 2,271                        |
| Motor vehicles                    | 11,937         | -                   | (10,469)                              | -   | 1,468                        |
| Forklifts                         | 3,856          | -                   | (3,856)                               | -   | -                            |
| Storage containers                | 869            | -                   | (639)                                 | -   | 230                          |
| Prime movers and trailers         | 26,801         | -                   | (24,437)                              | -   | 2,364                        |
| Construction-in-progress          | 5,727          | -                   | -                                     | -   | 5,727                        |
|                                   | 92,094         | 150,769             | (73,439)                              | (72)  | 169,352                      |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 5. 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.

In the previous financial year, construction work-in-progress included in property, plant and equipment were not depreciated as these assets were not yet available for use.

- (b) Freehold land and buildings (collectively known as land and buildings) classified under property, plant and equipment are 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:

|                                       | <b>Group</b>   |               |
|---------------------------------------|----------------|---------------|
|                                       | <b>2021</b>    | <b>2020</b>   |
|                                       | <b>RM'000</b>  | <b>RM'000</b> |
| Revaluation reserve                   | <b>21,813</b>  | -             |
| Deferred tax liabilities (Note 12(a)) | <b>(3,316)</b> | -             |
|                                       | <b>18,497</b>  | -             |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 5. 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          |                |
|---------------|----------------|----------------|
|               | 2021<br>RM'000 | 2020<br>RM'000 |
| Freehold land | 42,480         | 42,480         |
| Buildings     | 73,521         | 67,730         |
|               | <b>116,001</b> | 110,210        |

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

|               | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---------------|-------------------|-------------------|-------------------|-----------------|
| <b>2021</b>   |                   |                   |                   |                 |
| Freehold land | -                 | 65,660            | -                 | 65,660          |
| Buildings     | -                 | 107,462           | -                 | 107,462         |
|               | -                 | <b>173,122</b>    | -                 | <b>173,122</b>  |
| <b>2020</b>   |                   |                   |                   |                 |
| Freehold land | -                 | 55,560            | -                 | 55,560          |
| Buildings     | -                 | 90,579            | -                 | 90,579          |
|               | -                 | 146,139           | -                 | 146,139         |

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2021.
- (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 2021 (CONTINUED)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

|  | Group          |                |
|--|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 |
| Purchase of property, plant and equipment                  | 10,850         | 8,380          |
| Financed by term loans                                     | -              | (3,953)        |
|  | <hr/>          | <hr/>          |
| Cash payments on purchase of property, plant and equipment | <b>10,850</b>  | <b>4,427</b>   |

- (f) Property, plant and equipment charged as security for banking facilities granted to the Group as disclosed in Notes 25 and 29 to the financial statements are as follows:

|                        | Group          |                |
|------------------------|----------------|----------------|
|                        | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Carrying amount</b> |                |                |
| Freehold land          | 65,000         | 55,000         |
| Buildings              | 106,107        | 89,209         |
|                        | <hr/>          | <hr/>          |
|                        | <b>171,107</b> | <b>144,209</b> |

### 6. INTANGIBLE ASSETS

| Group                     | Balance<br>as at<br>1.7.2020<br>RM'000 | Acquisition<br>of<br>subsidiaries<br>(Note 37)<br>RM'000 | Impairment<br>losses<br>RM'000 | Amortisation<br>charge for the<br>financial year<br>RM'000 | Balance<br>as at<br>30.6.2021<br>RM'000 |
|---------------------------|--|--|--------------------------------|--|---|
| Goodwill on consolidation | -                                      | 764  | (764)                          | -  | -                                       |
| Computer software         | 1,005                                  | -  | -                              | (508)  | 497                                     |
|                           | <hr/>                                  | <hr/>  | <hr/>                          | <hr/>  | <hr/>                                   |
|                           | 1,005                                  | 764  | (764)                          | (508)  | 497                                     |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 6. INTANGIBLE ASSETS (CONTINUED)

| Group                                 | ← As at 30.6.2021 → |  |                              |
|---------------------------------------|---------------------|--|------------------------------|
|                                       | Cost<br>RM'000      | Accumulated<br>amortisation<br>and<br>impairment<br>RM'000 | Carrying<br>amount<br>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                          |

| Group             | Balance<br>as at<br>1.7.2019<br>RM'000 | Additions<br>RM'000 | Amortisation<br>charge for the<br>financial year<br>RM'000 | Balance<br>as at<br>30.6.2020<br>RM'000 |
|-------------------|--|---------------------|--|---|
| Computer software | 982                                    | 550                 | (527)  | 1,005                                   |

| Group                                 | ← As at 30.6.2020 → |  |                              |
|---------------------------------------|---------------------|--|------------------------------|
|                                       | Cost<br>RM'000      | Accumulated<br>amortisation<br>and<br>impairment<br>RM'000 | Carrying<br>amount<br>RM'000 |
| Goodwill on consolidation             | 226                 | (226)  | -                            |
| Computer software                     | 2,674               | (1,669)  | 1,005                        |
| Rights to participate in hub business | 250                 | (250)  | -                            |
|                                       | 3,150               | (2,145)  | 1,005                        |

- (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 2021 (CONTINUED)

#### 6. 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  |        |
|-------------------------|--------|--------|
|                         | 2021   | 2020   |
|                         | RM'000 | RM'000 |
| Logistics:              |        |        |
| - Malaysia              | 943    | 179    |
| - Thailand              | 32     | 32     |
| - Australia             | 4      | 4      |
| Others                  | 11     | 11     |
|                         | 990    | 226    |
| Less: Impairment losses |        |        |
| Logistics:              |        |        |
| - Malaysia              | (943)  | (179)  |
| - Thailand              | (32)   | (32)   |
| - Australia             | (4)    | (4)    |
| Others                  | (11)   | (11)   |
|                         | -      | -      |

(d) Rights to participate in hub business are the rights to operate and manage the hub business, which was acquired from an associate, Hubwire Sdn. Bhd. to a subsidiary, FM Hubwire Sdn. Bhd.. The rights is initially measured at cost and is amortised on a straight line basis over its estimated useful life of ten (10) years.

(e) During the financial year, the Group made the following cash payments to purchase intangible assets:

|  | Group  |        |
|--|--------|--------|
|  | 2021   | 2020   |
|  | RM'000 | RM'000 |
| Cash payments on purchase of intangible assets | -      | 550    |
|  | -      | 550    |

(f) 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.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES

|                                 | Company        |                |
|---------------------------------|----------------|----------------|
|                                 | 2021<br>RM'000 | 2020<br>RM'000 |
| Unquoted equity shares, at cost | 43,373         | 40,387         |
| Equity loan to a subsidiary     | 26,161         | 26,161         |
|                                 | 69,534         | 66,548         |
| Less: Impairment losses         | (6,781)        | (2,300)        |
|                                 | 62,753         | 64,248         |

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

| Name of company  | Country of<br>incorporation/<br>Principal place<br>of business | Effective<br>interest<br>in equity |      | Principal activities          |
|--|--|------------------------------------|------|-------------------------------|
|  |  | 2021                               | 2020 |                               |
| 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 (KUL) 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.<br>(Formerly known as FM Global Logistics<br>(Ipoh) Sdn. Bhd.) | Malaysia   | 100%                               | 100% | Provision of freight services |
| # FM Global Logistics (Melaka) Sdn. Bhd.   | Malaysia   | 100%                               | 100% | Dormant                       |
| # AIF Marine Sdn. Bhd.<br>(Formerly known as FM Global Logistics<br>(Penang) Sdn. Bhd.)    | Malaysia   | 100%                               | 100% | Provision of freight services |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

| Name of company                                      | Country of incorporation/<br>Principal place of business | Effective interest in equity |      | Principal activities  |
|--|--|------------------------------|------|---|
|  |  | 2021                         | 2020 |   |
| # 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%  | Provision of e-commerce logistics services                              |
| Parcel To Post Services Sdn. Bhd.                    | Malaysia   | 100%                         | 100% | Provision of parcel services  |
| + FMGL Overseas Venture Limited                      | Hong Kong  | 100%                         | 100% | Investment holding  |
| #π Transenergy Shipping Pte. Ltd.                    | Malaysia   | 100%                         | -    | Provision of marine services  |
| #π Transenergy Shipping Management Sdn. Bhd.         | Malaysia   | 100%                         | -    | Provision of marine services  |
| <b>Subsidiaries of FMGL Overseas Venture Limited</b> |  |                              |      |   |
| +^ Icon Freight International Inc.                   | British Virgin Islands                                   | -                            | 100% | Provision of management services  |
| # 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  |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

| Name of company   | Country of incorporation/<br>Principal place of business | Effective interest in equity |      | Principal activities                                  |
|---|--|------------------------------|------|---|
|   |  | 2021                         | 2020 |   |
| <b>Subsidiaries of FM Global Logistics Ventures Sdn. Bhd.</b> |  |                              |      |   |
| * PT. FM Global Logistics ("PTFM")                            | Indonesia  | <b>67%</b>                   | 67%  | Provision of freight services                         |
| + FM Global Logistics Pty. Ltd.                               | Australia  | <b>55%</b>                   | 55%  | Provision of integrated freight and logistic services |
| #β FM Global Logistics Co., Ltd.                              | Thailand   | <b>49%</b>                   | 49%  | Provision of freight services                         |
| + FM Global Korea Corporation                                 | South Korea  | <b>100%</b>                  | 100% | Provision of trading services                         |
| * FM Global Logistics Company Limited                         | Vietnam  | <b>95%</b>                   | 95%  | Provision of freight services                         |
| + FM Global Logistics (HK) Limited                            | Hong Kong  | <b>100%</b>                  | 100% | Provision of freight services                         |
| #@ FM Global Logistics (India) Private Limited                | India  | <b>51%</b>                   | 51%  | Provision of integrated freight and logistic services |
| + FM Global Logistics (USA), LLC                              | United States of America                                 | <b>70%</b>                   | 70%  | Provision of freight services                         |
| # Star Cargo Network Pte. Ltd.                                | Singapore  | <b>100%</b>                  | 100% | Provision of freight services                         |
| + Star Cargo Alliance Pte. Ltd.                               | Singapore  | <b>100%</b>                  | 100% | Provision of freight services                         |
| <b>Subsidiary of FMG Logistics Co., Ltd.</b>                  |  |                              |      |   |
| #β FM Global Logistics Co., Ltd.                              | Thailand   | <b>21%</b>                   | 51%  | Provision of freight services                         |
| <b>Subsidiary of FM Multimodal Services Sdn. Bhd.</b>         |  |                              |      |   |
| # Dependable Global Express Malaysia Sdn. Bhd.                | Malaysia   | <b>51%</b>                   | 51%  | Provision of freight services                         |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

| Name of company   | Country of incorporation/<br>Principal place of business | Effective interest in equity |      | Principal activities          |
|---|--|------------------------------|------|-------------------------------|
|   |  | 2021                         | 2020 |                               |
| <b>Subsidiaries of FM Global Logistics (M) Sdn. Bhd.</b>      |  |                              |      |                               |
| # FM Contract Logistics Sdn. Bhd.                             | Malaysia   | <b>100%</b>                  | 100% | Provision of freight services |
| <b>Subsidiaries of FMG Capital &amp; Management Sdn. Bhd.</b> |  |                              |      |                               |
| Centro Maxx Sdn. Bhd.   | Malaysia   | <b>100%</b>                  | 86%  | Trading of goods              |
| # Advance Retail Services Sdn. Bhd.                           | Malaysia   | <b>100%</b>                  | 100% | Provision of freight services |
| <b>Subsidiaries of Exterian Enterprise Sdn. Bhd.</b>          |  |                              |      |                               |
| + Exterian Capital Pte. Ltd.                                  | Singapore  | <b>100%</b>                  | 100% | Investment holding            |
| # Ω FMG Logistics Co., Ltd. ("FMGT")                          | Thailand   | <b>24%</b>                   | 24%  | Provision of freight services |
| <b>Subsidiary of Advance International Freight Sdn. Bhd.</b>  |  |                              |      |                               |
| # Ω FMG Logistics Co., Ltd. ("FMGT")                          | Thailand   | <b>25%</b>                   | 25%  | Provision of freight services |
| <b>Subsidiary of Parcel To Post Services Sdn. Bhd.</b>        |  |                              |      |                               |
| + Parcel To Post Services (S) Pte. Ltd.                       | Singapore  | <b>100%</b>                  | -    | Provision of parcel services  |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

+ *Subsidiaries are consolidated based on management accounts for the financial year ended 30 June 2021. 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 2021 and was consolidated based on management accounts for the financial year ended 30 June 2021.*

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 was placed under members' voluntary liquidation during the financial year.*

β *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%.*

π *The Company acquired an additional 50% equity interest in these companies for a total consideration of RM1,500,001. Consequently, the equity interest of the Company in these companies increased from 50% to 100%, hence now regarded as subsidiaries of the Company and ceased to be joint ventures as disclosed in Note 9 to the financial statements. The financial effects is disclosed in Note 37 to the financial statements.*

(d) During the 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 (2020: nil), 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 2021 (CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

|  | PT. FM<br>Global<br>Logistics | FM Global<br>Logistics<br>Pty. Ltd. | FM Global<br>Logistics<br>Co., Ltd. | Other<br>individual<br>immaterial<br>subsidiaries | Total  |
|--|-------------------------------|-------------------------------------|-------------------------------------|---|--------|
| <b>2021</b>  |                               |                                     |                                     |   |        |
| 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)  |
|  |                               |                                     |                                     |   |        |
| <b>2020</b>  |                               |                                     |                                     |   |        |
| NCI percentage of ownership and voting interests     |                               | 33%                                 | 45%                                 |   |        |
| Carrying amount of NCI (RM'000)                      |                               | 4,414                               | 2,970                               | 569   | 7,953  |
| Profit allocated to NCI (RM'000)                     |                               | 350                                 | 325                                 | 26  | 701    |
| Other comprehensive loss allocated to NCI (RM'000)   |                               | (2)                                 | -                                   | -   | (2)    |
| Dividend paid to NCI (RM'000)                        |                               | -                                   | (531)                               | (300)   | (831)  |

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 2021 (CONTINUED)

### 7. 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:

| 2021   | PT. FM<br>Global<br>Logistics<br>RM'000 | FM Global<br>Logistics<br>Pty. Ltd.<br>RM'000 | FM Global<br>Logistics<br>Co., Ltd.<br>RM'000 |
|--|---|---|---|
| <b>Assets and liabilities</b>                        |   |   |   |
| 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   | <b>15,235</b>                           | <b>8,617</b>                                  | <b>3,289</b>                                  |
| <b>Results</b>                                       |   |   |   |
| 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 | <b>85</b>                               | <b>2,344</b>                                  | <b>(573)</b>                                  |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 7. 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):

| 2020   | PT. FM<br>Global<br>Logistics<br>RM'000 | FM Global<br>Logistics<br>Pty. Ltd.<br>RM'000 |
|--|---|---|
| <b>Assets and liabilities</b>                        |   |   |
| Non-current assets                                   | 3,378                                   | 614   |
| Current assets                                       | 15,896                                  | 12,644  |
| Non-current liabilities                              | (71)                                    | (339)   |
| Current liabilities                                  | (5,826)                                 | (6,318)                                       |
| Net assets   | 13,377                                  | 6,601   |
| <b>Results</b>                                       |   |   |
| Revenue  | 34,982                                  | 61,042  |
| Profit for the financial year                        | 1,062                                   | 721   |
| Total comprehensive income                           | 1,062                                   | 721   |
| Cash flows from/(used in) operating activities       | 693                                     | (394)   |
| Cash flows used in investing activities              | (159)                                   | (242)   |
| Cash flows used in financing activities              | (343)                                   | (1,342)                                       |
| Net increase/(decrease) in cash and cash equivalents | 191                                     | (1,978)                                       |

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 2021 (CONTINUED)

### 8. INVESTMENTS IN ASSOCIATES

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Unquoted equity shares, at cost  | 6,045          | 16,630         | 4,323          | 8,869          |
| Share of post-acquisition losses | (3,996)        | (13,557)       | -              | -              |
|                                  | <b>2,049</b>   | 3,073          | <b>4,323</b>   | 8,869          |
| Less: Impairment losses          | <b>(1,600)</b> | (1,600)        | <b>(4,323)</b> | (6,049)        |
|                                  | <b>449</b>     | 1,473          | -              | 2,820          |

- (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/<br>Principal place of business | Effective interest in equity |      | Principal activities                  |
|--|--|------------------------------|------|---------------------------------------|
|  |  | 2021                         | 2020 |                                       |
| +* TCH Marine Pte. Ltd. ("TCH")                            | Singapore  | -                            | 49%  | Charterers of barge and tugboats      |
| *^ YKP-FM Global Shipyard Co., Ltd.                        | Thailand   | <b>31%</b>                   | 31%  | Development and operation of shipyard |
| <b>Associate of FM Global Logistics (M) Sdn. Bhd.</b>      |  |                              |      |                                       |
| * FM Distribution Sdn. Bhd.                                | Malaysia   | <b>49%</b>                   | 49%  | Provision of warehouse services       |
| <b>Associate of FM Global Logistics Ventures Sdn. Bhd.</b> |  |                              |      |                                       |
| *^ Hubwire Sdn. Bhd.                                       | Malaysia   | <b>20%</b>                   | 20%  | Provision of e-commerce business      |

\* Associates audited by other firms of chartered accountants.

^ Associates had financial year ended 31 December 2020 and were equity accounted based on management accounts for the financial year ended 30 June 2021.

+ The financial statements of this associate was equity accounted based on management accounts up to the date of disposal. The financial effects arising from disposal was not presented as the loss on disposal was not material to the Group.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

|                                      | TCH<br>Marine<br>Pte. Ltd.<br>RM'000 | FM<br>Distribution<br>Sdn. Bhd.<br>RM'000 | YKP-FM<br>Global<br>Shipyards<br>Co., Ltd.<br>RM'000 | Hubwire<br>Sdn. Bhd.<br>RM'000 |
|--------------------------------------|--------------------------------------|---|--|--------------------------------|
| <b>2021</b>                          |                                      |   |  |                                |
| <b>Assets and liabilities</b>        |                                      |   |  |                                |
| Non-current assets                   | -                                    | -   | 19,262   | -                              |
| Current assets                       | -                                    | 783                                       | 1,394  | -                              |
| Non-current liabilities              | -                                    | -   | -  | -                              |
| Current liabilities                  | -                                    | (5)                                       | (38,333)   | -                              |
| Net assets/(liabilities)             | -                                    | 778                                       | (17,677)   | -                              |
| <b>Results</b>                       |                                      |   |  |                                |
| Revenue                              | 397                                  | 94  | 718  | -                              |
| (Loss)/Profit for the financial year | (1,206)                              | 4   | (2,921)  | -                              |
| Total comprehensive (loss)/income    | (1,206)                              | 4   | (2,921)  | -                              |
| <b>2020</b>                          |                                      |   |  |                                |
| <b>Assets and liabilities</b>        |                                      |   |  |                                |
| Non-current assets                   | -                                    | -   | 20,783   | -                              |
| Current assets                       | 7,927                                | 801                                       | 2,521  | 3                              |
| Non-current liabilities              | -                                    | -   | (1)  | -                              |
| Current liabilities                  | (5,834)                              | (28)                                      | (34,241)   | (188)                          |
| Net assets/(liabilities)             | 2,093                                | 773                                       | (10,938)   | (185)                          |
| <b>Results</b>                       |                                      |   |  |                                |
| Revenue                              | 6,079                                | 7   | 2,799  | -                              |
| Loss for the financial year          | (3,984)                              | (108)                                     | (25,253)   | -                              |
| Total comprehensive loss             | (3,984)                              | (108)                                     | (25,253)   | -                              |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 8. 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:

|  | TCH<br>Marine<br>Pte. Ltd.<br>RM'000 | FM<br>Distribution<br>Sdn. Bhd.<br>RM'000 | YKP-FM<br>Global<br>Shipyards<br>Co., Ltd.<br>RM'000 | Hubwire<br>Sdn. Bhd.<br>RM'000 | Total<br>RM'000 |
|--|--------------------------------------|---|--|--------------------------------|-----------------|
| <b>As at 30 June 2021</b>  |                                      |   |  |                                |                 |
| 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             |
| <b>Share of results of the Group for the financial year ended 30 June 2021</b> |                                      |   |  |                                |                 |
| Share of (loss)/profit/other comprehensive (loss)/income of the Group          | (591)                                | 2   | -  | -                              | (589)           |
| <b>As at 30 June 2020</b>  |                                      |   |  |                                |                 |
| Share of net assets of the Group   | 1,026                                | 379                                       | -  | 342                            | 1,747           |
| Goodwill   | -                                    | 68  | -  | 1,258                          | 1,326           |
| Less: Impairment losses  | -                                    | -   | -  | (1,600)                        | (1,600)         |
| Carrying amount in the statements of financial position                        | 1,026                                | 447                                       | -  | -                              | 1,473           |
| <b>Share of results of the Group for the financial year ended 30 June 2020</b> |                                      |   |  |                                |                 |
| Share of loss/other comprehensive loss of the Group                            | (1,952)                              | (53)                                      | (4,021)  | -                              | (6,026)         |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 8. 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 RM5,035,247 (2020: RM4,129,625) of which RM905,622 (2020: RM3,813,317) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

### 9. INVESTMENTS IN JOINT VENTURES

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Unquoted equity shares, at cost       | 1,990          | 2,987          | -              | 997            |
| Long-term advances to a joint venture | -              | 1,413          | -              | 1,413          |
| Share of post-acquisition profits     | 3,973          | 286            | -              | -              |
|                                       | <b>5,963</b>   | 4,686          | -              | 2,410          |
| Less: Impairment losses               | -              | -              | -              | (2,410)        |
|                                       | <b>5,963</b>   | 4,686          | -              | -              |

- (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.
- (b) In the previous financial year, long-term advances to a joint venture were unsecured, settlement was neither planned nor likely to occur in the foreseeable future and interest-free.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

| Name of company   | Country of incorporation/<br>Principal place of business | Effective interest in equity |      | Principal activities                                   |
|---|--|------------------------------|------|--|
|   |  | 2021                         | 2020 |  |
| * Transenergy Shipping Pte. Ltd.                                | Malaysia   | -                            | 50%  | Provision of marine services                           |
| * Transenergy Shipping Management Sdn. Bhd.                     | Malaysia   | -                            | 50%  | Provision of marine services                           |
| <b>Joint ventures of FM Global Logistics Ventures Sdn. Bhd.</b> |  |                              |      |  |
| * FM Global Logistics (Phil.), Inc.                             | Philippines  | <b>50%</b>                   | 50%  | Provision of integrated freight and logistics services |
| *^ Amass Freight Middle East FZCO                               | United Arab Emirates                                     | <b>50%</b>                   | 50%  | Investment holding                                     |

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

^ *Joint venture had financial year ended 31 December 2020 and was equity accounted based on management accounts for the financial year ended 30 June 2021.*

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

| 2021                                 | Transenergy<br>Group<br>of<br>Companies*<br>RM'000 | FM Global<br>Logistics<br>(Phil.), Inc.<br>RM'000 | Amass<br>Freight<br>Middle<br>East FZCO<br>RM'000 |
|--------------------------------------|--|---|---|
| <b>Assets and liabilities</b>        |  |   |   |
| Non-current assets                   | -  | 1,884   | 240   |
| Current assets                       | -  | 11,069  | 8,496   |
| Current liabilities                  | -  | (5,268)   | (6,455)   |
| Net assets                           | -  | 7,685   | 2,281   |
| <b>Results</b>                       |  |   |   |
| Revenue                              | -  | 28,392  | 38,839  |
| Administrative expenses              | -  | (26,217)  | (38,459)  |
| Profit for the financial year        | -  | 2,175   | 380   |
| <b>2020</b>                          |  |   |   |
| <b>Assets and liabilities</b>        |  |   |   |
| Non-current assets                   | 5,176  | 1,963   | 307   |
| Current assets                       | 1,916  | 11,946  | 7,066   |
| Current liabilities                  | (24,551)   | (7,992)   | (5,010)   |
| Net (liabilities)/assets             | (17,459)   | 5,917   | 2,363   |
| <b>Results</b>                       |  |   |   |
| Revenue                              | 201  | 26,616  | 42,173  |
| Administrative expenses              | (728)  | (24,765)  | (41,313)  |
| (Loss)/Profit for the financial year | (527)  | 1,851   | 860   |

\* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd..

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

|  | Transenergy<br>Group<br>of<br>Companies*<br>RM'000 | FM Global<br>Logistics<br>(Phil.), Inc.<br>RM'000 | Amass<br>Freight<br>Middle<br>East FZCO<br>RM'000 | Total<br>RM'000 |
|--|--|---|---|-----------------|
| <b>As at 30 June 2021</b>  |  |   |   |                 |
| Share of net assets of the Group   | -  | 3,842   | 1,141   | 4,983           |
| Goodwill   | -  | 980   | -   | 980             |
| Carrying amount in the<br>statements of financial position                             | -  | 4,822   | 1,141   | 5,963           |
| <b>Share of results of the Group<br/>for the financial year ended<br/>30 June 2021</b> |  |   |   |                 |
| Share of profit by the Group<br>for the financial year                                 | -  | 1,087   | 190   | 1,277           |
| <b>As at 30 June 2020</b>  |  |   |   |                 |
| Share of net assets of the Group   | -  | 2,755   | 951   | 3,706           |
| Goodwill   | -  | 980   | -   | 980             |
| Carrying amount in the<br>statements of financial position                             | -  | 3,735   | 951   | 4,686           |
| <b>Share of results of the Group<br/>for the financial year ended<br/>30 June 2020</b> |  |   |   |                 |
| Share of profit by the Group<br>for the financial year                                 | -  | 925   | 430   | 1,355           |
| Dividend received from joint ventures  | -  | 1,029   | -   | 1,029           |

\* Represent Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd..

- (f) In the previous financial year, the Group had not recognised losses relating to Transenergy Group of Companies, where its share of losses exceeded the Group's interest in these joint ventures. The Group's cumulative share of unrecognised losses at the end of the previous reporting period was RM6,019,675 of which RM263,515 was the share of the previous financial year's losses. The Group had no obligation in respect of these losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 10. OTHER INVESTMENTS

|                                  | Group  |        |
|----------------------------------|--------|--------|
|                                  | 2021   | 2020   |
|                                  | RM'000 | RM'000 |
| <b>Non-current</b>               |        |        |
| Equity security:                 |        |        |
| - Unquoted shares in Malaysia    | 360    | 360    |
| <b>Current</b>                   |        |        |
| Equity securities:               |        |        |
| - Quoted shares outside Malaysia | 1,639  | 835    |
| Total other investments          | 1,999  | 1,195  |

- (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) The Group divested its unit trust funds quoted in Malaysia, at net for a total cash consideration of RM9,539,409 (2020: RM8,026,196).

At the end of the reporting period, the Group recognised a fair value gain of RM39,409 (2020: RM19,405) in the financial statements.

- (e) At the end of the reporting period, the Group recognised a fair value gain on quoted shares of RM804,640 (2020: fair value loss - RM156,519) in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 10. OTHER INVESTMENTS (CONTINUED)

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

|                                  | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Group</b>                     |                   |                   |                   |                 |
| <b>2021</b>                      |                   |                   |                   |                 |
| <b>Other investments</b>         |                   |                   |                   |                 |
| - Unquoted shares in Malaysia    | -                 | -                 | 360               | 360             |
| - Quoted shares outside Malaysia | 1,639             | -                 | -                 | 1,639           |

|                                  | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|----------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Group</b>                     |                   |                   |                   |                 |
| <b>2020</b>                      |                   |                   |                   |                 |
| <b>Other investments</b>         |                   |                   |                   |                 |
| - Unquoted shares in Malaysia    | -                 | -                 | 360               | 360             |
| - Quoted shares outside Malaysia | 835               | -                 | -                 | 835             |

(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<br>17.72 (2020: 32.10) | The higher the price-earnings ratio, the higher the fair values of the unquoted investments would be. |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 11. RIGHT-OF-USE ASSETS

| Group                     | Balance as at 1.7.2020 | Depreciation charge for the financial year | Revaluation surplus | Reassessment of lease liabilities | Reclassification adjustments | Translations adjustments | Balance as at 30.6.2021 |
|---------------------------|------------------------|--|---------------------|-----------------------------------|------------------------------|--------------------------|-------------------------|
|                           | RM'000                 | RM'000                                     | RM'000              | RM'000                            | RM'000                       | RM'000                   | RM'000                  |
| Long-term leasehold land  | 59,359                 | -  | 11,805              | -                                 | -                            | -                        | 70,239                  |
| Motor vehicles            | 8,002                  | 2,512                                      | -                   | -                                 | (92)                         | (12)                     | 8,729                   |
| Forklifts                 | 1,060                  | 906  | -                   | -                                 | -                            | -                        | 1,553                   |
| Prime movers and trailers | 17,355                 | 8,595                                      | -                   | -                                 | (131)                        | -                        | 23,300                  |
| Warehouse                 | 7,562                  | -  | -                   | 3,652                             | -                            | -                        | 6,633                   |
| Office                    | 3,532                  | -  | -                   | 1,208                             | -                            | (43)                     | 2,713                   |
|                           | 96,870                 | 12,013                                     | 11,805              | 4,860                             | (223)                        | (55)                     | 113,167                 |

| Group                     | Balance as at 1.7.2019 | Depreciation charge for the financial year | Additions | Translations adjustments | Balance as at 30.6.2020 |
|---------------------------|------------------------|--|-----------|--------------------------|-------------------------|
|                           | RM'000                 | RM'000                                     | RM'000    | RM'000                   | RM'000                  |
| Long-term leasehold land  | 55,615                 | -  | 4,611     | (867)                    | 59,359                  |
| Motor vehicles            | 7,718                  | 1,907                                      | 1,907     | (1,627)                  | 8,002                   |
| Forklifts                 | 130                    | 1,133                                      | 1,133     | (203)                    | 1,060                   |
| Prime movers and trailers | 13,957                 | 5,303                                      | 5,303     | (1,905)                  | 17,355                  |
| Warehouse                 | 10,625                 | 1,485                                      | 1,485     | (4,548)                  | 7,562                   |
| Office                    | 3,073                  | 2,213                                      | 2,213     | (1,746)                  | 3,532                   |
|                           | 91,118                 | 16,652                                     | 16,652    | (10,896)                 | 96,870                  |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 11. 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%           |
| Forklifts                 | 20%                 |
| Prime movers and trailers | 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 RM70,239,024 (2020: RM59,539,146) is subject to fixed charges as security for banking facilities granted to the Group as disclosed in Notes 25 and 29 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 are 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   |        |
|---------------------------------------|---------|--------|
|                                       | 2021    | 2020   |
|                                       | RM'000  | RM'000 |
| Revaluation reserve                   | 11,805  | -      |
| Deferred tax liabilities (Note 12(a)) | (2,833) | -      |
|                                       | 8,972   | -      |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 11. 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  |        |
|--------------------------|--------|--------|
|                          | 2021   | 2020   |
|                          | RM'000 | RM'000 |
| Long-term leasehold land | 21,676 | 22,074 |

- (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 |
| <b>2021</b>              |         |         |         |        |
| Long-term leasehold land | -       | 70,239  | -       | 70,239 |
| <b>2020</b>              |         |         |         |        |
| Long-term leasehold land | -       | 59,359  | -       | 59,359 |

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2021.
- (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    |          |
|---|----------|----------|
|   | 2021     | 2020     |
|   | RM'000   | RM'000   |
| Right-of-use assets acquired                  | 12,013   | 16,652   |
| Financed by lease liabilities arrangements    | (10,956) | (11,272) |
| Financed by term loans                        | -        | (3,697)  |
| Other payables                                | (388)    | -        |
| Cash payments on right-of-use assets acquired | 669      | 1,683    |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 12. DEFERRED TAX (ASSETS)/LIABILITIES

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

|   | Group          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| Balance as at 1 July 2020/2019                      | 22,543         | 23,350         |
| Acquisition of subsidiaries (Note 37)               | 618            | -              |
| Recognised in profit or loss (Note 33)              |                |                |
| - Originating and reversal of temporary differences | 141            | (962)          |
| - Underprovision in prior years                     | 362            | 237            |
| Recognised in other comprehensive income            |                |                |
| - Actuarial gain/(loss) on defined benefits plan    | 24             | (2)            |
| - Arising from revaluation of land and buildings    | 6,149          | -              |
| Exchange differences                                | 33             | (80)           |
|   | 29,870         | 22,543         |
| Presented after appropriate offsetting              |                |                |
| Deferred tax assets, net                            | (918)          | (1,215)        |
| Deferred tax liabilities, net                       | 30,788         | 23,758         |
|   | 29,870         | 22,543         |

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

|   | Group          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Deferred tax assets</b>                          |                |                |
| Balance as at 1 July 2020/2019                      | (1,215)        | (1,048)        |
| Recognised in profit or loss                        |                |                |
| - Trade receivables                                 | (64)           | (5)            |
| - Provision for post-employment benefits obligation | 58             | (31)           |
| - Unused tax losses                                 | 311            | 31             |
| - Others  | (32)           | (160)          |
| Recognised in other comprehensive income            |                |                |
| - Actuarial gain/(loss) on defined benefits plan    | 24             | (2)            |
| Balance as at 30 June 2021/2020                     | (918)          | (1,215)        |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 12. 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  |        |
|---|--------|--------|
|   | 2021   | 2020   |
|   | RM'000 | RM'000 |
| <b>Deferred tax liabilities</b>                           |        |        |
| Balance as at 1 July 2020/2019                            | 23,758 | 24,398 |
| Acquisition of subsidiaries (Note 37)                     | 618    | -      |
| Recognised in profit or loss                              |        |        |
| - Property, plant and equipment                           | 95     | (203)  |
| - Unrealised gain/(loss) on foreign currency transactions | 428    | (177)  |
| - Crystallisation of deferred tax on revaluation reserve  | (260)  | (260)  |
| Recognised in other comprehensive income                  |        |        |
| - Arising from revaluation of land and buildings          | 6,149  | -      |
|   | 30,788 | 23,758 |

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

|   | Group  |         |
|---|--------|---------|
|   | 2021   | 2020    |
|   | RM'000 | RM'000  |
| <b>Deferred tax assets</b>                              |        |         |
| Trade receivables                                       | (105)  | (41)    |
| Provision for post-employment benefits obligation       | (320)  | (378)   |
| Unused tax losses                                       | (306)  | (617)   |
| Actuarial gain/(loss) on defined benefits plan          | 5      | (19)    |
| Others  | (192)  | (160)   |
|   | (918)  | (1,215) |
| <b>Deferred tax liabilities</b>                         |        |         |
| Property, plant and equipment                           | 9,951  | 9,238   |
| Unrealised gain/(loss) on foreign currency transactions | 10     | (418)   |
| Revaluation of land and buildings                       | 20,827 | 14,938  |
|   | 30,788 | 23,758  |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 12. 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        |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Unused tax losses             | 7,733          | 5,594          | -              | -              |
| Unabsorbed capital allowances | 973            | 648            | -              | -              |
| Others                        | (230)          | (363)          | -              | -              |
|                               | <b>8,476</b>   | 5,879          | -              | -              |

### 13. INVENTORIES

|               | Group          |                |
|---------------|----------------|----------------|
|               | 2021<br>RM'000 | 2020<br>RM'000 |
| Trading goods | 84             | 1,617          |

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM2,108,723 (2020: RM1,398,494).

### 14. TRADE RECEIVABLES

|                         | Group          |                | Company        |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Third parties           | 172,570        | 117,529        | -              | -              |
| Less: Impairment losses | (3,815)        | (2,439)        | -              | -              |
| Total trade receivables | <b>168,755</b> | 115,090        | -              | -              |

- (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 (2020: 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 2021 (CONTINUED)

#### 14. 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<br>amount<br>RM'000 | Loss<br>allowance<br>RM'000 | Carrying<br>amount<br>RM'000 |
|-------------------------|---------------------------|-----------------------------|------------------------------|
| <b>2021</b>             |                           |                             |                              |
| 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                        |
|                         | <b>166,879</b>            | <b>(2,374)</b>              | <b>164,505</b>               |
| Credit impaired:        |                           |                             |                              |
| - individually impaired | 5,691                     | (1,441)                     | 4,250                        |
|                         | <b>172,570</b>            | <b>(3,815)</b>              | <b>168,755</b>               |
| <b>2020</b>             |                           |                             |                              |
| Current (not past due)  | 77,120                    | (341)                       | 76,779                       |
| 1 to 30 days past due   | 11,450                    | (212)                       | 11,238                       |
| 31 to 60 days past due  | 9,833                     | (202)                       | 9,631                        |
| 61 to 90 days past due  | 5,819                     | (176)                       | 5,643                        |
| 91 to 120 days past due | 3,005                     | (159)                       | 2,846                        |
| More than 120 days      | 9,397                     | (897)                       | 8,500                        |
|                         | 116,624                   | (1,987)                     | 114,637                      |
| Credit impaired:        |                           |                             |                              |
| - individually impaired | 905                       | (452)                       | 453                          |
|                         | 117,529                   | (2,439)                     | 115,090                      |

- (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 2021 (CONTINUED)

### 14. TRADE RECEIVABLES (CONTINUED)

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

|                                 | Group          |                |
|---------------------------------|----------------|----------------|
|                                 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July                       | 2,439          | 1,879          |
| Charged for the financial year  | 2,054          | 808            |
| Reversal for the financial year | (514)          | (219)          |
| Written off                     | (151)          | (5)            |
| Disposal of a subsidiary        | -              | (22)           |
| Exchange differences            | (13)           | (2)            |
| At 30 June                      | <b>3,815</b>   | 2,439          |

(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:

|                   | 2021           |               | Group   |               | 2020   |               |
|-------------------|----------------|---------------|---------|---------------|--------|---------------|
|                   | RM'000         | % of<br>total | RM'000  | % of<br>total | RM'000 | % of<br>total |
| <b>By country</b> |                |               |         |               |        |               |
| Domestic          | 120,223        | 71            | 87,805  | 76            |        |               |
| Foreign           | 48,532         | 29            | 27,285  | 24            |        |               |
|                   | <b>168,755</b> | <b>100</b>    | 115,090 | 100           |        |               |

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 70.41% (2020: 53.53%) 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          |                |
|-------------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | 120,223        | 87,805         |
| US Dollar         | 19,895         | 8,255          |
| Singapore Dollar  | 23             | 20             |
| Australian Dollar | 9,404          | 6,118          |
| Thai Baht         | 5,277          | 2,873          |
| Indonesian Rupiah | 10,019         | 7,398          |
| Vietnamese Dong   | 1,097          | 794            |
| Indian Rupee      | 2,672          | 1,805          |
| Others            | 145            | 22             |
|                   | <b>168,755</b> | 115,090        |

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 14. 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          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM against foreign currencies</b> |                |                |
| <b>Profit after tax</b>                                       |                |                |
| - US Dollar   | 713            | 306            |

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

#### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Other receivables and deposits</b> |                |                |                |                |
| Other receivables                     | 15,437         | 6,566          | -              | 148            |
| Less: Impairment losses               | (1,299)        | -              | -              | -              |
|                                       | 14,138         | 6,566          | -              | 148            |
| Deposits                              | 10,312         | 5,041          | 1              | 1              |
|                                       | 24,450         | 11,607         | 1              | 149            |
| <b>Prepayments</b>                    |                |                |                |                |
| Prepayments                           | 6,815          | 6,492          | 5              | 768            |
|                                       | 31,265         | 18,099         | 6              | 917            |

- (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        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July                      | -              | -              | -              | -              |
| Charged for the financial year | 1,299          | -              | -              | -              |
| At 30 June                     | 1,299          | -              | -              | -              |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

|                   | Group          |                | Company        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | 2,524          | 4,568          | -              | 148            |
| Indonesian Rupiah | 963            | 57             | -              | -              |
| Australian Dollar | 624            | 1,355          | -              | -              |
| Thai Baht         | 3,638          | 219            | -              | -              |
| Vietnamese Dong   | 139            | 176            | -              | -              |
| US Dollar         | 5,776          | 12             | -              | -              |
| Indian Rupee      | 465            | 179            | -              | -              |
| Singapore Dollar  | 9              | -              | -              | -              |
|                   | <b>14,138</b>  | 6,566          | -              | 148            |

(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          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM against foreign currencies</b> |                |                |
| <b>Profit after tax</b>                                       |                |                |
| - US Dollar   | 219            | -              |
| - Thai Baht   | 131            | 2              |

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

### 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

|                               | Company        |                |
|-------------------------------|----------------|----------------|
|                               | 2021<br>RM'000 | 2020<br>RM'000 |
| Amounts owing by subsidiaries | 37,229         | 20,232         |
| Amounts owing to subsidiaries | (4,458)        | (7,711)        |

#### 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

### 30 JUNE 2021 (CONTINUED)

#### 16. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)

(d) The reconciliation of movements in the impairment losses on amounts owing by subsidiaries are as follows:

|   | Company        |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July   | -              | 3,511          |
| Reclassified to amount owing by a related company | -              | (3,511)        |
| At 30 June  | -              | -              |

#### 17. AMOUNTS OWING BY/(TO) ASSOCIATES

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Amounts owing by associates  | 3,356          | 6,870          | 3,076          | 3,481          |
| Less: Impairment losses      | (3,076)        | (1,568)        | (3,076)        | (1,359)        |
|                              | 280            | 5,302          | -              | 2,122          |
| Amount owing to an associate | (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        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July                      | 1,568          | 882            | 1,359          | 673            |
| Charged for the financial year | 1,508          | 686            | 1,717          | 686            |
| At 30 June                     | 3,076          | 1,568          | 3,076          | 1,359          |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 17. AMOUNTS OWING BY/(TO) ASSOCIATES (CONTINUED)

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

|                  | Group          |                | Company        |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia | -              | 2,353          | -              | 430            |
| Singapore Dollar | -              | 1,000          | -              | -              |
| Thai Baht        | <b>280</b>     | 1,949          | -              | 1,692          |
|                  | <b>280</b>     | 5,302          | -              | 2,122          |

(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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM against foreign currencies</b> |                |                |                |                |
| <b>Profit after tax</b>                                       |                |                |                |                |
| - Singapore Dollar  | -              | 38             | -              | -              |
| - Thai Baht   | -              | 65             | -              | 64             |
|   | -              | 103            | -              | 64             |

(f) Amount owing to an associate was denominated in RM.

### 18. AMOUNT OWING BY A RELATED COMPANY

|                                   | Company        |                |
|-----------------------------------|----------------|----------------|
|                                   | 2021<br>RM'000 | 2020<br>RM'000 |
| Amount owing by a related company | <b>19,151</b>  | 12,952         |
| Less: Impairment losses           | <b>(3,511)</b> | (3,511)        |
|                                   | <b>15,640</b>  | 9,441          |

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 18. AMOUNT OWING BY A RELATED COMPANY (CONTINUED)

- (c) The reconciliation of movements in the impairment losses on amount owing by a related company are as follows:

|   | Company        |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July                                       | 3,511          | -              |
| Reclassified from amounts owing by subsidiaries | -              | 3,511          |
| At 30 June                                      | <b>3,511</b>   | <b>3,511</b>   |

#### 19. AMOUNTS OWING BY RELATED PARTIES

##### Group

- (a) The amounts owing by related parties represent trade transactions that have credit terms ranging from 30 to 60 days (2020: 30 to 60 days) from date of invoices.
- (b) 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.
- (c) Amounts owing by related parties are denominated in RM.

#### 20. AMOUNTS OWING BY/(TO) JOINT VENTURES

|                                 | Group          |                | Company        |                |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Amounts owing by joint ventures | 169            | 7,078          | -              | 6,841          |
| Less: Impairment losses         | -              | (1,758)        | -              | (1,758)        |
|                                 | <b>169</b>     | <b>5,320</b>   | <b>-</b>       | <b>5,083</b>   |
| Amount owing to a joint venture | <b>(142)</b>   | <b>(98)</b>    | <b>-</b>       | <b>-</b>       |

##### Group and Company

- (a) 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 (2020: 30 to 60 days) from date of invoices.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 20. AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

#### Group and Company

- (b) The maturity profile of amount owing to a joint venture 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 joint ventures are as follows:

|             | Group          |                | Company        |                |
|-------------|----------------|----------------|----------------|----------------|
|             | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July   | 1,758          | 1,758          | 1,758          | 1,758          |
| Written off | (1,758)        | -              | (1,758)        | -              |
| At 30 June  | -              | 1,758          | -              | 1,758          |

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

|                  | Group          |                | Company        |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Singapore Dollar | -              | 103            | -              | 103            |
| US Dollar        | 169            | 5,217          | -              | 4,980          |
|                  | 169            | 5,320          | -              | 5,083          |

- (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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM<br/>against foreign currencies</b> |                |                |                |                |
| <b>Profit after tax</b>   |                |                |                |                |
| - US Dollar   | 6              | 198            | -              | 189            |

The exposure to the other currency is not significant, hence the effect of the change in the exchange rate is not presented.

- (f) Amount owing to a joint venture 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 2021 (CONTINUED)

### 21. CASH AND CASH EQUIVALENTS

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Cash in hand                       | 333            | 423            | -              | -              |
| Cash at bank                       | 49,128         | 51,727         | 6,301          | 13,159         |
| Fixed deposits with licensed banks | 5,365          | 5,822          | -              | -              |
|                                    | <b>54,826</b>  | 57,972         | <b>6,301</b>   | 13,159         |

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

|  | Group        |       |
|--|--------------|-------|
|  | 2021         | 2020  |
| Weighted average effective interest rate |              |       |
| - Fixed rate                             | <b>1.30%</b> | 1.60% |

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 2021 have maturity periods ranging from 1 month to 12 months (2020: 3 months to 12 months).
- (c) Included in the fixed deposits with licensed banks of the Group is an amount of RM4,837,486 (2020: RM3,955,574), which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 29 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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Cash and bank balances   | 49,461         | 52,150         | 6,301          | 13,159         |
| Fixed deposits with licensed banks   | 5,365          | 5,822          | -              | -              |
|  | <b>54,826</b>  | 57,972         | <b>6,301</b>   | 13,159         |
| Less:  |                |                |                |                |
| Bank overdrafts - secured (Note 29)  | (3,410)        | (4,025)        | -              | -              |
| Fixed deposits placed with licensed banks with original maturity of more than three (3) months | (528)          | (517)          | -              | -              |
| Fixed deposits pledged to licensed banks   | (4,837)        | (3,955)        | -              | -              |
|  | <b>46,051</b>  | 49,475         | <b>6,301</b>   | 13,159         |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 21. 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        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | 29,912         | 31,709         | 6,294          | 13,152         |
| Singapore Dollar  | 2,562          | 853            | -              | -              |
| US Dollar         | 9,063          | 13,510         | 4              | 4              |
| Indonesian Rupiah | 5,537          | 5,577          | -              | -              |
| Thai Baht         | 1,827          | 3,098          | -              | -              |
| Australian Dollar | 5,377          | 2,231          | -              | -              |
| Vietnamese Dong   | 406            | 768            | -              | -              |
| Indian Rupee      | 34             | 44             | -              | -              |
| Euro              | 20             | 58             | -              | -              |
| Hong Kong Dollar  | 88             | 124            | 3              | 3              |
|                   | <b>54,826</b>  | 57,972         | <b>6,301</b>   | 13,159         |

- (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          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM<br/>against foreign currencies</b> |                |                |
| <b>Profit after tax</b>   |                |                |
| - US Dollar   | <b>264</b>     | 479            |

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 2021 (CONTINUED)

### 21. CASH AND CASH EQUIVALENTS (CONTINUED)

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

| Group   | Term<br>loans<br>RM'000 | Lease<br>liabilities<br>RM'000 | Revolving<br>credit<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|--------------------------------|-------------------------------|-----------------|
| <b>2021</b>   |                         |                                |                               |                 |
| 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 24)                      | -                       | 4,860                          | -                             | 4,860           |
| Finance charges recognised in cost of sales           | -                       | 514                            | -                             | 514             |
| Finance charges recognised in finance costs (Note 31) | 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 30 JUNE 2021 (CONTINUED)

### 21. CASH AND CASH EQUIVALENTS (CONTINUED)

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

| Group   | Term<br>loans<br>RM'000 | Lease<br>liabilities<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|--------------------------------|-----------------|
| <b>2020</b>   |                         |                                |                 |
| At 1 July   | 49,349                  | 33,140                         | 82,489          |
| <u>Changes in financing cash flows</u>                |                         |                                |                 |
| Proceeds from drawdown                                | 7,650                   | -                              | 7,650           |
| Repayment of borrowing principal                      | (5,243)                 | (11,733)                       | (16,976)        |
| Repayment of borrowing interests                      | (2,264)                 | (2,195)                        | (4,459)         |
|   | 143                     | (13,928)                       | (13,785)        |
| <u>Non-cash changes</u>                               |                         |                                |                 |
| Acquisition of new leases                             | -                       | 11,272                         | 11,272          |
| Finance charges recognised in cost of sales           | -                       | 758                            | 758             |
| Finance charges recognised in finance costs (Note 31) | 2,264                   | 1,437                          | 3,701           |
| Foreign translation differences                       | -                       | 6                              | 6               |
|   | 2,264                   | 13,473                         | 15,737          |
| At 30 June  | 51,756                  | 32,685                         | 84,441          |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 22. SHARE CAPITAL

|                                    | Group and Company           |                |                             |         |
|------------------------------------|-----------------------------|----------------|-----------------------------|---------|
|                                    | 2021                        |                | 2020                        |         |
|                                    | Number<br>of shares<br>'000 | RM'000         | Number<br>of shares<br>'000 | RM'000  |
| <b>Issued and fully paid</b>       |                             |                |                             |         |
| At beginning of the financial year | 279,222                     | 104,290        | 279,222                     | 104,290 |
| Issuance of bonus issue            | 279,223                     | -              | -                           | -       |
| At end of the financial year       | <b>558,445</b>              | <b>104,290</b> | 279,222                     | 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) During the 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 shares held in the Company on 17 June 2021.

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

### 23. RESERVES

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Non-distributable:                   |                |                |                |                |
| Foreign exchange translation reserve | (115)          | 2,139          | -              | -              |
| Revaluation reserve                  | 84,347         | 57,680         | -              | -              |
|                                      | <b>84,232</b>  | 59,819         | -              | -              |
| Distributable:                       |                |                |                |                |
| Retained earnings                    | 143,877        | 126,452        | 13,141         | 3,228          |
|                                      | <b>228,109</b> | 186,271        | <b>13,141</b>  | 3,228          |

- (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 30 JUNE 2021 (CONTINUED)

### 24. LEASE LIABILITIES

|  | Group          |                |
|--|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 |
| At 1 July                                    | 32,685         | 33,140         |
| Additions                                    | 10,956         | 11,272         |
| Interest expense recognised in cost of sales | 514            | 758            |
| Interest expense recognised in finance costs | 1,173          | 1,437          |
| Changes due to reassessment of lease term    | 4,860          | -              |
| Repayment of principal                       | (12,474)       | (11,733)       |
| Repayment of interest expense                | (1,687)        | (2,195)        |
| Exchange differences                         | (41)           | 6              |
|  | 35,986         | 32,685         |
|  | 35,986         | 32,685         |
| Analysed by:-                                |                |                |
| Current liabilities                          | 14,216         | 10,859         |
| Non-current liabilities                      | 21,770         | 21,826         |
|  | 35,986         | 32,685         |
|  | 35,986         | 32,685         |

- (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<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Total<br>RM'000 |
|-------------------|------------------------------|--------------------------------|-----------------|
| <b>2021</b>       |                              |                                |                 |
| Lease liabilities | 15,796                       | 23,329                         | 39,125          |
|                   | 15,796                       | 23,329                         | 39,125          |
| <b>2020</b>       |                              |                                |                 |
| Lease liabilities | 12,332                       | 23,454                         | 35,786          |
|                   | 12,332                       | 23,454                         | 35,786          |
|                   | 12,332                       | 23,454                         | 35,786          |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 24. LEASE LIABILITIES (CONTINUED)

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

|                   | Group          |                |
|-------------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | 35,028         | 30,703         |
| Australian Dollar | 360            | 404            |
| Indonesian Rupiah | 132            | 740            |
| Thai Baht         | 264            | 452            |
| Vietnamese Dong   | 148            | 316            |
| Indian Rupee      | 54             | 70             |
|                   | <b>35,986</b>  | <b>32,685</b>  |

(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.

### 25. TERM LOANS

|                         | Group          |                |
|-------------------------|----------------|----------------|
|                         | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Secured</b>          |                |                |
| Term loan I             | 649            | 922            |
| Term loan II            | 580            | 773            |
| Term loan III           | 19,021         | 22,018         |
| Term loan IV            | 19,049         | 20,385         |
| Term loan V             | 7,357          | 7,658          |
| Term loan VI            | 251            | -              |
| <b>Total term loans</b> | <b>46,907</b>  | <b>51,756</b>  |

Term loans are repayable as follows:

Current liabilities:

|                               |       |       |
|-------------------------------|-------|-------|
| - not later than one (1) year | 7,439 | 5,099 |
|-------------------------------|-------|-------|

Non-current liabilities:

|  |               |               |
|--|---------------|---------------|
| - later than one (1) year but not later than two (2) years   | 7,032         | 7,188         |
| - later than two (2) years but not later than five (5) years | 18,644        | 20,084        |
| - later than five (5) years                                  | 13,792        | 19,385        |
|  | <b>39,468</b> | <b>46,657</b> |
|  | <b>46,907</b> | <b>51,756</b> |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 25. 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% (2020: 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% (2020: 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 5 and 11 to the financial statements and are guaranteed by the Company.

- (b) Term loan III is repayable by 119 monthly instalments of RM330,000 plus one final instalment of RM373,300 and bears interest at 1.00% (2020: 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 5 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% (2020: 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 5 and 11 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% (2020: 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 5 and 11 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.

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

|               | <b>Group</b>  |               |
|---------------|---------------|---------------|
|               | <b>2021</b>   | <b>2020</b>   |
|               | <b>RM'000</b> | <b>RM'000</b> |
| Floating rate | <b>46,907</b> | 51,756        |

- (g) The weighted average effective interest rate of the term loans of the Group as at the end of the reporting period is 3.34% (2020: 3.60%).

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 25. TERM LOANS (CONTINUED)

- (h) 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.

- (i) 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<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over five<br>years<br>RM'000 | Total<br>RM'000 |
|-------------|------------------------------|--------------------------------|------------------------------|-----------------|
| <b>2021</b> |                              |                                |                              |                 |
| Term loans  | 8,926                        | 29,069                         | 15,009                       | 53,004          |
| <b>2020</b> |                              |                                |                              |                 |
| Term loans  | 6,884                        | 31,945                         | 21,242                       | 60,071          |

- (j) 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 due to it represents the functional currency of the entity of the Group.
- (k) 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          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 100bp changes to profit after tax</b> |                |                |
| Floating rate instruments                           | 356            | 393            |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 26. 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          |                |
|--|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 |
| Present value of defined benefits obligation | <b>1,579</b>   | 1,807          |

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

|                                      | Group          |                |
|--------------------------------------|----------------|----------------|
|                                      | 2021<br>RM'000 | 2020<br>RM'000 |
| Balance as at 1 July 2020/2019       | <b>1,807</b>   | 1,453          |
| Current service cost                 | <b>195</b>     | 206            |
| Net interest cost                    | <b>134</b>     | 116            |
| Excess benefits paid                 | <b>17</b>      | 38             |
| Past service cost                    | <b>(372)</b>   | -              |
| Included in profit or loss (Note 32) | <b>(26)</b>    | 360            |

#### Re-measurements

Actuarial losses from:

- Effect on changes in actuarial assumptions
- Experience adjustments

Included in other comprehensive income (Note 33(d))

Exchange differences

Benefits paid

Balance as at 30 June 2021/2020

|              |       |
|--------------|-------|
| <b>93</b>    | 42    |
| <b>(204)</b> | (33)  |
| <b>(111)</b> | 9     |
| <b>(71)</b>  | 26    |
| <b>(20)</b>  | (41)  |
| <b>1,579</b> | 1,807 |

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 26. POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)

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

|  | Group          |                |
|--|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 |
| Opening defined benefits obligation                              | 1,807          | 1,453          |
| Current service cost   | 195            | 206            |
| Net interest cost  | 134            | 116            |
| Excess benefits paid   | 17             | 38             |
| Past service cost  | (372)          | -              |
| <b>Re-measurement gains/(losses):</b>                            |                |                |
| - Actuarial gains and losses on benefits payments                | (204)          | (33)           |
| - Actuarial gains and losses on changes in actuarial assumptions | 93             | 42             |
| Benefits paid  | (20)           | (41)           |
| Foreign currencies translation                                   | (71)           | 26             |
| Closing defined benefits obligation                              | <b>1,579</b>   | 1,807          |

(d) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

|                                | Group     |           |
|--------------------------------|-----------|-----------|
|                                | 2021<br>% | 2020<br>% |
| Discount rate                  | 7.55      | 8.00      |
| Expected rate of wage increase | 10.00     | 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 2021 (CONTINUED)

### 27. TRADE PAYABLES

|                | Group          |                | Company        |                |
|----------------|----------------|----------------|----------------|----------------|
|                | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Trade payables | 53,963         | 38,904         | -              | -              |

- (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 (2020: 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          |                |
|-------------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | 29,925         | 22,079         |
| US Dollar         | 13,529         | 9,950          |
| Australian Dollar | 3,929          | 2,606          |
| Indonesian Rupiah | 1,033          | 1,000          |
| Indian Rupee      | 1,516          | 1,017          |
| Thai Baht         | 1,841          | 815            |
| Euro              | 1,218          | 615            |
| Singapore Dollar  | 359            | 65             |
| Vietnamese Dong   | 286            | 363            |
| Japanese Yen      | 44             | 206            |
| Others            | 283            | 188            |
|                   | <b>53,963</b>  | <b>38,904</b>  |

- (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          |                |
|---|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Effects of 5% changes to RM against foreign currencies</b> |                |                |
| <b>Profit after tax</b>                                       |                |                |
| - US Dollar   | 450            | 378            |

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 2021 (CONTINUED)

#### 28. OTHER PAYABLES AND ACCRUALS

|                | Group          |                | Company        |                |
|----------------|----------------|----------------|----------------|----------------|
|                | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Other payables | <b>8,531</b>   | 6,965          | <b>32</b>      | -              |
| Accruals       | <b>32,082</b>  | 16,848         | <b>145</b>     | 133            |
|                | <b>40,613</b>  | 23,813         | <b>177</b>     | 133            |

- (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        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Ringgit Malaysia  | <b>34,066</b>  | 17,729         | <b>177</b>     | 133            |
| Australian Dollar | <b>2,567</b>   | 2,158          | -              | -              |
| Indonesian Rupiah | <b>2,434</b>   | 1,672          | -              | -              |
| Hong Kong Dollar  | <b>21</b>      | 896            | -              | -              |
| US Dollar         | <b>270</b>     | 456            | -              | -              |
| Thai Baht         | <b>786</b>     | 633            | -              | -              |
| Indian Rupee      | <b>278</b>     | 201            | -              | -              |
| Others            | <b>191</b>     | 68             | -              | -              |
|                   | <b>40,613</b>  | 23,813         | <b>177</b>     | 133            |

- (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 2021 (CONTINUED)

### 29. SHORT-TERM BORROWINGS

|                           | <b>Group</b>  |               |
|---------------------------|---------------|---------------|
|                           | <b>2021</b>   | <b>2020</b>   |
|                           | <b>RM'000</b> | <b>RM'000</b> |
| Bank overdrafts - secured | <b>3,410</b>  | 4,025         |
| Revolving credit          | <b>14,500</b> | -             |
|                           | <b>17,910</b> | 4,025         |
|                           | <b>17,910</b> | 4,025         |

- (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 21);
  - (ii) long-term leasehold land and buildings of the Group (Notes 5 and 11); 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:

|                  | <b>Group</b>  |               |
|------------------|---------------|---------------|
|                  | <b>2021</b>   | <b>2020</b>   |
|                  | <b>RM'000</b> | <b>RM'000</b> |
| Ringgit Malaysia | <b>16,470</b> | 2,550         |
| Indian Rupee     | <b>1,440</b>  | 1,475         |
|                  | <b>17,910</b> | 4,025         |
|                  | <b>17,910</b> | 4,025         |

- (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 due to 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 6.70% and 3.39% (2020: 6.34% and nil) 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 2021 (CONTINUED)

#### 30. REVENUE

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| <b>Revenue from Contracts with Customers</b> |                |                |                |                |
| Freight and forwarding services              | 761,402        | 549,924        | -              | -              |
| Sale of goods                                | 2,029          | 1,685          | -              | -              |
| <b>Revenue from Other Sources</b>            |                |                |                |                |
| Dividend income                              | -              | -              | 30,559         | 12,700         |
| Management fees                              | -              | -              | -              | 3,471          |
|  | <b>763,431</b> | <b>551,609</b> | <b>30,559</b>  | <b>16,171</b>  |
| <b>Timing of revenue recognition</b>         |                |                |                |                |
| Over time:                                   |                |                |                |                |
| Freight and forwarding services              | 761,402        | 549,924        | -              | -              |
| Management fees                              | -              | -              | -              | 3,471          |
| At a point in time:                          |                |                |                |                |
| Sale of goods                                | 2,029          | 1,685          | -              | -              |
| Dividend income                              | -              | -              | 30,559         | 12,700         |
|  | <b>763,431</b> | <b>551,609</b> | <b>30,559</b>  | <b>16,171</b>  |

Disaggregation of revenue from contracts with customers based on geographical location has been presented in the operating segments, Note 4 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 2021 (CONTINUED)

### 30. 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 and forwarding 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.

#### (d) Management fee

Management fee is recognised over time as the services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 31. FINANCE COSTS

|                      | Group          |                | Company        |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Interest expense on: |                |                |                |                |
| - bank overdrafts    | 176            | 137            | -              | -              |
| - lease liabilities  | 1,173          | 1,437          | -              | -              |
| - revolving credit   | 260            | -              | -              | -              |
| - term loans         | 1,669          | 2,264          | -              | -              |
| - others             | -              | 93             | -              | -              |
|                      | <b>3,278</b>   | <b>3,931</b>   | <b>-</b>       | <b>-</b>       |

### 32. 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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit before tax is arrived at after charging: |                |                |                |                |
| Auditors' remuneration:                         |                |                |                |                |
| Crowe Malaysia                                  |                |                |                |                |
| - statutory audit:                              |                |                |                |                |
| - current year                                  | 202            | 190            | 65             | 63             |
| - underprovision in prior year                  | -              | 1              | -              | -              |
| - non-statutory:                                |                |                |                |                |
| - current year                                  | 39             | 40             | 39             | 40             |
| - underprovision in prior year                  | -              | 3              | -              | 3              |
| Crowe Global Member Firms                       |                |                |                |                |
| - statutory audit:                              |                |                |                |                |
| - current year                                  | 47             | 59             | -              | -              |
| Other auditors                                  |                |                |                |                |
| - statutory audit:                              |                |                |                |                |
| - current year                                  | 104            | 60             | -              | -              |
| Amortisation of intangible assets               | 508            | 527            | -              | -              |
| Bad debts written off:                          |                |                |                |                |
| - other receivables                             | 270            | -              | 233            | -              |
| - trade receivables                             | 488            | 1,097          | -              | -              |
| Depreciation:                                   |                |                |                |                |
| - property, plant and equipment                 | 8,316          | 8,413          | -              | -              |
| - right-of-use assets                           | 12,103         | 10,896         | -              | -              |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 32. 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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit before tax is arrived at after charging (continued): |                |                |                |                |
| Directors' remunerations:                                   |                |                |                |                |
| - Fees:   |                |                |                |                |
| - payable by the Company                                    | 478            | 477            | 478            | 477            |
| - payable by the subsidiaries                               | 248            | 223            | -              | -              |
| - Other emoluments:   |                |                |                |                |
| - paid by the Company                                       | 41             | 44             | 41             | 44             |
| - paid by the subsidiaries                                  | 13,466         | 11,460         | -              | -              |
| Expenses relating to short-term leases                      | 2,989          | 2,552          | -              | -              |
| Fair value loss on quoted shares                            | -              | 157            | -              | -              |
| Impairment losses on:                                       |                |                |                |                |
| - amounts owing by associates                               | 1,508          | 686            | 1,717          | 686            |
| - goodwill  | 764            | -              | -              | -              |
| - investments in associates                                 | -              | -              | 1,038          | 6,049          |
| - investments in subsidiaries                               | -              | -              | 4,481          | -              |
| - other receivables   | 1,299          | -              | -              | -              |
| - property, plant and equipment                             | 702            | -              | -              | -              |
| - trade receivables   | 2,054          | 808            | -              | -              |
| Loss on disposal of an associate                            | 152            | -              | 1,499          | -              |
| Loss on foreign currency transactions:                      |                |                |                |                |
| - realised  | 1,472          | 1,342          | -              | -              |
| - unrealised  | 501            | 1,732          | -              | -              |
| Management fees paid to a subsidiary                        | -              | -              | -              | 2,400          |
| Property, plant and equipment written off                   | 510            | 791            | -              | -              |
| Provision for post-employment benefits obligation           | -              | 360            | -              | -              |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 32. 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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit before tax is arrived at after crediting:   |                |                |                |                |
| Bad debts recovered                                | -              | 46             | -              | -              |
| Fair value gain on:                                |                |                |                |                |
| - short-term fund                                  | 39             | 19             | -              | -              |
| - quoted shares                                    | 804            | -              | -              | -              |
| Gain on disposal of:                               |                |                |                |                |
| - a subsidiary                                     | -              | 41             | -              | -              |
| - property, plant and equipment                    | 217            | 511            | -              | -              |
| Gain on foreign currency transactions:             |                |                |                |                |
| - realised   | 254            | 733            | 1              | -              |
| - unrealised                                       | 120            | 613            | -              | 463            |
| Gain on remeasurement of previously held interests | 736            | -              | 736            | -              |
| Gross dividends from:                              |                |                |                |                |
| - subsidiaries                                     | -              | -              | 30,559         | 12,700         |
| - quoted shares                                    | 26             | 60             | -              | -              |
| Interest income received from:                     |                |                |                |                |
| - fixed deposits and repo                          | 105            | 120            | -              | -              |
| - current and savings accounts                     | 111            | 220            | 33             | 104            |
| - an associate                                     | 24             | 161            | 4              | 28             |
| Management fees received from:                     |                |                |                |                |
| - subsidiaries                                     | -              | -              | -              | 3,471          |
| - a third party                                    | 144            | 184            | -              | -              |
| Lease income from:                                 |                |                |                |                |
| - third parties                                    | 4,712          | 4,687          | -              | -              |
| - an associate                                     | -              | 3              | -              | -              |
| Provision for post-employment benefits obligation  | 26             | -              | -              | -              |
| Reversal of impairment losses on:                  |                |                |                |                |
| - trade receivables                                | 514            | 219            | -              | -              |

(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 2021 (CONTINUED)

### 33. TAX EXPENSE

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Current tax expense based on profit for the financial year | 12,655         | 8,085          | 9              | 10             |
| Deferred tax (Note 12)                                     | 141            | (962)          | -              | -              |
|  | <b>12,796</b>  | 7,123          | <b>9</b>       | 10             |
| Under/(Over)provision in prior years:                      |                |                |                |                |
| - income tax   | (131)          | 161            | -              | (10)           |
| - deferred tax (Note 12)                                   | 362            | 237            | -              | -              |
|  | <b>231</b>     | 398            | -              | (10)           |
| Total income tax expense                                   | <b>13,027</b>  | 7,521          | <b>9</b>       | -              |

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2020: 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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Profit before tax  | 42,496         | 20,267         | 21,091         | 5,807          |
| Tax at the statutory rate of 24% (2020: 24%)                 | 10,199         | 4,864          | 5,062          | 1,394          |
| Tax effects in respect of:                                   |                |                |                |                |
| Share of results of associates                               | 141            | 1,446          | -              | -              |
| Share of results of joint ventures                           | (306)          | (325)          | -              | -              |
| Non-allowable expenses                                       | 3,953          | 1,669          | 2,458          | 1,664          |
| Non-taxable income   | (1,441)        | (562)          | (7,511)        | (3,048)        |
| Deferred tax assets not recognised                           | 754            | 402            | -              | -              |
| Utilisation of deferred tax assets previously not recognised | (131)          | (120)          | -              | -              |
| Crystallisation of deferred tax on revaluation reserve       | (260)          | (260)          | -              | -              |
| Lower tax rate in foreign jurisdiction                       | (113)          | 9              | -              | -              |
|  | <b>12,796</b>  | 7,123          | <b>9</b>       | 10             |
| Under/(Over)provision in prior years:                        |                |                |                |                |
| - income tax   | (131)          | 161            | -              | (10)           |
| - deferred tax   | 362            | 237            | -              | -              |
|  | <b>13,027</b>  | 7,521          | <b>9</b>       | -              |



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 33. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

|   | Group                   |                                 |                        |                         |                                 |                        |
|---|-------------------------|---------------------------------|------------------------|-------------------------|---------------------------------|------------------------|
|   | Before<br>tax<br>RM'000 | 2021<br>Tax<br>effect<br>RM'000 | After<br>tax<br>RM'000 | Before<br>tax<br>RM'000 | 2020<br>Tax<br>effect<br>RM'000 | After<br>tax<br>RM'000 |
| <b>Items that will be reclassified subsequently to profit or loss</b>     |                         |                                 |                        |                         |                                 |                        |
| Foreign currency translations   | (2,615)                 | -                               | (2,615)                | 578                     | -                               | 578                    |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |                         |                                 |                        |                         |                                 |                        |
| Actuarial loss on defined benefits plan (Note 26)                         | 111                     | (24)                            | 87                     | (9)                     | 2                               | (7)                    |
| Revaluation surplus on land and buildings (Note 5)                        | 21,813                  | (3,316)                         | 18,497                 | -                       | -                               | -                      |
| Revaluation surplus on long-term leasehold land (Note 11)                 | 11,805                  | (2,833)                         | 8,972                  | -                       | -                               | -                      |

### 34. DIVIDENDS

|  | Group and Company                     |   |                                       |   |
|--|---------------------------------------|---|---------------------------------------|---|
|  | 2021                                  |   | 2020                                  |   |
|  | Gross<br>dividend<br>per share<br>sen | Amount<br>of dividend<br>net of tax<br>RM'000 | Gross<br>dividend<br>per share<br>sen | Amount<br>of dividend<br>net of tax<br>RM'000 |
| In respect of the financial year ended 30 June 2020/2019 |                                       |   |                                       |   |
| - Second interim single tier dividend                    | 1.0                                   | 2,792   | 2.5                                   | 6,981   |
| In respect of the financial year ended 30 June 2021/2020 |                                       |   |                                       |   |
| - First interim single tier dividend                     | 1.0                                   | 2,792   | 1.0                                   | 2,792   |
| - Second interim single tier dividend                    | 2.0                                   | 5,585   | -                                     | -   |
|  | <b>4.0</b>                            | <b>11,169</b>                                 | 3.5                                   | 9,773   |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 34. DIVIDENDS (CONTINUED)

The Company paid a third interim single tier dividend of 1.0 sen per ordinary share amounting to RM5,584,448 for the financial year ended 30 June 2021 on 18 October 2021. 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 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2021.

### 35. EMPLOYEE BENEFITS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Salaries, wages and bonuses                 | 88,604         | 72,698         | 41             | 44             |
| Contributions to defined contribution plans | 9,256          | 7,800          | -              | -              |
| Social security contributions               | 631            | 636            | -              | -              |
| Defined benefits plan (Note 26)             | (26)           | 360            | -              | -              |
| Other benefits                              | 2,948          | 2,154          | -              | -              |
|   | <b>101,413</b> | 83,648         | <b>41</b>      | 44             |

Included in the employee benefits of the Group and of the Company are Directors' remunerations amounting to RM13,506,706 (2020: RM11,503,964) and RM41,000 (2020: RM43,500) respectively.

### 36. 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        |                            |
|--|--------------|----------------------------|
|  | 2021<br>'000 | 2020<br>'000<br>(Restated) |
| Profit attributable to equity holders of the parent (RM)   | 27,035       | 12,045                     |
| Weighted average number of ordinary shares in issue (unit)   | 279,222      | 279,222                    |
| Effect of bonus issue (unit)   | 279,223      | 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)  | 4.84         | 2.16                       |

\* The weighted average number of ordinary shares for the previous financial year has been restated to reflect the retrospective adjustments arising from the Bonus Issue Exercise which was completed during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 36. 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          |                            |
|---|----------------|----------------------------|
|   | 2021<br>'000   | 2020<br>'000<br>(Restated) |
| Profit attributable to equity holders of the parent (RM)  | <b>27,035</b>  | 12,045                     |
| Adjusted weighted average number of ordinary shares in issue applicable to diluted earnings per ordinary share (unit) | <b>558,445</b> | 558,445                    |
| Diluted earnings per ordinary share (sen)   | <b>4.84</b>    | 2.16                       |

#### 37. ACQUISITION OF SUBSIDIARIES

On 30 November 2020, the Company acquired an additional 50% equity interest in Transenergy Shipping Pte. Ltd. and Transenergy Shipping Management Sdn. Bhd. ("Transenergy Group") for a total cash consideration of RM1,500,001. Prior to the acquisition, Transenergy Group were joint ventures of the Company.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed of Transenergy Group at the date of acquisition:

##### (a) Identifiable assets acquired and liabilities assumed

|                                    | Group<br>2021<br>RM'000 |
|------------------------------------|-------------------------|
| Equipment (Note 5)                 | 6,510                   |
| Trade and other receivables        | 114                     |
| Cash and cash equivalents          | 604                     |
| Deferred tax liabilities (Note 12) | (618)                   |
| Trade and other payables           | (5,138)                 |
|                                    | <b>1,472</b>            |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### (b) Net cash flows arising from acquisition of Transenergy Group

|   | Group<br>2021<br>RM'000 | Company<br>2021<br>RM'000 |
|---|-------------------------|---------------------------|
| Purchase consideration settled in cash and cash equivalents | 1,500                   | 1,500                     |
| Less: Cash and cash equivalents of subsidiaries acquired    | (604)                   | -                         |
|   | 896                     | 1,500                     |

#### (c) Gain on remeasurement of previously held interests

|   | Group<br>2021<br>RM'000 |
|---|-------------------------|
| Equity accounting of Transenergy Group at 50% as at 30 November 2020  | -                       |
| Less:   |                         |
| Transenergy Group shareholders' equity at 100% as at 30 November 2020 | (486)                   |
| Fair value adjustment of equipment                                    | 1,958                   |
|   | 1,472                   |
| Remeasurement at 50% previously held interests                        | (736)                   |
|   | (736)                   |

#### (d) Goodwill arising from business combination

|   | Group<br>2021<br>RM'000 |
|---|-------------------------|
| Fair value of consideration transferred     | 1,500                   |
| Fair value of previously held interests     | 736                     |
|   | 2,236                   |
| Less: Fair value of identifiable net assets | (1,472)                 |
|   | 764                     |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### (e) Impact of acquisition on the Group's results

The acquired subsidiaries have contributed the following results to the Group:

|         | <b>Group<br/>2021<br/>RM'000</b> |
|---------|----------------------------------|
| Revenue | <b>190</b>                       |

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue would have increased by RM286,043.

### 38. 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:

| <b>Related parties</b>                | <b>Relationships</b>   |
|---------------------------------------|--|
| 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.         |
| FM Global Logistics (Phil.), Inc.     | A joint venture of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd. |
| Hubwire Sdn. Bhd.                     | An associate of a subsidiary, namely FM Global Logistics Ventures Sdn. Bhd.    |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 38. RELATED PARTY DISCLOSURES (CONTINUED)

(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        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Freight charges received/receivable from:                      |                |                |                |                |
| - FM Global Logistics (Phil.), Inc.                            | 1,582          | 1,400          | -              | -              |
| Freight charges paid/payable to:                               |                |                |                |                |
| - Nankai Global Logistics (M) Sdn. Bhd.                        | -              | 113            | -              | -              |
| - Advance Logistics Sdn. Bhd.                                  | 201            | 214            | -              | -              |
| - FM Global Logistics (Phil.), Inc.                            | 1,295          | 1,078          | -              | -              |
| Lease income received/receivable from:                         |                |                |                |                |
| - FM Distribution Sdn. Bhd.                                    | -              | 3              | -              | -              |
| Warehouse services received/ receivable from:                  |                |                |                |                |
| - FM Distribution Sdn. Bhd.                                    | -              | 1              | -              | -              |
| Dividend paid/payable to a Director of a subsidiary            | 240            | 300            | -              | -              |
| Administrative income received/receivable from<br>an associate |                |                |                |                |
| - TCH Marine Pte. Ltd.   | 24             | 117            | -              | -              |
| - FM Distribution Sdn. Bhd.                                    | 18             | 18             | -              | -              |
| Administrative expenses paid/payable to a subsidiary           | -              | -              | -              | 2,400          |
| Interest income received/receivable from an associate          | 24             | 161            | 4              | 28             |
| Gross dividends received from subsidiaries                     | -              | -              | 30,599         | 12,700         |
| Management fees received from subsidiaries                     | -              | -              | -              | 3,471          |

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 2021 is disclosed in Notes 16, 17, 18, 19 and 20 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 38. 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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| Fees  | 726            | 700            | 478            | 477            |
| Short-term employee benefits                | 12,108         | 10,386         | 41             | 44             |
| Contributions to defined contribution plans | 1,399          | 1,118          | -              | -              |
|   | <b>14,233</b>  | 12,204         | <b>519</b>     | 521            |

### 39. COMMITMENTS

Capital commitments

|  | Group          |                |
|--|----------------|----------------|
|  | 2021<br>RM'000 | 2020<br>RM'000 |
| Capital expenditure in respect of purchase of property, plant and equipment: |                |                |
| - contracted but not provided for  | <b>79,349</b>  | 1,829          |

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 40. FINANCIAL GUARANTEE CONTRACTS

|  | <b>Company</b> |               |
|--|----------------|---------------|
|  | <b>2021</b>    | <b>2020</b>   |
|  | <b>RM'000</b>  | <b>RM'000</b> |
| Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries, limit up to RM240,739,500 (2020: RM178,387,000) | <b>72,339</b>  | 61,216        |

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.



## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 41. 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 2021 and 30 June 2020.

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 2021 and 30 June 2020 are as follows:

|                                 | Note | Group           |                |
|---------------------------------|------|-----------------|----------------|
|                                 |      | 2021<br>RM'000  | 2020<br>RM'000 |
| Lease liabilities               | 24   | <b>35,986</b>   | 32,685         |
| Term loans                      | 25   | <b>46,907</b>   | 51,756         |
| Short-term borrowings           | 29   | <b>17,910</b>   | 4,025          |
| Less: Cash and cash equivalents | 21   | <b>(54,826)</b> | (57,972)       |
| Net debt                        |      | <b>45,977</b>   | 30,494         |
| Total capital                   |      | <b>332,399</b>  | 290,561        |
| Net debt-to-equity ratio        |      | <b>0.14</b>     | 0.10           |

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 2021.

The Group is not subject to any other externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 41. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (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.

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 14 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 16, 17, 20, 24, 25, 27, 28 and 29 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 21, 24, 25 and 29 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 41. 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 14, 15, 17, 20, 21, 27, 28 and 29 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 RM1,639,247 (2020: RM834,607). 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 10 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2021 (CONTINUED)

### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 30 July 2020, FMG Logistics Co., Ltd., a wholly-owned subsidiary, increased its issued and paid-up share capital from 10,000 ordinary shares to 64,000 ordinary shares by way of issuance of 54,000 new ordinary shares for a total consideration of THB5,400,000 (RM730,364).
- (ii) On 24 September 2020, FM Worldwide Logistics Sdn. Bhd., ("FMWL") a wholly-owned subsidiary, increased its issued and paid-up share capital from 250,000 ordinary shares to 1,000,000 ordinary shares by way of issuance of 750,000 new ordinary shares which were fully subscribed by the Company for a total cash consideration of RM750,000. The subscription was completed on 24 September 2020 and FMWL remained as a wholly-owned subsidiary of the Company.
- (iii) On 10 November 2020, the Company disposed of 1,300,000 ordinary shares representing 49% of the equity interest in TCH Marine Pte. Ltd. ("TCH"), a company incorporated in Singapore for a total consideration of SGD92,915 (RM283,136). Consequently, TCH ceased to be an associate of the Company.
- (iv) On 30 November 2020, the Company acquired 1 ordinary share and 300,000 ordinary shares representing 50% equity interest in Transenergy Shipping Management Sdn. Bhd. ("TMSB") and Transenergy Shipping Pte. Ltd. ("TSPL") for a total consideration of RM1 and RM1,500,000 respectively. Upon the completion of the acquisition, TMSB and TSPL became wholly-owned subsidiaries of the Company.
- (v) On 9 March 2021, FM Global Logistics Co., Ltd., increased its issued and paid-up share capital from 115,000 ordinary shares to 515,000 ordinary shares 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 in FM Global Logistics Co., Ltd. from 100% to 70%.
- (vi) On 11 May 2021, Icon Freight International Inc. ("IFI"), a wholly-owned subsidiary commenced a members' voluntary winding up pursuant to Section 204(a)(i) of the BVI Business Companies Act 2004 and a liquidator was appointed on the same day. IFI ceased its business operation and had no intention to carry on business or operations in the future. The winding up was completed on 26 July 2021.
- (vii) On 18 May 2021, FM Global Logistics Ventures Sdn. Bhd., a wholly-owned subsidiary, entered into a Joint Venture Agreement with CN Investment Limited ("CNL") to formalised and set out the basic terms of their relationship with each other via their respective investment participation in the joint venture through a joint venture company, CN FM Logistics (Malaysia) Sdn. Bhd..
- (viii) On 27 May 2021, FM Global Logistics (M) Sdn. Bhd., a wholly-owned subsidiary, entered into a Sale and Purchase Agreement with DS Albedo Sdn. Bhd. for the acquisition of a parcel of leasehold land held under H.S.(M) 42050, PT 65547, Tempat Selat Klang Utara, Mukim Kapar, Daerah Klang, Selangor, measuring approximately 14,146.1 square metres for a cash consideration of RM10,963,239.
- (ix) On 27 May 2021, FM Global Logistics (M) Sdn. Bhd., a wholly-owned subsidiary, entered into a Sale and Purchase Agreement with Irama Utama Sdn. Bhd. for the acquisition of a parcel of leasehold land held under H.S.(M) 42053, PT 65650, Tempat Selat Klang Utara, Mukim Kapar, Daerah Klang, Selangor, measuring approximately 14,911.2 square metres for a cash consideration of RM11,235,187.

## NOTES TO THE FINANCIAL STATEMENTS

### 30 JUNE 2021 (CONTINUED)

#### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (x) The World Health Organization (“WHO”) declared the 2019 Novel Coronavirus infection (“COVID-19”) a global pandemic on 11 March 2020. The Government of Malaysia had imposed the Movement Control Order (“MCO”) on 18 March 2020. The MCO was subsequently extended with different phases enacted nationwide. On 15 June 2021, the Government further introduced the National Recovery Plan (“NRP”) to help the country to emerge from the COVID-19 pandemic while continuing to control the spread of the infection.

Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and activities at the business location. The Malaysian Government has relaxed the MCO on the logistics industry as this industry provides essential services to the country. With this decision, the Group’s logistics operations are able to operate subject to certain operating conditions.

Directors are cognisant of the challenges posed by these events and the potential impact they have on the Group’s and the Company’s financial position, financial performance and cash flows subsequent to the reporting period. As the situation continues to evolve with significant level of uncertainty, the Group and the Company are unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The Group and the Company are monitoring the situation closely and to mitigate the financial impact. The Group and the Company are conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

#### 43. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (i) On 2 August 2021, FM Global Logistics (M) Sdn. Bhd., a wholly-owned subsidiary, entered into a Sale and Purchase Agreement with Cebur Megah Development Sdn. Bhd. for the acquisition of two (2) parcel of contiguous freehold vacant industrial land held under HS(D) No. 165750, No. PT 84558 and HS(D) No. 165749. No. PT 84557, both in Mukim Kapar, Daerah Klang, Selangor, measuring approximately 4.67 acre (or 203,425.2 square feet) and 4.65 acre (or 202,554 square feet) respectively for a total cash consideration of RM56,837,088.
- (ii) 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 USD2,200,000 (RM9,196,000).

#### 44. CONTINGENT LIABILITY

As of the date of this financial statements, FM Global Logistics (M) Sdn. Bhd. (“FMGLM”), a wholly-owned subsidiary of the Company has an ongoing civil suit at the Shah Alam High Court since 1 November 2019 against Prestige Sports Sdn. Bhd. for warehousing and logistics services amounting to RM1,918,909. The customer filed a counterclaim against FMGLM for damages and tort of conversion amounting RM8,862,965. Both the claim and counterclaim in the suit have commenced. 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 2021 (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                     |
|--|------------------------------------|
| <i>Amendments to References to the Conceptual Framework in MFRS Standards</i>                              | 1 January 2020                     |
| <i>Amendments to MFRS 3 Definition of a Business</i>   | 1 January 2020                     |
| <i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>  | 1 January 2020                     |
| <i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>                            | 1 January 2020                     |
| <i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>  | 1 June 2020                        |
| <i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i> | At issue date of<br>17 August 2020 |

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 2021

| Title   | Effective Date |
|---|----------------|
| <i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>                      | 1 January 2021 |
| <i>Amendment to MFRS 16 Lease: Covid-19-Related Rent Concessions beyond 30 June 2021</i>  | 1 April 2021   |
| <i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>   | 1 January 2022 |
| <i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>  | 1 January 2022 |
| <i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>   | 1 January 2022 |
| <i>Annual Improvements to MFRS Standards 2018 - 2020</i>  | 1 January 2022 |
| <i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>   | 1 January 2023 |
| <i>MFRS 17 Insurance Contracts</i>  | 1 January 2023 |
| <i>Amendments to MFRS 17 Insurance Contracts</i>  | 1 January 2023 |
| <i>Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies</i>                             | 1 January 2023 |
| <i>Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> | 1 January 2023 |
| <i>Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>      | 1 January 2023 |
| <i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>   | Deferred       |

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 2021

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                            | 135            | 3.32          | 5,148              | 0.00          |
| 100 – 1,000                              | 731            | 17.98         | 369,519            | 0.07          |
| 1,001 – 10,000                           | 1,954          | 48.06         | 10,025,714         | 1.79          |
| 10,001 – 100,000                         | 1,041          | 25.60         | 32,510,397         | 5.82          |
| 100,001 to less than 5% of issued shares | 201            | 4.94          | 166,571,348        | 29.83         |
| 5% and above of issued shares            | 4              | 0.10          | 348,962,704        | 62.49         |
| <b>Total</b>                             | <b>4,066</b>   | <b>100.00</b> | <b>558,444,830</b> | <b>100.00</b> |

### SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 30 September 2021

| 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 | 1,884,896#        | 0.34  |
| 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 2021 (CONTINUED)

### DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 30 September 2021

| 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 | 1,884,896#        | 0.34  |
| GAN SIEW YONG                                | 24,295,608      | 4.35  | 551,698@          | 0.10  |
| ONG LOOI CHAI                                | 9,435,466       | 1.69  | -                 | -     |
| TENGGU NURUL AZIAN BINTI<br>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 2021 (CONTINUED)

### THIRTY (30) LARGEST SHAREHOLDERS

| No. | Name of Shareholders  | No. of Shares Held | %     |
|-----|---|--------------------|-------|
| 1.  | CHEW CHONG KEAT   | 134,375,228        | 24.06 |
| 2.  | SINGAPORE ENTERPRISES PRIVATE LIMITED   | 111,977,400        | 20.05 |
| 3.  | YANG HENG LAM   | 59,115,864         | 10.59 |
| 4.  | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>CIMB FOR YANG HENG LAM (PB)   | 43,494,212         | 7.79  |
| 5.  | GAN SIEW YONG   | 24,295,608         | 4.35  |
| 6.  | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG<br>GROWTH FUND                | 13,707,000         | 2.46  |
| 7.  | SEE KOK HING  | 9,435,140          | 1.69  |
| 8.  | ONG LOOI CHAI   | 9,396,040          | 1.68  |
| 9.  | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG<br>ASIA-PACIFIC DIVIDEND FUND | 8,900,000          | 1.59  |
| 10. | FOO SOOK WAN  | 6,516,406          | 1.17  |
| 11. | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SUSY DING (CEB)   | 5,820,000          | 1.04  |
| 12. | TANG GEONG KOANG  | 4,760,498          | 0.85  |
| 13. | CITIGROUP NOMINEES (ASING) SDN BHD<br>UBS AG  | 4,705,800          | 0.84  |
| 14. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG TET FUI (8054679)                                  | 4,210,300          | 0.75  |
| 15. | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG<br>DIVIDEND FUND              | 3,976,800          | 0.71  |
| 16. | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG<br>DANA MAKMUR                | 3,140,000          | 0.56  |

## ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2021 (CONTINUED)

### THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

| No. | Name of Shareholders  | No. of Shares Held | %            |
|-----|---|--------------------|--------------|
| 17. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG<br>FOUNDATION (ED100)                    | 2,839,800          | 0.51         |
| 18. | NIOW SOO SEE  | 2,357,946          | 0.42         |
| 19. | RHB NOMINEES (ASING) SDN BHD<br>LIN, KUANG  | 2,299,998          | 0.41         |
| 20. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI  | 1,893,278          | 0.34         |
| 21. | WONG YEE HUI  | 1,700,000          | 0.31         |
| 22. | RHB NOMINEES (ASING) SDN BHD<br>NAIGAI TRANS LINE LTD   | 1,642,850          | 0.30         |
| 23. | CHEW PHEK YING  | 1,542,998          | 0.28         |
| 24. | YEOW SOON GUAT  | 1,374,596          | 0.25         |
| 25. | UNIVERSAL TRUSTEE (MALAYSIA) BERHAD<br>KAF TACTICAL FUND  | 1,360,800          | 0.24         |
| 26. | DB (MALAYSIA) NOMINEE (ASING) SDN BHD<br>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING<br>MARKETS MICRO-CAP EQUITY MASTER FUND | 1,319,300          | 0.24         |
| 27. | UNIVERSAL TRUSTEE (MALAYSIA) BERHAD<br>KAF CORE INCOME FUND   | 1,293,900          | 0.23         |
| 28. | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>RHB TRUSTEES BERHAD FOR KAF VISION FUND   | 1,260,600          | 0.23         |
| 29. | HLB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR YAP KOK KHEN  | 1,198,100          | 0.21         |
| 30. | CIMB GROUP NOMINEES (TEMPATAN) SDN BHD<br>HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG<br>CAPITAL BERHAD (ED106)                | 1,175,000          | 0.21         |
|     | <b>TOTAL</b>  | <b>471,085,462</b> | <b>84.36</b> |

## LIST OF PROPERTIES

| POSTAL ADDRESS/LOCATION   | DESCRIPTION                              | EXISTING USE            | LAND AREA (SQARE FEET) | TENURE OF LAND (YEARS)                      | APPROXIMATE AGE OF BUILDING | DATE ACQUISITION     | NET BOOK VALUE AS AT 30.06.21 RM'000         |
|---|--|-------------------------|------------------------|---|-----------------------------|----------------------|--|
| Geran No. 2893,<br>Lot 1841 Seksyen 4,<br>Bandar Butterworth,<br>Daerah Seberang Perai Utara,<br>Pulau Pinang Pulau Mutiara.<br><br>Postal Address:<br>No. 4453, Jalan Bagan Luar,<br>12000 Butterworth,<br>Pulau Pinang Pulau Mutiara.   | Three (3) storey<br>terrace<br>shophouse | Office                  | 1,019                  | Freehold                                    | 46 years                    | 22 October<br>1994   | 330<br>(Land)<br><br>350<br>(Building)       |
| Geran No. 2892,<br>Lot 1840, Seksyen 4,<br>Bandar Butterworth,<br>Daerah Seberang Perai Utara,<br>Pulau Pinang Pulau Mutiara.<br><br>Postal Address:<br>No. 4454, Jalan Bagan Luar,<br>12000 Butterworth,<br>Pulau Pinang Pulau Mutiara.  | Three (3) storey<br>terrace<br>shophouse | Office                  | 1,021                  | Freehold                                    | 46 years                    | 25 June<br>2002      | 330<br>(Land)<br><br>350<br>(Building)       |
| Master Title:<br>H.S (D) 49488 and 49489,<br>PT 49974 and 49975,<br>Mukim Klang, Daerah Klang,<br>Selangor Darul Ehsan.<br><br>Postal Address:<br>No. 45-2A, 2 <sup>nd</sup> Floor,<br>Jalan Sungai Chandong 15,<br>Bandar Armada Putra,<br>Pulau Indah, 42920 Port Klang,<br>Selangor Darul Ehsan. | Office Unit                              | Vacant                  | Nil                    | 99 years<br>ending on<br>19 October<br>2102 | 21 years                    | 23 September<br>1998 | 20<br>(Building)                             |
| Master Title:<br>H.S (D) 49488 and 49489,<br>PT 49974 and 49975,<br>Mukim Klang, Daerah Klang,<br>Selangor Darul Ehsan.<br><br>Postal Address:<br>No. 45-2B, 2 <sup>nd</sup> Floor,<br>Jalan Sungai Chandong 15,<br>Bandar Armada Putra,<br>Pulau Indah, 42920 Port Klang,<br>Selangor Darul Ehsan. | Office Unit                              | Vacant                  | Nil                    | 99 years<br>ending on<br>19 October<br>2102 | 21 years                    | 23 September<br>1998 | 15<br>(Building)                             |
| H.S (D) 116412, PT 239,<br>Mukim Bandar Sultan Sulaiman,<br>Daerah Klang,<br>Selangor Darul Ehsan.<br><br>Postal Address:<br>Lot 37, Jalan Lebu Sultan Mohamed 1,<br>Kawasan Bandar Sultan Suleiman,<br>42000 Port Klang,<br>Selangor Darul Ehsan.  | Industrial land                          | Warehouse<br>and Office | 644,811                | 99 years<br>ending<br>on 2105               | 15 years                    | 16 September<br>2005 | 45,000<br>(Land)<br><br>65,000<br>(Building) |

**LIST OF PROPERTIES (CONTINUED)**

| POSTAL ADDRESS/LOCATION  | DESCRIPTION     | EXISTING USE            | LAND AREA (SQARE FEET) | TENURE OF LAND (YEARS)   | APPROXIMATE AGE OF BUILDING | DATE ACQUISITION    | NET BOOK VALUE AS AT 30.06.21 RM'000         |
|--|-----------------|-------------------------|------------------------|--|-----------------------------|---------------------|--|
| H.S (D) 116367, PT 183<br>Mukim Bandar Sultan Sulaiman,<br>Daerah Klang,<br>Selangor Darul Ehsan.<br><br>Postal Address:<br>Lot 24, Jalan Lebu Sultan Mohamed 1,<br>Kawasan Perindustrian Bandar Sultan<br>Suleiman,<br>42000 Port Klang,<br>Selangor Darul Ehsan. | Industrial land | Warehouse<br>and Office | 217,797                | 99 years<br>ending<br>on 30 June<br>2105   | 28 years                    | 17 January<br>2011  | 16,250<br>(Land)<br><br>17,250<br>(Building) |
| H.S (D) 37855, PT 478<br>Mukim 6,<br>Daerah Seberang Perai Tengah,<br>Pulau Pinang Pulau Mutiara.<br><br>Postal Address:<br>No. 1077,<br>Lorong Perusahaan Maju 1<br>Kawasan Perusahaan F4,<br>13600 Perai,<br>Pulau Pinang Pulau Mutiara.                         | Industrial land | Warehouse<br>and Office | 92,424                 | 60 years<br>ending on<br>30 October<br>2052  | 26 years                    | 11 April<br>2012    | 4,600<br>(Land)<br><br>6,400<br>(Building)   |
| H.S (D) 261818, Lot No. PT598<br>Pekan Hicom, Daerah Petaling,<br>Selangor Darul Ehsan.<br><br>Postal Address:<br>Lot 5, Persiaran Sabak Bernam,<br>Section 26 (Hicom),<br>40400 Shah Alam,<br>Selangor Darul Ehsan.   | Industrial land | Warehouse<br>and Office | 371,990                | Freehold   | 32 years                    | 27 August<br>2015   | 65,000<br>(Land)<br><br>10,000<br>(Building) |
| HS (D) 37850, PT476,<br>Mukim 6,<br>Daerah Seberang Perai Tengah,<br>Negeri Pulau Pinang<br><br>Postal Address:<br>Plot No. 61,<br>Lorong Perusahaan Maju 3,<br>Kawasan Perusahaan Perai Fasa 4,<br>13600 Perai, Pulau Pinang.                                     | Industrial land | Warehouse<br>and Office | 87,121                 | 60 years<br>ending on<br>23 September<br>2052  | 25 years                    | 18 November<br>2019 | 4,389<br>(Land)<br><br>7,457<br>(Building)   |
| Ruko CBD Jababeka Blok B<br>No. 18, Jl. Niaga Raya Kav. AA3, Pasirsari,<br>Cikarang Selatan,<br>Bekasi, Jawa Barat.<br>Zip code : 17530  | Office Unit     | Office                  | 624                    | 8 years<br>ending on<br>24 September<br>2026, after<br>that extend<br>every 30 years | 12 years                    | 1 November<br>2017  | 285<br>(Building)                            |
| Ruko CBD Jababeka Blok B<br>No. 19, Jl. Niaga Raya Kav. AA3, Pasirsari,<br>Cikarang Selatan,<br>Bekasi, Jawa Barat.<br>Zip code : 17530  | Office Unit     | Office                  | 624                    | 8 years<br>ending on<br>24 September<br>2026, after<br>that extend<br>every 30 years | 12 years                    | 1 November<br>2017  | 335<br>(Building)                            |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fifth (25<sup>th</sup>) Annual General Meeting (“AGM”) of the Company will be conducted entirely through live streaming from the **Broadcast Venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia** on **Wednesday, 24 November 2021 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 2021 together with the Reports of the Directors and Auditors thereon.      | <b>Please refer to Note 1 of the Explanatory Notes to the Agenda</b> |
| 2. | To approve the payment of Directors’ fees up to an aggregate amount of RM480,000 for the financial year ending 30 June 2022, to be paid monthly in arrears. | <b>Ordinary Resolution 1</b>   |
| 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.                 | <b>Ordinary Resolution 2</b>   |
| 4. | To re-elect the following Directors who are retiring pursuant to Clause 125 of the Constitution of the Company:-  |  |
| a. | Gan Siew Yong   | <b>Ordinary Resolution 3</b>   |
| b. | Lau Swee Chin   | <b>Ordinary Resolution 4</b>   |
| 5. | To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.                                       | <b>Ordinary Resolution 5</b>   |

## AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions with or without modification(s): -

- |    |  |                              |
|----|--|------------------------------|
| 6. | <b>PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK</b>  | <b>Ordinary Resolution 6</b> |
|    | <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 annual general meeting 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 annual general meeting 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 Share Buy-Back Mandate 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. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 7**

"THAT subject always to the Companies Act 2016 ("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, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and 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, when aggregated with the total number of such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND FURTHER 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."

**8. PROPOSED CHANGE OF NAME FROM "FREIGHT MANAGEMENT HOLDINGS BHD." TO "FM GLOBAL LOGISTICS HOLDINGS BERHAD" ("PROPOSED CHANGE OF NAME")** **Special Resolution**

"THAT the name of the Company be changed from "Freight Management Holdings Bhd." to "FM Global Logistics Holdings Berhad" with effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia AND THAT all references in the Company's Constitution to the name "Freight Management Holdings Bhd.", wherever the same may appear, shall be deleted and substituted with the name "FM Global Logistics Holdings Berhad".

AND THAT the Directors and/or Secretary of the Company be and are hereby authorised to do all such acts and things and to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

**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)**  
**LIM HOOI MOOI (MAICSA 0799764) (SSM PC NO. 201908000134)**  
**TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)**  
Company Secretaries

Kuala Lumpur  
26 October 2021

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### NOTES:-

- a. Pursuant to 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 25<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25<sup>th</sup> AGM via the remote participation and voting ("RPV") facilities provided by Tricor via TIIH Online website at <https://tiih.online>. Please read these notes and follow the procedures in the Administrative Guide for the 25<sup>th</sup> AGM available at <https://fmgloballogistics.listedcompany.com/AR2021.html> in order to participate remotely via RPV facilities.
- b. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 November 2021 (General Meeting Record of Depositors) shall be eligible to participate in the 25<sup>th</sup> 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 forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:
  - i. In hard copy form: Proxy Form may be deposited at the Share Registrar's office of the Company 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 Tricor TIIH Online website at <https://tiih.online>: Please follow the procedures as set out in the Administrative Guide for 25<sup>th</sup> 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 forty-eight (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. For a corporate member who has appointed a representative, please deposit the **original or duly certified** certificate of appointment at 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 forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote. The certificate of appointment should be executed in the following manner:
  - i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one of whom shall be a director; or (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- i. A member who has appointed proxy or attorney or authorised representative to participate the 25<sup>th</sup> AGM must request his proxy or attorney or authorised representative to register himself for the RPV at the Share Registrar's TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for 25<sup>th</sup> AGM.
- j. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.



## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### EXPLANATORY NOTES:-

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2021

This Agenda item is meant for discussion only. The provision of Section 248(2) and 340(1)(a) of the Companies Act 2016 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.

#### 2. Ordinary Resolutions 3 and 4 – Re-election of retiring Directors

Madam Gan Siew Yong and Madam Lau Swee Chin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 25<sup>th</sup> AGM.

Pursuant to the Malaysian Code on Corporate Governance, the profiles of the retiring Directors are as follows, the details of which are contained in the Board of Directors' Profile of this Annual Report:-

- (a) Madam Gan Siew Yong was appointed as the Executive Director of the Company on 20 March 1996. Madam Gan is the spouse of Mr Chew Chong Keat, the Group Managing Director of the Company, who is also a major shareholder of the Company. Save as disclosed, she has no conflict of interest with the Company and its subsidiaries.
- (b) Madam Lau Swee Chin was appointed on 21 August 2018 as Independent Non-Executive Director of the Company. She has no conflict of interest with the Company and its subsidiaries and has no family relationship with any Director and/or major shareholder of the Company.

The Board had, through the Nomination Committee ("NC"), conducted annual performance evaluation and assessment on the aforesaid Directors. Based on the recommendation of the NC, the Board is supportive of the re-election of the aforesaid Directors based on the following justifications:-

- i. Both Directors possess relevant qualification, knowledge and experience which complement the competencies of the Board.
- ii. Madam Gan has vast experience in freight forwarding industry. She is familiar with and has been actively involved in the Company's business operation. With her extensive industry knowledge, she is able to provide valuable input to steer the Company forward.
- iii. Madam Lau has exercised due care and carried out her duties professionally. She continues to exhibit high commitment and able to bring independent judgement to the Board's discussion and decision making for the best interest of the Company.

#### 3. Ordinary Resolution 6 – 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 27 November 2020.

Further information relating to this proposed resolution is set out in the Statement to Shareholders dated 26 October 2021.

#### 4. Ordinary Resolution 7 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had, during its 24<sup>th</sup> AGM held on 27 November 2020, obtained its shareholders approval for the general mandate for issuance of shares up to a maximum of 20% of the total number of issued shares of the Company ("20% General Mandate"). As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the 20% General Mandate and such mandate will lapse at the conclusion of the 25<sup>th</sup> AGM to be held on 24 November 2021.

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. 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 mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for 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.

This proposed resolution is a new mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

#### 5. Special Resolution – Proposed Change of Name from "Freight Management Holdings Bhd." to "FM Global Logistics Holdings Berhad"

The Company had on 21 October 2021 announced to Bursa Malaysia Securities Berhad that the Board proposed to change the Company's name from "Freight Management Holdings Bhd." to "FM Global Logistics Holdings Berhad". The proposed change of name matches the Company's existing presence and brand in Malaysia and internationally. It is also in line with expanding the Company's identity and attaining its vision to be a global freight and logistics player.

The proposed name "FM Global Logistics Holdings Berhad" has been approved by the Companies Commission of Malaysia ("CCM") on 13 October 2021. The proposed change of name is subject to the approval of the shareholders of the Company by way of special resolution which requires a majority of not less than 75% of such members of the Company who are entitled to vote and do vote in person or by proxy at the 25<sup>th</sup> AGM.

This proposed resolution, if passed, will change the Company's name to "FM Global Logistics Holdings Berhad" upon the issuance of the Notice of Registration of New Name by the CCM.



**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 Freight Management Holdings Bhd., hereby appoint:-

|                            |  |                                      |
|----------------------------|--|--------------------------------------|
| Full Name in Block Letters |  | Proportion of Shareholdings<br><br>% |
| NRIC No.                   |  |                                      |
| Full Address               |  |                                      |

\*and,

|                            |  |                                      |
|----------------------------|--|--------------------------------------|
| Full Name in Block Letters |  | Proportion of Shareholdings<br><br>% |
| NRIC No.                   |  |                                      |
| Full 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 25<sup>th</sup> Annual General Meeting of the Company, which will be conducted entirely through live streaming from the Broadcast Venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 24 November 2021 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 2022 to be paid monthly in arrears. |     |         |
| Ordinary Resolution 2 | To approve the payment of Directors' benefits.  |     |         |
| Ordinary Resolution 3 | To re-elect Gan Siew Yong as Director of the Company.   |     |         |
| Ordinary Resolution 4 | To re-elect Lau Swee Chin as Director of the Company.   |     |         |
| Ordinary Resolution 5 | To re-appoint Crowe Malaysia PLT as Auditors of the Company.  |     |         |
| Ordinary Resolution 6 | Proposed Renewal of Shareholders' Mandate for Share Buy-Back.   |     |         |
| Ordinary Resolution 7 | Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.                       |     |         |
| Special Resolution    | Proposed Change of Name from "Freight Management Holdings Bhd." to "FM Global Logistics Holdings Berhad".           |     |         |

(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]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

|                                    |
|------------------------------------|
| Telephone no. during office hours: |
|                                    |

\_\_\_\_\_  
[Signature/Common Seal of shareholder(s)]

**NOTES:-**

- a. Pursuant to 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 25<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 25<sup>th</sup> AGM via the remote participation and voting ("RPV") facilities provided by Tricor via TIIH Online website at <https://tjih.online>. Please read these notes and follow the procedures in the Administrative Guide for the 25<sup>th</sup> AGM available at <https://fmgloballogistics.listedcompany.com/AR2021.html> in order to participate remotely via RPV facilities.
- b. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 November 2021 (General Meeting Record of Depositors) shall be eligible to participate in the 25<sup>th</sup> 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 forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:
  - i. In hard copy form: Proxy Form may be deposited at the Share Registrar's office of the Company 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 Tricor TIIH Online website at <https://tjih.online>: Please follow the procedures as set out in the Administrative Guide for 25<sup>th</sup> AGM for electronic lodgement of Proxy Form via TIIH Online.

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Affix Stamp

**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 forty-eight (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. For a corporate member who has appointed a representative, please deposit the **original or duly certified** certificate of appointment at 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 forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote. The certificate of appointment should be executed in the following manner:
  - i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one of whom shall be a director; or (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- i. A member who has appointed proxy or attorney or authorised representative to participate the 25<sup>th</sup> AGM must request his proxy or attorney or authorised representative to register himself for the RPV at the Share Registrar's TIIH Online website at <https://tjih.online>. Please read and follow the procedures provided in the Administrative Guide for 25<sup>th</sup> AGM.
- j. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

# FREIGHT MANAGEMENT GROUP DIRECTORY

| NO              | AREA  | ADDRESS   | TEL  | FAX  |
|-----------------|---|---|--|--|
| <b>MALAYSIA</b> |   |   |  |  |
| 1.              | PORT KLANG<br>(OCEAN)<br>(WAREHOUSE)<br>(3PL) | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br>Lot 37, Lebuah Sultan Mohamed 1,<br>Kawasan Perindustrian Bandar Sultan Suleiman,<br>42000 Port Klang, Selangor Darul Ehsan.<br>General Email address : gen@fmgloballogistics.com<br>Website : www.fmgloballogistics.com  | +603-3176 1111<br>+603-3322 3111                                     | +603-3176 8634   |
| 2.              | SELANGOR<br>(AIR FREIGHT)                     | <b>FM GLOBAL LOGISTICS (KUL) SDN. BHD.</b><br><b>(Company No. 199558-U)</b><br>(KLIA-Warehouse & Operation office)<br>Lot C3A, Block C,<br>Malaysia Airlines Freight Forwarders Complex,<br>Free Commercial Zone, KLIA Cargo Village,<br>Kuala Lumpur International Airport,<br>64000 Sepang, Selangor Darul Ehsan.<br><br><b>(KELANA JAYA)</b><br>Suite 1601-2, Level 16, Tower 2,<br>Wisma AmFIRST, Jalan SS7/15, Jalan Stadium,<br>47301 Kelana Jaya, Selangor Darul Ehsan.<br>Email : enquiry-air@fmgloballogistics.com | +603-8787 2990<br><br><br><br><br><br><br><br><br><br>+603-7610 3300 | +603-8787 2933<br><br><br><br><br><br><br><br><br><br>+603-7610 3232 |
| 3.              | SELANGOR<br>(EAST MALAYSIA)                   | <b>FM MULTIMODAL SERVICES SDN. BHD.</b><br><b>(Company No. 251269-V)</b><br>Lot 37B, Lebuah Sultan Mohamed 1,<br>Kawasan Perindustrian Bandar Sultan Suleiman,<br>42000 Port Klang, Selangor Darul Ehsan.<br>Email : general@fmmultimodal.com   | +603-3176 6888   | +603-3176 3993<br>+603-3176 4209                                     |
| 4.              | SELANGOR                                      | <b>CN FM LOGISTICS (MALAYSIA) SDN. BHD.</b><br><b>(Company No. 1416773-T)</b><br>Lot 37B, Lebuah Sultan Mohamed 1,<br>Kawasan Perindustrian Bandar Sultan Suleiman,<br>42000 Port Klang, Selangor Darul Ehsan.<br>General Email address : enquiry@cnfmlogistics.com   | +603-3176 5336   | +603-3176 5636   |
| 5.              | SELANGOR<br>(LAST-MILE<br>DELIVERY)           | <b>PARCEL TO POST SERVICES SDN. BHD.</b><br><b>(Company No. 1224580-W)</b><br>Lot 14, Lorong Keluli 1C,<br>Kawasan Perindustrian Bukit Raja,<br>40000 Shah Alam, Selangor.<br>Email : hello@parceltopost.com  | +603-3362 5666   |  |

**FREIGHT MANAGEMENT GROUP DIRECTORY (CONTINUED)**

| NO              | AREA                              | ADDRESS   | TEL                            | FAX                            |
|-----------------|-----------------------------------|---|--------------------------------|--------------------------------|
| <b>MALAYSIA</b> |                                   |   |                                |                                |
| 6.              | PASIR GUDANG,<br>JOHOR<br>(OCEAN) | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br><b>(JOHOR BAHRU)</b><br>No. 2, Jalan Tiong Emas 5,<br>Kawasan Perindustrian Tebrau,<br>81100 Johor Bahru, Johor Darul Takzim.<br>General Email address :<br>enquiry-my@fmgloballogistics.com                          | +607-350 0959                  | +607-361 2621                  |
|                 |                                   | <b>(BATU PAHAT)</b><br>No. 13B, Jalan Kundang, Taman Bukit Pasir,<br>83000 Batu Pahat, Johor Darul Takzim.  | +607-439 3884                  | +607-439 3860                  |
| 7.              | PENANG<br>(OCEAN)                 | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br>No. 4453 & 4454, Jalan Bagan Luar,<br>12000 Butterworth, P.W. Pulau Pinang.<br>Email Address : enquiry-pen@fmgloballogistics.com  | +604-331 4358                  | +604-331 4368                  |
| 8.              | PENANG<br>(AIR FREIGHT)           | <b>FM GLOBAL LOGISTICS (KUL) SDN. BHD.</b><br><b>(Company No. 199558-U)</b><br>Block A-Unit 8, Cargo Agent Building,<br>MAS Cargo Complex, Penang International Airport,<br>11900 Bayan Lepas, Pulau Pinang Pulau Mutiara.<br>Email : enquiry-air@fmgloballogistics.com                           | +604-640 4943<br>+604-640 4944 | +604-640 4948                  |
| 9.              | IPOH                              | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br>1B (2 <sup>nd</sup> Floor), Persiaran Greentown 9,<br>Greentown Business Centre,<br>30450 Ipoh, Perak Darul Ridzuan.<br>General Email Address : fmipoh@fmgloballogistics.com<br>Email : cs_ipoh@fmgloballogistics.com | +605-242 1600<br>+605-255 1382 | +605-255 1446<br>+605-255 1380 |
| 10.             | MELAKA                            | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br>No. 1-2, Jalan PPMP 1,<br>Pusat Perniagaan Malim Permai,<br>75250 Hang Tuah Jaya, Malim,<br>Melaka Bandar Bersejarah.<br>General Email Address : sales_mel@fmgloballogistics.com                                      | +606-336 8888                  | +606-336 7777                  |
| 11.             | KUANTAN                           | <b>FM GLOBAL LOGISTICS (M) SDN. BHD.</b><br><b>(Company No. 85740-U)</b><br>A-43, Tingkat 1, Lorong Balok Perdana 3/1,<br>Balok Perdana, 26100 Kuantan, Pahang Darul Makmur.<br>General Email Address : azha@fmgloballogistics.com  | +609-584 0359<br>+609-584 0459 | +609-584 0159                  |

**FREIGHT MANAGEMENT GROUP DIRECTORY (CONTINUED)**

| NO                                   | AREA               | ADDRESS   | TEL   | FAX              |
|--------------------------------------|--------------------|---|---|------------------|
| <b>THAILAND</b>                      |                    |   |   |                  |
| <b>FM GLOBAL LOGISTICS CO., LTD.</b> |                    |   |   |                  |
| 1.                                   | BANGKOK            | Richmond Building<br>11 <sup>th</sup> Floor 75/25 Soi Sukhumvit 26,<br>Klongton, Klongtoey, Bangkok, 10110 Thailand.<br>Email : enquiry-th@fmgloballogistics.com  | +66-2 661 2400-6  | +66-2 661 2407-8 |
| 2.                                   | SADAO              | 97 Moo 2 Kanjanavanich Road, Samnak kham,<br>Sadao, Songkhla 90320 Thailand   | +66-74-802089   |                  |
| <b>INDONESIA</b>                     |                    |   |   |                  |
| <b>PT. FM GLOBAL LOGISTICS</b>       |                    |   |   |                  |
| 1.                                   | JAKARTA            | Rukan Artha Gading Niaga Blok H No. 11,<br>Jl. Bulevar Artha Gading, Kelapa Gading 14240,<br>Jakarta Utara, Indonesia.<br>Email : enquiry-id@fmgloballogistics.com  | +62-21 4585 6727<br>+62-21 4585 0905                                      | +62-21 4585 0906 |
| 2.                                   | JAKARTA            | Jakarta Cengkareng Airport Office & Warehouse<br>Soewarna Integrated Business Park<br>Warehouse Area, Block E3<br>Soekarno Hatta, International Airport<br>Tangerang 19110, Indonesia<br>Email : enquiry-id@fmgloballogistics.com | +62-21 5591 1270  |                  |
| 3.                                   | CIKARANG           | Ruko CBD Jababeka Blok B No. 18 & 19,<br>Jl. Niaga Raya Kav AA3, Cikarang Baru,<br>Bekasi 17550 Kawasan Industri Jababeka Tahap 2,<br>Indonesia.<br>Email : enquiry-id@fmgloballogistics.com                                      | +62-21 893 4869<br>+62-21 893 4913  | +62-21 8983 6776 |
| 4.                                   | BANDUNG            | Topaz Commercial TC-78,<br>Jl. Boulevard Selatan - Summarecon Bandung,<br>Bandung 40294, Indonesia.<br>Email : enquiry-id@fmgloballogistics.com   | +62-22 753 5706<br>+62-22 753 5719<br>+62-22 8730 4055<br>+62-22 756 5687 |                  |
| 5.                                   | MEDAN<br>(BELOWAN) | Graha Harmoni Building 5 <sup>th</sup> Floor,<br>Jln. Gaharu No. 2B, Harmoni, Medan Timur,<br>Kota Medan, Sumatera Utara 20235, Indonesia.<br>Email : enquiry-id@fmgloballogistics.com  | +62-61 414 1723   | +62-61 414 1785  |
| 6.                                   | SURABAYA           | Jl. Ikan Trowani No. 18, Surabaya,<br>Jawa Timur, 60177 Indonesia.<br>Email : enquiry-id@fmgloballogistics.com  | +62-31 352 0158   | +62-31 990 91381 |

**FREIGHT MANAGEMENT GROUP DIRECTORY (CONTINUED)**

| NO   | AREA        | ADDRESS  | TEL              | FAX              |
|--|-------------|--|------------------|------------------|
| <b>VIETNAM</b>                                     |             |  |                  |                  |
| <b>FM GLOBAL LOGISTICS COMPANY LIMITED</b>         |             |  |                  |                  |
| 1.   | HO CHI MINH | Unit 1205, 12 <sup>th</sup> Floor, Citilight Tower,<br>45 Vo Thi Sau Street, Dakao Ward, District 1,<br>Ho Chi Minh City, Vietnam.<br>Email : enquiry-vn@fmgloballogistics.com   | +8428-3823 8628  | +8428-3823 7868  |
| 2.   | HAIPHONG    | Unit 516A, 5 <sup>th</sup> Floor, TD Business Center,<br>Lot 20A, Le Hong Phong Street,<br>Dong Khe Ward, Ngo Quyen District,<br>Hai Phong City, Vietnam.<br>Email : enquiry-vn@fmgloballogistics.com  | + 84225-3722 168 | + 84225-3722 998 |
| 3.   | HA NOI      | 12 <sup>th</sup> Floor, Mippec Tower,<br>229 Tay Son Street, Nga Tu So Ward,<br>Dong Da District, Ha Noi City, Vietnam<br>Email : enquiry-vn@fmgloballogistics.com   | + 8424-6683 1836 |                  |
| <b>INDIA</b>                                       |             |  |                  |                  |
| <b>FM GLOBAL LOGISTICS (INDIA) PRIVATE LIMITED</b> |             |  |                  |                  |
| 1.   | CHENNAI     | 23, Andhra Chamber of Commerce Building,<br>2 <sup>nd</sup> floor, 3 <sup>rd</sup> Cross Street. West CIT Nagar,<br>Nandanam, Chennai - 600035, Tamilnadu, India.<br>Email : Dhamu.maa@fmgloballogistics.com,<br>acc-maa@fmgloballogistics.com | +91 988 410 2921 | +91 44 2433 2045 |
| 2.   | MUMBAI      | V TIMES SQUARE, Office Number 1003,<br>10 <sup>th</sup> Floor, Plot Number 03, Sector 15,<br>C B D Belapur, Navi Mumbai 400614<br>Email : nadeem@fmgloballogistics.com,<br>abdul@fmgloballogistics.com   | +91 998 778 6178 | +91 22 6846 3300 |
| 3.   | JAIPUR      | 307, 3 <sup>rd</sup> Floor, Amrpali Plaza,<br>Amrpali Circle, Vaishali Nagar, Jaipur 302021<br>Email : Girish-jaipur@fmgloballogistics.com,<br>cs-jaipur@fmgloballogistics.com   | +91 978 468 9968 |                  |
| 4.   | KANPUR      | 40/119, 3 <sup>rd</sup> Floor, Hospital Road,<br>Parade, Kanpur-208001 (U.P.) India<br>Email : karim-kanpur@fmgloballogistics.com  | +91 700 727 7741 |                  |

**FREIGHT MANAGEMENT GROUP DIRECTORY (CONTINUED)**

| NO                                       | AREA      | ADDRESS  | TEL                                    | FAX               |
|--|-----------|--|--|-------------------|
| <b>AUSTRALIA</b>                         |           |  |  |                   |
| <b>FM GLOBAL LOGISTICS PTY. LTD.</b>     |           |  |  |                   |
| 1.                                       | FREMANTLE | 6 Rivers Street Bibra Lake WA 6163, Australia.<br>Email : brad@fmgloballogistics.com.au  | +61 8 9314 2004                        | +61 8 9314 6004   |
| 2.                                       | MELBOURNE | 218C Waterdale Road,<br>Ivanhoe VIC 3079, Australia.<br>Email : amanda@fmgloballogistics.com.au  | +61 431 691 102                        |                   |
| 3.                                       | ADELAIDE  | 104 Wing Street,<br>Wingfield SA 5013, Australia.<br>Email : darren@fmgloballogistics.com.au   | +61 413 939 204                        |                   |
| 4.                                       | BRISBANE  | Unit 29, 16 Crockford Street,<br>Northgate QLD 4013, Australia.<br>Email : brad.evans@fmgloballogistics.com.au   | +61 478 564 090                        |                   |
| 5.                                       | SYDNEY    | Unit 5, 50 Lacey Street,<br>Kogarah Bay NSW 2217, Australia.<br>Email : michael.eder@fmgloballogistics.com.au  | +61 428 080 580                        |                   |
| <b>PHILIPPINES</b>                       |           |  |  |                   |
| <b>FM GLOBAL LOGISTICS (PHIL.), INC.</b> |           |  |  |                   |
| 1.                                       | MANILA    | 2/F, TMI Centre Arzobispo St,<br>Intramuros, Manila, Philippines.<br>Email : elma@fmgloballogistics.com  | +63 - 2- 85270221<br>+63 - 2- 85270224 | +63 - 2- 85270209 |
| 2.                                       | CEBU      | Plaridel St. Looc Mandaue City,<br>Cebu, Philippines.<br>Email : import-ph@fmgloballogistics.com   | +63 - 32- 3450937<br>+63 - 32- 3449698 |                   |
| 3.                                       | PARANAQUE | G/F Unit 22 Cargo Village Complex<br>Ninoy Aquino cor. Multinational Aves.<br>Brgy. Sto. Niño, Parañaque City, Philippines.<br>Email : airfreight-ph@fmgloballogistics.com                   | +63 - 2- 88390538<br>+63 - 2- 88390539 | +63 - 2- 88390411 |
| 4.                                       | LAS PIÑAS | Las Pinas Cargo Complex<br>Previously Francisco Motors Compound<br>J. Aguilar Ave., CAA Road, Las Pinas City<br>Email : elma@fmgloballogistics.com<br>Email : irene-ph@fmgloballogistics.com | +63 - 2- 83767090                      |                   |
| <b>UAE</b>                               |           |  |  |                   |
| <b>AMASS FREIGHT MIDDLE EAST FZCO</b>    |           |  |  |                   |
| 1.                                       | DUBAI     | 202, Sultan Business Centre,<br>Oud Metha, P.O. Box 33463, Dubai, UAE<br>Email : jay.prakash@dxb.amassfreight.com  | +971 4 2255551                         | +971 4 2221794    |
| <b>USA</b>                               |           |  |  |                   |
| <b>FM GLOBAL LOGISTICS (USA), LLC</b>    |           |  |  |                   |
| 1.                                       | CARSON    | One Civic Plaza Drive Suite 555 Carson CA<br>90745, USA<br>Email : manager-usa@fmgloballogistics.com   | 323-982-8007                           | 323-982-8711      |



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Muara

##### CHINA

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##### CAMBODIA

Sihanoukville, Phnom Penh

##### HONG KONG

Hong Kong

##### INDIA

Calcutta, Chennai, Mumbai, New Delhi, Nhava Sheva, Bangalore, Cochin

##### INDONESIA

Belawan, Jakarta, Surabaya, Batam Island, Pontianak

##### JAPAN

Hakata, Kobe, Moji, Nagoya, Osaka, Shimizu, Tokyo, Yokohama

##### SOUTH KOREA

Busan, Incheon

##### PAKISTAN

Karachi

##### PHILIPPINES

Manila, Cebu

##### SRI LANKA

Colombo

##### TAIWAN

Kaoshiung, Keelung, Taipei, Taichung

##### THAILAND

Bangkok, Lat Krabang, Laem Chabang

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Ho Chi Minh, Hanoi, Tanchang, Haiphong

##### AUSTRALIA

Adelaide, Brisbane, Fremantle, Sydney, Melbourne, Tasmania

##### NEW ZEALAND

Auckland, Timaru, Lyttelton, Wellington, Tauranga, Napier, New Plymouth, Port Chalmers

#### EUROPE

##### FRANCE

LeHavre, Paris, Marseille

##### GERMANY

Hamburg

##### SWITZERLAND

Basel, Geneva

##### NETHERLANDS

Amsterdam, Rotterdam

##### PORTUGAL

Leixoes

##### SPAIN

Barcelona, Valencia

##### ITALY

Genoa, Venice, Milan, Trieste

##### BELGIUM

Antwerp

##### TURKEY

Mersin, Istanbul

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##### GEORGIA

Poti

##### RUSSIA

St. Petersburg

#### MIDDLE EAST

##### KUWAIT

Kuwait

##### BAHRAIN

Bahrain

##### QATAR

Doha

##### EGYPT

Alexandria, Sokhna Port

##### OMAN

Muscat

##### SAUDI ARABIA

Ad Dammam Jeddah, Riyadh

##### UNITED ARAB EMIRATES

Dubai, Jebel Ali

#### AFRICA & THE WEST INDIES

##### NIGERIA

Apapa, Tin Can Island Port

##### KENYA

Mombasa, ICD Nairobi

##### SOUTH AFRICA

Durban, Cape Town, Johannesburg

##### CAMEROON

Douala

##### THE GAMBIA

Banjul

##### GHANA

Tema

##### SWAZILAND

Matsapha

##### BOTSWANA

Gaborone

#### PACIFIC ISLANDS

##### PAPUA NEW GUINEA

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##### FIJI ISLAND

Suva, Lautoka

#### AMERICAS

##### UNITED STATES OF AMERICA

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##### GUATEMALA

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##### CANADA

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##### BRAZIL

Santos

##### ARGENTINA

Buenos Aires

##### MEXICO

Mexico City, Manzanillo

## ASIA-PACIFIC



BANGLADESH



PAKISTAN



BRUNEI



PHILIPPINES



CHINA



SRI LANKA



CAMBODIA



TAIWAN



HONG KONG



THAILAND



INDIA



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INDONESIA



AUSTRALIA



JAPAN



NEW ZEALAND



SOUTH KOREA

## EUROPE



FRANCE



ITALY



GERMANY



BELGIUM



SWITZERLAND



TURKEY



NETHERLANDS



UNITED KINGDOM



PORTUGAL



GEORGIA



SPAIN



RUSSIA

## PACIFIC ISLANDS



PAPUA NEW GUINEA



FIJI ISLAND

## MIDDLE EAST



KUWAIT



EGYPT



BAHRAIN



OMAN



QATAR



SAUDI ARABIA



UNITED ARAB EMIRATES

## AFRICA & THE WEST INDIES



NIGERIA



THE GAMBIA



KENYA



GHANA



SOUTH AFRICA



SWAZILAND



CAMEROON



BOTSWANA

## AMERICAS



UNITED STATES OF AMERICA



GUATEMALA



CANADA



BRAZIL



ARGENTINA




MEXICO




**FREIGHT MANAGEMENT HOLDINGS BHD.**

(Registration No: 199601008064 (380410-P))

Wisma Freight Management  
Lot 37, Lebuh Sultan Mohamed 1  
Kawasan Perindustrian Bandar Sultan Suleiman  
42000 Port Klang, Selangor Darul Ehsan

 +603-3176 1111 / +603-3322 3111

 +603-3176 8634

 enquiry-my@fmgloballogistics.com

 [www.fmgloballogistics.com](http://www.fmgloballogistics.com)