



**TIONG NAM**  
LOGISTICS HOLDINGS BERHAD  
198901005177 (182485-V)

常 年 报 告 书  
**ANNUAL REPORT 2022**  
YOU CALL • WE DELIVER



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## CORPORATE PROFILE

**Founded in 1975, Tiong Nam began as a small-scale cargo business handling consolidated cargo and micro-distribution within Peninsular Malaysia. We have since evolved into one of the largest total logistics service providers in the region, with a reputation for efficiency, innovation and most importantly, service par excellence.**



The Group's expansion began in 1978, when Tiong Nam became an incorporated enterprise. In 1992, we extended our reach across Malaysia's borders into Singapore and Thailand. Since then, Myanmar, Laos, Vietnam and China, the new economic centre of the world, have been added to our trucking and warehousing network. At present, we are proud to have a fleet of over 1,500 trucks and a workforce of over 3,000 employees to meet the needs of our customers across the region.

We have also embraced the power of integration to enhance our development. This simple yet effective idea has seen us grow from a mere transportation business to one that now provides fully integrated logistics services, which includes provision of warehouse space coupled with warehouse management services, trucking delivery, cross border transfers, container haulage, heavy transportation, as well as last mile delivery for e-commerce companies.

Ever since our listing on the Bursa Malaysia in 1992, Tiong Nam Logistics Holdings Berhad has consistently ridden high on Bursa Malaysia. This is testament to the confidence we have successfully instilled in both our customers and investors, and is a distinction we seek to preserve in the years to come. At Tiong Nam, we are driven by the company motto of "You Call, We Deliver". We go the extra mile to ensure that distance, or complexity, is never an obstacle to efficient delivery.

# FIVE YEARS FINANCIAL HIGHLIGHTS

## Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Year Ended 31 March (RM'000)

Year	2018 <sup>1</sup>	2019	2020	2021	2022
REVENUE	647,789	589,900	604,248	602,120	689,825
PROFIT BEFORE TAXATION	51,120	10,739	12,517	20,946	16,768
PROFIT AFTER TAXATION	31,274	604	2,183	11,882	6,291
BASIC EARNINGS PER SHARE (SEN)*	6.29	(0.31)	0.15	2.42	1.01
DILUTED EARNINGS PER SHARE (SEN)	5.57	(0.31)	0.15	2.42	1.01
DIVIDENDS PER SHARE (SEN)#	0	0	0	0	1.00
NET ASSET PER SHARE (RM)@	1.56	1.54	1.56	1.56	1.55

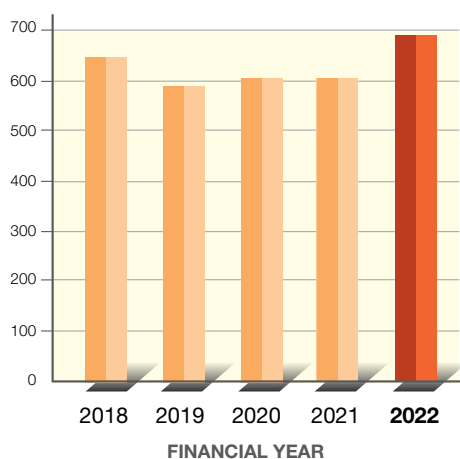
\* The basic earning per share are computed based on weighted average number of ordinary shares for the financial year under review.

# Dividends per share are computed based on number of ordinary shares of 455,743,255 for year 2018, 455,670,691 for year 2019, 448,499,891 for year 2020, 514,050,191 for year 2021 and 514,048,191 for year 2022 after set off treasury shares.

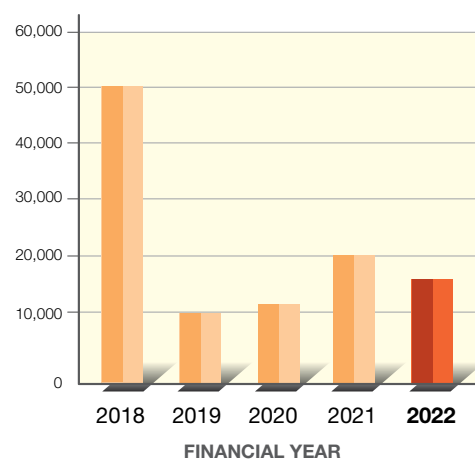
@ Net asset per share are computed based on number of ordinary shares of 455,743,255 for year 2018, 455,670,691 for year 2019, 448,499,891 for year 2020, 514,050,191 for year 2021 and 514,048,191 for year 2022 after set off treasury shares.

## SIMPLIFIED GROUP STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

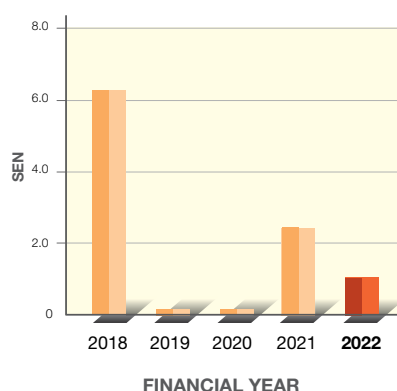
REVENUE (RM'000)



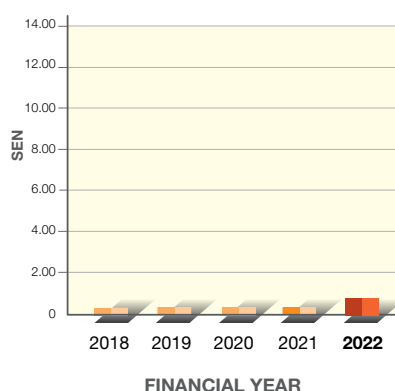
PROFIT BEFORE TAXATION (RM'000)



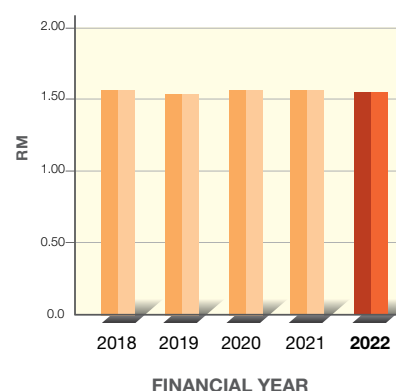
EARNINGS PER SHARE (SEN)\*



DIVIDENDS PER SHARE (SEN)#



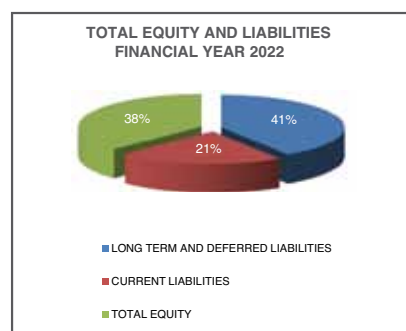
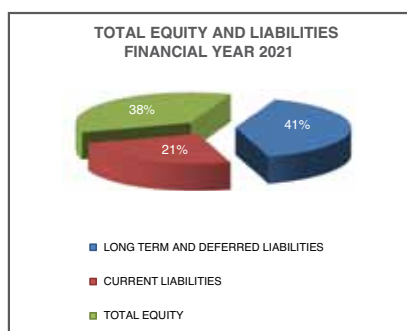
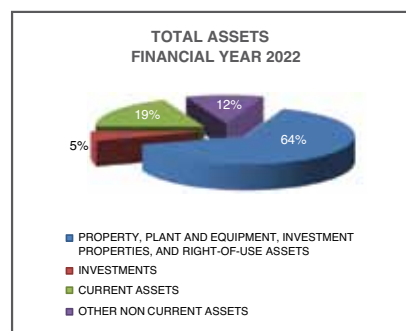
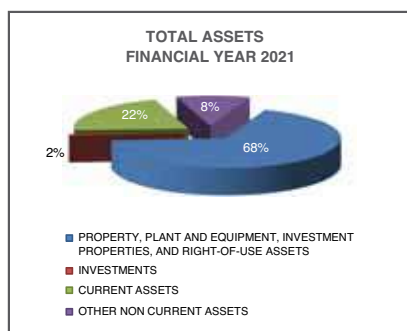
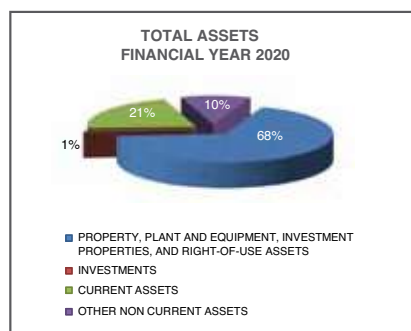
NET ASSET PER SHARE (RM)@



## FIVE YEARS FINANCIAL HIGHLIGHTS (CONT'D)

### Consolidated Statements of Financial Position as at 31 March (RM'000)

Year	2018 <sup>1</sup>	2019	2020	2021	2022
PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, AND RIGHT-OF-USE-ASSETS	1,169,477	1,225,950	1,331,572	1,445,625	1,353,074
INVESTMENTS	22,092	12,825	9,351	35,770	111,202
CURRENT ASSETS	458,179	478,313	409,121	459,610	395,865
OTHER NON CURRENT ASSETS	139,907	144,003	201,343	181,342	244,376
<b>TOTAL ASSETS</b>	<b>1,789,655</b>	<b>1,861,091</b>	<b>1,951,387</b>	<b>2,122,347</b>	<b>2,104,517</b>
LONG TERM AND DEFERRED LIABILITIES	580,667	609,131	777,878	876,081	862,551
CURRENT LIABILITIES	499,918	549,855	475,949	445,230	442,646
<b>TOTAL EQUITY</b>	<b>709,070</b>	<b>702,105</b>	<b>697,560</b>	<b>801,036</b>	<b>799,320</b>



Notes : 1. Restated following the first-time adoption of Malaysian Financial Reporting Standard ("MFRSs") framework.



CHAIRMAN'S  
STATEMENT

Dear esteemed shareholders,

I am pleased to report to you that the persistent uncertainties in the past 12 months did not deter Tiong Nam Logistics Holdings Berhad (“TNLHB” or the “Company”) from staying on our growth path to secure new domestic and multinational customers, as part of our vision to support Malaysia’s growing demand for logistics and warehousing services.

On behalf of the Board of Directors of TNLHB, it is my pleasure to present to you the Annual Report and Audited Financial Statements of TNLHB and its subsidiaries (“the Group” or “Tiong Nam Group”) for the financial year ended 31 March 2022 (“FY2022”).



## ECONOMIC REVIEW

Global economic growth rebounded firmly to 6.1% in 2021 compared to a contraction of 3.1% in 2020, helped by vaccination programmes which led to the easing of containment measures, as well as fiscal and monetary stimulus by governments and central banks. However, the momentum slowed considerably in end-2021, hampered by unequal vaccine access and new waves of highly transmissible COVID-19 variants.

The first quarter of 2022 further dampened prospects of a uniform global recovery on account of the Russia-Ukraine conflict, which prompted sharp rises in commodity and energy prices, supply chain disruptions, and a humanitarian crisis. China’s full-scale shutdown amid its zero-Covid policy also exacerbated the global supply chain issues.

Closer to home, the improving domestic demand from the easing of containment measures led to the Malaysian economy growing by 3.1% in 2021, and even further to 5.0% in the first quarter of 2022.

Echoing the positive trajectory, the logistics and warehousing sector was increasingly pivotal in sustaining domestic supply chains, and in turn, trade activity and consumer spending. This led to our logistics and warehousing segment recording its best-ever sales performance in FY2022, driven by higher demand as well as new customer acquisitions.

## CHAIRMAN'S STATEMENT (CONT'D)



### BUSINESS REVIEW

Spurred by the logistics and warehousing services segment, Tiong Nam delivered record revenue of RM689.8 million in FY2022. On top of expanding 14.6% year-on-year, this momentous milestone is a testament to our track record as a trusted total logistics solutions provider to domestic and multinational companies.

Despite the improved topline, net profit attributable to shareholders moderated to RM5.2 million in FY2022 from RM11.4 million previously, due to share of loss in a hospitality associate, Terminal Perintis Sdn Bhd (TPSB), as border travel restrictions impacted the occupancy in Fraser Place Puteri Harbour hotel. Besides, the Group had, in 2021, reduced our stake in TPSB from 100% to 49% to realign resources to expand the logistics and warehousing services segment.

To this end, we had successfully secured a long-term lease agreement from Mercedes-Benz Parts Logistics Asia Pacific Sdn Bhd, a subsidiary of global automobile maker Mercedes-Benz AG. This will involve the construction and lease of a new mega warehouse in Senai Airport City, Johor Bahru, and is slated to be the largest warehouse in our portfolio to date.

The Group's property development segment also saw significant improvement in FY2022 on increased sales of property inventory compared to the previous year.

### OUTLOOK

The international economic outlook grew dimmer in 2022, given the widespread impact of the Russia-Ukraine conflict on commodities and food prices, leading to slower growth and higher inflation. Further disruptions to global supply chains, largely contributed by persistent lockdowns in China, also lent credence to the projected global growth of only 3.0% in 2022.

Conditions in Malaysia are expected to be more sanguine, with economic growth forecasted between 5.3% to 6.3% in 2022 from increased domestic and external demand, as well as expansionary measures under the country's Budget 2022.

## CHAIRMAN'S STATEMENT (CONT'D)

Against the positive backdrop, the Group continues to invest in expanding our logistics and warehousing segment to seize more growth opportunities. Additionally, as borders reopen in the region, the Group would continue to enhance our logistics and warehousing network across Southeast Asia and China.

Notwithstanding this, the Group is cognizant of uncertainties surrounding the health of the global economy, amid inflationary and supply chain pressures, as well as the humanitarian and food crisis faced in vulnerable parts of the world. Hence, the Group would remain prudent in spending, and strive to improve operational efficiency and productivity.

### APPRECIATION

Tiong Nam performed commendably despite the adverse operating conditions under the pandemic. On behalf of the Board of Directors, I would like to convey our gratitude to the management and employees for embodying and enabling our resilience during these challenging times.

We would also like to note our deepest appreciation to our stakeholders, including customers, business partners, associates, suppliers, financial institutions, regulatory bodies, and shareholders for their constant support.

Sincerely,

**Dato' Fu Ah Kiow**

Non-Independent Non-Executive Chairman





## MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

In supporting Malaysia’s reopening of economic sectors, TNLHB played our role to support the nation’s path to recovery from the COVID-19 pandemic by delivering highly reliable and quality service to facilitate efficient supply chains nationwide.

In so doing, we reached new milestones in FY2022, chiefly our record-high revenue driven by increasing demand, as well as expanded contribution from multinational customers.

We hereby present a review of the Group’s performance for FY2022, growth strategies as well as forward prospects in this MD&A.

### BUSINESS OVERVIEW

Tiong Nam Group offers full-fledged and integrated logistics and warehousing services, comprising warehouse space and management, trucking, cross border transfers, container haulage, heavy transportation, as well as deliveries for last mile e-commerce businesses.

The Group is supported by an extensive logistics and warehousing network in Southeast Asia, with 95 warehouses and distribution centres across Malaysia, Thailand, Singapore, Myanmar, and Laos, and total warehousing capacity of 6.8 million square feet (sq. ft.) as at 31 March 2022. The Group’s logistics connectivity also extends to China, providing a fully integrated delivery network that caters to growing trade activity between Southeast Asia and China.

Our logistics operation is supported by a fleet of 3,044 transportation vehicles, comprising prime movers, container trailers, box and refrigerated trucks, lorry cranes, low-loader, delivery vans and others. These serve the full spectrum of customers’ requirements from large to small deliveries, and includes specialist services.

The integrated model enables us to cater to companies across various sectors. Today, our clients comprise major domestic and world-renowned brands, including from the food and beverage (“F&B”), fast moving consumer goods (“FMCG”), information technology (“IT”), electrical and electronic (“E&E”), and automotive sectors.

The Group delved into property development since 2011. We have completed various industrial, commercial and residential projects amounting to gross development value (“GDV”) of RM946.4 million.

### OVERALL FINANCIAL PERFORMANCE

This section highlights key financial information and performance of Tiong Nam Group of the financial year ended 31 March 2022 (“FY2022”) compared to 31 March 2021 (“FY2021”).

Income Statement	FY2022 RM’000	FY2021 RM’000
<b>Revenue</b>	689,825	602,120
<b>Profit before taxation</b>	16,768	20,946
<b>Profit after taxation</b>	6,291	11,882

Statement of Financial Position	FY2022 RM’000	FY2021 RM’000
<b>Total assets</b>	2,104,517	2,122,347
<b>Total liabilities</b>	1,305,197	1,321,311
<b>Total equity</b>	799,320	801,036

Financial Indicators	FY2022	FY2021
<b>Earnings per share (sen)</b>	1.0	2.4
<b>Interest cover (times)</b>	1.6	1.5
<b>Return on equity</b>	0.8%	1.5%
<b>Return on total assets</b>	0.3%	0.6%
<b>Net Gearing ratio</b>	1.2	1.2
<b>Net assets per share (RM)</b>	1.6	1.6

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")  
(CONT'D)**(1) Revenue**

The Group reached record-high revenue of RM689.8 million in FY2022, an increase of 14.6% from RM602.1 million in FY2021. This outstanding performance was led by the logistics and warehousing services segment, which produced 14.1% higher revenue of RM675.2 million compared to RM591.9 million in the previous year, on new customer acquisitions and higher demand from existing customers. Notably, the top three sectors that contributed to this segment's FY2022 growth were F&B, IT and E&E, alluding to the resilient demand.

Revenue from investments rose to RM2.4 million in FY2022 from RM0.4 million previously, due to interest income from TPSB, an associate company of the Group. Property development revenue significantly improved to RM6.5 million in FY2022 from RM2.2 million previously on sales of property inventories. The hotel and dormitory segment registered lower revenue of RM5.7 million compared to RM7.6 million previously, on account of reduced shareholding in TPSB from 100% subsidiary to 49% associate stake in 2021. TPSB owns Fraser Place Puteri Harbour in Johor Bahru.

**(2) Profit/Loss Before Taxation (P/LBT)**

Group PBT stood at RM16.8 million in FY2022, decreasing 19.6% from RM20.9 million previously, mainly due to share of loss in the hospitality associate, TPSB. TPSB was adversely impacted by a decline in tourist and business traveller arrivals on the back of pandemic restrictions and border closures.

Despite higher depreciation and finance costs from expansion of warehousing assets, as well as expanded workforce to support our growing operations, the logistics and warehousing services registered PBT of RM36.3 million, a commendable level despite coming off from RM43.6 million previously.

The investment segment posted LBT of RM9.4 million in FY2022 compared to PBT of RM10.4 million previously, due to share of loss in the hospitality associate of RM9.7 million. The Group's property development segment incurred LBT of RM2.0 million, improving significantly from LBT of RM12.6 million previously, in line with the increased sales of property inventories. The Group's hotel and dormitory segment significantly narrowed its LBT to RM8.1 million from LBT of RM20.5 million previously, due to the Group's reduced stake in TPSB.

**(3) Profit After Taxation and Minority Interests ("PATMI")**

Group PATMI amounted to RM5.2 million in FY2022 compared to RM11.4 million previously, with the lower profit due mainly to share of loss in the hospitality associate.

**(4) Total Assets**

The Group's total assets were largely unchanged at RM2.1 billion in FY2022. Non-current assets rose to RM1.7 billion from RM1.6 billion previously mainly due to increased investment properties, and higher other receivables pertaining to TPSB. Current assets declined to RM426.1 million from RM495.0 million previously, mainly on lower inventories due to deconsolidation of TPSB's assets.

**(5) Total Liabilities**

The Group's total liabilities were largely unchanged at RM1.3 billion in FY2022.

Non-current liabilities maintained at RM862.6 million compared to RM876.1 million previously, comprising mainly long-term borrowings for the logistics and warehousing services segment. Current liabilities were mostly unchanged at RM442.6 million compared to RM445.2 million, on short-term borrowings to fund working capital requirements of the logistics and warehousing services segment.

Meanwhile, the Group's net gearing maintained at 1.25 times as at 31 March 2022, compared to 1.25 times as at 31 March 2021.

**(6) Total Equity**

Altogether, the Group's total equity maintained at RM799.3 million in end-FY2022 versus RM801.0 million previously.

## MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") (CONT'D)

### CORPORATE DEVELOPMENTS

As part of the Group's warehousing expansion initiative, we had entered into a Sale and Purchase Agreement ("SPA") of Shares on 9 June 2021 to acquire 9,075,002 ordinary shares of VM Andaman Sdn. Bhd, representing 100% of its total issued and paid-up shares for a consideration of RM30.0 million. The purchase, completed in July 2021 and funded by internally generated funds, came together with VM Andaman's warehouse asset in Pelabuhan Tanjung Pelepas, Johor, with built up area of 157,313 sq ft.

Furthermore, the Group entered into a two SPAs with Senai Airport City Sdn Bhd on 6 August 2021 to acquire two parcels of vacant land within a Free Commercial Zone in Senai Airport City, Johor, measuring 50.0 acres and 12.6 acres respectively, for a total purchase consideration of RM136.4 million.

Following that, the Group entered into lease agreement on 16 June 2021 with Mercedes-Benz Parts Logistics Asia Pacific Sdn Bhd to build and lease its new regional After-Sales Logistics Centre. The 1.1 million sq ft in built-up area facility would support Mercedes-Benz's supply chain for Asia Pacific. The Group commenced construction of the new facility – the largest warehousing facility to date - in September 2021 at estimated cost of RM200.0 million, and expects its completion in FY2024.

Meanwhile, the Group signed a Shareholders Agreement with Create Fortune Enterprise Sdn Bhd ("CFE") on 22 July 2021, for CFE to operate its hospitality asset, Fraser Place Puteri Harbour in Johor Bahru. TPSB issued 5.2 million new shares or 51% of its enlarged equity to CFE for a purchase consideration of RM36.7 million, following which TPSB became a 49% associate company of the Group. The transaction, completed on 1 November 2021, streamlines the Group's non-core assets as we focus our resources on expansion of the logistics and warehousing services segment.

### PROSPECTS

While societies and economies globally are still recovering from the protracted impact of the COVID-19 pandemic, new uncertainties have arisen, stemming from extensive supply chain disruptions from the Russia-Ukraine conflict as well as China's strict lockdown measures. These conditions in turn fuelled inflationary pressures globally alongside an energy and food crisis, weighing on living conditions and the outlook of the global economy.

Notwithstanding these challenges, the logistics and warehousing sector remains crucial to facilitating trade and supply of goods among businesses and communities, therefore catalysing the Group's long-term growth.

### Logistics and Warehousing Services

The Group's core business of logistics and warehousing services registered significant improvement in FY2022 as the lifting of pandemic restrictions improved operating conditions in Malaysia.

Our growing reputation for providing total logistics solutions to various industries precipitated stronger demand for logistics and warehousing requirements by domestic and multinational customers ("MNC").

We are proud that this enabled the Group to reach our MNC revenue contribution target of 35% in FY2022, and have set a new target of reaching 45% contribution in FY2025. In so doing, we intend to capitalise on the industry trend of businesses increasingly adopting the services of third-party specialist logistics and warehousing providers.

Altogether, these factors highlight the importance of our ongoing warehouse capacity expansion. As at 31 March 2022, the Group is constructing two new warehouses and planning another four across Kuala Lumpur, Johor, and Singapore. These are expected to raise the Group's total warehousing capacity to 7.9 million sq ft in 2024 from 6.8 million sq ft in FY2022.

The Group will further expand our logistics and warehousing footprint in our quest to maintain our position as one of the leading total logistics and warehousing services providers in Malaysia and the Southeast Asia region.

### Property Development

The property market outlook is anticipated to benefit from the gradual economic recovery in Malaysia, while also navigating potential challenges from higher inflationary pressures. The Group therefore maintains its prudent stance towards future development of its 241.2 acres of landbank in Johor and Klang Valley and would carefully assess market situation and readiness. As at 31 March 2022, the Group had unsold completed property units worth RM157.5 million in GDV to be gradually recognized, reducing from RM410.0 million a year ago as the Group continued to secure new purchasers.

### Hotel and Dormitory

With the Group's diluted stake in TPSB in November 2021, the hotel and dormitory segment will be a minor contributor to overall performance from hereon. The segment currently captures contribution from the Group's dormitory operations in Pengerang, Johor.

## SUSTAINABILITY STATEMENT

Tiong Nam Logistics Holdings Berhad fully subscribes to and is committed to optimising the economic, environmental and social impact of its business activities, and is pleased to present our Sustainability Statement for FY2022.

The Sustainability Statement outlines our framework to drive sustainable practices, aimed at enhancing our business strategies and operations, as well as delivering sustainable long-term growth aligned to the best interests of our stakeholders.

### GOVERNANCE STRUCTURE

The sustainability governance structure provides oversight over key sustainability principles across the company. The Board and Management of the Group formulate a strategic direction, guided by a sustainability framework based on economic, environmental, and social considerations. The Management implements the identified sustainability initiatives across the Group's various business units.

### STAKEHOLDER ENGAGEMENT

Stakeholder engagement allows us to understand latest demands and issues pertinent to the Group, as well as adopt sound business strategies for greater sustainability. Through our stakeholder engagement, we have identified the following material sustainability matters:

Stakeholder group	Material Issues	Type of engagement
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Key corporate developments</li> <li>• Financial performance</li> <li>• Business strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report</li> <li>• Filings with Bursa Malaysia</li> <li>• Corporate website</li> <li>• Investor Briefings</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Presentations</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer surveys</li> <li>• Engagement via customer support centre</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Training and development</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• On-job training programme and briefings</li> <li>• Safety assessments</li> <li>• Regular education via email and memos</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Employment opportunity</li> <li>• Community welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Internships</li> <li>• Charity/community events</li> </ul>



## SUSTAINABILITY STATEMENT (CONT'D)

### ECONOMIC

Our commitment as a responsible corporate citizen includes driving long term and sustainable business growth, as well as delivering on our commitments to our stakeholders.

#### a) Economic Performance

We registered revenue of RM689.8 million in FY2022, an increase of 14.6% from RM602.1 million in FY2021, mainly contributed by the logistics and warehousing segment, which acquired new customers and recorded higher demand from existing customers. Despite the improved revenue, net profit attributable to owners of the company amounted to RM5.2 million in FY2022 compared to RM11.4 million in FY2021, due to share of loss in a hospitality associate.

We strive to achieve continued sustainable growth while taking into consideration the various goals of our stakeholders.

#### b) Customer Satisfaction

We place strong emphasis on delivering quality services that consistently meet our customers' satisfaction. As a testament to the quality of our services, we were presented with various quality and appreciation awards from our customers and industry groups.

The following are the awards won by the Group in recent years:-



SUSTAINABILITY STATEMENT  
(CONT'D)

Additionally, we regularly seek feedback from our customers to obtain a better and holistic understanding of their ever-changing logistics needs, towards improving our market position and competitiveness. We also promote a culture of open communication, trust and reliability to build strong relationships with our customers.

**c) Marketplace**

The Group is committed to promote and maintain transparency, accountability and ethical standards in the conduct of our business and operations with our stakeholders, including Government and Authorities, Shareholders and Investors, Customers, Suppliers, Employees and Communities. We ensure compliance to local laws and regulations in the markets we serve, and operate in a fair and transparent manner.

The Group aims to develop and foster good relationships, trust, mutual respect and understanding with our stakeholders who have an effect on, or are affected by our businesses. We also contribute to the local economy by providing employment to local talents, whilst also providing income to the nation through tax payments.

**ENVIRONMENT**

The Group is mindful of the impact our businesses have on the environment, and is committed to environmental preservation through adopting sustainable practices.

The Group operates in a manner that minimizes disruption to the environment, especially in our quest of reducing fuel consumption and carbon emissions in our daily activities. The majority of our trucks are equipped with environmentally-friendly Euro 2 engines. Besides, we have converted a number of our trucks to run on natural gas, which further reduces our carbon footprint.

We also conduct regular service and maintenance for our vehicles, and accept periodic inspection by Pusat Pemeriksaan Kenderaan Berkomputer (Puspakom) to maintain vehicle safety in operations. This helps reduce vehicle breakdowns and air pollution from faulty machinery, and minimizes accidents and traffic interruption. The Haulage Management System also helps the Group to monitor and remind drivers on vehicle inspection dates.

Meanwhile, the Group recognizes that excessive use of lighting and air conditioning pose a significant environmental impact. Hence, we maintain efficient use of lighting and air conditioning in our premises, and advocate conservation practices. We also invested in eco-friendly lamps and light fixtures in our premises to reduce heat generation.

Furthermore, the use of solar power will help reduce detrimental impacts to the environment. Our new rooftop solar photovoltaic (PV) system, installed at our warehousing facilities in Shah Alam, is expected to be commissioned in September 2022 with rated capacity of 2,163 kWp. We will continue to implement more solar energy systems as we transition to greener energy use.

## SUSTAINABILITY STATEMENT (CONT'D)

### SOCIAL

The Group endeavours to be a positive contributor to the community, in particular the growth and development of our employees, as well as the well-being of the broader community.

#### a) Employee Welfare and Workplace Environment

The Group places strong emphasis on human capital and talent management to equip every employee to play a vital role to the Group's success. We are committed to providing fair work opportunities to all irrespective of age group, ethnicity, gender and qualifications. Additionally, we help our people grow professionally in their careers, and strive to foster a rewarding learning and growth experience for our employees, as well as provide training and education programmes to support their career aspirations and advancement.

The Group also ensures that the welfare of all employees is looked after and compensation for all employees are on fair and equitable terms. We comply with the Malaysian statutory requirement to contribute to the Employees' Provident Fund and the Social Security Organization.

Furthermore, we maintain a safe and conducive workplace to ensure that the health and safety of our employees are prioritised. Our logistics and warehousing employees are provided regular health and safety training and briefings.

The Group provides adequate medical, health care, and other general insurance to our workers. We also ensure sufficient insurance coverage for our vehicles to cover any replacement cost or repair expenses.

To mitigate the occurrence of unfavourable incidents such as cargo hijacks and theft, the Group ensures that sufficient security assistance is in place. This includes convoyed trip arrangements, which comprise 5 to 10 trucks for added assurance, in addition to the use of digital tracking systems. The Group's facilities are also monitored by closed circuit surveillance systems.

#### b) Community Engagement

##### Internship

The Group is involved in Corporate Social Responsibility initiatives aimed at nurturing the local communities around us. We prioritise serving the community, and making positive contributions such as advancing education and contributing to charitable organisations.

We regularly provide internship training programmes for undergraduates from various educational institutions. The internship training programme offers undergraduates the opportunity to develop valuable skillsets and competencies for their professional growth.



*Tiong Nam Executive Director  
Victor Ong and Saito UC Vice  
Chancellor Prof Dr Vinitha Guptan  
at Saito UC's Johor Bahru campus*

SUSTAINABILITY STATEMENT  
(CONT'D)**Scholarships**

We believe in shaping the future of the industry through greater industry-academia collaboration.

The Group entered into a collaboration with Saito University College (Saito UC) via a Memorandum of Agreement on 20 June 2022, to nurture professional talents in the logistics industry. The collaboration will involve an integrated approach of developing specialized logistics education and providing applied work experience to equip students with latest skills in the era of Industry 4.0.

Also, the Group will offer scholarship programmes for students from underprivileged financial backgrounds and those pursuing degree programmes in logistics. This comprises two full Tiong Nam Logistics Scholarships and five full Saito-Tiong Nam Scholarships, as well as five Professional Logistics Programme Scholarships.

Scholarship recipients will undergo a specially-designed programme which integrates theory and practical sessions. The programme will focus on the future of logistics, latest trends in technology adoption and digitalisation in the industry, including the use of artificial intelligence and mobile technologies.

**Sponsorships**

In September 2021, we signed sponsorship agreements with four national badminton players competing at the Yonex Dutch Open 2021 held in Netherlands. We are grateful for the opportunity to contribute to the development of sports among Malaysian youth.

**CONCLUSION**

The Group is committed to build upon our sustainability measures as part of our corporate responsibility to stakeholders. We strive to enhance stakeholder value, through continuous improvements of initiatives to grow our business sustainably, strengthening our operations, as well as stewardship of the environment and communities around us.



## CORPORATE INFORMATION

### DIRECTORS

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

### AUDIT COMMITTEE

**Ling Cheng Fah@**  
**Ling Cheng Ming** *(Chairman)*  
**Datuk Haji Muhamad Shapiae bin Mat Ali** *(Member)*  
**Yong Seng Huat** *(Member)*

### REMUNERATION COMMITTEE

**Chang Chu Shien** *(Chairman)*  
**Datuk Haji Muhamad Shapiae bin Mat Ali** *(Member)*  
**Ling Cheng Fah@**  
**Ling Cheng Ming** *(Member)*

### NOMINATION COMMITTEE

**Datuk Haji Muhamad Shapiae bin Mat Ali** *(Chairman)*  
**Yong Seng Huat** *(Member)*  
**Ling Cheng Fah @**  
**Ling Cheng Ming** *(Member)*

### RISK COMMITTEE

**Ling Cheng Fah @**  
**Ling Cheng Ming** *(Chairman)*  
**Datuk Haji Muhamad Shapiae bin Mat Ali** *(Member)*  
**Yong Seng Huat** *(Member)*  
**Christina Ong Chu Voon** *(Member)*

### COMPANY SECRETARIES

**Leong Siew Foong**  
*(Resigned on 1 June 2022)*  
*(MAICSA 7007572) SSM Practicing*  
*Certificate No: 202008001117*  
**Tai Yit Chan**  
*(Appointed on 1 June 2022)*  
*(MAICSA 7009143) SSM Practicing*  
*Certificate No: 202008001023*

**Santhi A/P Saminathan**  
*(MAICSA 7069709) SSM Practicing*  
*Certificate No: 201908002933*  
**Law Tik Long**  
*(MIA 18452) SSM Practicing Certificate*  
*No: 201909003258*

### REGISTERED OFFICE

Suite 9D, Level 9, Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: 07-224 1035  
Fax: 07-221 0891

### AUDITORS

KPMG PLT  
Level 3, CIMB Leadership Academy  
No. 3, Jalan Medini Utara 1  
Medini Iskandar  
79200 Iskandar Puteri  
Johor Darul Takzim, Malaysia  
Tel: 07-266 2213  
Fax: 07-266 2214

### 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  
Tel: 03-2783 9299  
Fax: 03-2783 9222

### SOLICITORS

KV Lim & Voo  
Level 7, Suite 7.3 Menara Pelangi  
2 Jalan Kuning, Taman Pelangi  
80400 Johor Bahru  
Johor Darul Takzim  
Tel: 07-334 5811  
Fax: 07-334 6693

Lee & Tengku Azrina  
Unit 13-01, Level 13  
Menara Landmark  
12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: 07-223 8828  
Fax: 07-223 1828

### PRINCIPAL BANKERS

AmBank (M) Berhad  
Public Bank Berhad  
Hong Leong Bank Berhad  
United Overseas Bank (M) Berhad  
Affin Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

## AWARDS AND ACHIEVEMENT

In the Frost & Sullivan 2018 Malaysia Excellence Award, Tiong Nam was awarded again the Best Warehouse Service Provider in Malaysia for the second time in 2017 & 2018.

Besides that, Tiong Nam has been awarded the Best Service Provider as stated below.

### 2017

Best Domestic Road Transportation Service Provider  
Best Domestic Distribution Service Provider  
Best Warehouse Services Provider

### 2016

Best Road Transportation Service Provider  
Best Domestic Distribution Service Provider

### 2015

Best Domestic Logistics Service Provider  
Best Domestic Road Transportation Service Provider  
Best Regional Road Transportation Service Provider

### 2014

Best Domestic Road Transportation Service Provider  
Best Domestic Logistics Service Provider

### 2013

Best Domestic Road Transportation Service Provider

### 2012

Best Domestic Logistics Service Provider

### 2008

Best Domestic Logistics Service Provider

### 2007

Best Domestic Logistics Service Provider



The award was based on the survey research of customers on the best practices and outstanding performances in the provision of logistics services. The award is supported by the Singapore Economic Development Board, Supply Chain Asia and the Logistics Institute – Asia Pacific.

## PROFILE OF THE DIRECTORS

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

Aged 73, Dato' Fu Ah Kiow, male, was appointed to the Board of Directors of TNLHB on 30 April 2008. He has more than fifteen (15) years of distinguished service in the Malaysian Government. He was elected a Member of Parliament in 1995 and was a Deputy Minister in several ministries prior to his retirement in 2008. Before joining the government, Dato' Fu had worked, as an engineer and in various managerial roles, with multinational companies, and later founded and successfully managed companies engaged in construction and M&E engineering services. Dato' Fu was also the Board Chairman of public listed Star Media Group Bhd and Fitters Diversified Bhd.

Dato' Fu holds a Bachelor of Science (Honours) degree in Physics and a Master's degree in Industrial Engineering and Management Science.

Dato' Fu does not have any family relationship with any director and/or major shareholder of Tiong Nam Logistics Holdings Berhad ("TNLHB"). He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries. He has no convictions for any offences within the past five (5) years.

Dato' Fu has attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Dato' Fu's equity interest in the Company's ordinary share is disclosed in page 163. He does not have any direct equity interest in the Company's subsidiaries.

**MR ONG YOONG NYOCK**  
Malaysian, Non-Independent  
Managing Director

Aged 69, Mr Ong Yoong Nyock, male, was appointed to the Board of Directors of TNLHB on 31 January 1990. He has more than forty (40) years of experience in the logistics industry. He started the transportation business in 1975 with a small fleet of lorries transporting general cargo in Johor which has since expanded to become a well-established total logistics company covering all the major routes of Peninsular Malaysia and East Malaysia. He also sits on the Board of Directors of several subsidiaries of the Company and other unrelated private companies.

Mr Ong Yoong Nyock's spouse Madam Yong Kwee Lian, his son Mr Ong Wei Kuan and his daughter Ms Christina Ong Chu Voon are Executive Directors of TNLHB. His brother-in-law Mr Yong Seng Huat is member of the Board. He has no conflict of interest with the Company. He has abstained from deliberations and voting in respect of transactions between the Group and related parties of which he has interest. He has no convictions of any offences within the past five (5) years.

Mr Ong Yoong Nyock attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Ong Yoong Nyock, by virtue of his substantial shareholdings (direct and indirect) in the Company as disclosed in page 163, he is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

Mr Ong Yoong Nyock is deemed interested in the transactions entered into by the Group in the ordinary course of business with companies in which he and his close family members have substantial financial interest as disclosed in note 30 to the financial statements.

## PROFILE OF THE DIRECTORS (CONT'D)

### **MADAM YONG KWEE LIAN**

Malaysian, Non-Independent  
Executive Director

Aged 70, Madam Yong Kwee Lian, female, was appointed to the Board of Directors of TNLHB on 31 January 1990. She has been in the logistics industry for more than thirty-five (35) years. She is responsible for building up of the Singapore-based customers as well as contributing substantially to the day-to-day administrative and operating procedures of the Group's logistics business. In addition, she sits on the Board of Directors of several subsidiaries of the Company and other unrelated private companies.

Madam Yong Kwee Lian's spouse, Mr Ong Yoong Nyock is the Managing Director of TNLHB, her son Mr Ong Wei Kuan and her daughter Ms Christina Ong Chu Voon are the Executive Director of TNLHB. Her brother Mr Yong Seng Huat is members of the Board. She has no conflict of interest with the Company. She has abstained from deliberations and voting in respect of transactions between the Group and related parties of which she has interest. She has no convictions of any offences within the past five (5) years.

Madam Yong Kwee Lian has attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Madam Yong Kwee Lian, by virtue of her substantial shareholdings (direct and indirect) in the Company as disclosed in page 163, she is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

Madam Yong Kwee Lian is deemed interested in the transactions entered into by the Group in the ordinary course of business with companies in which she and her close family members have substantial financial interest as disclosed in note 30 to the financial statements.

### **MR CHANG CHU SHIEN**

Malaysian, Non-Independent  
Non-Executive Director

Aged 71, Mr Chang Chu Shien, male, was appointed to the Board of Directors of TNLHB on 11 October 1991. He is the Chairman of the Remuneration Committee. He holds a Bachelor of Commerce degree from the University of New South Wales, Sydney, Australia. He was employed by Australian Consolidated Industries Ltd. in Sydney, Australia. He joined Pahang Enterprise Sdn Bhd and Asia Oil Palm Sdn Bhd in 1977 as Administrative/Financial Director and was the Managing Director of these companies since 1983. Both are oil palm plantation companies involved in production and trading of palm oil products.

Mr Chang is also the Managing Director of Carotino Sdn Bhd which is involved in palm oil downstream manufacturing. He is currently involved in plantation, manufacturing, property development, insurance, real estate and hotel operations. He is a registered Real Estate Agent with the Board of Valuers, Appraisers & Estate Agents, Malaysia and a registered General Insurance Agent with The Malaysian Insurance Institute.

Mr Chang Chu Shien has no family relationship with any of the Directors and/or major shareholders of TNLHB. He has abstained from deliberations and voting in respect of transactions between the Group and related parties of which he has interest.

Mr Chang Chu Shien has no conflict of interest with the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties of which he has interest. He has no convictions of any offences within the past five (5) years.

Mr Chang Chu Shien attended four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Chang Chu Shien's equity interest in the Company's ordinary shares is disclosed in page 163 respectively and he does not have any direct equity interest in the Company's subsidiaries.



## PROFILE OF THE DIRECTORS (CONT'D)

### **MR YONG SENG HUAT**

Malaysian, Non-Independent  
Non-Executive Director

Aged 61, Mr Yong Seng Huat, male, was appointed to the Board of Directors of TNLHB on 11 October 1991 and is a member of the Nomination Committee, Risk Committee and Audit Committee. He holds a Bachelor of Arts (Economics) degree from Brook University of Canada. From 1986 to 1989, he was employed as the Head of Business Department of Dai Hwa Holdings (Malaysia) Bhd., a company formerly listed on the Main Market of Bursa Malaysia Securities Berhad and was primarily responsible for business planning, shipping and market coordination for the said company. He was also formerly the Managing Director of TN Forklift Group of companies from 1994 to 1997.

His sister, Madam Yong Kwee Lian and brother-in-law Mr Ong Yoong Nyock are Executive Director and Managing Director of the Company respectively and hence members of the Board.

Mr Yong Seng Huat has no conflict of interest with the Company. He has no convictions of any offences within the past five (5) years.

Mr Yong Seng Huat attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Yong Seng Huat's indirect interest in the Company's ordinary shares is disclosed in page 163 and he does not have any equity interest in the Company's subsidiaries.

### **MR LING CHENG FAH @**

### **LING CHENG MING**

Malaysian, Independent Non-  
Executive Director

Aged 72, Mr Ling Cheng Fah @ Ling Cheng Ming, male, was appointed to the Board of Directors of TNLHB on 23 November 2001. He was redesignated as an Independent Non-Executive Director on 01 April 2011. He is the Chairman of the Audit Committee and Risk Committee. He is also a member of the Remuneration Committee and Nomination Committee. He holds a Bachelor of Commerce degree from the University of Newcastle, Australia. He is a member of the Institute of Chartered Accountants in Australia and Malaysian Institute of Accountants.

He worked as a Financial Controller/Company Secretary from 1980 to 1985 in Charlick Operations Pty Limited, a diversified group and Senior Manager in a merchant bank, NZI Securities Australia Limited both with operations in Australia.

He joined the Company in 1992 as Group General Manager and was primarily responsible for the financial and corporate functions of the Group.

Mr Ling Cheng Fah has no family relationship with any of the Directors and/or major shareholders of TNLHB.

Mr Ling Cheng Fah has no conflict of interest with the Company. He has no convictions of any offences within the past five (5) years.

Mr Ling Cheng Fah attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Ling Cheng Fah's equity interest in the Company's ordinary shares is disclosed in page 163 and he does not have any direct equity interest in the Company's subsidiaries.

## PROFILE OF THE DIRECTORS (CONT'D)

**DATUK HAJI MUHAMAD  
SHAPIAE BIN MAT ALI**  
Malaysian, Independent Non-  
Executive Director

Aged 74, Datuk Haji Muhamad Shapiae bin Mat Ali, male, was appointed to the Board of Directors of TNLHB on 16 November 2018. He was also appointed as the Chairman of the Nomination Committee and a member of the Audit Committee, Remuneration Committee and Risk Committee.

Datuk Haji. Muhamad Shapiae has more than 30 (thirty) years of working experience in the property development, transportation, advertising and insurance industry. He was also the Executive Directors of Ganad Media Sdn Bhd during 1990s. Currently he is the Independent Non-Executive Chairman of Wong Engineering Corporation Bhd, Non-Executive Chairman of Mahajaya Berhad and Chairman of Havana Solaris Sdn Bhd which are involve in manufacturer for high precision component parts, building construction, development in housing, services apartments and affordable homes in Kuala Lumpur.

Datuk Haji Muhamad Shapiae has no family relationship with any of the Directors and/or major shareholders of TNLHB.

Datuk Haji Muhamad Shapiae has no conflict of interest with the Company. He has no convictions of any offences within the past five (5) years.

Datuk Haji Muhamad Shapiae attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Datuk Haji Muhamad Shapiae does not have any direct equity interest in the Company's subsidiaries.

**MR ONG WEI KUAN**  
Malaysian, Non-Independent  
Executive Director

Aged 42, Mr Ong Wei Kuan, male, was appointed to the Board of Directors of TNLHB on 1 April 2011. He holds a Bachelor of Science in Information System from Leeds University of United Kingdom. He joined Tiong Nam Group of Companies in year 2005 as head of IT and cost management department. He also sits on the Board of Directors of several subsidiaries of the Company and other unrelated private companies.

His parents, Mr Ong Yoong Nyock and Madam Yong Kwee Lian are Managing Director and Executive Director of the Company respectively and hence are members of the Board. His sister, Ms Christina Ong Chu Voon is Executive Director of the Company and hence member of the Board. He has no conflict of interest with the Company. He has abstained from deliberations and voting in respect of transactions between the Group and related parties of which he has interest. He has no convictions of any offences within the past five (5) years.

Mr Ong Wei Kuan attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Ong Wei Kuan's equity interest in the Company's ordinary shares is disclosed in page 163 respectively and he does not have any equity interest in the Company's subsidiary.

Mr Ong Wei Kuan is deemed interested in the transactions entered into by the Group in the ordinary course of business with companies in which he and his close family members have substantial financial interest as disclosed in note 30 to the financial statements.

## PROFILE OF THE DIRECTORS (CONT'D)

### **CHRISTINA ONG CHU VOON**

Malaysian, Non-Independent  
Executive Director

Aged 34, was appointed to the Board of Directors of TNLHB on 22 June 2020. She holds a Master of Commerce in Business Finance from Macquarie University. She joined Tiong Nam Group in October 2016 and works closely with the Senior Executive Team to formulate operational and tactical initiatives to achieve the organisation's interim goals. She is also responsible for the Group's organisational restructuring and the strengthening of internal policies and controls. Prior to joining the Group, Ms Christina was a Management Consultant at PwC Consulting working with multinational corporations on supply chain and cost improvement projects.

Her parents, Mr Ong Yoong Nyock and Madam Yong Kwee Lian are Managing Director and Executive Director of the Company respectively and hence are members of the Board. Her brother, Mr Ong Wei Kuan is Executive Director of the Company and hence member of the Board. She has no conflict of interest with the Company. She has no convictions of any offences within the past five (5) years.

Ms Christina has attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Ms Christina does not have any equity interest in the Company or its subsidiary companies.

### **MR CHEN KUOK CHIN**

Malaysian, Independent Non-  
Executive Director

Aged 52, Mr Chen Kuok Chin, male, was appointed to the Board of Directors of TNLHB on 22 June 2020. He holds a Bachelor of Accounting in Universiti Putra Malaysia. In 1994, he was employed by JB Securities S/B as Stock Market and Share Investment Analyst and was the Dealer and Head of Investment since 1999. He joined Hwang-DBS (Malaysia) Berhad in 2001 and Mercury Securities Sdn Bhd in 2007.

Mr Chen Kuok Chin has no family relationship with any of the Directors and/or major shareholders of TNLHB.

Mr Chen Kuok Chin has no conflict of interest with the Company. He has no convictions of any offences within the past five (5) years.

Mr Chen Kuok Chin has attended all the four (4) Board meetings held during the financial year ended 31 March 2022.

Mr Chen Kuok Chin's indirect interest in the Company's ordinary shares is disclosed in page 163 and he does not have any equity interest in the Company's subsidiaries.

## PROFILES FOR KEY MANAGEMENT

### MR ONG YOONG NYOCK

*Designation* : Group Managing Director  
*Nationality* : Malaysian  
*Age* : 69  
*Gender* : Male  
*Date of Appointment* : 31 January 1990

Please refer to his profile in the Board of Directors' profile section on page 18.

### MS CHRISTINA ONG CHU VOON

*Designation* : Corporate Strategic  
Planning Director  
*Nationality* : Malaysian  
*Age* : 34  
*Gender* : Female  
*Date of Joining* : October 2016

Please refer to her profile in the Board of Directors' profile section on page 22.

### MADAM YONG KWEE LIAN

*Designation* : Executive Director  
*Nationality* : Malaysian  
*Age* : 70  
*Gender* : Female  
*Date of Appointment* : 31 January 1990

Please refer to her profile in the Board of Directors' profile section on page 19.

### MR LAW TIK LONG

*Designation* : Senior Financial Controller  
and Company Secretary  
*Nationality* : Malaysian  
*Age* : 48  
*Gender* : Male  
*Date of Joining* : September 2006

Mr Law Tik Long, a Malaysian, aged 48, is a member for both the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountant (MIA).

### MR ONG WEI KUAN

*Designation* : Executive Director, Head  
of Information Technology  
and Cost Management  
Department  
*Nationality* : Malaysian  
*Age* : 42  
*Gender* : Male  
*Date of Joining* : 1 April 2011

Please refer to his profile in the Board of Directors' profile section on page 21.

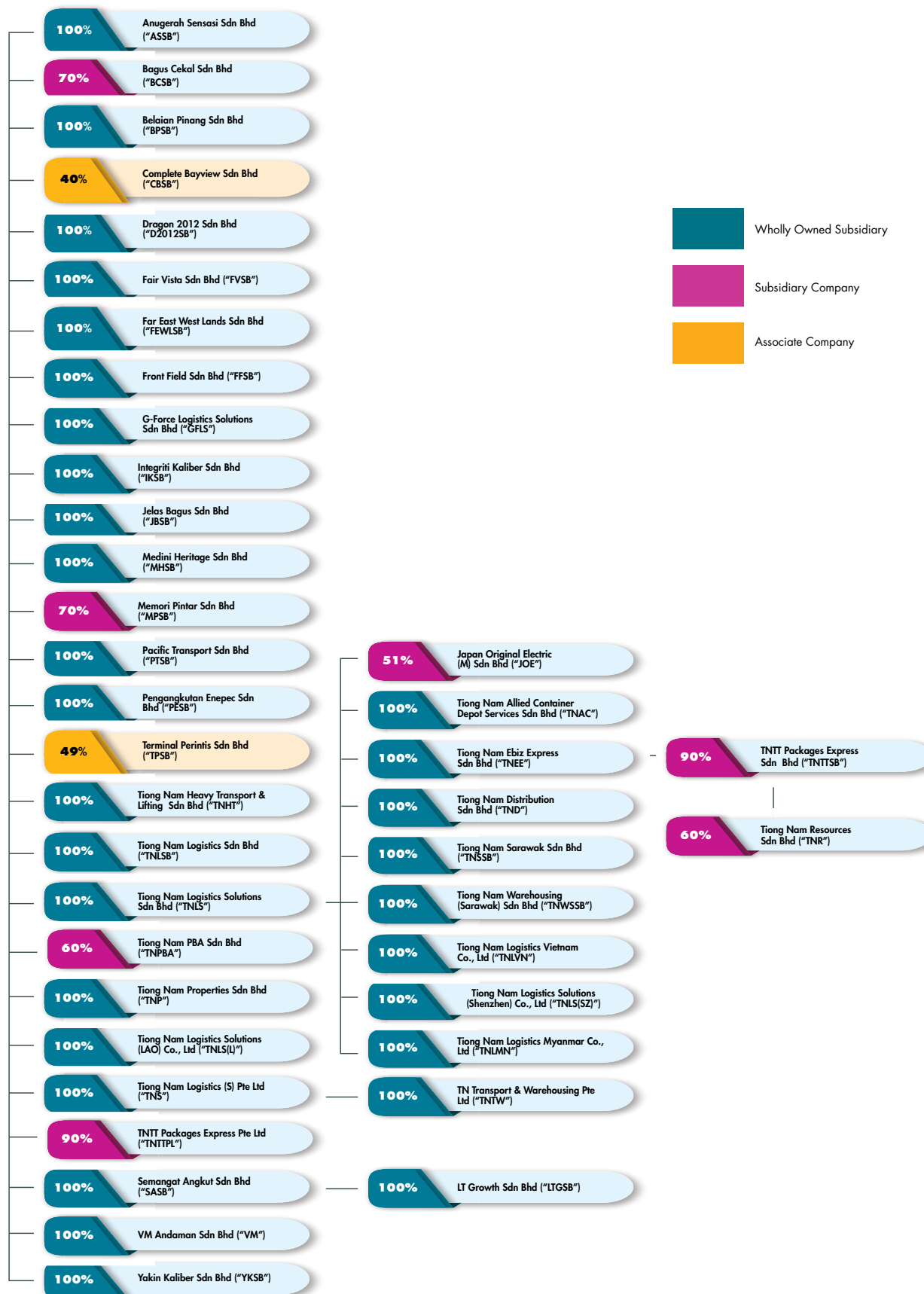
In September 2006, he joined Tiong Nam Group as a Finance Manager and thereafter promoted to Financial Controller in April 2009. His current responsibilities include overseeing the corporate finance, accounting and compliance with audit and statutory requirements of Tiong Nam Group. He was appointed as a Joint Secretary of Tiong Nam Logistics Holdings Bhd since February 2014.

Mr Law Tik Long has more than ten (10) years of related working experience prior to joining Tiong Nam Group. He joined PNE Micron Engineering Sdn Bhd as an Accounts Officer in 1996 and served as its Accounts Manager in 1998. In 2002, he was promoted to Group Accounts Manager and Assistant to Group Chief Executive Officer in 2003. He has been an Executive Director of Hong Nam (M) Industry Sdn Bhd, a subsidiary of PNE Micron Holdings Ltd since 2004. He was responsible for the overall operations, sales and marketing of Hong Nam (M) Industry Sdn Bhd.



## CORPORATE STRUCTURE

### TIONG NAM LOGISTICS HOLDINGS BERHAD ("TNLHB")



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present this overview statement to the Shareholders, the Corporate Governance (“CG”) Overview Statement of the Company for the financial year ended 31 March 2022. This full CG is available on the Company’s website [www.tiongnam.com](http://www.tiongnam.com).

The Board of Tiong Nam Logistics Holdings Berhad (the “Company”) acknowledges the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. As such, the Board is committed towards adherence to the principles, intended outcome and best practices set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021” or the “CG Code”) issued by the Securities Commission Malaysia.

The Board believes that good CG adds value to the business of the Company and will ensure that this practice continues. The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Company’s business direction and strategy.

The Group has applied most of the principles as set out in the CG Code throughout the financial year ended 31 March 2022 (“FY 2022”) except for the following:

Practice 5.2 - At least half of the board comprises independent directors..

Practice 5.3 - The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

Practice 5.9 - The Board comprises at least 30% women directors.

Practice 5.10 - The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Practice 9.5 - All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules..

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD’S RESPONSIBILITIES

##### 1. Clear Roles and Responsibilities

The Board is collectively responsible for the overall conduct and performance of the Company and provides the necessary stewardship and oversight on behalf of the shareholders. In order to ensure the effective discharge of the Board’s fiduciary duties and leadership functions, the Board delegates specific responsibilities and functions to various committees, namely Nomination Committee, Audit Committee, Remuneration Committee and Risk Committee. These Committees comprise of all Independent Non-Executive Directors (“INEDs”). Each of these Committees operates under clearly defined Terms of Reference (“TOR”) as approved by the Board to oversee and deliberate matters within their purviews. Nevertheless, the Board collectively retains full responsibility and accountability for all the company’s performance.

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

##### (a) *Reviewing and adopting a strategic plan for the Company*

The Board participates in the strategic planning process and reviews in depth and approves the strategy, including the human, technological and capital resources on its implementation. The Board then monitors management’s execution of the strategy in achieving the objectives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD'S RESPONSIBILITIES (Cont'd)

##### 1. Clear Roles and Responsibilities (Cont'd)

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions: (Cont'd)

*(b) Overseeing the conduct of the Group's business*

The Board is responsible for the overall conduct and performance of the Group. It focuses mainly on overseeing the performance of management, critical and material business issues.

*(c) Identifying business risks and the implementation of appropriate internal controls*

The Board identifying the principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks.

*(d) Succession planning*

The Board considers succession planning and management development to be an on-going process.

The Board is responsible for:

- (a) approving the succession plan for the Chairman and Managing Director;
- (b) in the case of the other senior managers, ensuring that the succession and development plans are in place; and
- (c) ensuring that criteria and processes for recognition, promotion, development and appointment of senior management are consistent with the leadership requirements of the Company.

The Managing Director periodically discuss with the Nomination Committee and Chairman on his view as to a need for a successor in the event of the Managing Director's is in unexpected incapacity.

The Board, represented by the Managing Director, creates opportunities to become acquainted with employees within the Company who have the potential to become members of senior management.

*(e) Overseeing the development and implementation of a shareholder communications policy*

The Board strives to ensure the information is communicated to the shareholders, mainly through the Company's interim reports, annual reports and where applicable, quarterly reports, annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to Bursa Malaysia Securities Berhad ("Bursa Malaysia").

*(f) Reviewing the adequacy and integrity of the Group's internal control and management information systems*

The Board ensures the Group maintains a sound framework of reporting on internal controls and regulatory compliance through its internal auditors, who reports to both the AC and the Board quarterly. Further details on this are available in the Statement on Internal Control and Risk Management contained on pages 54 to 58 in this Annual Report.

Overall, our internal organization structure defines the lines of authority and responsibility for the business and operation strategies, promote fast and accurate decisions and enhance management transparency and efficiency.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## I. BOARD'S RESPONSIBILITIES (Cont'd)

## 1. Clear Roles and Responsibilities (Cont'd)

Board	Responsibilities
Chairman	<p>The Board is led by Dato' Fu Ah Kiow, Non-Independent Non-Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The Chairman provides leadership and governance in order to create a conducive environment geared towards building and enhancing the Board's effectiveness and ensures that all strategic and critical issues are discussed by the Board in a timely manner.</p> <p>The Chairman is also responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.</p>
Group Managing Director	<p>The Managing Director ("MD") of the Company is Mr Ong Yoong Nyock, a Non-Independent Managing Director.</p> <p>The MD is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations. MD is supported by the Executive Directors and management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group.</p>
Independent Non-Executive Director	The Company has three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors are strong individuals demonstrating independence. The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.
Non-Independent Non-Executive Director	The Company has three (3) Non-Independent Non-Executive Directors. The Non-Independent Non-Executive Directors are actively involved in monitoring the Company's performance by overseeing the performance of the Management in meeting agreed goals and objectives.

## 2. Access to Information and Advice

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities. Senior Management of the Group are invited to attend Board meetings to provide additional information and explanation when deemed necessary. This enables the Directors to interact directly with the Management, and request for further explanation, information or updates on any aspect of the Group's operations or business concerns.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD'S RESPONSIBILITIES (Cont'd)

##### 2. Access to Information and Advice (Cont'd)

Prior to Board meetings, Board members are provided with an agenda which contained matters which are to be discussed at the Board meetings. The Board is provided with the relevant Board papers ("Board Papers") such as financial reports, comparative turnovers of various type of services provided, summary of bank borrowings, variances analysis and other papers which require discussion, endorsement and approval of the Board. The Board Papers are distributed to all Directors at least seven (7) days prior to each Board meeting. This is to ensure that the Directors are well informed of the matters to be discussed and deliberated in advance of Board meetings in order to facilitate an effective conduct of Board meetings.

##### 3. Supported by Qualified and Competent Company Secretaries

The Board is supported by professionally qualified and competent Company Secretaries.

The Company Secretaries, being member of The Malaysian Institute of Accountant ("MIA") and The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), satisfy the qualification as prescribed under Section 235(2) of the Companies Act 2016 and have the requisite experience and competency in company secretarial services.

They are internal and external Company Secretaries with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

The Company Secretaries play an important advisory role to the Board, on administrative, regulatory requirements and governance matters. The Company Secretaries are also responsible to ensure that accurate and proper recording of proceedings and resolutions at the Board, Board Committees meetings and general meetings.

The Board of Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors, and promptly disseminate communications received from the relevant regulatory/governmental authorities. The Company Secretary organises and attends all Board meetings and is responsible to ensure that meetings are properly convened, and accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.

##### 4. Board Charter

The Board Charter serves as guidance for the Board with regards to the responsibilities of the Board, its Committees and the Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Board Charter is made available to the public for reference in the Company's website at [www.tiongnam.com](http://www.tiongnam.com). The Board Charter is subject to periodic reviewed by the Board and when necessary, revised in accordance with the need of the Group and any regulatory updates. The last review of the Board Charter by the Board was on 22 August 2020.

##### 5. Code of Conduct and Ethics

The Board is committed in maintaining good corporate integrity and is guided by a formalised Directors' Code of Ethics, setting out the principles and standards of business ethics and conduct expected from all Directors. The Board observes the Company Directors' Code of Ethics as established by the Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia or "SSM") which is published on SSM's website at [www.ssm.com.my](http://www.ssm.com.my).



CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD'S RESPONSIBILITIES (Cont'd)****5. Code of Conduct and Ethics (Cont'd)**

To advocate good ethical and conduct among employees, the Group has established a Code of Conduct and Ethics for employees, encapsulated in Tiong Nam's Employees Manual, which has been communicated to all levels of employees in the Group, during employee orientation programme, via internal memo and displaying on the Company's notice board.

The Code of Conduct and Ethics is reviewed periodically in accordance with the needs of the Company. The Code of Conduct and Ethics is available on the Company's website, [www.tiongnam.com](http://www.tiongnam.com)

**6. Whistle-blower Policy**

The Board has adopted a Whistle-blower Policy and is committed to conducting its business and working with all stakeholders including employees, suppliers, customers, and shareholders in a manner that is lawful and ethically responsible. It expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate, timely manner and given fair treatment to the alleged wrongdoer.

Whistle-blower Policy are available on at the Company's website, [www.tiongnam.com](http://www.tiongnam.com)

**7. Sustainability of Business**

The Board recognises and is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the environmental and social governance ("ESG") aspects is taken into consideration. Whilst the Group embraces sustainability in its operations and supply chain, the Board has formalised a Sustainability Policy, addressing the ESG aspects to be incorporated in the Group's strategies.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on pages 14 to 15 of this Annual Report.

**II. BOARD COMPOSITION****1. Board Composition and Balance**

During the financial year under review, the Board comprises ten (10) members with the composition as set out below:-

Name	Designation
1. Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	Non-Independent Non-Executive Chairman
2. Ling Cheng Fah @ Ling Cheng Ming	Independent Non-Executive Director
3. Datuk Haji Muhamad Shapiae Bin Mat Ali	Independent Non-Executive Director
4. Chen Kuok Chin	Independent Non-Executive Director
5. Yong Seng Huat	Non-Independent Non-Executive Director
6. Chang Chu Shien	Non-Independent Non-Executive Director
7. Ong Yoong Nyock	Non-Independent Managing Director
8. Yong Kwee Lian	Non-Independent Executive Director
9. Ong Wei Kuan	Non-Independent Executive Director
10. Christina Ong Chu Voon	Non-Independent Executive Director

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (Cont'd)

##### 1. Board Composition and Balance (Cont'd)

The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations. The Board comprises of members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives.

The profile of each Director is set out on pages 18 to 22 of this Annual Report.

The current composition with 3 Independent Non-Executive Directors ("INEDs") complies with the Main Market Listing Requirements which stipulates at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are the Independent Directors. ,

In the event of any vacancy in the Board, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within three (3) months.

The Board is mindful that the Board still does not comprise of at least half INEDs as recommended by Practice 5.2 of MCCG 2021. The Board is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decisions are made through their sharing of impartial, objective and unbiased opinion and viewpoints. Although all Directors shared equal responsibility for the Group's business directions and operations, the presence of INEDs are essential in ensuring that the management proposals are fully discussed, challenged and evaluated, by taking into account the interest of not only the Group but also all interested parties, including shareholders, employees, customers, suppliers and the communities as a whole.

Further, the current composition of the Board Committees comprise of all INEDs which affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function. The significant contributions of the Independent Directors in the decision-making process are evidenced by their participation as members of the various Board Committees. Hence, the INEDs are able to carry out their duties and to provide an unfettered and unbiased independent judgement and to promote good corporate governance.

Nonetheless the Board will consider appointment of additional INEDs in the near future to ensure that the Board comprises at least half INEDs as per Practice 5.2 of the MCCG 2021.

##### 2. Board Committee

###### a) Nomination Committee – Selection and Assessment of Directors

The Nomination Committee ("NC") was formed on 25 August 2001. The present composition of the NC is as follows:

Directors	Designation
Datuk Haji Muhamad Shapiae bin Mat Ali	Chairman (Independent Non-Executive Director)
Yong Seng Huat	Member (Non-Independent Non-Executive Director)
Ling Cheng Fah @ Ling Cheng Ming	Member (Independent Non-Executive Director)

The NC would meet at least once (1) annually with additional meetings convened as and when required.

The Board has stipulated specific terms of reference for the Nomination Committee, which cover, inter-alia, to oversee the selection and assessment of Director to ensure that board composition meets the needs of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## II. BOARD COMPOSITION (Cont'd)

## 2. Board Committee (Cont'd)

## a) Nomination Committee – Selection and Assessment of Directors (Cont'd)

During the FY2022 and up to the date of this Statement, the key activities undertaken by NC are summarised as follows:-

- Assessed and recommended to the Board the re-election and re-appointment of the Directors in accordance with the Fit and Proper Policy for tabling at the AGM;
- Reviewed the independence of the Independent Directors of the Company;
- Reviewed the required mix of skills and experience and other qualities of Directors, succession planning, training courses for Directors and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director;
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director;
- Recommended the retention of an Independent Director as an Independent Director pursuant to Recommendation 5.3 of the MCCG 2021; and
- Reviewed and recommended to the Board for approval on the adoption of the Fit and Proper Policy.

Potential candidates can be identified by the Nomination Committee, existing Directors or any shareholder through internal or external sources. The Nomination Committee recommends suitable potential candidates for appointment to the Board, and the final endorsement lies with the Board.

In recommending suitable candidates for directorships and Board committees to the Board, the Nomination Committee takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment by the Nomination Committee. During the FY 2022, the Nomination Committee had interviewed candidates and recommended appointment of one independent director and one executive director to the Board.

The process of assessing the Directors is an on-going responsibility of the entire Board. The Board 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. The criteria used, amongst others, for the annual assessment of individual Director includes an assessment of their roles, duties, responsibilities, competency, expertise and contribution. Whereas, the criteria for the assessment of the performance of the Board and Board committees covered composition, processes, accountability, responsibilities as well as the fulfilment of duties.

During FY 2022, the Nomination Committee had undertaken the activities stipulated in their terms of reference as mentioned above and based on the assessment on the Board for the FY 2022, the Board is satisfied with the composition, performance and effectiveness of the Board in discharging its roles and responsibilities for the benefits of the Group.

All directors attended at least 50% of all Board meetings held in FY 2022, complying with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements. This is evidenced by the attendance record set out in this annual report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (Cont'd)

##### 2. Board Committee (Cont'd)

##### a) Nomination Committee – Selection and Assessment of Directors (Cont'd)

The Board acknowledges the recommendation of the CG Code on the establishment of a gender diversity policy for the Board. In the selection process, there is no plan by the Board to implement a gender diversity policy or target, as the Group adheres to the practice of non-discrimination of any form, whether based on age, gender, race or religion, throughout the Group. This includes the selection on the candidate's skills, expertise, experience, integrity, character, time commitment and other qualities in meeting the needs of the Company, regardless of gender.

In accordance with the Company's Constitution, the newly appointed directors will retire at the subsequent Annual General Meeting and are eligible for re-election by shareholders. The clauses of Constitution also provide that at least one-third (1/3) of the Board including Executive Directors is subject to re-election annually and each director shall stand for re-election at least once every three (3) years.

##### b) Audit Committee

The Audit Committee ("AC") comprises of three (3) members with composition as set out below:

Directors	Designation
Ling Cheng Fah @ Ling Cheng Ming	Chairman (Independent Non-Executive Director)
Yong Seng Huat	Member (Non-Independent Non-Executive Director)
Datuk Haji Muhamad Shapiae bin Mat Ali	Member (Independent Non-Executive Director)

The AC is chaired by an independent non-executive director who is not the Chairman of the Board and the AC comprised exclusively of all non-executive directors with a majority of them are independent. The composition of the Audit Committee currently complies with the Listing Requirements of Bursa Malaysia. The AC Chairman is also a member of the Malaysian Institute of Accountants and all members are financially literate.

During the FY2022, the AC had six (6) meetings. The AC reviewed and recommend the quarterly financial reports, internal audit processes and related party transactions.

Terms of reference and functions of the AC are found on pages 51 to 52 of this Annual Report and is available on the Company's website at <http://www.tiongnam.com>

##### c) Remuneration Committee

The Remuneration Committee ("RC") was established by the Board on 25 August 2001 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Directors. The present composition of the RC is as follows:

Directors	Designation
Chang Chu Shien	Chairman (Non-Independent Non-Executive Director)
Datuk Haji Muhamad Shapiae bin Mat Ali	Member (Independent Non-Executive Director)
Ling Cheng Fah @ Ling Cheng Ming	Member (Independent Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## II. BOARD COMPOSITION (Cont'd)

## 2. Board Committee (Cont'd)

## c) Remuneration Committee (Cont'd)

The wealth of experience, skills and competencies of the Board members are detailed in the profile of Directors on pages 18 to 22. The RC is chaired by a Non-Independent Non-Executive Director. The RC comprised exclusively of all non-executive directors with majority of them are independent. The RC has written Terms of Reference which deals with its authority and duties and these terms are disclosed on the company's website at [www.tiongnam.com](http://www.tiongnam.com).

As a fair remuneration is critical to attract, retain and motivate Directors, the RC reviews the proposed remuneration packages with regards to each Director's role, responsibility, and expertise, taking into consideration also the complexity of the Company's activities and performance of the Group.

Business strategic, long-term objectives, responsibilities of Directors, expertise required in the discharge of their duties and the complexity of the Group's business are aligned to the remuneration of Directors.

Drawing from the market information in relation to the profitability, turnover, total assets and types of industry, the RC has certain market information on remuneration of Executive Directors and Non-Executive Directors and ensure the remuneration are comparable with the current market and similar industry. The Company has a Remuneration Policy which describes the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The remuneration of Non-Executive Directors as recommended by RC, the Board agreed and approved by shareholders of the Company. The Non-Executive Directors do not participate in the deliberations and discussion of their own remuneration.

The remuneration package for Senior Management are studied and reviewed by the Executive Directors and Human Resource Department at the Company level. The final remuneration package for Senior Management are decided and approved by the Executive Directors. The Board is satisfied with the current structure and manner in arriving at the proposed remuneration package for all Directors and the Management.

The Board is committed to the MCCG 2021 recommendation by disclosing the Board's remuneration in detail as below but due to the sensitivity and confidentiality of the information, the remuneration of top five senior management is not disclosed in this Annual Report.



**CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)**

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**II. BOARD COMPOSITION (Cont'd)**

**2. Board Committee (Cont'd)**

**c) Remuneration Committee (Cont'd)**

The aggregate remuneration of the Directors of the Group categorized into salaries and bonus and fees are as follows: -

<b>Aggregation Remuneration</b>	<b>Director Fee RM</b>	<b>Salaries &amp; Bonus RM</b>
<b>Non-Executive Directors</b>		
Dato' Fu Ah Kiow @ Fu (Oh) Soon Guan	80,000	—
Ling Cheng Fah @ Ling Cheng Ming	75,000	—
Yong Seng Huat	57,000	—
Datuk Haji Muhamad Shapiae bin Mat Ali	65,000	—
Chang Chu Shien	50,000	—
Chen Kuok Chin	42,000	—
<b>Total</b>	<b>369,000</b>	<b>—</b>
<b>Executive Directors</b>		
Ong Yoong Nyock	—	880,433
Yong Kwee Lian	—	568,433
Ong Wei Kuan	—	369,403
Christina Ong Chu Voon	—	612,746
<b>Total</b>	<b>—</b>	<b>2,431,015</b>

The top 5 key management of the Company whose remuneration falls within the following bands of RM50,000 is as set out below: -

<b>Range of Remuneration</b>	<b>Number of Key Management</b>
RM 350,001 to RM 400,000	1
RM 400,001 to RM 450,000	1
RM 550,001 to RM 600,000	1
RM 600,001 to RM 650,000	1
RM 850,001 to RM 900,000	1

The remuneration of key management included salaries and bonus and others.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## II. BOARD COMPOSITION (Cont'd)

## 2. Board Committee (Cont'd)

## d) Risk Committee

The Risk Committee was formed on 21 May 2011. The Risk Committee is comprised of four (4) members as follows:

Directors	Designation
Ling Cheng Fah	Chairman (Independent Non-Executive Director)
Datuk Haji Muhamad Shapiae bin Mat Ali	Member (Independent Non-Executive Director)
Yong Seng Huat	Member (Non-Independent Non-Executive Director)
Christina Ong Chu Voon	Member (Non-Independent Executive Director)

The Risk Committee oversees the Risk Working Committee which comprised of Senior Managers of the Group.

The Risk Management Framework was established and designed to monitor and to mitigate the Group's risks associated with operational, financial, market and strategic risks which is reviewed by the Risk Committee and the Board.

Details of Risk Management Framework are disclosed in the Statement of Risk Management and Internal Control on pages 54 to 58.

## 3. Attendance of Directors

The meeting attendance of individual Directors at the Board and the Board Committees during the financial year under review (FY2022) are tabled as below: -

Director	Board	Nomination Committee	Audit Committee	Remuneration Committee	Risk Committee
<b>Non-Independent Non-Executive Director</b>					
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	4/4	–	–	–	–
<b>Non-Independent Managing Director</b>					
Ong Yoong Nyock	4/4	–	–	–	–
<b>Non-Independent Executive Director</b>					
Yong Kwee Lian	4/4	–	–	–	–
Ong Wei Kuan	4/4	–	–	–	–
Christina Ong Chu Voon	4/4	–	–	–	1/2
<b>Non-Independent Non-Executive Director</b>					
Yong Seng Huat	4/4	1/1	6/6	–	2/2
Chang Chu Shien	4/4	–	–	1/1	–

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. BOARD COMPOSITION (Cont'd)

##### 3. Attendance of Directors (Cont'd)

The meeting attendance of individual Directors at the Board and the Board Committees during the financial year under review (FY2022) are tabled as below: - (Cont'd)

Director	Board	Nomination Committee	Audit Committee	Remuneration Committee	Risk Committee
Independent Non-Executive Director					
Ling Cheng Fah @ Ling Cheng Ming	4/4	1/1	6/6	1/1	2/2
Datuk Haji Muhamad Shapiae bin Mat Ali	4/4	1/1	6/6	1/1	2/2
Chen Kuok Chin	4/4	–	–	–	–

##### 4. Directors Training

The Directors acknowledge that they are required to continue to update themselves on their skills and knowledge to discharge their duties. In order to ensure Directors' continuous professional development, the Board has identified and the Management has enrolled Directors for relevant training needs during the FY 2022.

All Directors of the Company have attended the Mandatory Accreditation Programme (MAP) prescribed by the Bursa Malaysia for directors of public listed companies.

The following are the training programme/seminars/forum attended by the Directors in FY2022: -

Name of Director	Topic of programme/seminars/forum
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	- Critical Thinking In Problem Solving & Decision Making
Ong Yoong Nyock	- Critical Thinking In Problem Solving & Decision Making
Yong Kwee Lian	- Critical Thinking In Problem Solving & Decision Making
Chang Chu Shien	- Critical Thinking In Problem Solving & Decision Making
Yong Seng Huat	- Critical Thinking In Problem Solving & Decision Making
Ling Cheng Fah @ Ling Cheng Ming	- Critical Thinking In Problem Solving & Decision Making
Datuk Haji Muhamad Shapiae bin Mat Ali	- Critical Thinking In Problem Solving & Decision Making
Ong Wei Kuan	- Critical Thinking In Problem Solving & Decision Making
Christina Ong Chu Voon	- Critical Thinking In Problem Solving & Decision Making
Chen Kuok Chin	- Critical Thinking In Problem Solving & Decision Making

All the Directors have been advised to attend at least one (1) or more programme/seminar/forum for the new financial year ending 31 March 2023 which have direct relevance to the discharge of their duties and responsibility as Directors and keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations and the business environment from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## II. BOARD COMPOSITION (Cont'd)

## 4. Directors Training (Cont'd)

The Company Secretaries normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable.

The Group Senior Financial Controller and External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

## I. AUDIT COMMITTEE

## 1. Composition of Audit Committee

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa Malaysia, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board established an Audit Committee, comprising three (3) members as follows:

Directors	Designation
Ling Cheng Fah @ Ling Cheng Ming	Chairman (Independent Non-Executive Director)
Datuk Haji Muhamad Shapiae bin Mat Ali	Member (Independent Non-Executive Director)
Yong Seng Huat	Member (Non-Independent Non-Executive Director)

The Chairman of the AC is an Independent Non-Executive Directors who is not the Chairman of the Board. The Board is committed in ensuring the effectiveness and independence of the Audit Committee. This includes to require any former key audit partner to observe a cooling off period of three (3) years before being appointed as a member of AC. No former key audit partners of the external auditors have been appointed to the Board thus far.

The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 51 to 52 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, will formalize and adopt a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self-review" threat faced by the external audit firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**  
**(CONT'D)****PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****I. AUDIT COMMITTEE (Cont'd)****1. Composition of Audit Committee (Cont'd)**

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. Areas of assessment include the external auditor's objectivity and independence, adequacy of the experience and resources of the audit firm, size and competency of the audit firm, audit strategy and reporting, partner involvement and audit fees.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

The Audit Committee is satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 31 March 2022 and has recommended their re-appointment for the financial year ending 31 March 2023.

The terms of reference of the Audit Committee are available on the Company's website at <http://www.tiongnam.com/>.

**2. Relationship with External Auditors**

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with accounting standards. External auditors' views, opinions and expertise are sought by Senior Management and Board Members periodically on general accepted accounting principles, financial reporting standards, appropriate disclosures, dealings with authorities and compliances. Discussions with external auditors are held during the finalisation of the annual audited financial statements, quarterly Audit Committee meeting from time to time and on internal control matters.

The AC meets up with the external auditors at least twice a year for the external auditors present their audit plan, audit findings and their comments on the Group's financial statements.

The AC also met once with the external auditors without the presence of the Executive Board members and management during the financial year under review, to allow the AC and the external auditors to exchange independent views on crucial areas which require the AC's attention.

The AC has assessed the suitability and independence of the external auditors vis a vis adequacy of experience and resources of the external auditors before recommending their re-appointment to the Board.

The Board, having considered the recommendations by the AC, is satisfied with the level of independent and performance of the external auditors including quality of audit review procedures, adequacy of audit firm's expertise, its resources to carry out the audit work according to the audit plan and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

## I. AUDIT COMMITTEE (Cont'd)

## 3. Risk Management and Internal Control Framework

Recognising the importance of risk management, the Group has established a risk management and internal controls framework to identify, evaluate, control, monitor and manage significant business risks faced by the Group on an ongoing basis. The following represent the key elements of the Group's risk management and internal control structure:

- (1) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (2) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (3) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment.
- (4) Active participation and involvement by the Group Managing Director and Non-Independent Executive Directors in the day-to-day running of the major business and regular discussions with the senior management of smaller business units on operational issues; and
- (5) Monthly financial reporting by the subsidiaries to the holding company.

The Group had formalized its internal audit function by setting up an in-house internal audit team, to carry out internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan approved by the Audit Committee.

The Statement of Risk Management and Internal Control is set out on pages 54 to 58 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

## 4. Internal Audit Function

In line with the MCCG 2021 and the Listing Requirements of Bursa Malaysia, the Company has in place an in-house Internal Audit ("IA") function, which reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The Audit Committee will ensure the IA is able to function independently and effectively. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The internal audit is led by Mr Adrian Ong, a Chartered member of Institute of Internal Auditors Malaysia. The internal audit function is carried out in accordance with the Code of Ethics and the International Standards. The internal audit function is independent of the activities it audits and the scope of work it covered during the financial year under review is provided in the Audit Committee Report set out on pages 51 to 53 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I. Communication with stakeholders

##### 1. Directors' Responsibility Statement in respect of the Audited Financial Statements

The Board is responsible to ensure that the financial statements of the Company are drawn up in accordance with the Companies Act 2016 ("CA 2016") and applicable accounting standards in Malaysia. The aforesaid financial statements give a true and fair view of the state of affairs, the results of the operations and cash flows of the Group and the Company for the financial year under review.

The Board has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable which were reasonable and prudent and ensured that applicable accounting standards were followed in the preparation of the Company's audited financial statements for the year ended 31 March 2022. The Company keeps proper accounting and other records which will disclose with reasonable accuracy at any time the financial position of the Company, and which enable the Board to ensure that the audited financial statements comply with the CA 2016 and the applicable approved accounting standards.

##### 2. Shareholder participation at general meeting

The Company encourage shareholders' participation in AGM by providing adequate notice. The Company had dispatched its Notice of the 32nd AGM held on 21st August 2021 to shareholders more than twenty-eight (28) days before the date of the meeting to allow sufficient time for shareholders to review the Annual Report.

The Annual General Meeting ("AGM") which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the 32nd AGM, all Directors attended the AGM virtually to engage directly with the shareholders and be accountable to their stewardship in the Company. At the 32nd AGM, a question & answer session was held where the Chairman of the meeting invited shareholders to raise questions with responses from the Board and Senior Management.

##### 3. Communication and engagement with shareholders and prospective investors

The Board recognizes the importance of accurate, transparent, accountable and timely dissemination of information to the Company's shareholders and prospective investors. The Board observes the Corporate Disclosure Policy issued by the Bursa Malaysia and complies with the disclosure requirements of the Main Market Listing Requirements of Bursa Malaysia.

The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at [www.tiongnam.com](http://www.tiongnam.com) where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. The minutes of Annual General Meeting is published at the Company's website. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. [info.investor@tiongnam.com](mailto:info.investor@tiongnam.com) to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

##### 4. Investors Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and thus, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a better understanding of the Group's performance and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## I. Communication with stakeholders (Cont'd)

## 5. Poll voting

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions tabled at the Company's annual general meetings or at any other general meetings (collectively referred as "general meetings") will be voted by way of poll. An independent scrutineer is appointed to validate the votes cast at the general meetings. Where it is more efficient, the Company will employ electronic poll voting. The outcome of all resolutions tabled at the Company's general meetings shall be announced to Bursa Malaysia on the same day after the respective meetings.

## 6. Leveraging on technology for voting in absentia and remote shareholders' participation

The Constitution of the Company provides for the use of any available technology or method that allows all shareholders of the Company to participate and to exercise the shareholders' rights to speak and vote at general meeting or any adjournment thereof subject to rules, regulations and laws prevailing. Based on an analysis of the investors, the Company does not have a large number of shareholders and, a large majority of investors are Malaysians. Further, all general meetings are held at a location which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings. However, in the event that physical attendance at any of the Company's general meeting is curtailed and/or not permitted arising from unforeseen circumstances, the use of available technology is prioritised to allow shareholders' full participation including the right to speak and vote at such general meeting.

## II. Other Compliance Information

## 1. Material Contract

For the financial year ended 31 March 2022, there were no material contracts involving directors and substantial shareholders in the Company and subsidiaries.

However, recurring related party transactions of a revenue or trading nature in the ordinary course of business which are entered into by the Company and its subsidiaries involving the interest of Mr Ong Yoong Nyock and Madam Yong Kwee Lian, Managing Director and Executive Director respectively and substantial shareholders of the Company and Mr Chang Chu Shien a Non-Independent Non-Executive Director, Mr Ong Wei Kuan a Non-Independent Executive Director and persons connected to the Directors and/or Substantial Shareholders of the Company, Mr Ong Yong Meng, Mr Ong Weng Seng, Madam Yong Wei Lian and Mr. Wong Swee Siong have been mandated and approved by the shareholders in the Annual General Meeting of the Company held on 21 August 2021.

## 2. Sanctions and Penalties

There were no sanctions and penalties imposed by regulatory authorities on the Company, its subsidiaries, Directors and management.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**  
(CONT'D)

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**  
(CONT'D)

**II. Other Compliance Information (Cont'd)**

**3. Audit and Non-Audit Fees**

The audit fees and non-audit fees incurred by the Company and its subsidiaries and payable to the external auditors, Messrs KPMG PLT and its affiliates for the financial year ended 31 March 2022 are as follows: -

	<b>Group (RM)</b>	<b>Company (RM)</b>
Audit Fees	415,000	68,000
Non-Audit Fees	157,000 [Note 1]	19,000

*Note 1: The non-audit fees are related to tax services and assurance related services.*

**4. Utilisation of Proceeds**

At the Extraordinary General Meeting held on 10 December 2020, the Company had obtained shareholders' approval for issuance of 67,050,000 new ordinary shares in the Company to Mr Ong Yoong Nyock, representing approximately 15% of total number of issued shares in the Company. The Share Issuance has been completed following the listing of and quotation for 67,050,000 Subscriptions Shares on the Main Market of Bursa Securities on 17 December 2020, raising RM 29.2 million for the Company.

The detail of the utilisation of proceeds from the Share Issuance as at 31 March 2022 was as follows: -

<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance Unutilised (RM'000)</b>	<b>Initial Time Frame (From the date of listing of Subscription Shares)</b>	<b>Revised Time Frame (From the date of listing of Subscription Shares)</b>
Capital expenditure for business expansion	28,794	(28,864)	—	Within 6 months	Within 12 months
Estimated expenses in relation to the Share Issuance	400	(330)	— <sup>(1)</sup>	Within 1 month	—
<b>Total proceeds</b>	<b>29,194</b>	<b>(29,194)</b>	<b>—</b>		

Note:

- <sup>(1)</sup> The balance of the unutilised proceeds for the expenses incurred in relation to the Share Issuance has been adjusted against the amount allocated for the capital expenditure of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 5. Share Buy-Back

Details of share repurchased during the financial year ended 31 March 2022 are as follows:

Month	No. of shares repurchases	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total consideration (RM)
April 2021	1,000	0.890	0.890	0.890	888.66
October 2021	1,000	0.960	0.960	0.960	960.96
	2,000				1,849.62

At the end of the financial year, a total of 13,777,295 of the repurchased shares are being held as treasury shares and carried at cost. There is no resale of treasury shares or cancellation of shares during the financial year.

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature

All recurrent related party transactions ("RRPTs") are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements") and a summary of RRPT Register is tabled for Audit Committee's review and monitoring on quarterly basis.

The nature of transactions with the Related Parties, involving the interest of the Major Shareholders and Directors of the Company, namely Mr Ong Yoong Nyock ("OYN") and Madam Yong Kwee Lian ("YKL") and the following the persons connected to them are as follows:

- (i) Ms Christina Ong Chu Voon ("COCV"), daughter of OYN and YKL
- (ii) Mr Ong Weng Seng ("OWS") and Mr Ong Yong Meng ("OYM"), both are brothers of OYN
- (iii) Madam Yong Wei Lian ("YWL"), sister of YKL
- (iv) Mr Pan Chee Seng ("PCS"), husband of YWL
- (v) Mr Wong Swee Siong ("WSS"), brother-in-law of YKL
- (vi) Mr Yong Loy Huat ("YLH"), brother of YKL
- (vii) Ms Lim Hooy, wife of OYM

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
a	Linocraft Printers Sdn Bhd ("LPSB")	LPSB is 70% owned by Charlecote Sdn Bhd ("CSB")  CSB is 50% and 50% Owned by OYN and YKL respectively.  OYN is a director in LPSB and owned 11% share.	Freight income received from provision of transportation and related services such as forwarding, handling stuffing and unstuffing, container haulage services and general warehousing facilities.  The above services & warehouse facilities are provided by TNLS.	3,951



CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature (Cont'd)

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
b	Tiong Nam Holdings Sdn Bhd ("TNH") and the following wholly owned subsidiaries: - Generation Essential Enterprise Sdn Bhd ("GE") - Melia Legend Sdn Bhd ("ML")	OYN – 70% YKL – 30%  OYN is a director of TNH and OWS and OYM are directors in the following wholly owned subsidiaries:- - GE	Rent payable for parking lot and general warehouse at PT 14340 & 14341, Mukim Damansara, Shah Alam, provided to TNLS.	1,386
c	G-Force Sdn Bhd ("GFSB") and the following wholly owned subsidiaries: - Trans-Crest Sdn Bhd ("TC") - GFA Logistics Sdn Bhd ("GFA")	OWS – 39.1% OYM – 39.6% Both OWS and OYM are directors in GFSB and the following wholly owned subsidiaries: - TC	Rent payable for general warehouses and coldroom facilities in Shah Alam, Johor Bahru and Sarawak: -  - Lot 16875 & 16876, Mukim Damansara, Shah Alam - Lot 61383, Bangi - Lot 6 & 19L-Walson 1, Shah Alam - Plo 26, Jalan Cecaair, Pasir Gudang - Lot 59703 - Lot 2-30, 32 & 34 - Lot 640, Blk A, Sarawak - Lot 20L-Walson 3, Shah Alam  The above warehouses and coldroom facilities are provided to TNLS.	27,504
d	Tiong Wang Movers (JB) Sdn Bhd ("TWM")	OYM – 30% OWS – 70%  Both OYM and OWS are directors in TWM	Income from rental of office at Lot 30462 Jalan Kempas Baru, Johor Bahru provided by TNLS.  Transportation and related services, handling, forklift services, trucking and sale of diesel provided by TNLS.  Charges payable for transportation and related services such as forwarding, handling, forklifts services, labour, repairs, loading and unloading provided to TNLS, JBSB and TNHT.	3  29  1,130

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature (Cont'd)

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
e	Trinity Legend Sdn Bhd ("TLSB")	OYN – 50% OWK – 50%  Both OYN and OWK are directors in TLSB	Rent payable of office at Lot 28689, Lot 28721 and Lot 28722 provided to TNLS	672
f	Fastrans (M) Sdn Bhd ("FTSB")	OYN – 70% YKL – 30%  OYN and OWK are directors in FTSB.	Rent payable for rental of office block at Lot30462, Jalan Kempas Baru, Johor Bahru provided to TNLS.	3,433
g	Attractive Zone Sdn Bhd ("AZSB")	OYN – 55%  OYN is a director in AZSB.	Income from project management provided by TNP.	71
h	GF Equipment Rental Sdn Bhd ("GFERSB") and the following wholly owned subsidiaries: - GF Forklift Services (Penang) Sdn Bhd ("GFFSSB") - G-Force Equipment Services Sdn Bhd ("GFESSB") - Mach 1 Hyster Sdn Bhd ("M1HSB") - Mach 1 Equipment Services ("M1ES") 80% owned subsidiary: - Mach 1 Heavylift & Equipment Sdn Bhd ("M1HESB")	OYN – 25% PCS – 20% OWK – 9% COCV – 9%  Both OWK and PCS are director in GFERSB.	Freight income received from provision of transportation and related services such as forwarding and handling, stuffing and unstuffing, and sales of diesel, sales of canvas provided by TNLS, TNLHB and TNHT.  Charges payable for rental of crane & forklifts provided to TNLS, TNS, TNHT, TNEE, TNLSB and PTSB.  Rental income for office at Lot 2-13, Shah Alam provided by TNLS.  Sale of motor vehicle by IKSB	338  12,442  –  60

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature (Cont'd)

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
i	Potential Landscape Sdn Bhd ("PLSB")	OYN – 35% OWK – 25%  Both OYN and OWK are director in PLSB.	Income from project management provided by TNP.	71
j	Ontime Privilege Sdn Bhd ("OPSB")	OYN – 68% YWL – 5%  Both OYN and OWK are director in OPSB.	Income from project management provided by TNP.	71
k	Gold Vista Realty Sdn Bhd ("GVR")	OYN is the director in GVR	Rent payable for hostel at Blk 11, Taman Kenanga provided to TNLS.	18
l	Tajukon Sdn Bhd ("Tajukon")	YLH – 72%  YLH is director in Tajukon	Construction of warehouse provided to JOE	3,660
m	Lim Hooy	Spouse of OYM	Rent payable for hostel at C-08-02 and C-09-06 provided to TNLS	83
n	Cold Warehouse Facility & Trading Sdn Bhd (CWFT")	OYM is director in CWFT	Freight income received from provision of transportation and related services such as forwarding and handling, stuffing and Unstuffing provided by TNLS	20

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature (Cont'd)

The nature of transactions with Related Parties of which the Director of the Company, Mr Ong Wei Kuan ("OWK") is a shareholder and a director and therefore has financial interest in the Company are as follows:

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
a	Semangat Forwarding Agent Sdn Bhd ("SFA")	OWK – 5.5%	Income from rental of office provided by TNLS & GFLS: -  - Lot 2, Padang Besar - Lot 24, Pasir Gudang - D28A, Pelabuhan Tanjung Pelepas - Lot 5, Port Klang  Freight income received from provision of transportation and related services such as forwarding and handling, stuffing and unstuffing provided by TNLS.  Charges payable for forwarding, custom clearance and related services, telephone, handling, stuffing and unstuffing, postages and travelling charges provided to TNLS, and TNS.	48 12 – 150  65  5,215
b	Dynamic Tyre Sdn Bhd ("DTSB")	OWK – 7%	Income from rental of warehouse at Lot 30462, Jalan Kempas Baru, Johor Bahru provided by TNLS.  Freight income received from provision of Transportation services provided by TNLS.  Charges for purchase of tyres and accessories provided to TNLS, TNEE, and TNHT.	72  14  6,118

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)

## II. Other Compliance Information (Cont'd)

## 6. Recurrent Related Party Transaction of a Revenue or Trading Nature (Cont'd)

The nature of transactions with Related Parties of which the Director of the Company, Mr Ong Wei Kuan ("OWK") is a shareholder and a director and therefore has financial interest in the Company are as follows: (Cont'd)

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
c	TN Engineering Sdn Bhd ("TNE") and the following subsidiaries: - Power Auto Marketing Sdn Bhd ("PAM") (70%)	OWK – 10%	Income from freight and sales of diesel provided by TNLS and TNLHB.  Income from rental of warehouses and showroom, offices and service centre in Kuantan, provided by TNLS:  - Lot 203D, Gebeng Industrial Estate, Kuantan - Lot 92, 93, 94 & 240, Shah Alam - Lot 204, Shah Alam  Charges payable for repairs and maintenance of lorries (including smash repairs), forklifts, mobile cranes and motor vehicles rendered to TNLS, ASSB, PTSB, PESB, SASB, TNLSB, TNHT, and TNEE.	180    35 600 12  4,563
d	TN Fabrication Assembly & Engineering Sdn Bhd ("TNFAESB") (formerly known as TN Autoparts Sdn Bhd) ("TNASB")	OWK – 7%	Charges payable for purchase of trailers and trucks accessories provided to TNLS.  Income from freight provided by TNLS.	–  30

The nature of transactions with a Related Party of which the Director of the Company, Mr Chang Chu Shien ("CCS") is a shareholder and a director and therefore has financial interest in the Company are as follows: -

	Transacting Party	Nature of Relationship	Nature of Transactions	Transacted Value RM '000
a	Straits View Hotel Sdn Bhd ("SVH")	CCS – 19.6%  CCS is a director in Straits View Hotel Sdn Bhd	Rent payable for general warehouses in Shah Alam provided to TNLS i) Lot 2-43 & 2-45, Lion Industrial Park, Shah Alam ii) Lot 2-13, Lion Industrial Park, Shah Alam	768  492

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS  
(CONT'D)**

**II. Other Compliance Information (Cont'd)**

Statement on Compliance

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.



## STATEMENT ON **DIRECTORS' RESPONSIBILITY** IN RELATION TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of each financial year and of the profit and loss for that period.

In preparing the financial statements as set out on pages 64 to 156 of this Annual Report, the Board has ensured that appropriate accounting policies have been consistently applied, make reasonable and prudent judgements and estimates in accordance to applicable accounting standards and provision of Companies Act 2016 subject to any explanations and any material departures disclosed in the notes to the financial statements.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy financial positions of the company and its subsidiaries and which enable them to ensure the financial statements comply with the Companies Act 2016. The Directors have the general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the Group and to prevent and to detect fraud and other irregularities.

# AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### 1. Objectives

The principal objectives of the Audit Committee are as follows: -

- a. To ensure quarterly results and the annual financial statements of the Group: -
  - i. have been prepared in accordance with generally accepted accounting principles and comply with all statutory and the Bursa Malaysia Securities Berhad requirements; and
  - ii. provided by the management are realistic and reliable.
- b. To identify and review business risks and ensure that the Group system of internal control is effective and measures implemented have been adhered to by the management and staff of the Group.
- c. To ensure that internal and external exceptional findings in relation to compliance with the Authorities and the Bursa Malaysia Securities Berhad requirements are corrected and measures be implemented to avoid recurrent.

### 2. Composition of Audit Committee

- a. The Audit Committee Members are to be appointed by the Board of Directors.
- b. The Audit Committee shall comprise of at least 3 Directors of the Company.
- c. Majority members must be independent non-executive Directors.
- d. At least one (1) member to be a Malaysian Institute of Accountants member or has passed examination specified in the 1st Schedule of the Accountants Act (with at least 3 years of working experience).
- e. The Chairman shall be an independent non-executive Director approved by the Board.
- f. No alternate director shall be appointed as a member of the Audit Committee.
- g. In the event that any vacancy arising from reasons such as retirement, resignation, death, removal of a member of the audit committee or for any other reasons, the Board shall ensure the vacancy be filled within three (3) months to ensure compliance of the Listing Requirements.
- h. The Board shall review the term of office of the Audit Committee members not less than every three (3) years and may reappoint the existing members after the review and/or to appoint new members to the Audit Committee from time to time as and when they think is appropriate.

### 3. Duties & Responsibilities

The main duties & responsibilities of the Audit Committee shall be: -

- a. To review the quarterly results and annual financial statements of the Group: -
  - i. To ensure that they have been prepared in accordance with generally accepted accounting principles and that all statutory requirements have been complied with.
  - ii. To ensure quarterly results and annual financial statements are true and fair.
- b. To identify and review business risks, the effectiveness of internal control with the internal and external auditors.
- c. To discuss with internal and external auditors in relation to the scope of the audit and audit procedures.
- d. To discuss with internal and external auditors and to report to the Board of Directors significant results and findings.
- e. To consider and recommend the appointment of external auditors, the audit fees and any question of resignation or dismissal.
- f. To review recurrent related party transactions and ensure that the transactions are entered into at arm's length basis and have benefits in term of revenue, efficiency, improving the profile and increasing customer base of the Group.
- g. To consider any other functions that may be required and agreed to be undertaken by the Audit Committee and the Board of Directors.
- h. Overseeing the internal audit functions.

## AUDIT COMMITTEE REPORT (CONT'D)

### TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

#### 4. Quorum

The quorum for Audit Committee meeting shall be a majority of members present at the meeting whom must be independent Directors.

#### 5. Meeting

- a. The Audit Committee shall meet not less than four (4) times per annum.
- b. Directors who are non-members and/or employees may attend any particular meeting only at the audit committee's invitation, specific to the relevant meeting to provide explanation and expertise advice.
- c. The appointed secretary (usually company secretary) shall take minutes for all proceedings and matters discussed as well as make record attendance for all members and invitees. All minutes of meeting shall be circulated to every member of the Board.

#### 6. Authority

The Audit Committee is authorised by the Board and at the expenses of the Group: -

- a. To investigate any matters within its term of reference.
- b. Have full and unrestricted access to any information of the Group.
- c. To be able to obtain independent professional and other advice.

### MEMBERS AND MEETINGS

The Audit Committee (AC) has a total of three (3) members and has held six (6) meetings during the financial year. The members of the AC and their attendance are as follows:

Name of members	Attendance
Mr Ling Cheng Fah @ Ling Cheng Ming, Chairman Independent Non-Executive Director	6/6
Datuk Haji Muhamad Shapiae bin Mat Ali Independent Non-Executive Director	6/6
Mr Yong Seng Huat Non-Independent Non-Executive Director	6/6

The Agenda, internal audit reports and unaudited quarterly results are prepared and distributed to the members for discussions and considerations and approval in the quarterly meetings held by the AC. Minutes of the quarterly meetings are made available to the full Board.

AUDIT COMMITTEE REPORT  
(CONT'D)**SUMMARY OF ACTIVITIES**

The AC activities for the financial year ended are as follows:

1. Review of unaudited quarterly results for announcement prior to the submission to the Board for approval. The AC communicated with the external auditor with particular focus on significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting or auditing standards in Malaysia and other legal and regulatory requirements.
2. The AC, internal auditor and external auditors met to discuss Group unaudited quarterly reports and internal control procedures in respect of financial year ended 31 March 2022, final audited Financial Statement for the financial year ended 31 March 2021 and matters arising for the Audit of the Financial Statement for the year ended 31 March 2021.
3. Assessed the independence and objectivity of external auditor prior to the appointment for non-audit services. Based on the assessment, the Audit Committee is satisfied that there is no conflict of interest situation.
4. Reviewed quarterly audit work performed by the Internal Audit department, findings and actions taken to further strengthen the internal control system. In its oversight over the Internal Audit function, the AC approved the internal audit framework and the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and ensured that all high-risk areas are audited at least annually.
5. Reviewed recurrent related party transactions for the pricing to ensure that they are comparable to market price and that the transactions are entered into on arm's length basis and benefits the Group in terms of revenue, efficiency, improving the profile and increasing the Group's customer base.

**INTERNAL AUDIT ACTIVITIES**

During the year under review, the Group Internal Audit Department has performed audit on the branches operation and management, heavy transport and lifting, trading and distribution, anti-bribery and anti-corruption compliance with Section 17(A) of the MACC Act 2009, accounts receivable and recurrent related party transactions. Areas which AC evaluated and monitored during the year:

- a) internal audit plan and resources planning requirements for the financial year;
- b) internal audit issues, recommendations and the management responses to rectify and improve the system of internal control; and
- c) the implementation of programmes recommended by internal auditors arising from its audits in order to obtain assurance that all key risks and controls are fully dealt with.

The internal audit findings have been summarized and distributed to the member of the AC in their scheduled quarterly audit committee meeting.

**INTERNAL AUDIT FUNCTION**

The internal audit function is performed in-house and the cost incurred in respect of financial year 2022 is approximately RM 379,000.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) recognises the importance of sound risk management practices and internal controls to safeguard shareholders’ interest and assets of the Group. The Board of Directors acknowledges its responsibility for the adequacy and the integrity of the Group’s system of risk management and internal control which includes the establishment of an appropriate control environment and risk framework, as well as reviewing its adequacy and effectiveness. By virtue of the nature of its business activities, the Board considers its strategic risk appetite and seeks to minimise risks at operational level.

The Board is of the view that the risk management framework and internal control system are designed, implemented and monitored to mitigate the Group’s risks. There are inherent limitations to any system of internal control and the system is designed to manage and minimise impact within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In view of these, it can only provide reasonable but not absolute assurance of effectiveness against operational oversight which may result in material misstatement of management and financial information or against financial losses and fraud.

The risk management and internal control system have been in place for the financial year under review and up to the date of approval of this statement.

The Board is of the opinion that the risk management and internal control system were adequate to address the risks of the Group.

### Group Risk Management Objectives

- 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.
- Preserve the safety and health of its employees.
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group’s operation and management systems.
- Ensure compliance with the Malaysian Code of Corporate Governance and all applicable laws.

### Risk Management Framework

Risk Committee was established by the Board to undertake the responsibility of reviewing the development of risk management framework, align with business and operational requirements which supports the maintenance of a strong control environment. The Group has established an on-going process for identifying and documenting major risks, evaluating the potential impact and likelihood of their occurrence and mitigating controls. This process is reviewed by the Risk Committee and the Board.

At the operational level, a Risk Working Committee (RWC) was established. The members of RWC consist of all Heads of Department within the Group. RWC is responsible for identifying business risks relevant to the business growth and strategy of the Group, maintaining, monitoring and evaluating the effectiveness of the risk management system on an on-going basis. The risk governance structure is aligned across business units and subsidiaries of the Group through the streamlining of the risk frameworks, policies and organisational structures in order to embed and enhance the risk management and risk culture based on the Group’s growth and expansion plan. RWC presents the updated risk register to the Risk Committee for review on an annual basis.

The key aspects of our risk management framework are as follows:-

- **Identification of specific risk areas**

Annual risk survey is carried out by RWC with involvement of Heads of Department for identifying risks posed to the Group. Risks identified are assessed and discussed by the RWC based on the Group’s business environment, incident analysis, findings of internal audits and analysis of the Group’s performance relative to the business growth and strategy.

- **Evaluation of the causes and consequences**

Risk analysis and evaluation is carried out using scenario based assessments to assess the potential impact to the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL  
(CONT'D)

- **Managing and rating of risk**

Risks identified are assessed based on their likelihood of occurrence and their impact to the Group.

- **Risk mitigation and action plan**

Implementation of tactical solutions to soften or mitigate risks, including preventive and detective controls and measures.

- **Implementation and monitoring**

Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current applicable laws and regulations, and are made available to all employees. The Group also had adopted an Anti-Bribery and Anti-Corruption (ABAC) Framework. The Framework provides broad principles, strategy and policy for the Group to adopt in relation to corruption in order to promote high standards of integrity. The Framework establishes robust and comprehensive programmes and controls for the Group as well as highlights the roles and responsibilities at every level.

**Significant or Principal Risks**

The Group has identified the following risks that are significant to the business operations.

**Market Risks**

- **Loss of key customers**

Loss of key customers due to macroeconomic downturn, other market conditions and stiff competition. The Group has various measures in place, amongst others, allocating key personnel to manage and maintain good relationship with key customers.

- **Escalating cost of services including crude oil prices fluctuation**

The price of diesel is subject to market volatility which in turn affects the Group's profitability. In addition, other related cost of services may also be indirectly affected by the fluctuation in crude oil prices. We model our business plans across a broad range of market and economic scenarios and take account of alternative economic outlooks within our overall business strategy.

**Operational Risks**

- **Warehouses and assets management**

The Group has a number of material sized business premises and warehouses which are vital to the business operations. The risk of fire, natural disasters such as flood and civil or labour unrest may result in significant losses to the Group. The Group addresses this risk by periodic review on the adequacy of the fire insurance coverage, including business interruption cover. On-going safety trainings and audits are conducted from time to time.

- **Loss of Key Personnel**

The Group has continuous business strategies which identify Key Personnel who are responsible to their operating business centre.

They include short term and long term measures with retention plan and continuous training and to gradually develop a fully integrated operating systems which could minimise the dependency of Key Personnel.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### Operational Risks (Cont'd)

- **Health and safety**

The Group has a Health and Safety Policy in place to protect the well-being, health and safety of all our employees, customers, suppliers and general public. In response to the outbreak of new disease, the Group continuously monitors and updates the standard operating procedures and policies following the guidelines and recommendations from the Ministry of Health (MOH). Besides, all employees are required to make health and travel declaration on regular basis to mitigate the risks.

### Financial Risks

- **Credit risk**

The Group is exposed to financial risk arising from the inability to recover debts which may affect the Group's profitability, cash flows and funding. In response to this risk, the Group has credit control policy in place to evaluate and assess credit application of new customers. Credit control department is tasked to monitor and follow up payment with customers to mitigate long overdue debts.

- **Liquidity risks**

The Group is aware of the economic downturn on global scale resulting from the pandemic, the Group seeks to reduce overheads, in order to improve operational efficiency and meet its ongoing operating cash requirements. The goal of the Group's liquidity risk management is to minimise the effects of the changes in financial markets on the Group's profit and equity. The policy for managing financial risks is based on the guidelines approved by the Board of Directors. Finance and operations are tasked to manage the Group's cash flow to ensure there are adequate funds available for operational purposes.

### Anti-Bribery and Anti-Corruption Policy

The Group has Anti-Bribery and Anti-Corruption (ABAC) Framework in place to promote high standards of integrity for its directors, employees, partners or persons who perform services for or on behalf of the Group. The ABAC Policy is published on the Company's website outlines the Group's commitment to conducting business ethically in compliance with all applicable anti-bribery and anti-corruption laws of every country in which the Group operates in.

The ABAC Policy of the Group is in compliance with the Malaysia Anti-Corruption Commission (MACC) Act 2009 Amendment (May 2018), includes new Corporate Liability Provision under the Section 17(A), which became effective on 1 June 2020 whereby the organisation (Company and Top Management) is equally liable for any corruption committed by person associated to the organisation, unless the organisation can demonstrate that it has adequate procedures in place to prevent corruption.

Reports of any concern or suspicion may be emailed to the whistleblowing mail box.

### Whistle Blowing Policy

The Group adopted a whistle blowing policy, providing an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner.

### Internal Audit Function

The Internal Audit Function undertakes regular reviews of the Group's operations and business processes according to the approved annual audit plan, to examine and evaluate the adequacy and effectiveness of financial and operating controls and highlights significant risks and non-compliance impacting the Group. Where applicable, Internal Audit provides recommendations to improve on the effectiveness of risk management, control and governance processes. Management will follow up and review the status of actions on recommendations made by the internal auditors and external auditors. Audit reviews are conducted according to risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration inputs from senior management and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL  
(CONT'D)**Key Elements of Internal Control**

The Audit Committee and Senior Management are conscious of the importance of maintaining a sound internal control system. The Group's system of internal control is embedded in the day to day operational and management processes.

The Board of Directors, Audit Committee and Senior Management are aware of the significance of risk management and internal control in the planning and day to day conduct of the Group's business activities. Therefore, procedures had been established for the Company and its subsidiaries, to ensure the adequacy and integrity of the Group's internal control and management information systems. These procedures are intended to provide an ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Group. These procedures are subject to regular reviews by the Board of Directors.

The following main processes of internal control are embedded in the day to day operations of the Group with continuing effort to improve the processes:

- 1 Credit policies are established for new customers such as credit terms and limits, amount of deposit required for long term rental of trucks and warehouses. Credit Control Committee has been established to provide stringent control when approving new customers' credit applications. Exceptions are allowed only when they are approved by the Managing Director and Executive Director.  
  
Credit control review is conducted by Credit Control Department and Marketing personnel on a regular basis and exceptions are highlighted from time to time for consideration by senior management.
- 2 Information provided by Information Technology from written programs and developed software for Operations, Billing, Logsheet, Driver Information, Inventory Management, Human Resources and Accounts are reviewed by Internal Audit for accuracy to ensure that there is integrity in the information provided. Audit trails and check and balance are provided for analysis for accuracy of information.
- 3 Goods in transit are insured for selected customers. Other customers have been advised to take their own insurance cover for loss or damage to their goods. Similarly all warehouses are insured for fire risks. Both goods in transit for selected customers and fire risks insurance covers are reviewed periodically for their adequacy and renewed on an annual basis.
- 4 Customers are invoiced in accordance to authorised quotations with attached documents such as endorsed customs documents and delivery orders.
- 5 Payments made are adequately verified and approved with attached purchase orders and invoices.
- 6 Group Internal Audit monitors compliance on policies and procedures and the effectiveness of the system of internal control and any significant non-compliance from policies and procedures are highlighted and corrected.
- 7 Drivers are given continuous training especially on defensive driving skill. Safety manuals have been compiled for drivers in relation to safer ways to drive a truck, handling of goods and documents, preventing hijacks and other safety measures.

Business risks and system of internal control are reviewed regularly in line with new customers' requirements and extension of existing business activities.

Group Internal Audit Department carries out the internal audit work on a planned and ad hoc basis on the Group's system of internal control and reports to the Audit Committee on a quarterly basis in the scheduled Audit Committee meetings.

During the year under review, the Group Internal Audit Department has performed audits on branches operation and management, heavy transport and lifting, trading and distribution, anti-bribery and anti-corruption compliance with Section 17(A) of the MACC Act 2009, accounts receivable and recurrent related party transactions.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### Effectiveness of Internal Control

The review and assurance of the system of internal control is an ongoing process. It is continuously reviewed by the Internal Audit and Audit Committee and weaknesses and incidents of non-compliance with policies and procedures are highlighted to the management for its further improvement actions to achieve business objectives.

### Assurance from Management

The Board has received assurance from the Group Managing Director and Senior Financial Controller that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system adopted by the Group.

### Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2022, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) 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
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### Conclusion

The Board of Directors is of the view that the risk management and internal control system are satisfactory and have not resulted in any material losses that would require disclosure in the Annual Report for the year ended 31 March 2022 up to the date of this statement.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 MARCH 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and trading of diesel and petrol. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	5,203	9,958
Non-controlling interests	1,088	–
	6,291	9,958
	6,291	9,958

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 13 to the financial statements.

### DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of financial year ended 31 March 2021:
  - a final dividend of 1 sen per ordinary share totalling RM5,140,492 paid on 22 September 2021.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

**DIRECTORS OF THE COMPANY**

Directors who served during the financial year until the date of this report are:

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan  
Mr. Ong Yoong Nyock  
Mdm. Yong Kwee Lian  
Mr. Yong Seng Huat  
Mr. Ling Cheng Fah @ Ling Cheng Ming  
Mr. Chang Chu Shien  
Mr. Ong Wei Kuan  
Datuk Haji Muhamad Shapiae bin Mat Ali  
Mr. Chen Kuok Chin  
Ms. Christina Ong Chu Voon

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

**DIRECTORS' INTERESTS IN SHARES**

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	At 1 April 2021 '000	Number of ordinary shares		At 31 March 2022 '000
		Bought '000	Sold '000	
<b>Company</b>				
<b>Direct interest</b>				
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	765	—	—	765
Mr. Ong Yoong Nyock	128,601	—	—	128,601
Mdm. Yong Kwee Lian	6,650	—	—	6,650
Mr. Ling Cheng Fah @ Ling Cheng Ming	15	—	—	15
Mr. Chang Chu Shien	1,900	180	—	2,080
Mr. Ong Wei Kuan	255	—	—	255
<b>Deemed interest</b>				
Mr. Ong Yoong Nyock	145,899	—	—	145,899
Mdm. Yong Kwee Lian	267,850	—	—	267,850
Mr. Yong Seng Huat	10	—	—	10
Mr Chen Kuok Chin	1,419	449	(509)	1,359

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

**DIRECTORS' INTERESTS IN SHARES (CONT'D)**

Name of Directors	At	Number of ordinary shares		At
	1 April 2021 '000	Bought '000	Sold '000	31 March 2022 '000
<b>Subsidiaries</b>				
<i>Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interest in:</i>				
- TNTT Packages Express Sdn. Bhd.	90	—	—	90
- Tiong Nam Resources Sdn. Bhd.	30	—	—	30
- Japan Original Electric (M) Sdn. Bhd.	408	—	—	408
- TNTT Packages Express Pte. Ltd.	5	—	—	5
- Tiong Nam PBA Sdn. Bhd.	—*	—	—	—*
- Memori Pintar Sdn. Bhd.	7	—	—	7
- Bagus Cekal Sdn. Bhd	—	700	—	700

\* representing 6 ordinary shares.

Mr. Ong Yoong Nyock's deemed interest represents shares held by his spouse, Mdm. Yong Kwee Lian, his son, Mr. Ong Wei Kuan, and by companies in which he and his spouse have substantial financial interests. Mdm. Yong Kwee Lian's deemed interest represents the shares held by her spouse, her son and by companies in which she and her spouse have substantial financial interests.

In addition to Mr. Ong Yoong Nyock's and Mdm. Yong Kwee Lian's deemed interests in the ordinary shares of the subsidiaries as disclosed above, by virtue of their substantial interests in the shares of the Company, they are also deemed to have interest in the ordinary shares of all the subsidiaries of the Company as disclosed in Note 6 to the financial statements during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 March 2022 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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 benefit which may be deemed to have arisen by virtue of certain Directors of the Company who have interests in certain corporations which render transportation, warehousing and related services to and from the subsidiaries in their ordinary course of business as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2022**  
**(CONT'D)****ISSUE OF SHARES**

At the Annual General Meeting held on 21 August 2021, the shareholders of the Company approved the Company's plan to repurchase its own shares. During the financial year, the Company repurchased from the open market a total of 2,000 (2021: 1,499,700) of its issued ordinary shares. The average repurchase price was RM0.93 (2021: RM0.40). The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**INDEMNITY AND INSURANCE COSTS**

During the financial year, the total amount of premium paid for insurance effected for Directors and officers of the Company is RM10,000.

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

**QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS**

The auditors' reports on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

**OTHER STATUTORY INFORMATION (CONT'D)**

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**AUDITORS**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Ong Yoong Nyock**  
Director

**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**  
Director

Date: 22 July 2022

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	808,802	1,072,293	34	10
Right-of-use assets	4	321,592	327,382	497	610
Investment properties	5	222,680	45,950	34,134	34,134
Investments in subsidiaries	6	–	–	50,801	48,235
Investments in associates	7	80,980	378	63,840	40
Inventories	8	154,935	152,898	–	–
Deferred tax assets	9	12,276	25,153	–	–
Trade and other receivables	10	77,165	3,291	235,300	269,922
<b>Total non-current assets</b>		<b>1,678,430</b>	<b>1,627,345</b>	<b>384,606</b>	<b>352,951</b>
Inventories	8	125,712	202,758	349	466
Trade and other receivables	10	254,981	212,457	7,455	7,445
Current tax assets		3,523	6,305	–	–
Other investments	11	30,222	35,392	30,212	35,282
Cash and cash equivalents	12	11,649	38,090	749	27,316
<b>Total current assets</b>		<b>426,087</b>	<b>495,002</b>	<b>38,765</b>	<b>70,509</b>
<b>Total assets</b>		<b>2,104,517</b>	<b>2,122,347</b>	<b>423,371</b>	<b>423,460</b>
<b>Equity</b>					
Share capital	13	200,236	200,236	200,236	200,236
Reserves	13	588,933	591,437	194,295	189,479
<b>Equity attributable to owners of the Company</b>		<b>789,169</b>	<b>791,673</b>	<b>394,531</b>	<b>389,715</b>
<b>Non-controlling interests</b>	6	<b>10,151</b>	<b>9,363</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>799,320</b>	<b>801,036</b>	<b>394,531</b>	<b>389,715</b>
<b>Liabilities</b>					
Lease liabilities		73,328	70,352	405	509
Deferred tax liabilities	9	78,134	74,088	4,387	2,817
Loans and borrowings	14	711,089	731,641	9,889	10,793
<b>Total non-current liabilities</b>		<b>862,551</b>	<b>876,081</b>	<b>14,681</b>	<b>14,119</b>
Lease liabilities		21,473	14,271	104	101
Trade and other payables	15	121,792	123,423	4,132	4,905
Loans and borrowings	14	298,504	304,283	9,487	13,716
Current tax liabilities		877	3,253	436	904
<b>Total current liabilities</b>		<b>442,646</b>	<b>445,230</b>	<b>14,159</b>	<b>19,626</b>
<b>Total liabilities</b>		<b>1,305,197</b>	<b>1,321,311</b>	<b>28,840</b>	<b>33,745</b>
<b>Total equity and liabilities</b>		<b>2,104,517</b>	<b>2,122,347</b>	<b>423,371</b>	<b>423,460</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>	16	689,825	602,120	71,761	174,696
Cost of sales	16	(571,017)	(496,408)	(52,502)	(45,077)
<b>Gross profit</b>		118,808	105,712	19,259	129,619
Other income		21,290	30,747	2,208	11,053
Selling, marketing and distribution expenses		(1,107)	(2,323)	–	–
Administrative expenses		(68,553)	(66,621)	(933)	(737)
Net (loss)/gain on impairment of financial instruments	18	(865)	(1,661)	(3,709)	831
Other expenses		(5,323)	(2,417)	(3,455)	(12,571)
<b>Results from operating activities</b>		64,250	63,437	13,370	128,195
Finance income	17	1,307	1,085	149	146
Finance costs	17	(39,046)	(43,643)	(623)	(645)
<b>Net finance costs</b>		(37,739)	(42,558)	(474)	(499)
<b>Operating profit</b>	18	26,511	20,879	12,896	127,696
Share of (loss)/profit after tax in associates	7	(9,743)	67	–	–
<b>Profit before tax</b>		16,768	20,946	12,896	127,696
Tax expense	19	(10,477)	(9,064)	(2,938)	(2,594)
<b>Profit for the year</b>		6,291	11,882	9,958	125,102
<b>Other comprehensive (expense)/income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of properties, net of deferred tax		(3,098)	63,819	–	–
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		533	106	–	–
<b>Other comprehensive (expense)/income for the year, net of tax</b>		(2,565)	63,925	–	–
<b>Total comprehensive income for the year</b>		3,726	75,807	9,958	125,102

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

STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		5,203	11,351	9,958	125,102
Non-controlling interests		1,088	531	–	–
<b>Profit for the year</b>		<u>6,291</u>	<u>11,882</u>	<u>9,958</u>	<u>125,102</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,638	75,276	9,958	125,102
Non-controlling interests		1,088	531	–	–
<b>Total comprehensive income for the year</b>		<u>3,726</u>	<u>75,807</u>	<u>9,958</u>	<u>125,102</u>
Basic and diluted earnings per ordinary share (sen)	20	<u>1.01</u>	<u>2.42</u>		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company								
	Non-distributable				Distributable				
	Share capital RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000		
Note									
Group									
At 1 April 2020		171,371	114,640	(9,964)	(193)	412,275	688,129	9,431	697,560
Foreign currency translation differences for foreign operations		–	–	–	106	–	106	–	106
Revaluation of properties, net of deferred tax		–	63,819	–	–	–	63,819	–	63,819
Total other comprehensive income for the year		–	63,819	–	106	–	63,925	–	63,925
Profit for the year		–	–	–	–	11,351	11,351	531	11,882
Total comprehensive income for the year		–	63,819	–	106	11,351	75,276	531	75,807
Contributions by and distributions to owners of the Company									
Own shares acquired	13	–	–	(597)	–	–	(597)	–	(597)
Issue of ordinary shares	13	28,865	–	–	–	–	28,865	–	28,865
Total transactions with owners of the Company		28,865	–	(597)	–	–	28,268	–	28,268
Subscription of shares by non-controlling interest		–	–	–	–	–	–	101	101
Dividends to non-controlling interests in subsidiaries		–	–	–	–	–	–	(700)	(700)
Realisation of revaluation reserve		–	(2,699)	–	–	2,699	–	–	–
At 31 March 2021		200,236	175,760	(10,561)	(87)	426,325	791,673	9,363	801,036

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

	Attributable to owners of the Company					
	Non-distributable			Distributable		
Note	Share capital RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity/ RM'000
<b>Group</b>						
<b>At 1 April 2021</b>	200,236	175,760	(10,561)	(87)	426,325	791,673
Foreign currency translation differences for foreign operations	-	-	-	533	-	533
Revaluation of properties, net of deferred tax	-	(3,098)	-	-	-	(3,098)
<b>Total other comprehensive (expense)/income for the year</b>	-	(3,098)	-	533	-	(2,565)
Profit for the year	-	-	-	-	5,203	5,203
<b>Total comprehensive (expense)/income for the year</b>	-	(3,098)	-	533	5,203	2,638
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired	-	-	(2)	-	-	(2)
Dividend to the owners of the Company	-	-	-	-	(5,140)	(5,140)
<b>Total transactions with owners of the Company</b>	-	-	(2)	-	(5,140)	(5,142)
Subscription of shares by non-controlling interest	-	-	-	-	-	-
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-
Realisation of revaluation reserve	-	(5,669)	-	-	5,669	-
<b>At 31 March 2022</b>	200,236	166,993	(10,563)	446	432,057	789,169
					10,151	799,320

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

Note	Attributable to owners of the Company			Total equity RM'000
	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	
<b>Company</b>				
<b>At 1 April 2020</b>	171,371	(9,964)	74,938	236,345
Profit and total comprehensive income for the year	–	–	125,102	125,102
<i>Contributions by and distributions to owners of the Company</i>				
Own shares acquired	13	–	(597)	(597)
Issue of ordinary shares	13	28,865	–	28,865
<b>Total transactions with owners of the Company</b>		28,865	(597)	28,268
<b>At 31 March 2021/1 April 2021</b>	200,236	(10,561)	200,040	389,715
Profit and total comprehensive income for the year	–	–	9,958	9,958
<i>Contributions by and distributions to owners of the Company</i>				
Own shares acquired	13	–	(2)	(2)
Dividend to the owners of the Company	21	–	(5,140)	(5,140)
<b>Total transactions with owners of the Company</b>		–	(5,140)	(5,142)
<b>At 31 March 2022</b>	200,236	(10,563)	204,858	394,531

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

## STATEMENTS OF **CASH FLOWS** FOR THE YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		16,768	20,946	12,896	127,696
Adjustments for:					
Depreciation:					
- Property, plant and equipment		34,665	36,690	3	59
- Right-of-use assets		29,774	23,448	113	41
Finance costs	17	39,046	43,643	806	5,088
Negative goodwill		(500)	—	—	—
Impairment loss on investments in subsidiaries		—	—	191	12,571
Share of loss/(profit) in associates		9,743	(67)	—	—
Fair value gain upon transfer from inventories to investment properties		(1,152)	—	—	—
Change in fair value of investment properties		(381)	(2,049)	—	—
Gain on disposal of:					
- Other investments		(1,170)	(1,899)	(1,170)	(1,899)
- Property, plant and equipment		(68)	(73)	—	—
Gain arising from deconsolidation of a subsidiary	24	(9,526)	—	—	—
Property, plant and equipment written off		502	45	—	—
Revaluation deficit on properties	18	—	1,420	—	—
Revaluation surplus on properties with previous revaluation deficit charged in profit or loss	18	—	(3,426)	—	—
Finance income	17	(3,421)	(1,085)	(10,666)	(11,929)
Net loss/(gain) on impairment of financial instruments:					
- Trade receivables		865	1,661	—	—
- Amounts due from subsidiaries		—	—	3,709	(831)
Other investments:					
- Fair value loss/(gain)		3,264	(8,115)	3,264	(8,115)
- Gross dividends		(329)	(361)	(329)	(361)
Dividends from:					
- Subsidiaries		—	—	(7,000)	(120,800)
- Associates		—	—	—	(280)
Gain on derecognition of right-of-use assets		—	(148)	—	—
<b>Operating profit before changes in working capital</b>		<b>118,080</b>	<b>110,630</b>	<b>1,817</b>	<b>1,240</b>
Change in inventories		(20,724)	(5,066)	117	(147)
Change in trade and other receivables		(45,138)	(26,175)	(104)	(833)
Change in trade and other payables		(7,370)	3,148	(773)	1,790
<b>Cash generated from operations</b>		<b>44,848</b>	<b>82,537</b>	<b>1,057</b>	<b>2,050</b>
Payment of tax, net of refund		(12,130)	(3,273)	(1,836)	(2,086)
<b>Net cash from/(used in) operating activities</b>		<b>32,718</b>	<b>79,264</b>	<b>(779)</b>	<b>(36)</b>

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

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of:					
- property, plant and equipment	22	(66,921)	(50,331)	(27)	–
- investment properties		(60,432)	(71)	–	–
- right-of-use assets		(26,282)	(11,110)	–	–
- a subsidiary	23	(6,221)	–	–	–
Proceeds from disposal of:					
- other investments		13,214	8,892	13,114	8,892
- property, plant and equipment		296	1,008	–	–
- asset held for sales		–	23,000	–	–
Investment in:					
- other investments		(10,138)	(25,510)	(10,138)	(25,410)
- subsidiaries		–	–	(7,757)	(10,057)
Effect of deconsolidation of a subsidiary	24	(425)	–	–	–
Interest received		3,421	1,085	10,666	11,929
Dividends received		329	641	7,329	121,441
Changes in amounts due (to)/from subsidiaries		–	–	(82,147)	(105,125)
Changes in amounts due from an associate		54,354	–	54,354	–
<b>Net cash (used in)/from investing activities</b>		<b>(98,805)</b>	<b>(52,396)</b>	<b>(14,606)</b>	<b>1,670</b>
<b>Cash flows from financing activities</b>					
Drawdown of term loans		142,283	200,457	–	–
(Repayment of)/Proceeds from:					
- term loans		(51,931)	(118,185)	(902)	(357)
- hire purchase liabilities		(14,835)	(13,793)	–	–
- short term borrowings		26,931	(45,830)	(4,231)	2,540
Proceeds from:					
- issue of share capital		–	28,865	–	28,865
- issue of shares to non- controlling interests		300	101	–	–
Payment of lease liabilities		(23,572)	(16,748)	(101)	(41)
Interest paid	17	(42,221)	(43,643)	(806)	(5,088)
Change in pledged deposits		(321)	623	–	–
Dividends paid to non-controlling interests of subsidiaries		(600)	(700)	–	–
Dividends paid to owners of the Company		(5,140)	–	(5,140)	–
Repurchase of treasury shares		(2)	(597)	(2)	(597)
<b>Net cash from/(used in) financing activities</b>		<b>30,892</b>	<b>(9,450)</b>	<b>(11,182)</b>	<b>25,322</b>

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

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Exchange differences on translation of the financial statements of foreign subsidiaries		533	106	–	–
<b>Net (decrease)/increase in cash and cash equivalents</b>		(34,662)	17,524	(26,567)	26,956
<b>Cash and cash equivalents at 1 April</b>		20,981	3,457	27,316	360
<b>Cash and cash equivalents at 31 March</b>	12	(13,681)	20,981	749	27,316

**Cash outflows for leases as a lessee**

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>					
Payment relating to short-term leases	18	54,231	47,989	96	166
Payment relating to leases of low-value assets	18	–	142	–	–
Payment relating to variable lease payments not included in the measurement of lease liabilities	18	34	53	–	–
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		23,572	16,748	101	41
Interest paid in relation to lease liabilities	17	4,377	4,141	19	9
<b>Total cash outflows for leases</b>		82,214	69,073	216	216

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022  
(CONT'D)

Reconciliation of movement of liabilities to cash flows arising from financing activities						
	At 1 April 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Acquisition of new hire purchase liabilities (Note 22) RM'000	Deconsoli- -dation of a subsidiary (Note 24) RM'000	At 31 March 2022 RM'000
Group						
Term loans	775,535	90,352	-	-	(134,249)	731,638
Hire purchase liabilities	42,080	(14,835)	-	7,883	(313)	34,815
Lease liabilities	84,623	(23,572)	33,771	-	(21)	94,801
Short term borrowings	202,287	26,931	-	-	(10,000)	219,218
Total liabilities from financing activities	1,104,525	78,876	33,771	7,883	(144,583)	1,080,472
				</		

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

STATEMENTS OF CASH FLOWS  
 FOR THE YEAR ENDED 31 MARCH 2022  
 (CONT'D)

## Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd)

	At 1 April 2020 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 31 March 2021/ 1 April 2021 RM'000	Net changes from financing cash flows RM'000	At 31 March 2022 RM'000
<b>Company</b>						
Term loans	12,369	–	(357)	12,012	(902)	11,110
Short term borrowings	9,957	–	2,540	12,497	(4,231)	8,266
Lease liabilities	–	651	(41)	610	(101)	509
<b>Total liabilities from financing activities</b>	<b>22,326</b>	<b>651</b>	<b>2,142</b>	<b>25,119</b>	<b>(5,234)</b>	<b>19,885</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

Tiong Nam Logistics Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

Lot 30462  
Jalan Kempas Baru  
81200 Johor Bahru  
Johor, Malaysia

**Registered office**

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2022 do not include other entities.

The principal activities of the Company consist of investment holding and trading of diesel and petrol. The principal activities of its subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 22 July 2022.

### 1. BASIS OF PREPARATION

**(a) Statement of compliance**

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 and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 1. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (Cont'd)

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates
- Amendments to MFRS 112, *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company upon their first adoption.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 March 2022, the Group's current liabilities exceeded its current assets by RM16,559,000.

As at 31 March 2022, the Group has unutilised banking facilities of RM62.5 million for working capital purposes. Given the available financing facilities and the ability of the Group to generate sufficient operating cash flows based on historical trend of positive operating cashflows, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**1. BASIS OF PREPARATION (CONT'D)****(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Valuation of property, plant and equipment
- Note 4 - Extension options and incremental borrowing rate in relation to leases
- Note 4 - Valuation of right-of-use assets
- Note 5 - Valuation of investment properties
- Note 8 - Valuation of inventories – completed properties held for sales
- Note 28.4 - Measurement of expected credit loss ("ECL")

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of consolidation (Cont'd)****(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**(iii) Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**(iv) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

**(v) Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of consolidation (Cont'd)****(v) Associates (Cont'd)**

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

**(vi) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(vii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Foreign currency****(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

**(ii) Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Financial instruments****(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at its fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(ii) Financial instrument categories and subsequent measurement*****Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The categories of financial assets at initial recognition are as follows:

**(a) *Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Financial instruments (Cont'd)**

**(ii) Financial instrument categories and subsequent measurement (Cont'd)**

***Financial assets (Cont'd)***

The categories of financial assets at initial recognition are as follows: (Cont'd)

**(b) *Fair value through other comprehensive income***

**(i) *Debt investments***

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

**(ii) *Equity investments***

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

**(c) *Fair value through profit or loss***

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Financial instruments (Cont'd)****(ii) Financial instrument categories and subsequent measurement (Cont'd)*****Financial liabilities***

The categories of financial liabilities at initial recognition are as follows:

**(a) *Fair value through profit or loss***

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

**(b) *Amortised cost***

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Financial instruments (Cont'd)

##### (iii) Financial guarantee contracts

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 specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

##### (iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (c) Financial instruments (Cont'd)

## (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## (d) Property, plant and equipment

## (i) Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

***Property, plant and equipment under the revaluation model***

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

## (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Property, plant and equipment (Cont'd)**

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10 - 50 years
Motor vehicles	10 years
Equipment, furniture and fittings	3 - 20 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

**(e) Leases**

**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Leases (Cont'd)****(ii) Recognition and initial measurement****(a) As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(b) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Leases (Cont'd)

##### (iii) Subsequent measurement

###### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group applies revaluation model to land classified as right-of-use assets in accordance to MFRS 116 (Note 2(d)(i)).

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

#### (f) Intangible assets

##### Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

#### (g) Investment property

##### (i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Investment property (Cont'd)****(i) Investment property carried at fair value (Cont'd)**

Subsequently, investment properties are measured at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cashflows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

**(ii) Reclassification to/from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, investment properties or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

**(h) Inventories****(i) Trading stocks**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(ii) Properties under development**

Inventories are measured at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Inventories comprise costs of land and development costs incurred during the development period. On completion, the inventories are transferred to completed properties held for sale.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Inventories (Cont'd)

##### (ii) Properties under development (Cont'd)

Inventories are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

##### (iii) Completed properties held for sale

Completed properties held for sale are measured at the lower of cost and net realisable value.

Costs comprise land costs and development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Completed properties held for sale are reviewed on a regular basis and the Group will make an allowance based primarily on the estimates of expected and future demand and related pricing. Demand levels, marketability of the completed properties and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's completed properties held for sale, the Group might be required to reduce the value of its completed properties held for sales and additional allowances for slow moving inventories may be required.

#### (i) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

#### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Impairment****(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Impairment (Cont'd)

##### (ii) Other assets

The carrying amounts of other assets except for inventories, deferred tax assets, investment property measured at fair value and non-current assets classified as held for sale are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(l) Equity instruments (Cont'd)****(iii) Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the distributable retained earnings.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(i) Liquidated and ascertained damages**

Provision for liquidated and ascertained damages is recognised when there is an expected delay in handing over of vacant possession to the property purchasers. The provision is based on the terms stipulated in the Sale and Purchase Agreements and the expected delay in handing over of vacant possession to the property purchasers.

**(n) Government grants**

Grants that compensate the Group for capital expenditures incurred for the acquisition of property, plant and equipment are recognised initially as deduction against the costs of the related property, plant and equipment and recognised in profit or loss over the life of the related property, plant and equipment as a reduction in depreciation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

**(o) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(o) Income tax (Cont'd)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Revenue and other income****(i) Revenue**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company 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 the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

**(ii) Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(iii) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

**(iv) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

**(r) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### (u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (v) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Construction- in-progress RM'000	Total RM'000
<b>Group</b>					
<b>At cost/valuation</b>					
At 1 April 2020	905,374	128,325	101,420	48,562	1,183,681
Additions	15,125	11,087	9,958	19,148	55,318
Net transfer from/(to):					
- Investment properties (Note 5)	6,910	—	—	—	6,910
- Right-of-use assets (Note 4)	(4,235)	—	—	—	(4,235)
Disposals	(3)	(655)	(2,110)	—	(2,768)
Written off	(3,576)	(948)	—	—	(4,524)
Transfer	32,974	—	—	(32,974)	—
Revaluation	(24,707)	—	—	—	(24,707)
At 31 March 2021/1 April 2021	927,862	137,809	109,268	34,736	1,209,675
Additions	44,421	13,872	6,368	10,253	74,914
Transfer	26,716	—	—	(26,716)	—
Deconsolidation of a subsidiary	(236,913)	(663)	(21,247)	—	(258,823)
Transfer to investment properties (Note 5)	(49,631)	—	—	—	(49,631)
Disposals	—	(1,456)	(328)	—	(1,784)
Written off	—	(733)	—	—	(733)
At 31 March 2022	712,455	148,829	94,061	18,273	973,618
<b>Representing items at:</b>					
Cost	91,778	148,829	94,061	18,273	352,941
2021 - Valuation adopted by Directors	620,677	—	—	—	620,677
	712,455	148,829	94,061	18,273	973,618
<b>Accumulated depreciation</b>					
At 1 April 2020	62,471	54,551	52,906	—	169,928
Depreciation charge	18,953	10,276	7,461	—	36,690
Disposals	—	(113)	(1,720)	—	(1,833)
Written off	(3,576)	(903)	—	—	(4,479)
Revaluation	(62,924)	—	—	—	(62,924)
At 31 March 2021/1 April 2021	14,924	63,811	58,647	—	137,382
Depreciation charge	16,622	10,976	7,067	—	34,665
Deconsolidation of a subsidiary	(2,855)	(184)	(2,174)	—	(5,213)
Transfer to investment properties (Note 5)	(231)	—	—	—	(231)
Disposals	—	(1,321)	(235)	—	(1,556)
Written off	—	(231)	—	—	(231)
At 31 March 2022	28,460	73,051	63,305	—	164,816

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Land and buildings RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Construction- in-progress RM'000	Total RM'000
<b>Carrying amounts</b>					
At 1 April 2020	842,903	73,774	48,514	48,562	1,013,753
At 31 March 2021/1 April 2021	912,938	73,998	50,621	34,736	1,072,293
At 31 March 2022	683,995	75,778	30,756	18,273	808,802
					<b>Equipment, furniture and fittings/ Total RM'000</b>
<b>Company</b>					
<b>At cost</b>					
At 1 April 2020					1,634
Transfer to a subsidiary					(820)
At 31 March 2021/1 April 2021					814
Additions					27
At 31 March 2022					841
<b>Accumulated depreciation</b>					
At 1 April 2020					1,467
Depreciation charge					59
Transfer to a subsidiary					(722)
At 31 March 2021/1 April 2021					804
Depreciation charge					3
At 31 March 2022					807
<b>Carrying amounts</b>					
At 1 April 2020					167
At 31 March 2021/1 April 2021					10
At 31 March 2022					34

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group 2022 RM'000	2021 RM'000
<b>Carrying amounts of land and buildings</b>		
<b>At valuation</b>		
Freehold land	203,500	224,600
Buildings	406,631	682,443
	610,131	907,043
<b>At cost</b>		
Freehold land	37,305	–
Buildings	36,559	5,895
	73,864	5,895
	683,995	912,938

## 3.1 Fair value information

The land and buildings are stated at Directors' valuation based on independent professional valuations on the open market value basis using the comparison method and cost method carried out in March 2021.

Fair value of land and buildings are categorised as follows:

	← Level 2 RM'000	Group Level 3 RM'000	→ Total RM'000
<b>2021</b>			
Freehold land	4,700	198,800	203,500
Buildings	–	417,177	417,177
	4,700	615,977	620,677

## Level 2 fair value

Fair values of land have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### 3.1 Fair value information (Cont'd)

##### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach:		
Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Historical transaction data in the past three years are used due to absence of recent transactions (Price per square foot of comparable properties range from RM9 - RM233).	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).
Depreciated replacement cost approach:		
Estimated reproduction cost of building of same kind and design as when new based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.	<ul style="list-style-type: none"> <li>Gross replacement or reproduction costs (Price per square foot range from RM95 - RM480).</li> <li>Depreciation rate ranges from 0%-50%</li> </ul>	<ul style="list-style-type: none"> <li>Gross replacement or reproduction costs were higher (lower); or</li> <li>Depreciation were lower (higher)</li> </ul>

##### Valuation processes applied by the Group for Level 3 fair value

The fair value of land and buildings are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues the land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

#### 3.2 Security

At 31 March 2022, the net carrying amount of the motor vehicles pledged for hire purchase liabilities is RM58,969,000 (2021: RM63,051,000).

Land and buildings and construction-in-progress with an aggregate carrying amount of RM626,843,000 (2021: RM896,493,000) are charged to banks as security for banking facilities granted to the Group.

#### 3.3 Construction-in-progress

The construction-in-progress consists of several warehouses.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****3.4 Transfer to investment properties**

During the financial year ended 31 March 2022, three buildings were transferred to investment properties because they were leased to third parties.

The buildings were transferred at their fair value which is equivalent to their carrying amount as at the date of transfer. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date (see Note 5).

**3.5 Property, plant and equipment subject to operating lease**

The Group leases certain portion of its buildings to third parties. Each of the lease contracts contains an initial non-cancellable lease period of 1 to 3 years. Subsequent renewals are negotiated with the lessee.

The following are recognised in profit or loss:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Lease income	3,252	3,308

The operating lease payments to be received are as follow:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	2,536	2,290
One to two years	572	2,290
Two to three years	–	572
Total undiscounted lease payments	3,108	5,152

**3.6 Others**

- At 31 March 2022, included in the building and construction-in-progress is an interest expense capitalised of RM1,730,000 (2021: NIL) at a rate of 3.74% per annum.
- Had the revalued land and buildings been carried at cost model, their carrying amounts would have been as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	164,657	186,259
Buildings	346,651	612,131
	511,308	798,390

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**4. RIGHT-OF-USE ASSETS**

	Land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
<b>Group</b>				
<b>At cost/valuation</b>				
At 1 April 2020	190,362	78,311	356	269,029
Additions	11,110	26,019	–	37,129
Depreciation	(4,378)	(18,852)	(218)	(23,448)
Derecognition	–	(4,069)	–	(4,069)
Transfer (to)/from:				
- Investment properties (Note 5)	(1,950)	–	–	(1,950)
- Property, plant and equipment (Note 3)	–	4,235	–	4,235
Revaluation	46,456	–	–	46,456
At 31 March 2021/1 April 2021	241,600	85,644	138	327,382
Additions	26,282	33,771	–	60,053
Depreciation	(5,086)	(24,550)	(138)	(29,774)
Deconsolidation of a subsidiary	–	(21)	–	(21)
Transfer to investment properties (Note 5)	(31,972)	–	–	(31,972)
Revaluation	(4,076)	–	–	(4,076)
At 31 March 2022	226,748	94,844	–	321,592
<b>Representing items at:</b>				
Cost	19,859	94,844	–	114,703
2021 - Valuation adopted by Directors	206,889	–	–	206,889
	226,748	94,844	–	321,592
				<b>Building/ Total RM'000</b>
<b>Company</b>				
<b>At cost</b>				
At 1 April 2020				–
Addition				651
Depreciation				(41)
At 31 March 2021/1 April 2021				610
Depreciation				(113)
At 31 March 2022				497

The Group leases a number of land, warehouses, offices, petrol station and showroom and equipment that run between 2 to 87 years with an option to renew the lease after the end of the contract term for certain leases.

The Company leases a petrol station and showroom that run for a period for 3 years with an option to renew the lease after the end of the contract term.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**4. RIGHT-OF-USE ASSETS (CONT'D)****4.1 Fair value information**

The land is stated at Directors' valuation based on independent professional valuations on the open market value basis using the comparison method, income method and cost method carried out in March 2021.

Fair value of land is categorised as follows:

	← Level 2 RM'000	Group Level 3 RM'000 →	Total RM'000
<b>2021</b>			
Land	29,600	181,700	211,300

The valuation technique used in measuring the carrying amount of the right-of-use assets are the same of those applied to property, plant and equipment (Note 3.1).

**4.2 Extension options**

Some leases of warehouses contain extension options exercisable by the Group up to 3 years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000
<b>2022</b>		
Buildings	4,549	9,008
<b>2021</b>		
Buildings	7,068	6,289

**4.3 Significant judgements and assumptions in relation to lease**

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**4. RIGHT-OF-USE ASSETS (CONT'D)**

**4.4 Security**

The land are charged to banks as security for banking facilities granted to the Group.

**4.5 Transfer to investment properties**

During the financial year ended 31 March 2022, three leasehold industrial land were transferred to investment properties because they were leased to third parties.

Immediately before the transfer, the Group remeasured the leasehold industrial land at fair value and recognised a revaluation deficit of RM4,076,000 in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date (see Note 5).

**4.6 Others**

Had the revalued land been carried at cost model, their carrying amounts would have been RM88,848,000 (2021: RM114,086,000).

**5. INVESTMENT PROPERTIES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 April	45,950	48,790	34,134	34,134
Additions	61,877	71	–	–
Acquisition of a subsidiary	30,500	–	–	–
Net transfer (to)/from:				
- Property, plant and equipment (Note 3)	49,400	(6,910)	–	–
- Right-of-use assets (Note 4)	31,972	1,950	–	–
- Inventories	2,600	–	–	–
Change in fair value	381	2,049	–	–
At 31 March	222,680	45,950	34,134	34,134

**Included in the above are:**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At fair value</b>				
Freehold land	37,600	36,100	34,134	34,134
Leasehold land	48,920	2,520	–	–
Buildings	75,930	7,330	–	–
	162,450	45,950	34,134	34,134
<b>At cost</b>				
Buildings under construction	60,230	–	–	–
	222,680	45,950	34,134	34,134

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**5. INVESTMENT PROPERTIES (CONT'D)**

Investment properties comprise a number of freehold and leasehold vacant land, buildings and workshops that are leased to third parties.

Buildings under construction comprise of a three-storey factory, petrol kiosk with a drive-thru restaurant and a single storey warehouse to be used as distribution centre.

Freehold and leasehold land and buildings were revalued in March 2022 by independent professional valuers based on open market value basis.

Buildings under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

At 31 March 2022, included in the buildings under construction is an interest expense capitalised of RM1,445,000 (2021: NIL) at a rate of 3.74% per annum.

**5.1 Fair value information**

Fair values of investment properties are categorised as follows:

	<b>Level 2 RM'000</b>	<b>Group Level 3 RM'000</b>	<b>Total RM'000</b>	<b>Level 2 RM'000</b>	<b>Company Level 3 RM'000</b>	<b>Total RM'000</b>
<b>2022</b>						
Land	86,520	–	86,520	34,134	–	34,134
Buildings	–	75,930	75,930	–	–	–
	<u>86,520</u>	<u>75,930</u>	<u>162,450</u>	<u>34,134</u>	<u>–</u>	<u>34,134</u>
<b>2021</b>						
Land	3,220	35,400	38,620	–	34,134	34,134
Buildings	–	7,330	7,330	–	–	–
	<u>3,220</u>	<u>42,730</u>	<u>45,950</u>	<u>–</u>	<u>34,134</u>	<u>34,134</u>

**Level 2 fair value**

Fair values of land have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**5. INVESTMENT PROPERTIES (CONT'D)**
**5.1 Fair value information (Cont'd)**
**Level 3 fair value**

The following shows a reconciliation of Level 3 fair values:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April	42,730	25,340	34,134	–
Additions	114	71	–	–
Acquisition of a subsidiary	18,000	–	–	–
Transfer (to)/from:				
- Property, plant and equipment	49,400	(3,110)	–	–
- Right-of-use assets	–	1,950	–	–
Transfer out of Level 3 (Note a)	(35,400)	–	(34,134)	–
Transfer into Level 3 (Note b)	–	16,400	–	34,134
Gain and losses recognised in profit or loss:				
- Change in fair value	1,086	2,079	–	–
At 31 March	75,930	42,730	–	34,134

**Note a - Transfer out of Level 3**

The valuer had used sales comparison method with the input of recent transaction price as a basis of the valuation of the investment properties. The fair value was therefore classified to Level 2.

**Note b - Transfer into Level 3**

For the year ended 31 March 2021, due to absence of recent transactions used in the valuation of the properties, the fair value was therefore reclassified to Level 3.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

<b>Description of valuation technique and inputs used</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Sales comparison method:		
Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size and property location. The most significant input in this valuation is price per square foot.	Historical transaction data in the past three years are used due to absence of recent transactions (Price per square foot of comparable properties range from RM37 - RM184).	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 5. INVESTMENT PROPERTIES (CONT'D)

## 5.1 Fair value information (Cont'd)

## Level 3 fair value (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models. (Cont'd)

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Depreciated replacement cost approach:		The estimated fair value would increase (decrease) if:
Estimated reproduction cost of building of same kind and design as when new based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.	<ul style="list-style-type: none"> <li>Gross replacement or reproduction costs (Price per square foot range from RM118 - RM143).</li> <li>Depreciation rate ranges from 0% - 40%</li> </ul>	<ul style="list-style-type: none"> <li>Gross replacement or reproduction costs were higher (lower); or</li> <li>Depreciation were lower (higher)</li> </ul>

## Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The external valuer provides the fair value of the Group's investment properties on an annual basis. Changes in Level 3 fair values are analysed by the management after obtaining valuation report from the external valuer.

## 5.2 Security

The land and buildings of the Group and the Company are charged to banks as security for banking facilities granted to certain subsidiaries.

## 5.3 Others

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease income	8,761	1,430	1,024	1,024
Direct operating expenses				
- income generating investment properties	634	85	—	—
- non-income generating investment properties	14	16	—	—

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**5. INVESTMENT PROPERTIES (CONT'D)**

**5.3 Others (Cont'd)**

The operating lease payments to be received are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	10,000	411
One to two years	5,018	192
Two to five years	790	48
Total undiscounted lease payments	15,808	651

**6. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost of investment	68,343	65,586
Less: Impairment loss	(17,542)	(17,351)
	50,801	48,235

In the current year, the Company recognised impairment losses of RM191,000 (2021: RM12,571,000) for certain subsidiaries based on the estimated adjusted net asset method by reference to the fair value of the assets and liabilities of the subsidiaries.

Details of the subsidiaries are as follows:

<b>Name of entity</b>	<b>Principal place of business/ Country of incorporation</b>	<b>Principal activities</b>	<b>Effective ownership interest and voting interest</b>	
			<b>2022</b>	<b>2021</b>
			<b>%</b>	<b>%</b>
Tiong Nam Logistics Solutions Sdn. Bhd.	Malaysia	Logistics and warehousing services and property investment and property development	100	100
Pacific Transport Sdn. Bhd.	Malaysia	Transportation, property letting and warehousing services	100	100
Semangat Angkut Sdn. Bhd.	Malaysia	Transportation services and leasing of trucks	100	100
Pengangkutan Enepec Sdn. Bhd.	Malaysia	Transportation services and leasing of trucks	100	100

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Jelas Bagus Sdn. Bhd.	Malaysia	Property development	100	100
Anugerah Sensasi Sdn. Bhd.	Malaysia	Property investment holding, transportation services and leasing of trucks	100	100
Fair Vista Sdn. Bhd.	Malaysia	Property development	100	100
Tiong Nam Logistics Sdn. Bhd.	Malaysia	Property investment holding, transportation services and leasing of trucks	100	100
Tiong Nam Heavy Transport & Lifting Sdn. Bhd.	Malaysia	Transportation and related services	100	100
Terminal Perintis Sdn. Bhd.	Malaysia	Property development, property investment and operation of a hotel	—**	100
Tiong Nam Logistics (S) Pte. Ltd.^	Republic of Singapore	Logistics and warehousing services	100	100
TNTT Packages Express Pte. Ltd. ^	Republic of Singapore	Provision of courier transport and logistics services	90	90
Dragon 2012 Sdn. Bhd.	Malaysia	Property development	100	100
G-Force Logistics Solutions Sdn. Bhd.	Malaysia	Logistics and warehousing services	100	100
Medini Heritage Sdn. Bhd.	Malaysia	Property development	100	100
Tiong Nam Properties Sdn. Bhd.	Malaysia	Administrative and commission agents	100	100
Integrati Kaliber Sdn. Bhd.	Malaysia	Transportation, hostel management and related services	100	100
Tiong Nam Logistics Solutions (LAO) Co., Ltd. @	Lao People's Democratic Republic	Transportation and related services	100	100
Memori Pintar Sdn. Bhd.	Malaysia	Operation of tuition centre	70	70



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Tiong Nam PBA Sdn. Bhd.	Malaysia	Dormant	60	60
Bagus Cekal Sdn. Bhd.	Malaysia	Dormant	70	100
Yakin Kaliber Sdn. Bhd.	Malaysia	Dormant	100	100
Belaian Pinang Sdn. Bhd.	Malaysia	Dormant	100	100
Front Field Sdn. Bhd.	Malaysia	Dormant	100	100
Far East West Lands Sdn. Bhd.	Malaysia	Dormant	100	100
VM Andaman Sdn. Bhd.	Malaysia	Property investment holding	100	–
<b><i>Subsidiary of Semangat Angkut Sdn. Bhd.</i></b>				
LT Growth Sdn. Bhd.	Malaysia	Trading and distributing of food groceries	100	100
<b><i>Subsidiaries of Tiong Nam Logistics Solutions Sdn. Bhd.</i></b>				
Japan Original Electric (M) Sdn. Bhd.	Malaysia	Property development	51	51
Tiong Nam Distribution Sdn. Bhd.	Malaysia	Dormant	100	100
Tiong Nam Ebiz Express Sdn. Bhd.	Malaysia	Transportation and related services	100	100
Tiong Nam Allied Container Depot Services Sdn. Bhd.	Malaysia	Storage and management of empty containers	100	100
Tiong Nam (Sarawak) Sdn. Bhd.	Malaysia	Provision of transport and related services	100	100
Tiong Nam Warehousing (Sarawak) Sdn. Bhd.	Malaysia	Provision of public bonded warehousing and distribution services	100	100
Tiong Nam Logistics Vietnam Co., Ltd. <sup>^</sup>	Socialist Republic of Vietnam	Transportation and related services	100	100

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
<b>Subsidiaries of Tiong Nam Logistics Solutions Sdn. Bhd. (Cont'd)</b>				
Tiong Nam Logistics Solutions (Shenzhen) Co., Ltd.^	People's Republic of China	Transportation and related services	100	100
Tiong Nam Logistics Myanmar Co., Ltd @	Republic of the Union of Myanmar	Transportation and related services	100	100
<b>Subsidiary of Tiong Nam Ebiz Express Sdn. Bhd.</b>				
TNTT Packages Express Sdn. Bhd.	Malaysia	Provision of transport and distribution services	90	90
<b>Subsidiary of TNTT Packages Express Sdn. Bhd.</b>				
Tiong Nam Resources Sdn. Bhd.	Malaysia	General sales agent for air, land and sea logistics activities	60	60
<b>Subsidiary of Tiong Nam Logistics (S) Pte. Ltd.</b>				
TN Transport and Warehousing Pte. Ltd.^	Republic of Singapore	Freight forwarding services and property letting	100	100

\*\* Terminal Perintis Sdn. Bhd. has ceased to be a subsidiary and became an associate to the Group (see Note 24).

@ Management accounts were used for the preparation of consolidated financial statements. In the opinion of the Directors, the results and financial position of these subsidiaries are not material to the consolidated financial statements.

^ Not audited by KPMG PLT.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**6. INVESTMENTS IN SUBSIDIARIES (CONT'D)**
**6.1 Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	<b>2022</b>			
	<b>Japan Original Electric (M) Sdn. Bhd.</b>	<b>TNTT Packages Express Sdn. Bhd.</b>	<b>Other subsidiaries with immaterial NCI</b>	<b>Total</b>
<b>NCI percentage of ownership interest and voting interest</b>	49%	10%		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Carrying amount of NCI	7,217	863	2,071	10,151
Profit and total comprehensive income allocated to NCI	548	208	332	1,088
	<b>2022</b>	<b>2022</b>		
	<b>Japan Original Electric (M) Sdn. Bhd. RM'000</b>	<b>TNTT Packages Express Sdn. Bhd. RM'000</b>		
<b>Summarised financial information before intra-group elimination</b>				
<b>As at 31 March</b>				
Non-current assets	18,664	12,882		
Current assets	370	2,705		
Non-current liabilities	(3,920)	(109)		
Current liabilities	(386)	(6,852)		
Net assets	14,728	8,626		
<b>Year ended 31 March</b>				
Revenue	–	11,356		
Profit for the year/ Total comprehensive income	1,119	2,081		
Cash flows from operating activities	755	1,826		
Cash flows (used in)/from investing activities	(2,584)	502		
Cash flows from/(used in) financing activities	2,044	(2,307)		
Net increase in cash and cash equivalents	215	21		
Dividends paid to NCI	–	200		

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

## 6.1 Non-controlling interests in subsidiaries (Cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2021			
	Japan Original Electric (M) Sdn. Bhd.	TNTT Packages Express Sdn. Bhd.	Other subsidiaries with immaterial NCI	Total
<b>NCI percentage of ownership interest and voting interest</b>	49%	10%		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Carrying amount of NCI	6,669	854	1,840	9,363
Profit and total comprehensive income allocated to NCI	13	205	313	531
	2021			
	Japan Original Electric (M) Sdn. Bhd. RM'000	TNTT Packages Express Sdn. Bhd. RM'000		
<b>Summarised financial information before intra-group elimination</b>				
<b>As at 31 March</b>				
Non-current assets	13,616	13,149		
Current assets	232	2,823		
Non-current liabilities	—	(325)		
Current liabilities	(238)	(7,107)		
Net assets	13,610	8,540		
<b>Year ended 31 March</b>				
Revenue	—	11,522		
Profit for the year/ Total comprehensive income	27	2,048		
Cash flows (used in)/from operating activities	(134)	7,342		
Cash flows used in investing activities	(100)	(3,973)		
Cash flows from/(used in) financing activities	200	(3,314)		
Net (decrease)/increase in cash and cash equivalents	(34)	55		
Dividends paid to NCI	—	300		

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**7. INVESTMENT IN ASSOCIATES**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investment in shares	90,385	40	63,840	40
Share of post-acquisition reserves	(9,405)	338	–	–
	<u>80,980</u>	<u>378</u>	<u>63,840</u>	<u>40</u>

During the year, the Group has capitalised the loan to an associate amounting to RM58,800,000 into ordinary shares.

Details of material associates are as follows:

<b>Name of entity</b>	<b>Principal place of business and country of incorporation</b>	<b>Effective ownership interest and voting interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
Complete Bayview Sdn. Bhd.	Malaysia	40	40
Terminal Perintis Sdn. Bhd.	Malaysia	49	–

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	<b>Terminal Perintis Sdn. Bhd. RM'000</b>	<b>2022 Other immaterial associate RM'000</b>	<b>Total RM'000</b>
<b>Summarised financial information</b>			
<b>As at 31 March</b>			
Non-current assets	262,665		
Current assets	110,658		
Non-current liabilities	(181,353)		
Current liabilities	(27,383)		
Net assets	<u>164,587</u>		
<b>Year ended 31 March</b>			
Loss from continuing operations/ Total comprehensive expense	<u>(19,792)</u>		
Included in the total comprehensive income is:			
Revenue	<u>11,958</u>		
<b>Reconciliation of net assets to carrying amount as at 31 March</b>			
Group's share of net assets/ Carrying amount in the statement of financial position	<u>80,648</u>	<u>332</u>	<u>80,980</u>
Group's share of total comprehensive expenses for the year ended 31 March	<u>(9,698)</u>	<u>(45)</u>	<u>(9,743)</u>

No disclosure of other information was made in prior year as the associate was not significant to the Group.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

**Contingent liabilities****Arbitration**

In prior year, Terminal Perintis Sdn. Bhd. (TPSB) terminated its construction contract with a main contractor, namely Tan Ngee Hong Construction Sdn. Bhd. (TNH) due to the latter's failure in performing its construction work and caused a delay in the progress of the project. Consequently, on 22 April 2016, TNH filed a claim against TPSB with an Arbitrator for a sum of RM56.9 million for loss of profit and various costs including a request for a refund of a performance bond of RM15.7 million.

TPSB has filed its Defence and Counterclaim on 10 June 2016 for a sum of RM82 million for liquidated and ascertained damages as provided for under the contract between the two parties.

Arbitration proceeding is presently on hold as TNH is in liquidation and there is no update from Liquidator whether to proceed with the Arbitration.

**Corporate guarantee to financial institutions**

	2022 RM'000
Share of associates' contingent liabilities incurred jointly with other investor	
- Guaranteed bank facilities	21,093

## 8. INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Properties under development	154,935	152,898	–	–
<b>Current</b>				
Trading stocks	10,406	5,781	349	466
Properties under development	36,090	23,086	–	–
Completed properties held for sale	79,216	173,891	–	–
	125,712	202,758	349	466
	280,647	355,656	349	466

	Group	
	2022 RM'000	2021 RM'000
Carrying amount of properties under development and completed properties held for sale pledged as security for borrowings (see Note 14)	144,024	219,762

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVENTORIES (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Recognised in profit or loss:				
- Inventories recognised as cost of sales	48,478	20,098	52,319	40,634

**9. DEFERRED TAX ASSETS/(LIABILITIES)**

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>						
Property, plant and equipment						
- capital allowances	—	—	(33,145)	(31,368)	(33,145)	(31,368)
- revaluation	—	—	(42,557)	(45,447)	(42,557)	(45,447)
Trade receivables	1,739	1,530	—	—	1,739	1,530
Provisions	1,629	1,877	—	—	1,629	1,877
Unabsorbed capital allowances	2,346	7,824	—	—	2,346	7,824
Unutilised tax losses	1,536	11,252	—	—	1,536	11,252
Fair value gain on investment properties	—	—	(6,396)	(6,358)	(6,396)	(6,358)
Inventories	8,241	8,769	—	—	8,241	8,769
Advances received from property buyers	1,581	2,557	—	—	1,581	2,557
Right-of-use assets	—	—	(17,875)	(16,060)	(17,875)	(16,060)
Lease liabilities	18,614	16,489	—	—	18,614	16,489
Interest receivables	—	—	(1,571)	—	(1,571)	—
	35,686	50,298	(101,544)	(99,233)	(65,858)	(48,935)
Set off of tax	(23,410)	(25,145)	23,410	25,145	—	—
Net tax assets/(liabilities)	12,276	25,153	(78,134)	(74,088)	(65,858)	(48,935)
<b>Company</b>						
Property, plant and equipment						
- capital allowances	—	—	(2)	—	(2)	—
Fair value gain on investment properties	—	—	(2,817)	(2,817)	(2,817)	(2,817)
Interest receivables	—	—	(1,571)	—	(1,571)	—
Right-of-use assets	—	—	(119)	—	(119)	—
Lease liabilities	122	—	—	—	122	—
Tax liabilities	122	—	(4,509)	(2,817)	(4,387)	(2,817)



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movements in temporary differences during the year are as follows:

Group	At 1 April 2020 RM'000	Recognised in profit or loss (Note 19) RM'000	Revaluation reserve RM'000	At 31 March 2021/ 1 April 2021 RM'000	Recognised in profit or loss (Note 19) RM'000	Deconsoli- -dation of a subsidiary (Note 24) RM'000	Revaluation reserve RM'000	At 31 March 2022 RM'000
Property, plant and equipment								
- capital allowances	(27,862)	(3,506)	-	(31,368)	(6,961)	5,184	-	(33,145)
- revaluation	(26,880)	281	(18,848)	(45,447)	905	1,007	978	(42,557)
Trade receivables	954	576	-	1,530	209	-	-	1,739
Provisions	1,174	703	-	1,877	262	(510)	-	1,629
Unabsorbed capital								
allowances	8,677	(853)	-	7,824	2,286	(7,764)	-	2,346
Unutilised tax losses	8,841	2,411	-	11,252	2,086	(11,802)	-	1,536
Fair value gain on investment								
properties	(6,547)	189	-	(6,358)	(38)	-	-	(6,396)
Inventories	7,043	1,726	-	8,769	229	(757)	-	8,241
Advance received from								
property buyers	3,061	(504)	-	2,557	(265)	(711)	-	1,581
Right-of-use assets	(15,003)	(1,057)	-	(16,060)	(1,815)	-	-	(17,875)
Lease liabilities	15,153	1,336	-	16,489	2,125	-	-	18,614
Interest receivables	-	-	-	-	(1,571)	-	-	(1,571)
	(31,389)	1,302	(18,848)	(48,935)	(2,548)	(15,353)	978	(65,858)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Movements in temporary differences during the year are as follows: (Cont'd)

	At 1 April 2020 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31 March 2021/ 1 April 2021 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31 March 2022 RM'000
<b>Company</b>					
Property, plant and equipment - capital allowances	(28)	28	—	(2)	(2)
Fair value gain on investment properties	(2,817)	—	(2,817)	—	(2,817)
Interest receivables	—	—	—	(1,571)	(1,571)
Right-of-use assets	—	—	—	(119)	(119)
Lease liabilities	—	—	—	122	122
	(2,845)	28	(2,817)	(1,570)	(4,387)

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	<b>Group</b> 2022 RM'000	2021 RM'000
Taxable temporary differences	(1,517)	(507)
Unabsorbed capital allowances	4,905	4,123
Unutilised tax losses	19,984	17,250
	23,372	20,866

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

As a result of the deconsolidation of a subsidiary, the comparative figures have been restated by excluding the tax losses carry forward available to the said subsidiary to reflect the tax losses carry-forward available to the Group.

Pursuant to the Finance Act 2021, unutilised tax losses up to the year of assessment 2018 can be carried forward until year of assessment 2028 and unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment.

In prior year, unutilised tax losses can only be carried forward up to 7 consecutive years of assessment.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

## Unrecognised deferred tax assets (Cont'd)

The recognised and unrecognised unutilised tax losses will expire in the following year of assessment:

	Group	
	2022 RM'000	2021 RM'000
2025	–	7,846
2026	–	6,532
2027	–	25,170
2028	11,615	24,585
2029	2,859	–
2030	2,931	–
2031	5,141	–
2032	3,838	–
	<u>26,384</u>	<u>64,133</u>

The unabsorbed capital allowances do not expire under the current tax legislation.

## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Trade receivables	1,273	3,291	–	–
Due from subsidiaries				
- non-trade	–	–	159,408	269,922
Due from an associate				
- non-trade	75,892	–	75,892	–
	<u>77,165</u>	<u>3,291</u>	<u>235,300</u>	<u>269,922</u>
<b>Current</b>				
Trade receivables	174,335	170,436	3,111	2,404
Other receivables, deposits				
and prepayments	80,646	42,021	123	726
Due from subsidiaries				
- trade	–	–	4,221	4,315
	<u>254,981</u>	<u>212,457</u>	<u>7,455</u>	<u>7,445</u>
	<u>332,146</u>	<u>215,748</u>	<u>242,755</u>	<u>277,367</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**10. TRADE AND OTHER RECEIVABLES (CONT'D)**

Included in other receivables, deposits and prepayments are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	11,372	9,044	–	4
Deposits for purchase of:				
- property, plant and equipment	43,721	4,835	–	–
- shares	–	600	–	600
Deposits for rental and utilities	22,108	25,024	123	122
Prepayments	3,445	2,518	–	–
	<u>80,646</u>	<u>42,021</u>	<u>123</u>	<u>726</u>

Included in trade and other receivables of the Group and the Company are amounts due from related parties and key management personnel of the Group as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due from related parties				
- trade	1,720	2,204	61	200
- non-trade	25	40	–	–
	<u>1,745</u>	<u>2,244</u>	<u>61</u>	<u>200</u>

The non-current non-trade amounts due from subsidiaries/ associate are unsecured and will not be repayable within a year. Interests are charged at a fixed rate of 3.5% (2021: 3.5%) per annum on monthly outstanding balances.

**11. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at fair value through profit or loss:				
- Shares	30,212	35,282	30,212	35,282
- Unit trust fund	10	110	–	–
	<u>30,222</u>	<u>35,392</u>	<u>30,212</u>	<u>35,282</u>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits placed with licensed banks	1,408	1,087	–	–
Cash and bank balances	10,241	37,003	749	27,316
<b>Cash and cash equivalents in the statements of financial position</b>	<b>11,649</b>	<b>38,090</b>	<b>749</b>	<b>27,316</b>
Less: Pledged deposits	(1,408)	(1,087)	–	–
Bank overdrafts	(23,922)	(16,022)	–	–
<b>Cash and cash equivalents in the statements of cash flows</b>	<b>(13,681)</b>	<b>20,981</b>	<b>749</b>	<b>27,316</b>

The pledged deposits with licensed banks of the Group of RM1,408,000 (2021: RM1,087,000) are pledged for bank facilities granted to certain subsidiaries.

Included in the cash and bank balances of the Group is an amount of RM602,000 (2021: RM200,000) of which the utilisation is subject to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) Regulation, 2002 in Malaysia.

## 13. CAPITAL AND RESERVES

## Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM'000	2021 RM'000	2022 '000	2021 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 April	200,236	171,371	527,825	460,775
Shares issued	–	28,865	–	67,050
At 31 March	200,236	200,236	527,825	527,825

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**13. CAPITAL AND RESERVES (CONT'D)**

**Reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Distributable</b>				
Retained earnings	432,057	426,325	204,858	200,040
<b>Non-distributable</b>				
Revaluation reserve	166,993	175,760	–	–
Treasury shares	(10,563)	(10,561)	(10,563)	(10,561)
Exchange fluctuation reserve	446	(87)	–	–
	156,876	165,112	(10,563)	(10,561)
	588,933	591,437	194,295	189,479

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

**Revaluation reserve**

Revaluation reserve represents surplus on revaluation of land and buildings of the Group net of deferred tax.

**Treasury shares**

At the Annual General Meeting held on 21 August 2021, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 (2021: 1,499,700) of its issued ordinary shares capital from the open market. The average price paid for the shares repurchased was RM0.93 (2021: RM0.40) per share including transaction costs, and the repurchase transactions were financed by internally generated funds.

At 31 March 2022, a total of 13,777,295 (2021: 13,775,295) repurchased shares are being held as treasury shares. The number of outstanding shares in issue after the set off is 514,048,191 (2021: 514,050,191).

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 14. LOANS AND BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
<b>Secured</b>				
- Hire purchase liabilities	20,641	25,978	–	–
- Term loans	227,519	222,762	9,889	10,793
- Islamic term loans	462,929	482,901	–	–
	711,089	731,641	9,889	10,793
<b>Current</b>				
<b>Secured</b>				
- Hire purchase liabilities	14,174	16,102	–	–
- Term loans	17,581	27,707	1,221	1,219
- Islamic term loans	23,609	42,165	–	–
	55,364	85,974	1,221	1,219
<b>Unsecured</b>				
- Revolving credits	135,500	99,600	–	–
- Islamic revolving credits	20,500	43,000	–	–
- Bankers' acceptances	55,736	57,187	8,266	12,497
- Islamic trade bills	7,482	2,500	–	–
- Bank overdrafts	19,470	10,119	–	–
- Islamic bank overdraft	4,452	5,903	–	–
	243,140	218,309	8,266	12,497
	298,504	304,283	9,487	13,716
Total borrowings	1,009,593	1,035,924	19,376	24,509

**Security**

The borrowings are secured by way of:

- charges on certain land and buildings, right-of-use assets, investment properties and inventories of the Group as disclosed in Notes 3, 4, 5 and 8 respectively;
- negative pledge on certain assets of a subsidiary;
- fixed deposits of the Group as disclosed in Note 12; and
- corporate guarantee by the Company.

**Significant covenants**

Certain borrowings are subject to the following covenants:

- To maintain Group gearing ratio of not more than 1.7 times, 2.0 times, and 2.25 times as defined by the respective financial institutions;
- To maintain the Group's tangible net worth of not less than RM680 million; and
- The Managing Director shall maintain more than 40% of direct and indirect shareholdings in the Company.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**15. TRADE AND OTHER PAYABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	46,817	53,423	3,075	3,879
Other payables and accrued expenses	74,975	70,000	1,057	1,026
	<u>121,792</u>	<u>123,423</u>	<u>4,132</u>	<u>4,905</u>

Included in other payables and accrued expenses are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	12,273	15,539	2	6
Property, plant and equipment creditors	—	1,620	—	—
Advances received from property buyers	8,776	11,553	—	—
Deposits received for development projects	—	608	—	—
Deposits for rental of trucks and properties	15,837	13,300	574	573
Accrued expenses	38,089	25,412	481	447
Provision for liquidated and ascertained damages	—	1,968	—	—
	<u>74,975</u>	<u>70,000</u>	<u>1,057</u>	<u>1,026</u>

Included in trade and other payables of the Group and the Company are amounts due to related parties as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade	4,177	4,132	—	—
Non-trade	5	4	2	4
	<u>4,182</u>	<u>4,136</u>	<u>2</u>	<u>4</u>

Provision for liquidated and ascertained damages is recognised when there is an expected delay in handing over of vacant possession to the property purchasers. The provision is based on the terms stipulated in the Sale and Purchase Agreements and the expected delay in handing over of vacant possession to the property purchasers. The provision is expected to be incurred in one year.

Arising from the deconsolidation of a subsidiary, provision for liquidated and ascertained damages has been reversed. In prior year, the amount of provision made in relation to the liquidated and ascertained damages was RM320,000, while the provision used was RM757,000.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 16. REVENUE AND COST OF SALES

## 16.1 Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers</b>				
Services rendered	616,596	567,440	—	—
Hotel and dormitory income	5,693	7,635	—	—
Property development	6,083	1,755	—	—
Goods sold	48,253	19,915	53,915	41,472
	676,625	596,745	53,915	41,472
<b>Other revenue</b>				
Rental income	10,757	5,014	—	—
Interest income	2,114	—	10,517	11,783
Dividend income				
- Other investments	329	361	329	361
- Subsidiaries	—	—	7,000	120,800
- Associate	—	—	—	280
	13,200	5,375	17,846	133,224
<b>Total revenue</b>	<b>689,825</b>	<b>602,120</b>	<b>71,761</b>	<b>174,696</b>

## 16.1.1 Disaggregation of revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Timing and recognition</b>				
- At a point in time	54,336	21,670	53,915	41,472
- Over time	622,289	575,075	—	—
Revenue from contracts with customers	676,625	596,745	53,915	41,472
Other revenue	13,200	5,375	17,846	133,224
<b>Total revenue</b>	<b>689,825</b>	<b>602,120</b>	<b>71,761</b>	<b>174,696</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**16. REVENUE AND COST OF SALES (CONT'D)**
**16.1 Revenue (Cont'd)**
**16.1.2 Nature of goods or services**

The following information reflects the typical transactions of the Group and of the Company:

<b>Nature of goods or services</b>	<b>Timing of recognition or method used to recognise revenue</b>	<b>Significant payment terms</b>
Services rendered	Revenue is recognised for service transactions, such as freight services, based on the stage of completion of the transaction. Costs are recognised as incurred	Credit period of 0 - 90 days from invoice date
Sales of completed properties	Revenue is recognised when the customer obtains the physical possession or legal title of the completed properties	Credit period of 14 days from invoice date
Goods sold	Revenue is recognised when the goods are delivered and accepted by the customers at their premises	Credit period of 0 - 90 days from invoice date
Revenue from hotel and dormitory income	Revenue is recognised over time during the period of stay for the hotel guests/dormitory guests	Credit period of 0 - 30 days from invoice date

The revenue from contracts with customers of the Group are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected duration of one year or less.

**16.2 Cost of sales**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of services	(522,539)	(476,310)	(183)	(4,443)
Cost of properties sold	(3,558)	(1,300)	—	—
Cost of goods sold	(44,920)	(18,798)	(52,319)	(40,634)
Total cost of sales	<u>(571,017)</u>	<u>(496,408)</u>	<u>(52,502)</u>	<u>(45,077)</u>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 17. FINANCE INCOME AND FINANCE COSTS

## 17.1 Finance income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets that are not at fair value through profit or loss	3,421	1,085	10,666	11,929

Finance income included in:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	2,114	—	10,517	11,783
Finance income	1,307	1,085	149	146
	3,421	1,085	10,666	11,929

## 17.2 Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	37,844	39,502	787	5,079
Interest expense on lease liabilities	4,377	4,141	19	9
	42,221	43,643	806	5,088
Recognised in profit or loss	39,046	43,643	806	5,088
Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:				
- property, plant and equipment	1,730	—	—	—
- investment properties	1,445	—	—	—
	42,221	43,643	806	5,088

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**17. FINANCE INCOME AND FINANCE COSTS (CONT'D)**

**17.2 Finance costs (Cont'd)**

Finance costs included in:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost of sales	—	—	183	4,443
Finance costs	39,046	43,643	623	645
	<u>39,046</u>	<u>43,643</u>	<u>806</u>	<u>5,088</u>

**18. OPERATING PROFIT**

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Operating profit is arrived at after charging/(crediting):</b>					
<b>Auditors' remuneration</b>					
Audit fees:					
- KPMG PLT		415	415	68	68
- Current year					
- Under/(Over) provision in prior year		—	(14)	—	5
- Other auditors		75	74	—	—
Non-audit fees					
- KPMG PLT		23	10	9	9
- Local affiliates of KPMG PLT		134	137	10	10
<b>Material expenses/(income)</b>					
Depreciation:					
- Property, plant and equipment		34,665	36,690	3	59
- Right-of-use assets		29,774	23,448	113	41
Impairment loss on investments in subsidiaries		—	—	191	12,571
Personnel expenses (including key management personnel):					
- Contributions to state plans		8,677	7,994	12	12
- Wages, salaries and others		110,075	103,108	298	261
Property, plant and equipment written off		502	45	—	—
Change in fair value of investment properties		(381)	(2,049)	—	—
Gain arising from deconsolidation of a subsidiary		(9,526)	—	—	—
Gain on disposal of:					
- Other investments		(1,170)	(1,899)	(1,170)	(1,899)
- Property, plant and equipment		(68)	(73)	—	—

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 18. OPERATING PROFIT (CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Operating profit is arrived at after charging/(crediting):</b>					
<b>(Cont'd)</b>					
<b>Material expenses/(income) (Cont'd)</b>					
Revaluation deficit on properties		–	1,420	–	–
Revaluation surplus on properties with previous revaluation deficit charged in profit or loss		–	(3,426)	–	–
Net foreign exchange gain		(138)	(127)	–	–
Negative goodwill		(500)	–	–	–
Other investments:					
- Fair value loss/(gain)		3,264	(8,115)	3,264	(8,115)
Fair value gain upon transfer from inventories to investment properties		(1,152)	–	–	–
Wages subsidy from government		–	(3,851)	–	–
<b>Expenses/(income) arising from leases</b>					
Expenses relating to short-term leases	a	54,231	47,989	96	166
Expenses relating to leases of low-value assets	a	–	142	–	–
Expenses relating to variable lease payments not included in the measurement of lease liabilities		34	53	–	–
Gain on derecognition of right-of-use assets		–	(148)	–	–
Rental income from land and buildings		(1,682)	(1,772)	(1,024)	(1,024)
<b>Net loss/(gain) on impairment of financial instruments:</b>					
Trade receivables		865	1,661	–	–
Amounts due from subsidiaries		–	–	3,709	(831)
		<u>865</u>	<u>1,661</u>	<u>3,709</u>	<u>(831)</u>

**Note a**

The Group and the Company lease a number of warehouses, hostels and equipment with contract term of 1 year or less. These leases are short-term and/or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**19. TAX EXPENSE**
**Recognised in profit or loss**

Major components of income tax expense include:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax expense</b>				
- Current year	8,507	9,317	1,315	2,226
- Prior years	(578)	1,049	53	396
	7,929	10,366	1,368	2,622
<b>Deferred tax expense/(income)</b>				
- Origination and reversal of temporary differences	2,151	(274)	1,570	(1)
- Under/(Over) provision in prior years	397	(1,028)	–	(27)
	2,548	(1,302)	1,570	(28)
	10,477	9,064	2,938	2,594
Share of tax of equity-accounted associates	4,538	–	–	–
	15,015	9,064	2,938	2,594
<b>Reconciliation of tax expense</b>				
Profit for the year	6,291	11,882	9,958	125,102
Total tax expense	15,015	9,064	2,938	2,594
Profit before tax	21,306	20,946	12,896	127,696
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	5,113	5,027	3,095	30,647
Effect of different tax rates in foreign jurisdictions	(111)	(488)	–	–
Non-deductible expenses	5,818	8,746	1,830	3,344
Effect of fair value change in investment properties	(54)	(287)	–	–
Non-taxable income	(709)	(7,420)	(2,040)	(31,766)
Unrecognised deferred tax assets	601	3,465	–	–
	10,658	9,043	2,885	2,225
Share of tax of equity-accounted associates	4,538	–	–	–
(Over)/Under provision in prior years	(181)	21	53	369
Tax expense	15,015	9,064	2,938	2,594

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**20. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 March 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares calculated as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year attributable to ordinary shareholders	5,203	11,351

Weighted average number of ordinary shares are determined as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares at 31 March	514,048	469,776
Basic earnings per ordinary share (sen)	1.01	2.42

**Diluted earnings per ordinary share**

There is no outstanding dilutive potential ordinary shares.

**21. DIVIDEND**

Dividends recognised by the Company are:

	<b>Sen per share</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>2022</b>			
Final dividend 2021	1.0	5,140	22 September 2021



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**22. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current year additions	74,914	55,318	27	–
Less: Amount financed by hire purchase liabilities	(7,883)	(6,555)	–	–
Finance cost capitalised	(1,730)	–	–	–
(Less)/Add:				
Balances in respect of acquisition of property, plant and equipment included in other creditors				
- at the end of year	–	(1,620)	–	–
- at the beginning of year	1,620	3,188	–	–
	<u>66,921</u>	<u>50,331</u>	<u>27</u>	<u>--</u>

**23. ACQUISITION OF A SUBSIDIARY**

On 9 June 2021, the Group entered into a Sale and Purchase Agreement of Shares to acquire 100% equity interest in VM Andaman Sdn. Bhd. ("VM"). The principal activities of the VM are holding and leasing of logistics and warehouse properties. The acquisition is to expand the Group's the warehousing capacity to meet increasing demand for logistics and warehousing services. The acquisition was completed on 31 July 2021. The cost of acquisition is satisfied via internally generated fund.

From the completion date to 31 March 2022, the subsidiary contributed revenue of RM1,552,000 and profit of RM463,000. If the acquisition had occurred on 1 April 2021, management estimates that consolidated revenue would have been RM691,183,000 and consolidated profit for the financial year would have been RM6,972,000.

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

**Fair value of consideration transferred**

	<b>2022</b>
	<b>RM'000</b>
Purchase consideration, net of shareholder loans	6,000
Adjusted net assets as at the completion date to be settled in cash	1,038
Consideration settled in cash and cash equivalents	<u>7,038</u>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**23. ACQUISITION OF A SUBSIDIARY (CONT'D)****Identifiable assets acquired and liabilities assumed**

	<b>2022 RM'000</b>
Investment properties	30,500
Trade and other receivables	675
Current tax assets	180
Cash and cash equivalents	817
Shareholder loans	(24,000)
Trade and other payables	(634)
	<hr/>
Total identifiable net assets	7,538 <hr/>

The investment properties were revalued in June 2021 by independent professional valuers based on open market value basis. The carrying values of other assets and liabilities on completion date are recognised based on their estimate fair values.

**Net cash outflow arising from acquisition of a subsidiary**

	<b>2022 RM'000</b>
Consideration settled in cash and cash equivalents	7,038
Cash and cash equivalents acquired	(817)
	<hr/>
	6,221 <hr/>

**Negative Goodwill**

Negative goodwill was recognised as a result of the acquisition as follows:

	<b>2022 RM'000</b>
Total consideration transferred	7,038
Fair value of identifiable net assets	(7,538)
	<hr/>
Negative goodwill arising from acquisition	(500) <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**24. DECONSOLIDATION OF A SUBSIDIARY**

On 22 July 2021, the Group entered into a Shareholders Agreement with Create Fortune Enterprise Sdn. Bhd. ("CFESB") for the subscription of 5,204,000 new ordinary shares of Terminal Perintis Sdn. Bhd. ("TPSB") for a total consideration of RM36,698,478 representing additional 51% of the total issued shares of TPSB. The shares subscription resulted in dilution of the Group's interest in TPSB to 49% and consequently, TPSB no longer meets the criteria of a subsidiary as the Group has lost control in TPSB on 1 November 2021, resulting it to become an associate company of the Group.

**Effect of deconsolidation of a subsidiary on the financial position of the Group**

	Note	2022 RM'000
Property, plant and equipment	3	253,610
Right-of-use assets	4	21
Deferred tax assets	9	15,353
Inventories		94,285
Trade and other receivables		4,442
Current tax assets		4,787
Cash and cash equivalents		425
Loans and borrowings		(144,562)
Trade and other payables		(206,321)
Lease liabilities		(21)
Total identifiable net assets		22,019
Fair values of TPSB as at 1 November 2021		64,378
Fair values of interest retained by Group in TPSB at 49%		31,545
Net assets of TPSB		(22,019)
Gain arising from deconsolidation of a subsidiary		9,526
Cash and cash equivalents deconsolidated		425

**25. CAPITAL COMMITMENTS**

	Group 2022 RM'000	2021 RM'000
<b>Capital expenditure commitments</b>		
<b>Property, plant and equipment</b>		
Contracted but not provided for	281,473	33,869

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**26. CONTINGENT LIABILITIES****Corporate guarantees**

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured:</b>		
Corporate guarantees given to financial institutions and credit financing companies in respect of outstanding term loans, short term borrowings, lease and hire purchase facilities of the subsidiaries	988,728	1,010,765
<b>Secured:</b>		
Investment properties charged to a bank as security for banking facilities granted to a subsidiary	34,134	34,134

**27. OPERATING SEGMENTS**

The Group has four reportable segments, as described below:

- Logistics and warehousing services
- Investment
- Property development
- Hotel and dormitory

For each of the business segments, the Group Managing Director who is the Chief Operating Decision Maker, reviews the internal management reports on a monthly basis.

The goods sold segment relates primarily to the trading of diesel and fast-moving consumer goods. The results are reviewed together with the logistics and warehousing services segment by the Group Managing Director.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation as the management believes that such information is the most relevant in evaluating the results of the operation.

**Segment assets**

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total assets is used to measure the return of assets of each segment.

**Segment liabilities**

Segment liabilities information is included in the internal management reports that are reviewed by the Group Managing Director.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and investment properties.

**Geographical segments**

The Group's operations are located mainly in Malaysia.

**27. OPERATING SEGMENTS (CONT'D)**

[illegible]

Revenue from one customer of the Group represents approximately RM85.2 million (2021: RM73.7 million) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS

## 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")  
     - Mandatorily required by MFRS 9  
 (b) Amortised cost ("AC")

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>2022</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	30,222	–	30,222
Trade and other receivables*	328,701	328,701	–
Cash and cash equivalents	11,649	11,649	–
	<u>370,572</u>	<u>340,350</u>	<u>30,222</u>
<b>Company</b>			
Other investments	30,212	–	30,212
Trade and other receivables	242,755	242,755	–
Cash and cash equivalents	749	749	–
	<u>273,716</u>	<u>243,504</u>	<u>30,212</u>
<b>2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	35,392	–	35,392
Trade and other receivables*	213,230	213,230	–
Cash and cash equivalents	38,090	38,090	–
	<u>286,712</u>	<u>251,320</u>	<u>35,392</u>
<b>Company</b>			
Other investments	35,282	–	35,282
Trade and other receivables	277,367	277,367	–
Cash and cash equivalents	27,316	27,316	–
	<u>339,965</u>	<u>304,683</u>	<u>35,282</u>

\* excluding prepayments

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**28. FINANCIAL INSTRUMENTS (CONT'D)**
**28.1 Categories of financial instruments (Cont'd)**

	Carrying amount RM'000	AC RM'000
<b>2022</b>		
<b>Financial liabilities</b>		
<b>Group</b>		
Loans and borrowings	1,009,593	1,009,593
Trade and other payables <sup>^</sup>	113,016	113,016
	<u>1,122,609</u>	<u>1,122,609</u>
<b>Company</b>		
Loans and borrowings	19,376	19,376
Trade and other payables	4,132	4,132
	<u>23,508</u>	<u>23,508</u>
<b>2021</b>		
<b>Financial liabilities</b>		
<b>Group</b>		
Loans and borrowings	1,035,924	1,035,924
Trade and other payables <sup>^</sup>	109,294	109,294
	<u>1,145,218</u>	<u>1,145,218</u>
<b>Company</b>		
Loans and borrowings	24,509	24,509
Trade and other payables	4,905	4,905
	<u>29,414</u>	<u>29,414</u>

<sup>^</sup> excluding advances received from property buyers, deposit received for development projects and provision for liquidated and ascertained damages.

**28.2 Net gains and losses arising from financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b> RM'000	<b>2021</b> RM'000	<b>2022</b> RM'000	<b>2021</b> RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	(1,765)	10,375	(1,765)	10,375
Financial assets at amortised cost	2,694	(449)	6,957	12,760
Financial liabilities at amortised cost	(37,844)	(39,502)	(787)	(5,079)
	<u>(36,915)</u>	<u>(29,576)</u>	<u>4,405</u>	<u>18,056</u>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**28. FINANCIAL INSTRUMENTS (CONT'D)****28.3 Financial risk management**

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**28.4 Credit risk**

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from receivables from customers, advances to subsidiaries/associates and financial guarantees given to banks for credit facilities granted to subsidiaries/associates. There are no significant changes as compared to prior period.

**Trade receivables***Risk management objectives, policies and processes for managing the risk*

The Group's credit control department carried out credit control review with the direct involvement of Executive Directors on an ongoing basis.

In respect of trade receivables arising from the sale of development properties, the Group monitors its credit risk by maintaining a register of owners of the development properties until full settlement by the purchaser self-finance portion of the purchase consideration or upon undertaking of end financing by the purchaser's end financier.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group maintains separate ageing analysis in respect of trade receivables from logistics and warehousing services and property development.

For logistics and warehousing services, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**28. FINANCIAL INSTRUMENTS (CONT'D)**

**28.4 Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

*Recognition and measurement of impairment loss (Cont'd)*

For property development activities, the progress billings are due within 14 days as stipulated in the sale and purchase agreements/billings. The retention sums are due upon the expiry of the defects liability period stated in the respective sale and purchase agreements.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rate are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

**Logistics and warehousing services**

	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>2022</b>			
<b>Group</b>			
Current (not past due)	81,293	3,296	77,997
1 - 30 days past due	60,834	779	60,055
31 - 60 days past due	21,755	438	21,317
61 - 90 days past due	5,394	152	5,242
	<b>169,276</b>	<b>4,665</b>	<b>164,611</b>
<b>Credit impaired</b>			
More than 90 days past due	8,561	3,469	5,092
Individually impaired	288	288	–
	<b>178,125</b>	<b>8,422</b>	<b>169,703</b>
<b>Company</b>			
Current (not past due)	24	–	24
1 - 30 days past due	931	–	931
31 - 60 days past due	1,302	–	1,302
61 - 90 days past due	651	–	651
	<b>2,908</b>	<b>–</b>	<b>2,908</b>
<b>Credit impaired</b>			
More than 90 days past due	203	–	203
	<b>3,111</b>	<b>–</b>	<b>3,111</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.4 Credit risk (Cont'd)

## Trade receivables (Cont'd)

*Recognition and measurement of impairment loss (Cont'd)*

## Logistics and warehousing services (Cont'd)

2021	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Group</b>			
Current (not past due)	84,300	1,545	82,755
1 - 30 days past due	55,849	1,043	54,806
31 - 60 days past due	18,290	429	17,861
61 - 90 days past due	4,229	287	3,942
	162,668	3,304	159,364
<b>Credit impaired</b>			
More than 90 days past due	11,232	4,176	7,056
Individually impaired	288	288	–
	174,188	7,768	166,420
<b>Company</b>			
Current (not past due)	20	–	20
1 - 30 days past due	781	–	781
31 - 60 days past due	996	–	996
61 - 90 days past due	150	–	150
	1,947	–	1,947
<b>Credit impaired</b>			
More than 90 days past due	457	–	457
	2,404	–	2,404

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**28. FINANCIAL INSTRUMENTS (CONT'D)**

**28.4 Credit risk (Cont'd)**

**Trade receivables (Cont'd)**

*Recognition and measurement of impairment loss (Cont'd)*

**Logistics and warehousing services (Cont'd)**

The movements in the allowance for impairment in respect of trade receivables from logistics and warehousing services during the year are shown below.

<b>Group</b>	<b>Lifetime ECL RM'000</b>	<b>Credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Balance at 1 April 2020</b>	1,596	4,218	5,814
Net remeasurement of loss allowance	1,863	249	2,112
Exchange difference	(155)	(3)	(158)
<b>Balance at 31 March 2021/1 April 2021</b>	3,304	4,464	7,768
Net remeasurement of loss allowance	1,779	(704)	1,075
Exchange difference	(418)	(3)	(421)
<b>31 March 2022</b>	4,665	3,757	8,422

**Property development**

<b>Group</b>	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>2022</b>			
Current (not past due)	6,102	920	5,182
1 - 30 days past due	24	–	24
	6,126	920	5,206
<b>Credit impaired</b>			
More than 90 days past due	30	8	22
Individually impaired	1,224	547	677
	7,380	1,475	5,905

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.4 Credit risk (Cont'd)

## Trade receivables (Cont'd)

*Recognition and measurement of impairment loss (Cont'd)*

## Property development (Cont'd)

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2021</b>			
Current (not past due)	6,407	–	6,407
1 - 30 days past due	108	–	108
61 - 90 days past due	6	–	6
	<hr/> 6,521	<hr/> –	<hr/> 6,521
<b>Credit impaired</b>			
More than 90 days past due	815	29	786
Individually impaired	2,471	2,471	–
	<hr/> 9,807	<hr/> 2,500	<hr/> 7,307
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The movements in the allowance for impairment in respect of trade receivables from property development during the year are shown below.

	<b>Credit impaired</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Balance at 1 April</b>	2,500	2,951
Net remeasurement of loss allowance	(210)	(451)
Deconsolidation of a subsidiary	(815)	–
	<hr/> 1,475	<hr/> 2,500
	<hr/> <hr/>	<hr/> <hr/>

## Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance are not material and hence, it is not provided for.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. FINANCIAL INSTRUMENTS (CONT'D)

#### 28.4 Credit risk (Cont'd)

##### **Other receivables**

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company do not recognise any allowance for impairment losses.

##### **Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and an associate. The Company monitors the ability of the subsidiaries and an associate to service their loans on an individual basis.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of the Company amounts to RM989 million (2021: RM1,010.8 million) representing the outstanding banking facilities of certain subsidiaries as at the end of the reporting period.

The maximum exposure to credit risk of the Group amounts to RM21 million (2021: NIL) representing the outstanding banking facilities of an associate as at the end of the reporting period

The financial guarantees are provided as credit enhancements to the subsidiaries' and associate's secured loans.

*Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when the subsidiaries' and associate's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries and associate are unlikely to repay its credit obligation to the bank in full; or
- The subsidiaries and associate are continuously loss making and are having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance for impairment losses.

##### **Inter-company loans and advances/amount due from an associate**

*Risk management objectives, policies and processes for managing the risk*

The Group provides unsecured advances to an associate. Other than trade transactions with subsidiaries, the Company also provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries and associate to repay the advances on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.4 Credit risk (Cont'd)

**Inter-company loans and advances/amount due from an associate (Cont'd)***Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

*Recognition and measurement of impairment loss*

Generally, the Company considers advances to subsidiaries and amount due from an associate have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' and associate's financial position deteriorates significantly. As the Group or the Company is able to determine the timing of payments of the amounts due when they are payable, the Group or the Company considers the advances to be in default when the subsidiaries or associate are not able to pay when demanded. The Company considers amounts due from subsidiaries or associate to be credit impaired when:

- The subsidiaries or associate are unlikely to repay the amounts to the Group or to the Company in full; or
- The subsidiaries or associate are continuously loss making and are having a deficit shareholders' fund.

The Group and Company determine the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' outstanding balances as at the end of reporting period:

Group	Carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Low credit risk	75,892	—	75,892
<b>Company</b>			
<b>2022</b>			
Low credit risk	239,521	—	239,521
Credit impaired	9,823	9,823	—
	249,344	9,823	239,521

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**28. FINANCIAL INSTRUMENTS (CONT'D)**

**28.4 Credit risk (Cont'd)**

**Inter-company loans and advances/amount due from an associate (Cont'd)**

*Recognition and measurement of impairment loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' outstanding balances as at the end of reporting period:

<b>Company</b>	<b>Carrying amount RM'000</b>	<b>Impairment loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>2021</b>			
Low credit risk	274,237	–	274,237
Credit impaired	6,114	6,114	–
	<u>280,351</u>	<u>6,114</u>	<u>274,237</u>

The movement in the allowance for impairment in respect of subsidiaries' outstanding balances during the year is as follows:

<b>Company</b>	<b>Credit impaired</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Balance at 1 April</b>	6,114	6,945
Net remeasurement of loss allowance	3,709	(831)
<b>Balance at 31 March</b>	<u>9,823</u>	<u>6,114</u>

**28.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.5 Liquidity risk (Cont'd)

## Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	113,016	—	113,016	113,016	—	—	—
Secured hire purchase liabilities	34,815	3.78 - 6.46	37,849	15,702	11,146	11,001	—
Secured term loans	245,100	3.15 - 4.07	293,760	26,037	25,216	105,065	137,442
Secured Islamic term loans	486,538	3.33 - 4.15	630,643	41,021	51,354	144,208	394,060
Unsecured revolving credits	135,500	3.12 - 4.00	135,860	135,860	—	—	—
Unsecured Islamic revolving credits	20,500	3.30 - 3.43	20,561	20,561	—	—	—
Unsecured bankers' acceptances	55,736	1.84 - 3.57	55,736	55,736	—	—	—
Unsecured Islamic trade bills	7,482	3.00 - 3.10	7,482	7,482	—	—	—
Unsecured bank overdrafts	19,470	4.07 - 6.89	19,470	19,470	—	—	—
Unsecured Islamic bank overdraft	4,452	5.06 - 5.70	4,452	4,452	—	—	—
Lease liabilities	94,801	3.50 - 5.00	118,385	25,187	16,119	26,657	50,422
Financial guarantees*	—	—	21,093	21,093	—	—	—
	1,217,410		1,458,307	485,617	103,835	286,931	581,924



**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**28. FINANCIAL INSTRUMENTS (CONT'D)**
**28.5 Liquidity risk (Cont'd)**
*Maturity analysis (Cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	109,294	—	109,294	109,294	—	—	—
Secured hire purchase liabilities	42,080	3.78 - 6.46	45,914	17,954	14,301	13,659	—
Secured term loans	250,469	3.39 - 4.53	300,551	36,236	35,870	103,551	124,894
Secured Islamic term loans	525,066	3.29 - 4.13	669,797	60,586	66,643	153,001	389,567
Unsecured revolving credits	99,600	3.25 - 4.00	100,046	100,046	—	—	—
Unsecured Islamic revolving credits	43,000	3.01 - 5.00	43,240	43,240	—	—	—
Unsecured bankers' acceptances	57,187	1.92 - 3.66	57,187	57,187	—	—	—
Unsecured Islamic trade bills	2,500	3.76	2,500	2,500	—	—	—
Unsecured bank overdrafts	10,119	4.07 - 6.89	10,119	10,119	—	—	—
Unsecured Islamic bank overdraft	5,903	5.06 - 5.70	5,903	5,903	—	—	—
Lease liabilities	84,623	3.50 - 5.00	108,588	17,922	11,107	24,720	54,839
	1,229,841		1,453,139	460,987	127,921	294,931	569,300

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.5 Liquidity risk (Cont'd)

## Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments: (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	4,132	—	4,132	4,132	—	—	—
Secured term loans	11,110	3.55	12,745	1,591	1,591	4,771	4,792
Unsecured bankers' acceptances	8,266	1.84 - 2.74	8,266	8,266	—	—	—
Lease liabilities	509	3.50	550	120	120	310	—
Financial guarantees*	—	—	988,728	988,728	—	—	—
	24,017		1,014,421	1,002,837	1,711	5,081	4,792
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	4,905	—	4,905	4,905	—	—	—
Secured term loans	12,012	3.55	13,913	1,621	1,621	4,862	5,809
Unsecured bankers' acceptances	12,497	1.92 - 2.79	12,497	12,497	—	—	—
Lease liabilities	610	3.50	670	120	120	360	70
Financial guarantees*	—	—	1,010,765	1,010,765	—	—	—
	30,024		1,042,750	1,029,908	1,741	5,222	5,879

\* The amount represents the outstanding banking facilities of the subsidiaries and an associate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**28. FINANCIAL INSTRUMENTS (CONT'D)**

**28.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

**Currency risk**

The Group is exposed to foreign currency risk on services rendered that are denominated in a currency other than the functional currencies of the Group entities. The currency giving rise to this risk is primarily Singapore Dollar ("SGD").

*Risk management objectives, policies and processes for managing the risk*

In respect of monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group does not hedge this exposure. However, the Group keeps this policy under review.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	<b>Denominated in SGD</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Trade and other receivables	10,983	11,428
Cash and cash equivalents	891	497
Trade and other payables	1	58
<b>Net exposure</b>	<b>11,875</b>	<b>11,983</b>

*Currency risk sensitivity analysis*

A 10% (2021: 10%) strengthening of the Ringgit Malaysia against SGD at the end of the reporting period would have decreased post-tax profit or loss by RM903,000 (2021: RM911,000). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant.

A 10% (2021: 10%) weakening of Ringgit Malaysia against SGD at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

**Interest rate risk**

The Group's investments in fixed rate deposits, fixed rate borrowings and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group managed interest rate risk through effective use of its floating and fixed rate debts.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.6 Market risk (Cont'd)

## Interest rate risk (Cont'd)

*Exposure to interest rate risk*

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
Financial assets	77,300	1,087	235,300	269,922
Financial liabilities	(348,834)	(328,990)	(8,775)	(13,107)
	<u>(271,534)</u>	<u>(327,903)</u>	<u>226,525</u>	<u>256,815</u>
<b>Floating rate instruments</b>				
Financial liabilities	<u>(755,560)</u>	<u>(791,557)</u>	<u>(11,110)</u>	<u>(12,012)</u>

*Interest rate risk sensitivity analysis*(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates during the reporting period would have increased/ (decreased) the Group and the Company's post-tax profit or loss by RM5,742,000 (2021: RM6,016,000) and RM84,000 (2021: RM91,000) respectively. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

**Other price risk**

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

The Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Managing Director of the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**28. FINANCIAL INSTRUMENTS (CONT'D)**
**28.6 Market risk (Cont'd)**
**Other price risk (Cont'd)**
*Equity price risk sensitivity analysis*

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI (FBMKLCI).

A 10% (2021: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit or loss of the Group and the Company by RM3,022,000 (2021: RM3,539,000) and RM3,021,000 (2021: RM3,528,000) respectively. A 10% (2021: 10%) weakening in FBMKLCI would have had equal but opposite effect on the post-tax profit or loss.

**28.7 Fair value information**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It is not practical to estimate the fair value for amount due from/(to) an associate/subsidiaries, as it is not practicable to determine their fair value with sufficient reliability since these balances have no fixed terms of repayment.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>Group</b>				
<b>2022</b>				
<b>Financial assets</b>				
Other investments	30,222	—	30,222	30,222
<b>Financial liabilities</b>				
Term loans	—	(731,638)	(731,638)	(731,638)
Hire purchase liabilities	—	(35,782)	(35,782)	(34,815)
	—	(767,420)	(767,420)	(766,453)
<b>2021</b>				
<b>Financial assets</b>				
Other investments	35,392	—	35,392	35,392
<b>Financial liabilities</b>				
Term loans	—	(775,535)	(775,535)	(775,535)
Hire purchase liabilities	—	(43,346)	(43,346)	(42,080)
	—	(818,881)	(818,881)	(817,615)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 28. FINANCIAL INSTRUMENTS (CONT'D)

## 28.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
<b>Company</b>				
<b>2022</b>				
<b>Financial assets</b>				
Other investments	30,212	–	30,212	30,212
<b>Financial liabilities</b>				
Term loans	–	(11,110)	(11,110)	(11,110)
<b>2021</b>				
<b>Financial assets</b>				
Other investments	35,282	–	35,282	35,282
<b>Financial liabilities</b>				
Term loans	–	(12,012)	(12,012)	(12,012)

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year. (2021: no transfer in either directions).

**Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

**Financial instruments not carried at fair value**

Type	Description of valuation technique and inputs used
Term loans/Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**29. CAPITAL MANAGEMENT**

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratio at 31 March 2022 and at 31 March 2021 were as follows:

	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
Total loans and borrowings (Note 14)	1,009,593	1,035,924
Total equity attributable to owners of the Company	789,169	791,673
Gearing ratio	1.3	1.3

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain gearing ratio as disclosed in Note 14, failing which, the bank may call on event of default.

**30. RELATED PARTIES**

**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 30. RELATED PARTIES (CONT'D)

## Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 15.

	Company	
	2022	2021
	RM'000	RM'000
<b><u>Transactions</u></b>		
<b>A. Subsidiaries</b>		
Interest income	8,403	11,783
Interest expense	(183)	(4,443)
Dividend income	7,000	120,800
Sales of diesel, NGV gas and canvas	43,788	34,624
Storage income	1,024	1,024
Storage expense	(96)	(96)
Sales of property, plant and equipment	—	98
	<hr/>	<hr/>
<b>B. Associates</b>		
Dividend income	—	280
Interest income	2,114	—
	<hr/>	<hr/>
<b>C. Companies in which certain Directors/Directors' close family members have financial interest</b>		
Repair and maintenance	—	(2)
Sales of diesel, NGV gas and canvas	279	227
	<hr/>	<hr/>
<b>D. Key management personnel</b>		
<b>Directors</b>		
- Fee	369	332
- Remuneration	50	37
	<hr/>	<hr/>
	419	369
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS**  
**(CONT'D)**
**30. RELATED PARTIES (CONT'D)**
**Significant related party transactions (Cont'd)**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>A. Associates</b>		
Interest income	2,114	–
<b>B. Companies in which certain Directors' close family members have financial interest</b>		
Loading and unloading expense	(86)	(11)
Construction of warehouse	(3,660)	–
Lease expenses	(27,587)	(26,543)
Freight charges expense	(990)	(513)
<b>C. Companies in which certain Directors have financial interest</b>		
Sales of diesel, NGV, cargo and canvas	279	227
Freight charges income	4,205	3,572
Freight charges expenses	(12,442)	(12,208)
Rental income on land and buildings	917	1,050
Lease expenses	(6,769)	(6,081)
Repair and maintenance	(4,563)	(3,946)
Purchase of tyres and tubes	(6,118)	(5,443)
Custom forwarding expense	(5,215)	(5,695)
Purchase of property, plant and equipment	–	(314)
Project management fee	213	113
<b>D. Key management personnel</b>		
<b>Directors</b>		
- Fee	369	332
- Remuneration	2,431	1,873
Total short-term employee benefits	2,800	2,205
<b>Other key management personnel</b>		
- Wages, salaries and others	9,209	7,190
- Contributions to state plans	1,023	778
	10,232	7,968
	13,032	10,173

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

STATEMENT BY  
**DIRECTORS**  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 64 to 156 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 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Ong Yoong Nyock**  
Director

**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**  
Director

Date: 22 July 2022

STATUTORY  
**DECLARATION**  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Law Tik Long**, the officer primarily responsible for the financial management of TIONG NAM LOGISTICS HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 64 to 156 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 abovenamed Law Tik Long, NRIC: 740224-01-5089, MIA CA 18452, at Johor Bahru in the State of Johor on 22 July 2022.

**Law Tik Long**

Before me:

Lau Lay Sung  
Commissioner For Oaths  
J-246

# INDEPENDENT **AUDITORS' REPORT** TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Tiong Nam Logistics Holdings Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 156.

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 31 March 2022, and of their financial performance and their cash flows for the 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 auditors' 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 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.

#### (i) **Valuation of inventories - Completed properties held for sale - Group**

Refer to Note 2(h)(iii) - Significant accounting policy: Inventories - Completed properties held for sale and Note 8 - Inventories.

#### **The key audit matter**

The Group's inventories from completed property development activities represents a significant component of the Group's assets. The weak demand and oversupply in the current property market might exert downward pressure on the transaction volumes and value. We have determined the valuation of the completed properties held for sale as a key audit matter because of the judgement involved in determining the net realisable value of the inventories, based on estimates derived from recent transacted prices and any expected discount allowed.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD  
(CONT'D)

**Key Audit Matters (Cont'd)****(i) Valuation of inventories - Completed properties held for sale - Group (Cont'd)****How the matter was addressed in our audit**

We performed the following audit procedures, amongst others:

- We evaluated the design and implementation of controls over the Group's review of the valuation of the completed properties held for sale;
- We reviewed the movement of the completed properties held for sale to ascertain if slow-moving projects require write down;
- We assessed the valuation of the Group's completed property development units by comparing the carrying amount to recent transacted prices or prices of comparable properties located in the vicinity as the development project; and
- We assessed the completeness, accuracy and relevance of disclosures required by MFRS 102 *Inventories*.

**(ii) Valuation of trade receivables from the logistics and warehousing services segment - Group**

Refer to Note 2(k)(i) - Significant accounting policy: Impairment and Note 10 - Trade and other receivables and Note 28.4 - Credit risk.

**The key audit matter**

The Group services a large number of customers from various industries and is required to reassess its credit exposures for its trade receivables. Provisions on forward-looking losses may be required.

We have determined the valuation of trade receivables from the logistics and warehousing services segment as a key audit matter because of the judgement involved by the Group in estimating the probability of default of the trade receivables and assessing the adequacy of impairment made.

**How the matter was addressed in our audit**

We performed the following audit procedures, amongst others:

- We evaluated the accounting policies adopted and compared to the requirements of MFRS 9, our business understanding and industry practice;
- We evaluated the design and implementation of the Group's controls over the trade receivables credit control processes and credit limit approvals;
- We evaluated the Directors' key judgements and estimates made including selection and application of the method, assumptions and data in making the estimate;
- We assessed and tested mathematical accuracy of the impairment loss provided;
- We tested the trade receivables ageing report to ascertain the accuracy of the information used to assess the adequacy of impairment loss of trade receivables by testing the age profile of trade receivables to the respective sales invoices; and
- We assessed the adequacy of the Group's disclosures as required by MFRS 7, *Financial Instruments Disclosure*.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD  
(CONT'D)

**Key Audit Matters (Cont'd)**

**(iii) Valuation of investment properties - Group and Company**

Refer to Note 2(g)(i) - Significant accounting policy: Investment properties and Note 5 - Investment properties.

**The key audit matter**

The Group's and Company's investment properties of RM162 million and RM34 million respectively as at 31 March 2022 were stated at their fair values based on independent external valuations. The valuation of investment properties is considered as a key audit matter because there are significant judgements and estimates inherent in the valuation of investment properties. The valuations are subjective in nature and sensitive to changes in the key assumptions applied, particularly availability of recent market transactions of comparable properties in close proximity, price per square foot, estimated cost of construction of the building and depreciation.

**How the matter was addressed in our audit**

We performed the following audit procedures, amongst others:

- We evaluated the qualifications and competency of the external valuers and discussed the scope of work with the external valuers to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations in their scope of work;
- We evaluated the appropriateness of the valuation methodologies adopted by the external valuers by comparing them to accepted market practices of similar properties;
- We assessed the key assumptions used in the valuation by comparing them against historical rates and available industry data; and
- We assessed the adequacy of the Group's and the Company's disclosures in the financial statements on the valuation methodologies, key assumptions used in the valuation and inter-relationships between the assumptions and the valuation amounts.

**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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD  
(CONT'D)

**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 ability of the Group and of the Company 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.

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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 gives a true and fair view.
- 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.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TIONG NAM LOGISTICS HOLDINGS BERHAD  
(CONT'D)

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' 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 6 to the financial statements.

**Other Matter**

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.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Chan Yen Ing**  
Approval Number: 03174/04/2023 J  
Chartered Accountant

Johor Bahru

Date: 22 July 2022

## ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2022

Total Number of Issued Shares	:	527,825,486
Class of Shares	:	Ordinary Share
Voting Rights	:	One (1) Vote Per Ordinary Share
Number of Shareholders	:	6,244

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares Held	%*
Less than 100	443	7.095	14,896	0.003
100 to 1,000	561	8.985	320,574	0.062
1,001 to 10,000	2,946	47.181	15,606,598	3.036
10,001 to 100,000	1,952	31.262	57,461,688	11.179
100,001 to less than 5% of issued shares	340	5.445	302,646,020	58.875
5% and above of issued shares	2	0.032	137,997,415	26.845
<b>Total</b>	<b>6,244</b>	<b>100.000</b>	<b>514,047,191</b>	<b>100.000</b>

### DIRECTORS' SHAREHOLDINGS

Name	Direct Shareholdings	Percentage of Issued Shares*	Indirect Shareholdings	Percentage of Issued Shares*
1. Dato Fu Ah Kiow @ Oh (Fu) Soon Guan	765,000	0.149	—	—
2. Ong Yoong Nyock	128,601,180	25.017	145,898,865	28.382
3. Yong Kwee Lian	6,650,000	1.294	267,850,045	52.106
4. Ong Wei Kuan	255,000	0.050	—	—
5. Chang Chu Shien	2,080,000	0.405	—	—
6. Yong Seng Huat	—	—	10,200	0.002
7. Ling Cheng Fah @ Ling Cheng Ming	15,300	0.003	—	—
8. Datuk Haji Muhamad Shapiae bin Mat Ali	—	—	—	—
9. Christina Ong Chu Voon	—	—	—	—
10. Chen Kuok Chin	—	—	1,358,700	0.264

### LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	Interest in Shares %*	Indirect	%*
1. TNTT Realty Sdn. Bhd. (a)	121,095,415	23.557	—	—
2. Ong Yoong Nyock (b)	128,601,180	25.017	145,898,865	28.382
3. Yong Kwee Lian (c)	6,650,000	1.294	267,850,045	52.106

#### Notes:

- a Part of the shares are held through Amsec Nominees (Tempatan) Sdn Bhd, Cimsec Nominees (Tempatan) Sdn Bhd, and Maybank Nominees (Tempatan) Sdn Bhd.
- b Part of the shares are held through Affin Hwang Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, Ambank (M) Berhad, Amsec Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd, HLIB Nominees (Tempatan) Sdn Bhd, Kenanga Nominees (Tempatan) Sdn Bhd, Maybank Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, and RHB Nominees (Tempatan) Sdn Bhd.
- c Part of the shares are held through Kenanga Nominees (Tempatan) Sdn Bhd.
- \* The percentage of issued shares is computed based on the number of shares in issue of 527,825,486 ordinary shares less 13,778,295 ordinary shares held as Treasury Shares.



ANALYSIS OF SHAREHOLDINGS  
AS AT 30 JUNE 2022  
(CONT'D)

**LIST OF THIRTY LARGEST SHAREHOLDERS**

As At 30 June 2022

No.	Name	Number of Shares	%*
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	77,997,415	15.173
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ONG YOONG NYOCK	60,000,000	11.672
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TNTT REALTY SDN BHD (PB)	23,000,000	4.474
4	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (SWAP)	18,884,400	3.674
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BAKAT IMPIAN SDN BHD (8124505)	14,978,000	2.914
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (8039533)	14,795,940	2.878
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RENITRANS SDN BHD	13,409,430	2.609
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	13,098,000	2.548
9	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	10,000,000	1.945
10	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (CEB)	7,353,100	1.430
11	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	7,000,000	1.362
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN	6,650,000	1.294
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	6,632,040	1.290
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (M04)	5,950,000	1.157
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	5,000,000	0.973
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RENITRANS SDN BHD (501392110894)	4,488,000	0.873
17	TEO KWEE HOCK	3,821,602	0.743

ANALYSIS OF SHAREHOLDINGS  
AS AT 30 JUNE 2022  
(CONT'D)**LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)**

As At 30 June 2022

No.	Name	Number of Shares	%*
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	3,544,060	0.689
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	3,458,480	0.673
20	AMBank (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (SMART)	3,404,500	0.662
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG BOON LONG (E-TSA)	3,230,000	0.628
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG CHIN WOI (E-SPT/MIN)	3,120,000	0.607
23	TAJUKON SDN BHD	3,000,000	0.584
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHEONG BOON LONG (PB)	2,800,000	0.545
25	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASTINAS CONSTRUCTION & DEVELOPMENT SDN. BHD. (MG0037-222)	2,650,598	0.516
26	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	2,550,000	0.496
27	THROTECH INDUSTRIES SDN.BHD	2,500,000	0.486
28	BAKAT IMPIAN SDN BHD	2,468,400	0.480
29	LOH HOCK LIANG	2,122,620	0.413
30	CHANG CHU SHIEN	2,080,000	0.405
<b>TOTAL</b>		<b>329,986,585</b>	<b>64.193</b>

## LIST OF PROPERTIES AS AT 31 MARCH 2022

Lot No / Location	Description	Existing Use	Tenure/ Tenure Years	Expiry Date	Area (sq ft)	Age of Building (year)	Valuation/ Acquisition date	Net Book Value as at 31 Mar 2022 (RM)
H.S.(D) 79959 PT 14386 Mukim Damansara Daerah Petaling	4 Blocks of warehouses cum office	Office & warehouse	Leasehold 70 years	26.09. 2092	Land 871,153 Built up 604,510	16	Mar 21	190,113,673
PT 853, (HSD 316148) Lion Industrial Park Shah Alam	4 Blocks of warehouse/ office cum canteen	Office warehouse & Coldrooms	Freehold		Land 564,996 Built up 302,909	27	Mar 21	115,528,856
H.S.(M) 4392 PTD 112714, MK Senai - Kulai	2 Blocks of Warehouse	Warehouse	Freehold		Land 987,365 Built up 527,022	4	Mar 21	103,800,975
H.S.(D) 303868 PTD 2423 (Plot D28A) Mukim of Tanjung Kupang District of Johor Bahru	Warehouse	Warehouse	Leasehold 33 years	22.03. 2055	Land 435,600 Built up 272,217	4	Mar 21	56,490,500
PLO 232, Tanjung Langsat Marine Terminal, Kompleks Perindustrian Tanjung Langsat, Pasir Gudang, Johor	Warehouse	Warehouse	Leasehold 23 years	15.11. 2045	Land 871,200 Built up 141,605	6	Mar 21	45,227,967
PTD 171007 (New Lot 122759) Mukim of Plentong, District of Johor Bahru)	Residential Development	Vacant land	Freehold		Land 4,371,547		Jun 18	42,591,759
D25A (PTD 2423, HS(D) 303868) Mukim of Tanjung Kupang District of Johor Bahru	Warehouse	Warehouse	Leasehold 33 years	23.03. 2055	Land 221,241 Built up 252,780	6	Mar 21	41,400,000
PT 849 HS(M) 11518 Mukim Pekan Baru Hicom District of Petaling	Single storey office/ warehouse	Office & Coldroom	Freehold		Land 134,227 Built up 69,721	7	Mar 21	41,212,906
PTD 171026 - 171029 & PTD 175231 - PTD 175235, Mukim Of Plentong, District Of Johor Bahru	Residential Development	Vacant land	Freehold		Land 4,927,507		Nov 14	36,877,622
LOT PT 3925, Seksyen 39, title HS(M) 16450 (formerly LOT 3176, Section 39, Bandar Kulim, District Kulim, Kedah)	Office/ warehouse	Warehouse	Freehold		Land 641,838 Built up 125,703	1	Mar 21	35,380,890

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Third (33rd) Annual General Meeting (“33rd AGM” or “AGM”) of **TIONG NAM LOGISTICS HOLDINGS BERHAD** will be held virtually through live streaming from the Broadcast Venue at Lot 30462, Jalan Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim, Malaysia and Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIH Online website at <https://tthh.online> on Saturday, 27 August 2022 at 9:30 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2022 and the Reports of the Directors and Auditors thereon. **(Please refer to Note 1)**
2. To re-elect Directors retiring in accordance with the following clause in the Constitution of the Company:
 

Chang Chu Shien	- Clause 104	<b>Resolution 1</b>
Ling Cheng Fah @ Ling Cheng Ming	- Clause 104	<b>Resolution 2</b>
Datuk Haji Muhamad Shapiae Bin Mat Ali	- Clause 104	<b>Resolution 3</b>
3. To approve the payment of the Directors’ Fees amounting to RM 369,000-00 in respect of the financial year ended 31 March 2022. **Resolution 4**
4. To appoint KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

## AS SPECIAL BUSINESS

5. To consider and if thought fit, pass the following resolution as an ordinary resolution **Resolution 6**

### **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPTs”)**

“**THAT**, subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into and give effect to the class and nature of Recurrent Related Party Transactions in Section 2.3 subsection 2.3.1 as specified in the Circular to Shareholders dated 29 July 2022 involving the interests of Directors and major shareholders of the Company, namely **Mr Ong Yoong Nyock and Madam Yong Kwee Lian** and persons connected to them, Ms Christina Ong Chu Voon, Mr Ong Yong Meng, Mr Ong Weng Seng, Madam Yong Wei Lian, Mr Pan Chee Seng and Mr Wong Swee Siong provided that such Recurrent Related Party Transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

(“Proposed Shareholders’ Mandate of RRPTs - Mr Ong Yoong Nyock and Madam Yong Kwee Lian”);

**NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)**

**AND THAT** the Mandate is subject to annual renewal and any authority conferred by a Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the "Proposed Shareholders' Mandate for RRPTs - Mr Ong Yoong Nyock and Madam Yong Kwee Lian".

6. To consider and if thought fit, pass the following resolution as an ordinary resolution

**Resolution 7**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")**

**"THAT**, subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into and give effect to the class and nature of Recurrent Related Party Transactions in Section 2.3.2 as specified in the Circular to Shareholders dated 29 July 2022 involving the interests of a Director, **Mr Ong Wei Kuan** provided that such Recurrent Related Party Transactions are :

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders

("Proposed Shareholders' Mandate for RRPTs – Mr Ong Wei Kuan");

**AND THAT** the Mandate is subject to annual renewal and any authority conferred by a Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the "Proposed Shareholders' Mandate for RRPTs – Mr Ong Wei Kuan".

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

7. To consider and if thought fit, pass the following resolution as an ordinary resolution

**Resolution 8****PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")**

**"THAT**, subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into and give effect to the class and nature of Recurrent Related Party Transactions in Section 2.3.3 as specified in the Circular to Shareholders dated 29 July 2022 involving the interests of a Director, **Mr Chang Chu Shien** provided that such Recurrent Related Party Transactions are :

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders

("Proposed Shareholders' Mandate for RRPTs – Mr Chang Chu Shien");

**AND THAT** the Mandate is subject to annual renewal and any authority conferred by a Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the "Proposed Shareholders' Mandate for RRPTs – Mr Chang Chu Shien".

8. To consider and if thought fit, pass the following resolution as an ordinary resolution

**Resolution 9****PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**"THAT** subject always to the Companies Act 2016 ("Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the approvals of all relevant governmental and/or the relevant authorities, the Company be authorized, to buy-back 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 provided that:-

- (i) The aggregate number of shares purchased by the Company does not exceed 10% of the total number of issued shares of the Company at any point of time;
- (ii) The maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate of the retained profits of the Company; and
- (iii) The shares purchased may be dealt with in all or any of the following manner (as selected by the Company): -

**NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)**

- (a) the shares so purchased may be cancelled; and/or
- (b) the shares so purchased may be retained as treasury shares in accordance with the relevant rules of Bursa Securities for distribution as dividend to the shareholders and/or resell through Bursa Securities and/or subsequently cancelled; and/or
- (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled;

(hereinafter referred to as the “Proposed Renewal of Share Buy-Back Authority”).

**AND THAT** the authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

- (i) the conclusion of the next annual general meeting (“AGM”) of the Company following the forthcoming AGM, at which time the said authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by shareholders of the Company in a general meeting of the Company,

whichever occurs first;

**AND THAT** the Directors of the Company be and are hereby authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

9. To consider and if thought fit, pass the following resolution as an ordinary resolution

**Resolution 10**

**PROPOSED AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016**

“**THAT**, subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 76 of the Companies Act 2016, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

10. To consider and if thought fit, pass the following resolution as an ordinary resolution

**Resolution 11**

**RETENTION OF INDEPENDENT DIRECTOR, MR LING CHENG FAH @ LING CHENG MING**

“**THAT** Mr Ling Cheng Fah @ Ling Cheng Ming be retained as an Independent Non-Executive Director of the Company notwithstanding that he has served the Company for a cumulative term of more than eleven (11) years in accordance with the Malaysian Code on Corporate Governance.”

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at **19 August 2022** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

By order of the Board

**TAI YIT CHAN** (MAICSA 7009143)  
SSM Practising Cert. No.: 202008001023

**SANTHI A/P SAMINATHAN** (MAICSA 7069709)  
SSM Practising Cert. No.: 201908002933

**LAW TIK LONG** (MIA 18452)  
SSM Practising Cert. No.: 201908003258  
Secretaries

Date: 29 July 2022

**NOTES:**

**1. Audited Financial Statements**

*The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under agenda 1. They do not require shareholders' approval and hence will not be put forward for voting.*

**2. Re-election of Directors who retire in accordance with Regulation 104 of the Company's Constitution ("Constitution")**

*Ordinary Resolutions 1,2 and 3, Regulation 104 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of seven (11), three (3) Directors are to retire in accordance with Regulation 104 of the Constitution.*

*The Nomination Committee has assessed the performance of these Directors seeking for re-election based on salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group.*

*The satisfactory outcome of the assessment was reported to the Board of Directors and the Board recommends these Directors to be re-elected according to the resolutions put forth in the forthcoming AGM.*

*These Directors had abstained from deliberation and participation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting.*

**3. Directors' fees and allowance**

*Ordinary Resolution 4, pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.*

*The fee payable to the Non-Executive Directors up to an amount of RM 369,000-00 is for the period of 1 April 2021 to 31 March 2022.*

*The Board will seek shareholders' approval at the next AGM in the event the remuneration amount is insufficient due to an increase in Board/Board Committee meetings and/or increase in board size. Details of the Directors' fees and benefits paid are disclosed on page 34 in this Annual Report 2022.*



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 4. Appointment of Auditors

Ordinary Resolution 5, pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs KPMG PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office.

Messrs KPMG PLT, have indicated their willingness to continue their service. The re-appointment of Messrs KPMG PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Ordinary Resolution 5, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

### 5. Form of Proxy

- i. The 33rd AGM will be conducted on a virtual basis via TIIH Online website at <https://tiih.online>, members/proxies/corporate representatives/attorneys are advised to refer to the Administrative Details on the registration and voting process for the 33rd AGM.
- ii. Members/proxies/corporate representatives/attorneys are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 33rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd (the "Share Registrar", "Tricor" or "TIIH") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administration Details of the 33rd AGM and read the notes therein in order to participate remotely via RPV.
- iii. Every member is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.
- iv. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- v. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- vi. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 33rd AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details of the 33rd AGM.
- vii. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 33rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (a) In hard copy form  
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time of holding the Meeting or any adjournment thereof.
  - (b) By electronic form  
The Form of Proxy can be electronically lodged via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details of the 33rd AGM on the procedure for electronic lodgement of proxy form via TIIH Online.
- viii. Please ensure **ALL** the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
- ix. Last date and time for lodging the Form of Proxy is **Thursday, 25 August 2022 at 9.30 a.m.**

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

- x. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 33rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- xi. For a corporate member who has appointed an authorised representative, please deposit the original or duly certified certificate of appointment of authorised representative at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (1) at least two (2) authorised officers, of whom one shall be a director; or
    - (2) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- xii. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 August 2022 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.
- xiii. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 33rd AGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at <http://www.tiongnam.com/investor/announcement> for the latest updates on the status of the 33rd AGM.

**6. Explanatory Notes on Special Business****i. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") ("Proposed Shareholders' Mandate")**

The proposed Resolutions No. 6 to 8, if passed, will authorise the Company and/or its subsidiaries to enter into RRPTs with the respective related parties as set out in Section 2.3, Part B of the Circular to the Shareholders dated 29 July 2022. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Shareholders' Mandate for RRPTs, please refer to the Circular to Shareholders dated 29 July 2022 which was dispatched together with the Company's 2022 Annual Report.

**ii. Proposed Renewal of Share Buy-Back Authority**

The proposed Resolution No. 9, if passed, will empower the Company to purchase and/or hold up to ten percent (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 Annual General Meeting of the Company. For further information on the Proposed Share Buy-Back, please refer to Part A of the Circular to the Shareholders dated 29 July 2022 which is dispatched together with the Company's 2022 Annual Report.

**NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)**

**iii. Proposed authority to issue shares pursuant to Section 76 of the Companies Act 2016**

*The proposed Resolution No. 10, if passed, will empower the Directors of the Company, from the date of the Thirty Third Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting,*

*The general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.*

*The mandate sought under Resolution 10 above is a renewal of an existing mandate. There were no shares issued under the previous mandate for the period from 21 August 2021 to 27 August 2022 and hence no proceeds raised.*

**iv. Retention of Independent Director, Mr Ling Cheng Fah @ Ling Cheng Ming pursuant to the Malaysian Code on Corporate Governance:**

*Mr Ling Cheng Fah @ Ling Cheng Ming was re-designated as an Independent Non-Executive Director of the Company on 01 April 2011 and has, therefore as at the date of the notice of the 33rd AGM, he has served the Company for more than eleven (11) years. He has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"). The Board, therefore, considers him to be independent and believes that he should be retained as Independent Non-Executive Director based on the justifications as set out in Appendix A.*

**Personal Data Privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

**APPENDIX A**

**1. Authority for **Mr Ling Cheng Fah @ Ling Cheng Ming** to continue in office as Independent Non-Executive Director**

Justifications

- a. Mr Ling Cheng Fah @ Ling Cheng Ming fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board.
- b. He has been with the Company for nine years as Independent Non-Executive Director and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Board meetings without compromising his independence and objective judgement.

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

- c. He has contributed sufficient time and efforts and attended all Board meetings.
- d. He has exercised his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.
- e. The current independent directors are strong individuals demonstrating independence. Independence is a result of a director's state of mind and integrity and not dependent on years of service. The experience of the independent directors in the Company is valuable for determining the strategic direction for the continued stability and growth.





**TIONG NAM LOGISTICS HOLDINGS BERHAD**  
Company No. 198901005177 (182485-V)  
(Incorporated in Malaysia)

**FORM OF PROXY**

No. of Shares held	CDS Account No.

I/We \_\_\_\_\_  
(FULL NAME IN CAPITAL)

of \_\_\_\_\_  
(ADDRESS)

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

\_\_\_\_\_

of \_\_\_\_\_  
(ADDRESS)

or failing him \_\_\_\_\_  
(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty Third Annual General Meeting ("33rd AGM" or "AGM") of the Company to be held on fully virtual basis via remote participation and voting from the Online Meeting Platform at <https://tiih.online> on Saturday, 27 August 2022 at 9:30 a.m. or any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
<i>ORDINARY BUSINESS</i>			
1.	Re-election of Director – Chang Chu Shien		
2.	Re-election of Director – Ling Cheng Fah @ Ling Cheng Ming		
3.	Re-election of Director – Datuk Haji Muhamad Shapiae Bin Mat Ali		
4.	Payment of Directors' Fees of RM 369,000-00		
5.	Appointment of KPMG PLT as Auditors		
<i>SPECIAL BUSINESS</i>			
6.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions – Mr Ong Yoong Nyock and Madam Yong Kwee Lian		
7.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions – Mr Ong Wei Kuan		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions – Mr Chang Chu Shien		
9.	Proposed Renewal of Share Buy-Back Authority		
10.	Proposed authority to issue shares pursuant to Section 76 of the Companies Act 2016		
11.	Retention of Independent Director, Mr Ling Cheng Fah @ Ling Cheng Ming		

For appointment of 2 proxies, percentage of shareholdings **to be represented by the proxies:-**

	No. of shares	Percentage
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100%</b>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature of Member \_\_\_\_\_

No. of shares held \_\_\_\_\_



## Notes:

1. The 33rd AGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>, members/proxies/corporate representatives/attorneys are advised to refer to the Administrative Details on the registration and voting process for the 33rd AGM.
2. Members/proxies/corporate representatives/attorneys are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 33rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd (the "Share Registrar", "Tricor" or "TIIH") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administration Details of the 33rd AGM and read the notes therein in order to participate remotely via RPV.
3. Every member is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.
4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 32nd AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details of the 33rd AGM.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 33rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (a) In hard copy form  
In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time of holding the Meeting or any adjournment thereof.
  - (b) By electronic form  
The Form of Proxy can be electronically lodged via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details of the 33rd AGM on the procedure for electronic lodgement of proxy form via TIIH Online.
8. Please ensure **ALL** the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
9. Last date and time for lodging the Form of Proxy is **Thursday, 25 August 2022 at 9.30 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 33rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed an authorised representative, please deposit the original or duly certified certificate of appointment of authorised representative at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (i) at least two (2) authorised officers, of whom one shall be a director; or
    - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 19 August 2022 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.
13. In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 33rd AGM at short notice. Kindly check Bursa Malaysia Securities Berhad's website and the Company's website at <http://www.tiongnam.com/investor/announcement> for the latest updates on the status of the 33rd AGM.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

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AFFIX  
STAMP

**Tiong Nam Logistics Holdings Berhad**  
Suite 9D, Level 9, Menara Ansar,  
65 Jalan Trus,  
80000 Johor Bahru,  
Johor Darul Takzim.

2nd Fold Here

Fold This Flap For Sealing



**TIONG NAM LOGISTICS HOLDINGS BERHAD**

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81200 Johor Bahru, Johor, Malaysia.

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[www.tiongnam.com](http://www.tiongnam.com)