NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SIN-KUNG LOGISTICS BERHAD (“SKL” OR “COMPANY”) DATED 18 APRIL 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd (“**M&A Securities**”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and SKL take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 18 April 2024 and will close at 5.00 p.m. on 2 May 2024. In the event there is any change to the timetable, SKL will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities’ website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

In-house Customs Brokerage | Distribution & Logistics | Secure Storage Facilities


Shah Alam, Selangor


Port Klang, Selangor


Valdor, Penang


Bukit Mertajam, Penang


Bukit Minyak, Penang

SINKUNG

SIN-KUNG LOGISTICS BERHAD
(Registration No. 199401035432 (321115-P))
(Incorporated In Malaysia)

www.sinkung.my

Address : Lot 1928, Jalan Bukit Kemuning,
40460 Shah Alam, Selangor.
Tel : +603 5122 5000
Email : sklkl@sinkung.com.my

SIN-KUNG LOGISTICS BERHAD SINKUNG PROSPECTUS

P R O S P E C T U S

SINKUNG

SIN-KUNG LOGISTICS BERHAD

(Registration No. 199401035432 (321115-P))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 200,000,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- **60,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **45,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND**
- **95,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY (“MITI”);**

AND

(II) OFFER FOR SALE OF 103,500,000 EXISTING SHARES IN THE FOLLOWING MANNER:

- **55,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY MITI; AND**
- **48,500,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS**

AT AN ISSUE/OFFER PRICE OF RM0.13 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THIS PROSPECTUS IS DATED 18 APRIL 2024

Bursa Securities has approved the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and this Prospectus has been registered by the Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 227.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Shares are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 6 November 2023. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

The Securities Commission Malaysia ("**SC**") had on 8 November 2023 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined herein) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or the Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	**Indicative date**
Issuance of this Prospectus / Opening of Application	18 April 2024
Closing of Application	2 May 2024
Balloting of Application	6 May 2024
Allotment / Transfer of our IPO Shares to successful applicants	13 May 2024
Date of Listing	15 May 2024

In the event there is any change to the timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "SKL" and "Company" in this Prospectus are to Sin-Kung Logistics Berhad (Registration No.: 199401035432 (321115-P)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(a) Demand for our services;

(b) Our business strategies;

(c) Our future plans;

(d) Our future earnings, cash flows and liquidity; and

(e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) The economic, political and investment environment in Malaysia; and

(b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment / transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

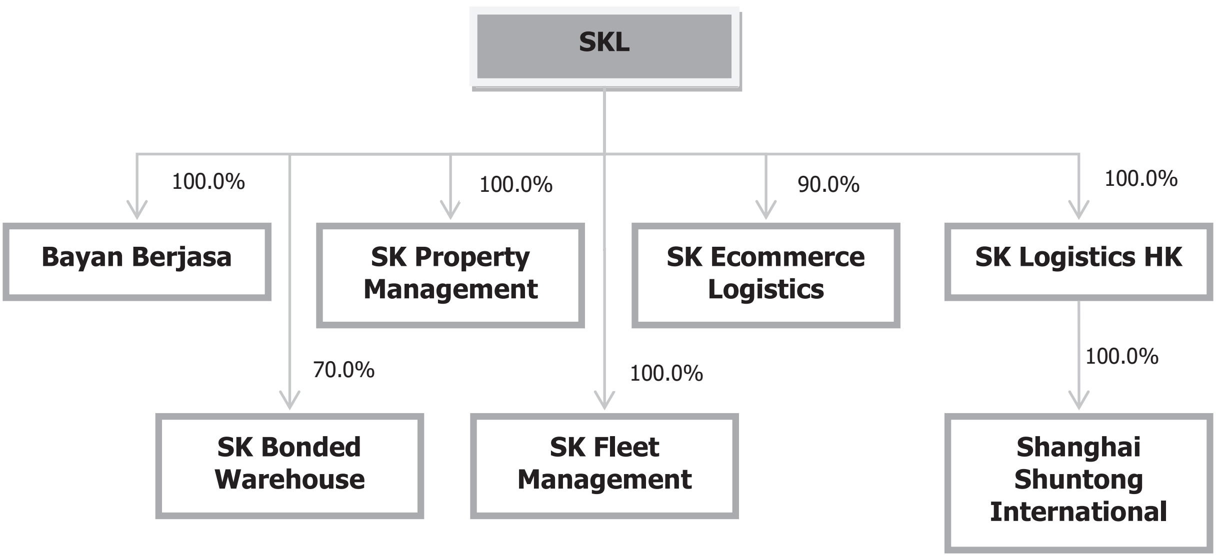
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Bayan Berjasa"	:	Bayan Berjasa Sdn Bhd (Registration No. 199401020776 (306455-H)), a wholly-owned subsidiary of SKL
"Shanghai Shuntong International"	:	Shanghai Shuntong International Freight Forwarding Co Ltd (Unified Social Credit Code. 91310115MA1K3XXU98), a wholly-owned subsidiary of SK Logistics HK
"SK Bonded Warehouse"	:	Sin-Kung Bonded Warehouse Sdn Bhd (Registration No. 198301001754 (96990-H)), a 70.0% owned subsidiary of SKL
"SK Ecommerce Logistics"	:	Sin Kung Ecommerce Logistics Sdn Bhd (Registration No. 201401020054 (1096140-A)), a 90.0% owned subsidiary of SKL
"SK Fleet Management"	:	Sin-Kung Fleet Management Sdn Bhd (Registration No. 202101041684 (1441984-K)), a wholly-owned subsidiary of SKL
"SK Logistics HK"	:	Sin-Kung Logistics (HK) Limited (Company No. 2591349), a wholly-owned subsidiary of SKL
"SK Property Management"	:	Sin-Kung Property Management Sdn Bhd (Registration No. 201801031210 (1293236-W)), a wholly-owned subsidiary of SKL
"SKL" or "Company"	:	Sin-Kung Logistics Berhad (Registration No. 199401035432 (321115-P))
"SKL Group" or "Group"	:	SKL and its subsidiaries, collectively

A diagrammatic illustration of our Group structure is as follows:



MAJOR CUSTOMERS OF OUR GROUP:

The following are details of our major customers whose names have been redacted for confidentiality throughout this Prospectus:

"Customer A"	:	A company based in Singapore and listed on the Singapore Exchange, which is involved in passenger and cargo air transportation We are unable to disclose the identity of Customer A by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer A. In addition, Customer A has affirmed its position upon our request for the disclosure of its identity
"Customer B"	:	A company based in Malaysia that is involved in the provision of air cargo transportation We are unable to disclose the identity of Customer B as the customer stated in writing that all business-related information is to be treated as confidential
"Customer C"	:	A company based in Malaysia which is a subsidiary of an American corporation listed on the New York Stock Exchange. The group is principally in the provision of global logistics services such as customs brokerage, order management, time-definite transportation, warehousing and distribution, temperature-controlled transit, cargo insurance, specialised cargo monitoring and tracking, and other customised logistics and consulting solutions We are unable to disclose the identity of Customer C by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer C. In addition, Customer C has affirmed its position upon our request for the disclosure of its identity
"Customer D"	:	A company based in Malaysia which is a subsidiary of a Japanese corporation. The group is involved in freight forwarding using air, sea and logistics operations as well as warehousing and other related businesses We are unable to disclose the identity of Customer D by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer D. In addition, Customer D has affirmed its position upon our request for the disclosure of its identity
"Customer E"	:	A company based in Qatar that is involved in the provision of passenger and cargo air transportation services We are unable to disclose the identity of Customer E by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer E. In addition, Customer E has affirmed its position upon our request for the disclosure of its identity

"Customer F"	:	A company based in Singapore which is a subsidiary of a Malaysian corporation listed on Bursa Securities. The company is principally involved in provision of freight transport arrangement services We are unable to disclose the identity of Customer F by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer F. In addition, Customer F has affirmed its position upon our request for the disclosure of its identity
"Customer G"	:	A company based in Malaysia which is a subsidiary of an American corporation listed on the Nasdaq Global Select Market. The group is involved in the provision of transportation services and logistics solutions We are unable to disclose the identity of Customer G as the customer stated in writing that all business-related information is to be treated as confidential

GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
"ACCA"	:	Association of Chartered Certified Accountants
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	:	M & A Securities
"AEO"	:	Authorised Economic Operator is a status granted to economic operators in which their businesses are involved in activities covered by customs legislation and they are reliable or compliant in the context of its customs related operations
"AKMAL"	:	Akademi Kastam Diraja Malaysia
"APAD"	:	Agensi Pengangkutan Awam Darat, a new agency which replaces Suruhanjaya Pengangkutan Awam Darat, SPAD
"Application(s)"	:	Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"Application Form(s)"	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ASEAN"	:	Association of Southeast Asian Nations
"ATM"	:	Automated teller machine
"BNM"	:	Bank Negara Malaysia

"Board"	:	Board of Directors of SKL
"Bukit Mertajam Office and Warehouse"	:	A 2-storey office and single storey warehouse with a total built-up area of approximately 60,667 sq ft, located at No.1498, Jalan Bukit Tengah, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Penang held under H.S.(D) 40166, Lot No. 5947, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang
"Bukit Minyak Office and Warehouse"	:	A 2-storey office and single storey warehouse with a total built-up area of approximately 27,486 sq ft, located at Lot 7720, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Bukit Mertajam, Penang held under held under No. Hakmilik PN 10436 (previously held under H.S.(D) 25139), Lot 7720, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (Registration No.198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CA 1967"	:	Customs Act 1967
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of Completion and Compliance
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act, 1991
"CF"	:	Certificate of fitness for occupation
"CFA"	:	Certificate for Accommodation
"Closing Date"	:	Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
"CMSA"	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Depository Rules" or "Rules of Bursa Depository"	:	Rules of Bursa Depository and any appendices thereto, as amended from time to time
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act

"EA 1955"	:	Employment Act 1955
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"ECLs"	:	Expected credit losses
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"EMSA 1990"	:	Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990
"EPS"	:	Earnings per share
"EQA 1974"	:	Environmental Quality Act 1974
"FCZ"	:	Free Commercial Zone
"FSA 1988"	:	Fire Services Act 1988
"FSO 1998"	:	Fire Services (Designated Premises) Order 1998
"FYE"	:	Financial year(s) ended/ending 31 December, as the case may be
"FZA 1990"	:	Free Zones Act 1990
"FZR 1991"	:	Free Zones Regulations 1991
"GBA"	:	Public bonded warehouse (Gudang Berlesen Awam)
"GDP"	:	Gross domestic product
"GDPMD"	:	Good Distribution Practice for Medical Device
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IILS"	:	International Integrated Logistics Services
"IMR" or "Smith Zander"	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report titled "Logistics and Warehousing Industry in Malaysia and Trucking Industry in Malaysia and Singapore"

DEFINITIONS *(Cont'd)*

"Initial Public Offering" or "IPO"	:	Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application(s) as listed in Section 16.6
"Internet Share Application(s)"	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"IPO Price"	:	Issue / Offer price of RM0.13 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	:	Issue Share(s) and Offer Share(s), collectively
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)"	:	New Share(s) to be issued under the Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"IT"	:	Information technology
"ITA"	:	Investment Tax Allowance
"JIT"	:	Just-in-time
"Johor Office"	:	A rented shop lot office with a total built-up area of approximately 1,560 sq ft, located at No. 53A, 1st Floor, Jalan Undan 15, Taman Perling, 81200 Johor Bahru, Johor
"KEK"	:	Customs Agent Course (Kursus Ejen Kastam), a course organised by the Royal Malaysian Customs Academy for forwarding agents on matters pertaining to customs legislation and procedures. Pursuant to the conditions in our forwarding agent licence as well as Section 90 of the CA 1967, at least one director or manager and one staff who deal with the RMCD are required to attend and obtain the KEK certificate
"KEP"	:	Shipping Agent Course (Kursus Ejen Perkapalan), a course organised by the Royal Malaysian Customs Academy for shipping agents on matters pertaining to customs legislation and procedures. Pursuant to the conditions in our shipping agent licence as well as Section 90 of the CA 1967, at least one director or manager and one staff who deal with the RMCD are required to attend and obtain the KEK / KEP certificate. The director or manager and staff who have obtained the KEK certificate are exempted from attending and obtaining the KEP certificate
"KLIA"	:	Kuala Lumpur International Airport
"KLIA Sepang Office"	:	A rented office space within Pos Aviation Cargo Terminal Building with a total built-up area of approximately 646 sq ft, located at Lot CTB-B-Off-1, Pos Aviation Cargo Terminal Building, Free Commercial Zone, KLIA Cargo Village, 64000 Sepang, Selangor

"LGA 1976"	:	Local Government Act 1976
"Lille Management"	:	Lille Management Sdn Bhd (Registration No: 202101018757 (1419057-T))
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM34,000,000 comprising 1,200,000,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	20 March 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
"LPTA 2010"	:	Land Public Transport Act 2010
"M&A Securities"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"MACPA"	:	Malaysian Association of Certified Public Accountants
"MIA"	:	Malaysian Institute of Accountants
"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding the Directors of SKL Group, substantial shareholders of SKL and persons associated with them (as defined by the Listing Requirements)
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities. This may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"MBSA"	:	Shah Alam City Council
"MCCG"	:	Malaysian Code of Corporate Governance, as amended from time to time
"MCMC"	:	Malaysian Communications and Multimedia Commission
"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry

"MOF"	:	Ministry of Finance Malaysia
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	Offer for sale of 103,500,000 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered by our Selling Shareholders pursuant to our Offer for Sale
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market
"OSHA 1994"	:	Occupational Safety and Health Act 1994
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PDPA 2010"	:	Personal Data Protection Act 2010
"PE Multiple"	:	Price-to-earnings multiple
"Penang International Airport Office"	:	A rented shop lot office with a total built-up area of approximately 2,002 sq ft, located at No. 121-1, Jalan Batu Maung, 11960 Bayan Lepas, Penang held under No. Hakmilik GRN 97086, Lot 14538, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang
"Pink Form Allocations"	:	Allocation of 45,000,000 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Port Klang Office and Warehouse"	:	A single storey warehouse and 2-storey office with 1 unit of guard house with a total built-up area of approximately 43,066 sq ft, located at Lot 183096, Jalan Sungai Chandong 22/KS 11, Taman Perindustrian Pulau Indah Fasa 3A, 42920 Pelabuhan Klang, Selangor held under H.S.(D) 158974, PT No. 152270, Mukim Klang, Daerah Klang, Negeri Selangor
"PRC"	:	People's Republic of China
"Prefered Advantage"	:	Prefered Advantage Sdn Bhd (Registration No. 200301023609 (626029))
"Promoter(s)"	:	Lille Management, Alan Ong Lay Wooi, Angeline Ong Lay Shee, Adeline Ong Lay Suen and Ameline Ong Lay Ling, collectively
"Prospectus"	:	This prospectus dated 18 April 2024 in relation to our IPO

"Public Issue"	:	Public issue of 200,000,000 Issue Shares at our IPO Price
"RMCD"	:	Royal Malaysian Customs Department
"ROC"	:	Registrar of Companies
"RPGT"	:	Real property gains tax
"SOP"	:	Standard operating procedures
"SC"	:	Securities Commission Malaysia
"SDBA 1974"	:	Street, Drainage and Building Act 1974
"Selling Shareholder(s)"	:	Lille Management, Alan Ong Lay Wooi and Angeline Ong Lay Shee collectively, who are undertaking the Offer for Sale
"Shah Alam Office and Warehouse"	:	A 5-storey office and single storey warehouse with a total built-up area of approximately 86,137 sq ft, located at Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia held under No. Hakmilik GRN 54428, Lot 15840, Mukim Klang, Daerah Klang, Negeri Selangor
"Shah Alam Workshop"	:	A single storey workshop and 2-storey office with 1 unit of guard house with a total built-up area of approximately 16,468 sq ft, located at Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia held under No. Hakmilik GRN 54429, Lot 15845, Mukim Klang, Daerah Klang, Negeri Selangor
"Share(s) or SKL Share(s)"	:	Ordinary share(s) in SKL
"Specified Shareholder(s)"	:	Lille Management, Alan Ong Lay Wooi, Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming, collectively
"STPM"	:	Sijil Tinggi Persekolahan Malaysia
"Subang Airport"	:	Sultan Abdul Aziz Shah Airport
"TBP"	:	Temporary building permit issued by MBSA
"TCPA 1976"	:	Town and Country Planning Act 1976
"UBBL 1984"	:	Uniform Building By-Laws 1984
"ULD(s)"	:	Unit load devices
"Underwriting Agreement"	:	Underwriting agreement dated 1 April 2024 entered into between the Company and M&A Securities for the purpose of our IPO
"USA"	:	United States of America

"Valdor Office and Warehouse"	:	Proposed development of a single storey detached warehouse with a double storey office building with a total built-up area of approximately 164,000 sq ft, held under No. Hakmilik GRN 134497 (Lot 629), GRN 40431 (Lot 398), GM 384 (Lot 414) and GM 375 (Lot 418), Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang

CURRENCIES AND UNITS:

"EUR"	:	Euro
"ft"	:	Feet
"HKD"	:	Hong Kong Dollar
"kg"	:	Kilogram
"km"	:	Kilometres
"m^2"	:	Square metre
"RM" or "sen"	:	Ringgit Malaysia and sen respectively
"RMB"	:	Chinese Yuan Renminbi
"SGD"	:	Singapore Dollar
"sq ft"	:	Square feet
"TEU"	:	Twenty-foot equivalent unit
"THB"	:	Thai Baht
"USD"	:	United States Dollar

LIST OF WAREHOUSES:

<u>Owned properties</u>

"Bukit Mertajam Warehouse"	:	A single storey warehouse with a total built-up area of approximately 52,888 sq ft, located at No.1498, Jalan Bukit Tengah, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Penang held under H.S.(D) 40166, Lot No. 5947, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang
"Port Klang Warehouse"	:	A single storey warehouse with a total built-up area of approximately 40,225 sq ft, located at Lot 183096, Jalan Sungai Chandong 22/KS 11, Taman Perindustrian Pulau Indah Fasa 3A, 42920 Pelabuhan Klang, Selangor held under H.S.(D) 158974, PT No. 152270, Mukim Klang, Daerah Klang, Negeri Selangor
"Shah Alam Warehouse"	:	A single storey warehouse with a total built-up area of approximately 49,325 sq ft, located at Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia held under No. Hakmilik GRN 54428, Lot 15840, Mukim Klang, Daerah Klang, Negeri Selangor

Rented properties

"Bukit Minyak Warehouse"	:	A single storey warehouse with a total built-up area of approximately 24,111 sq ft, located at Lot 7720, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Bukit Mertajam, Penang held under held under No. Hakmilik PN 10436 (previously held under H.S.(D) 25139), Lot 7720, Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang
"Butterworth Warehouse"	:	A single storey warehouse with a total built-up area of approximately 6,000 sq ft, located at HSC Complex 1, Jalan Permatang Pauh, 13400 Butterworth, Penang held under No. Hakmilik GRN 40315, Lot 1979, Seksyen 3, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang

To be acquired

"Valdor Warehouse"	:	Proposed development of a single storey detached warehouse with a total built-up area of approximately 143,000 sq ft, held under No. Hakmilik GRN 134497 (Lot 629), GRN 40431 (Lot 398), GM 384 (Lot 414) and GM 375 (Lot 418), Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"Airport-to-airport road feeder services"	:	Road transportation services which involve the transportation of cargo between two airports, essential in assisting airlines to extend their connectivity and network coverage for cargo transportation
"Air waybill"	:	A legally binding transport document that is issued by an international air courier, containing detailed information about a shipment
"Bonded goods"	:	Imported goods on which customs duties, taxes and any other customs charges have not been paid
"Box trailer"	:	A type of trailer with fully enclosed rectangular structure resembling a box, used for transporting goods
"Box truck with tail lift"	:	A box truck with a lifting platform mounted on the rear of the truck which can be lowered to ground level or raised to the truck's cargo floor, to facilitate the loading and unloading of goods
"Cargo"	:	Goods that are transported from one place to another
"Belly cargo"	:	Cargo carried on passenger aircraft
"Commercial vehicle"	:	A vehicle that is primarily used for business or commercial purposes instead of personal use and typically used for the transportation of goods
"Consignee"	:	A party whom goods are being shipped or delivered to
"Consignment note"	:	A document accompanying a shipment which shows details of goods for shipment and serves as evidence that the consignment has been received by carrier for delivery
"Consignor"	:	A party who sends goods to a consignee
"Container"	:	A metal box designed and built with standardised specifications and dimensions for cargo storage and intermodal transportation
"Container depot / container yard"	:	An open storage facility where empty containers are stored or held in transit
"Container haulage services"	:	Road transportation services which involve the transportation of containers by road, usually by means of a prime mover which hauls a trailer with container(s)
"Container trailer"	:	A type of trailer designed to carry and transport container by road
"Crane truck"	:	A truck with a crane built into its structure used to load and unload goods
"Curtain sider box trailer"	:	A type of box trailer with flexible, retractable curtain-like covering on its sides, providing easy loading and unloading of goods

TECHNICAL GLOSSARY ***(Cont'd)***

"Customs licensed public bonded warehouse"	:	A facility serves as a storage area that is licensed by the customs authority where bonded goods (i.e. goods on which customs duties and taxes have not been paid) may be stored and handled in
"Equipment interchange receipt"	:	A document recording details such as container number, customer name and the condition and status of container
"Freight forwarder"	:	An agent who acts on behalf of shippers to arrange and coordinate the shipment of goods from one place to another, using single or multiple transportation modes including land, rail, sea and/or air
"FTL"	:	Full truckload where the entire load or capacity of a commercial vehicle is dedicated to the shipment of a single customer
"GPS"	:	A satellite-based navigation system used to provide live tracking and coordinates to determine the exact position of a commercial vehicle
"Laden container"	:	A container that contains cargo
"Licensed brokerage and forwarding services"	:	Shipment services which involve the arrangement and coordination of shipment of cargo from its origin to the destination via single or multiple modes of transportation as well as managing customs clearance process
"Low loader trailer"	:	A type of trailer with low deck height designed for the transportation of heavy and oversized cargo
"LTL"	:	Less than truckload where the load or capacity of a commercial vehicle is shared among multiple customers in which the cargo of multiple customers will be transported using the same commercial vehicle going on the same route
"Non-bonded goods"	:	Goods that are either non-dutiable goods or dutiable goods on which customs duties and taxes have been paid
"Open truck"	:	A truck that does not have a permanent covering or enclosure on its cargo area and typically has an open-top design, allowing for easy loading and unloading of goods
"Pallet"	:	A portable, rigid and flat platform on which goods can be placed, stacked, stored and transported. A pallet supports and stabilises goods while they are being lifted by a fork lift, pallet jack or other lifting tools
"Point-to-point trucking services"	:	Road transportation services which involve the transportation of cargo from one or multiple designated pick-up point(s) to one or multiple designated drop-off point(s), where the pick-up and drop-off points include the customer's pick-up or drop-off premises (e.g. warehouses, factories or shopping malls), our Group's warehouses, airports and seaports
"Prime mover"	:	A commercial vehicle that provides the power to haul a trailer

TECHNICAL GLOSSARY *(Cont'd)*

"SDR"	:	Refers to Special Drawing Rights, an international reserve asset created by the International Monetary Fund to supplement other reserve assets of member countries and also serves as a unit of account of the IMF and some other international organisations, and financial obligations may also be denominated in SDR
"Shock absorber"	:	A mechanical or hydraulic device fitted near the wheels of a vehicle to absorb and dampen impact that occurs when travelling over uneven ground
"Sidelifter"	:	A specialised vehicle or semi-trailer on which a specially designed set of cranes are mounted to self-load and unload container
"ULD"	:	Refers to unit load device which is a special container or pallet which comes in various sizes and is used in air cargo for storing baggage and cargo which will be loaded into the aircraft

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality / Profession	Gender
Tan Soo Mooi	Independent Non-Executive Chairwoman	3, Lorong Gemilang Jaya 2 Taman Gemilang Jaya 14000 Bukit Mertajam Pulau Pinang	Malaysian / Director	Female
Alan Ong Lay Wooi	Managing Director (Non-Independent)	11, Jalan Kemuning Damai 32/147M 40460 Shah Alam Selangor	Malaysian / Director	Male
Angeline Ong Lay Shee	Executive Director (Non-Independent)	12A, Jalan Aman Arahsia 1 Bandar Tropicana Aman 42500 Telok Panglima Garang Selangor	Malaysian / Director	Female
Adeline Ong Lay Suen	Executive Director (Non-Independent)	24G, Jalan Wawasan 1/2A Bandar Baru Ampang 68000 Ampang Selangor	Malaysian / Director	Female
Datuk Md Hassim Bin Pardi	Non-Independent Non-Executive Director	81, Jalan Seri Sarawak 4 Taman Seri Andalas 41200 Klang Selangor	Malaysian / Director	Male
Dato' Haji Abdul Wahabi Bin Abdullah	Independent Non-Executive Director	16, Jalan Kiasan U2/25 Taman TTDI Jaya 40150 Shah Alam Selangor	Malaysian / Director	Male
Dato' Ir. Hj Mohamad Bin Dalib	Independent Non-Executive Director	139, Jalan Indah 5 Kg. Selayang Indah 68100 Batu Caves Selangor	Malaysian / Director	Male
Adam Muralidharan Bin Abdullah	Independent Non-Executive Director	16, Jalan Tasik Beringin 1 Taman Pantai Sepang Putra 43950 Sungai Pelek Selangor	Malaysian / Director	Male
Lee Lean Suan	Independent Non-Executive Director	A-5-1, Kiaramas Danai 8, Jalan Desa Kiara Mont Kiara 50480 Kuala Lumpur	Malaysian / Director	Female

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lee Lean Suan	Chairwoman	Independent Non-Executive Director
Dato' Haji Abdul Wahabi Bin Abdullah	Member	Independent Non-Executive Director
Adam Muralidharan Bin Abdullah	Member	Independent Non-Executive Director
Dato' Ir. Hj Mohamad Bin Dalib	Member	Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Adam Muralidharan Bin Abdullah	Chairman	Independent Non-Executive Director
Dato' Haji Abdul Wahabi Bin Abdullah	Member	Independent Non-Executive Director
Dato' Ir. Hj Mohamad Bin Dalib	Member	Independent Non-Executive Director
Lee Lean Suan	Member	Independent Non-Executive Director

COMPANY SECRETARIES :

Ang Chee Hwai (MAICSA 7030659)
CCM Practising Certificate No.: 201908000009
(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)

Koay Poay Foon (MAICSA 7062823)
CCM Practising Certificate No.: 201908000281
(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)

Room B, 3rd Floor
309-K Perak Road
10150 Penang

Telephone: +604-281 4628

REGISTERED OFFICE :

Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor

Telephone: +603-5122 5000

HEAD OFFICE :

Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor

Telephone: +603-5122 5000

EMAIL ADDRESS AND WEBSITE :

Website: www.sinkung.my
Email address: sklkl@sinkung.com.my

1. CORPORATE DIRECTORY *(Cont'd)*

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	:	**UHY (AF 1411)** Suite 11.05, Level 11 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Partner-in-charge: Tio Shin Young Approval number: 03355/02/2026 J *(Chartered Accountant of the MIA and Fellow Member of the ACCA)* Telephone number: +603-2279 3088
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**M & A Securities Sdn Bhd** (Registration No. 197301001503 (15017-H)) 45 & 47, Levels 3 and 7 Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone: +603-2284 2911
SOLICITORS FOR OUR LISTING	:	**Rosli Dahlan Saravana Partnership** Level 16, Menara 1 Dutamas 1, Jalan Dutamas 1 Solaris Dutamas 50480 Kuala Lumpur Telephone number: +603-6209 5400
ISSUING HOUSE AND SHARE REGISTRAR	:	**Tricor Investor & Issuing House Services Sdn Bhd** (Registration No. 197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone number: +603-2783 9299

1. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT MARKET RESEARCHER	:	**Smith Zander International Sdn Bhd** (Registration No. 201301028298 (1058128-V)) 15-01, Level 15 Menara MBMR 1, Jalan Syed Putra 58000 Kuala Lumpur Telephone: +603-2732 7537 Partner-in-charge: Dennis Tan Tze Wen *(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)*
LISTING SOUGHT	:	ACE Market of Bursa Securities
SHARIAH STATUS	:	Approved by Shariah Advisory Council of SC

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2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF IPO

	Public Issue		Offer for Sale		Total	
	No. of Shares	**[(1)]%**	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(1)]%**
Malaysian Public[(2)]	60,000,000	5.0	-	-	60,000,000	5.0
Pink Form Allocations	45,000,000	3.8	-	-	45,000,000	3.8
Private placement to MITI approved Bumiputera investors	95,000,000	7.9	55,000,000	4.6	150,000,000	12.5
Private placement to selected investors	-	-	48,500,000	4.0	48,500,000	4.0
	200,000,000	**16.7**	**103,500,000**	**8.6**	**303,500,000**	**25.3**

Enlarged number of Shares upon Listing	1,200,000,000
IPO Price per Share	RM0.13
Market capitalisation upon Listing (based on our IPO Price and enlarged number of Shares upon Listing)	RM156,000,000

Notes:

(1) Based on our enlarged share capital of 1,200,000,000 Shares after our IPO.

(2) 30,000,000 Shares will be set aside for Bumiputera public investors.

Further details of our IPO are set out in Section 4.

In compliance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders, namely Lille Management's, Alan Ong Lay Wooi's and Angeline Ong Lay Shee's entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the Official List. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 months period. The moratorium has been fully accepted by the Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

Separately, the ultimate shareholders of Lille Management, namely Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming have also undertaken not to sell, transfer or assign their shareholdings in Lille Management during the moratorium period.

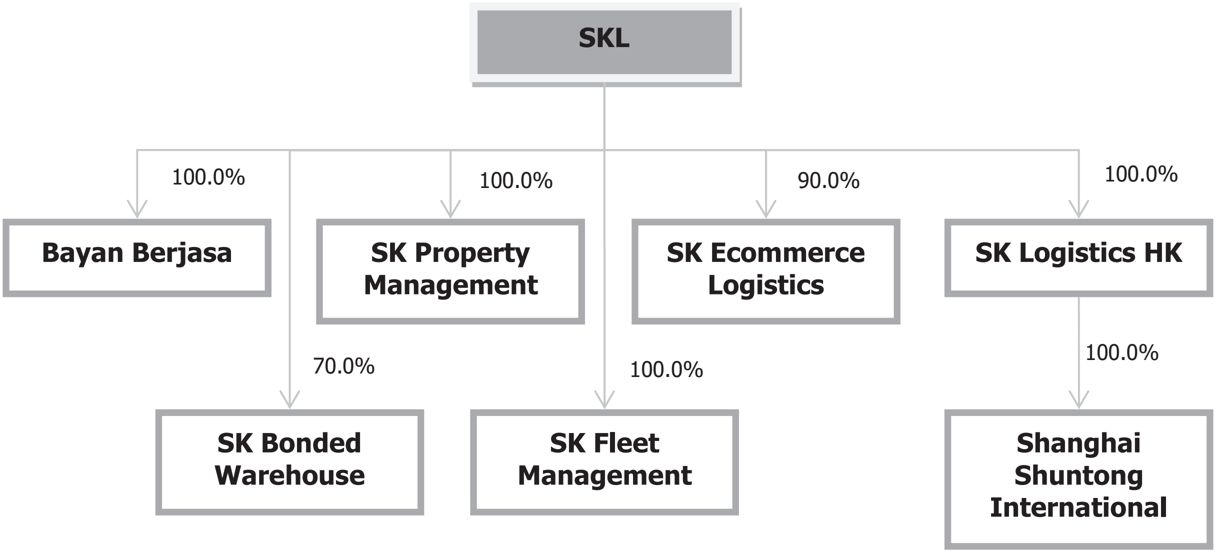
Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

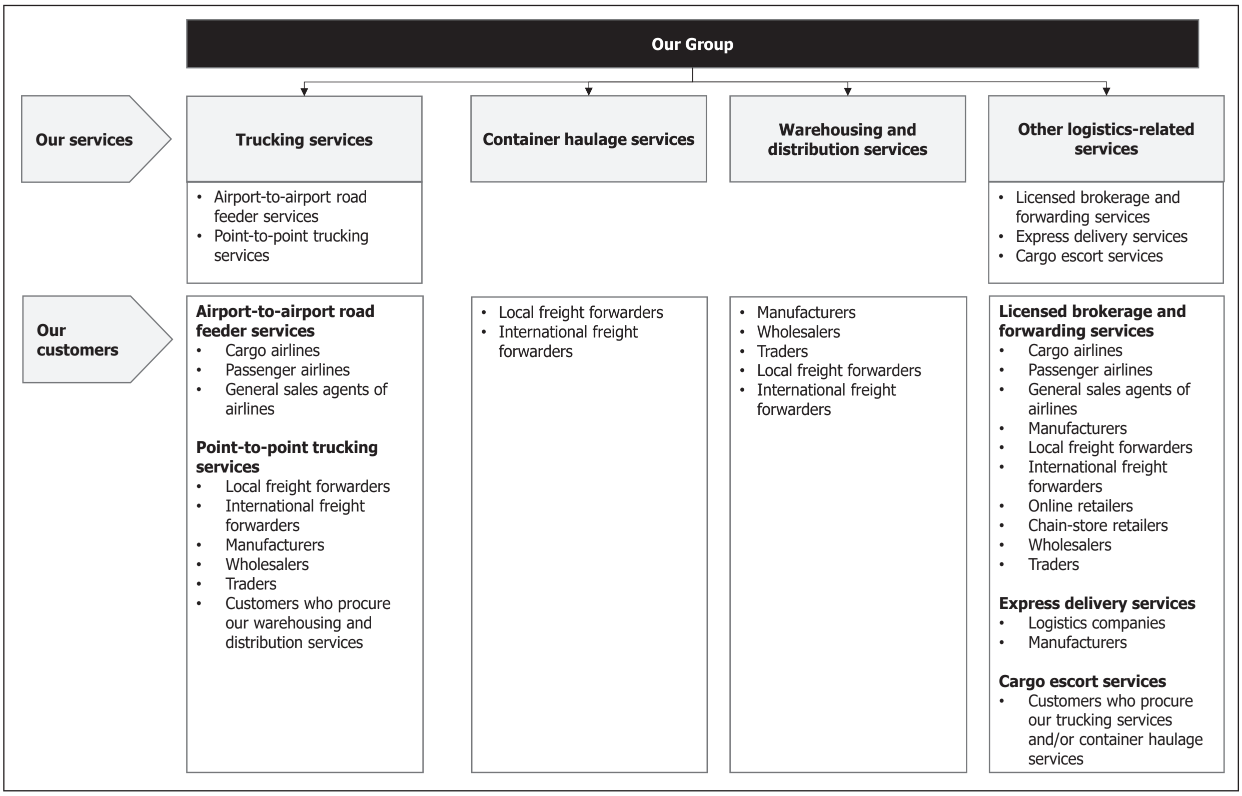
Our Company was incorporated in Malaysia under the Act on 25 October 1994 as a private limited company under the name of Sin-Kung Logistics Sdn Bhd. On 1 August 2022, we converted into a public limited company and adopted our present name.

2. PROSPECTUS SUMMARY *(Cont'd)*

We are an integrated logistics service provider principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services. Additionally, we also provide container haulage services, warehousing and distribution services and other logistics-related services to our customers. Our Group structure as at LPD is as follows:



Our Group's business model is as illustrated as below:



Further details of our Group and our business model are set out in Sections 6 and 7.

The breakdown of our Group's revenue by business segment is as follows:

Revenue by business segment	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trucking services								
- Airport-to-airport road feeder services	24,543	57.0	32,593	62.4	28,739	50.6	27,022	52.0
- Point-to-point trucking services	10,332	24.0	10,953	21.0	14,469	25.5	10,553	20.3
	34,875	81.0	43,546	83.4	43,208	76.1	37,575	72.3
Container haulage services	4,164	9.7	3,470	6.6	4,399	7.8	4,940	9.5
Warehousing and distribution services	2,777	6.4	3,775	7.2	6,828	12.0	8,178	15.7
Other logistics-related services[(1)]	1,255	2.9	1,465	2.8	2,308	4.1	1,291	2.5
Total	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Note:

(1) Comprises licensed brokerage and forwarding services, express delivery services as well as cargo escort services.

The breakdown of our Group's revenue by geographical market is as follows:

Revenue by geographical market[(1)]	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	**26,117**	**60.6**	**27,047**	**51.8**	**32,941**	**58.1**	**28,117**	**54.1**
Overseas								
- Singapore	9,367	21.7	15,246	29.2	12,789	22.5	14,173	27.3
- Middle East	3,420	7.9	4,718	9.0	3,685	6.5	3,186	6.1
- Europe	1,106	2.6	2,115	4.0	3,657	6.4	4,160	8.0
- PRC	2,200	5.1	1,940	3.7	1,385	2.4	1,457	2.8
- Asia[(2)]	318	0.7	1,126	2.2	1,333	2.4	332	0.6
- Others[(3)]	543	1.4	64	0.1	953	1.7	559	1.1
Sub-total	**16,954**	**39.4**	**25,209**	**48.2**	**23,802**	**41.9**	**23,867**	**45.9**
Total	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Notes:

(1) Revenue by geographical market is based on the place of domicile of our customers.
(2) Comprises Japan, Korea, Sri Lanka, Taiwan and Vietnam excluding Singapore and PRC.
(3) Comprises Australia, Türkiye and USA.

2.3 INTERRUPTION TO BUSINESS AND OPERATIONS

Our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD.

During the outbreak of the global COVID-19 pandemic since 2020, as transportation and logistics are deemed as essential services, our Group was allowed to operate our business for our trucking, container haulage, warehousing and distribution and other logistics-related services, subject to compliance with the Government's SOP. As such, we did not experience any material interruptions to our business operations due to the COVID-19 pandemic.

As Malaysia transitions from COVID-19 pandemic to endemic since 1 April 2022 up to LPD, our business operations for our trucking, container haulage, warehousing and distribution and other logistics-related services have continued as usual and we did not face any material disruptions to our business operations for the past 12 months and up until LPD.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

(a) We have extensive airport coverage across Peninsular Malaysia, Singapore and Thailand for the provision of airport-to-airport road feeder services. As at LPD, the service routes that we currently operate on a regular basis for airport-to-airport road feeder services cover 4 airports comprising of 3 airports in Peninsular Malaysia and 1 airport in Singapore. We also offer airport-to-airport road feeder services to other airports on an ad-hoc basis such as Langkawi International Airport and Senai International Airport in Malaysia as well as Phuket International Airport, Suvarnabhumi Airport, Don Mueang International Airport and U-Tapao-Rayong-Pattaya International Airport in Thailand.

(b) We own and operate a wide and diverse range of commercial vehicles, ensuring greater control over our business operations, increasing delivery efficiency and enabling us to carry cargo and containers of various types and sizes. Our fleet of commercial vehicles is the backbone of our Group's business. As at LPD, our Group owns and operates 461 commercial vehicles for the provision of our trucking, container haulage, warehousing and distribution as well as other logistics-related businesses. Some of our commercial vehicles are also equipped with rollers which are suitable for carrying ULDs of different types and dimensions for the provision of our airport-to-airport road feeder services. Additionally, some of our commercial vehicles primarily our prime movers and trailers are installed with air suspension system to reduce bouncing over uneven surfaces on the road and minimise the risk of cargo damage.

(c) We provide comprehensive logistics-related services which complement our trucking business and provide greater efficiency and convenience to our customers. Our Group primarily provides trucking services to our customers, comprising airport-to-airport road feeder services and point-to-point trucking services which covers an extensive network of service routes across Peninsular Malaysia, Singapore and Thailand. Further, our trucking services are also able to cater for customers' project cargo needs in carrying large, odd-size and/or heavy equipment or machinery.

(d) We have an established history and proven track record of about 30 years where we have successfully grown our business from our trucking services to providing more services covering container haulage services, warehousing and distribution services, licensed brokerage and forwarding services, express delivery services and cargo escort services. We have also obtained the IILS status in 2016. Further, we have gradually expanded our warehousing and distribution business throughout the years since 1995 and the contribution of our warehousing and distribution services to our revenue has been increasing from 6.4% in FYE 2020 to 15.7% in FYE 2023.

(e) We have an in-house vehicle maintenance team to perform the maintenance and repair works for our commercial vehicles stationed in Selangor as well as major repair works for our commercial vehicles stationed in Penang instead of depending on third party service providers. Our Shah Alam Workshop has the necessary equipment to facilitate us in carrying out the maintenance and repair works for our commercial vehicles more efficiently and promptly.

(f) Our Group is led by our Managing Director, Executive Directors and key senior management team that have accumulated years of experience in their respective field and key expertise, industry experience and/or in-depth knowledge of our business operations.

(g) We have been granted the AEO status by the RMCD which brings benefits to the business operations of our Group which include easier accessibility to customs simplifications and enhanced supply chain efficiency. AEOs may benefit from simplified customs procedures including reduced documentation requirements and priority treatment for inspections which can thus speed up the customs clearance process, reduce waiting times and expedite the movement of goods. As such, these benefits will serve to support the growth of our business and facilitate smooth movement of goods.

Further details of our competitive strengths are set out in Section 7.14.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

(a) Expansion of warehousing and distribution business

In June 2023, we entered into a sale and purchase agreement for the purchase of the Valdor Office and Warehouse. The Valdor Office and Warehouse has a total built-up area of approximately 164,000 sq ft and an annual capacity for Valdor Warehouse of approximately 192,000 pallets. The Valdor Office and Warehouse will be used for our warehousing and distribution services catering to customers located in the northern region of Peninsular Malaysia.

(b) Expansion of fleet of commercial vehicles

We intend to purchase 100 commercial vehicles by 2025 based on our Group's estimated requirements. These commercial vehicles are similar to the ones that we currently own and operate to provide our trucking and container haulage services.

Further details of our business strategies are set out in Section 7.15.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

(a) Our growth may be affected by any changes in the performance of the air freight industry as our provision of trucking services focuses on airport-to-airport road feeder services. Any future global events similar to the outbreak of the COVID-19 pandemic which may impact the global aviation industry and subsequently the air freight industry, may in turn affect the demand for our airport-to-airport road feeder services.

(b) We may not be able to renew or obtain approvals, licences and permits required to carry on our business in countries which we have service routes to. Any revocation or failure to obtain, maintain or renew any of these approvals, licences and permits may adversely affect our ability to continue operations and hence affect our financial performance. If additional approvals, licences or permits are required for the operations of any part of our business and we are not able to obtain such approvals, licences, or permits or even adjust our business model to comply with such new laws in a timely manner, we could be subject to operational disruption and/or penalties which may lead to material adverse impact to our business and financial performance.

(c) We are dependent on Customer A and Customer C, each of whom have contributed more than 10.0% of our Group's revenue in FYE 2020, 2021, 2022 and 2023. In the event of a termination or loss of Customer A and/or Customer C, as well as our inability to replace Customer A and/or Customer C with new customers or with additional sales from existing customers in a timely manner, this could result in a loss of revenue which may have an adverse impact on our financial performance.

(d) We attribute the success of our Group to the experience, industry knowledge, domain expertise and continued service of our Managing Director, Executive Directors and key senior management who have on average of about 16 years of relevant experience in their respective fields. The loss of any of them without suitable and timely replacement may adversely affect our Group's operations, financial performance and the future growth of our business.

(e) We may not be able to successfully implement our business strategies. The feasibility and implementation of such business strategies are also subject to factors beyond our control such as the general market conditions and changes in government's policy or regulatory regime for the logistics industry in Malaysia, Singapore and Thailand. Our financial performance will be adversely affected if we are not able to secure sufficient service engagements from existing and/or new customers following the implementation of our business strategies due to the additional costs incurred.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Tan Soo Mooi	Independent Non-Executive Chairwoman
Alan Ong Lay Wooi	Managing Director
Angeline Ong Lay Shee	Executive Director
Adeline Ong Lay Suen	Executive Director
Datuk Md Hassim Bin Pardi	Non-Independent Non-Executive Director
Dato' Haji Abdul Wahabi Bin Abdullah	Independent Non-Executive Director
Dato' Ir. Hj Mohamad Bin Dalib	Independent Non-Executive Director
Adam Muralidharan Bin Abdullah	Independent Non-Executive Director
Lee Lean Suan	Independent Non-Executive Director
Key senior management	
Ameline Ong Lay Ling	General Manager
See Ai Lian	Financial Controller
Tan Pei Wun	Finance Manager
Ong Yit Hwa	Deputy General Manager (Northern Region)

Further details of our Directors and key senior management are set out in Section 5.

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Name	Country of incorporation / Nationality	[(1)]Before IPO				[(2)]After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Lille Management	Malaysia	399,000,000	39.9	-	-	357,600,000	29.8	-	-
Alan Ong Lay Wooi	Malaysian	399,000,000	39.9	-	-	357,600,000	29.8	-	-
Angeline Ong Lay Shee	Malaysian	199,500,000	20.0	[(3)]399,000,000	[(3)]39.9	178,800,000	14.9	[(3)]357,600,000	[(3)]29.8
Adeline Ong Lay Suen	Malaysian	-	-	[(3)]399,000,000	[(3)]39.9	-	-	[(3)]357,600,000	[(3)]29.8
Ameline Ong Lay Ling	Malaysian	-	-	[(3)]399,000,000	[(3)]39.9	-	-	[(3)]357,600,000	[(3)]29.8
Substantial shareholder									
Alex Ong Lay Ming	Malaysian	-	-	[(3)]399,000,000	[(3)]39.9	-	-	[(3)]357,600,000	[(3)]29.8

Notes:

(1) Based on the share capital of 1,000,000,000 Shares before our IPO.

(2) Based on the enlarged share capital of 1,200,000,000 Shares after our IPO.

(3) Deemed interest by virtue of his/her direct shareholding in Lille Management pursuant to Section 8(4) of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5.1.

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2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from the Public Issue of RM26.0 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	(1)Estimated timeframe for utilisation
Expansion of warehousing and distribution services	10,020	38.6	Within 36 months
Repayment of bank borrowings	9,630	37.0	Within 12 months
Purchase of commercial vehicles	2,000	7.7	Within 24 months
Working capital	1,050	4.0	Within 12 months
Estimated listing expenses	3,300	12.7	Within 1 month
Total	**26,000**	**100.0**	

Note:

(1) From the date of Listing.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.10 FINANCIAL HIGHLIGHTS

2.10.1 Consolidated statements of comprehensive income

The following table sets out the financial highlights based on our consolidated statements of comprehensive income for FYE 2020 to 2023:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	43,071	52,256	56,743	51,984
GP	18,958	24,480	28,044	24,029
Other income	143	3,714	112	247
PBT	10,274	17,504	15,223	9,681
PAT attributable to owners of our Company	9,385	14,496	12,339	6,418
PAT	9,388	14,504	12,343	6,407
GP margin (%)(1)	44.0	46.8	49.4	46.2
PAT margin (%)(2)	21.8	27.8	21.8	12.3
EPS (sen)(3)	0.8	1.2	1.0	0.5
Current ratio (times)	0.8	2.2	2.6	2.1
Gearing ratio (times)	1.5	1.1	1.0	1.2

Notes:

(1) Calculated based on GP divided by revenue.

(2) Calculated based on PAT divided by revenue.

(3) Calculated based on PAT attributed to owners of our Company over enlarged share capital of 1,200,000,000 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited consolidated financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2.10.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group to show the effects of the Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma consolidated statements of financial position as set out in Section 14.

		I	II	III
	As at 31 December 2023	**After adjustments for subsequent events(1)**	**After I and Public Issue**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS				
Total non-current assets	112,729	113,158	113,158	180,905
Total current assets	25,590	25,805	51,805	29,435
TOTAL ASSETS	**138,319**	**138,963**	**164,963**	**210,340**
EQUITY AND LIABILITIES				
Share capital	8,000	8,000	34,000	32,749
Reserves	52,203	52,203	52,203	51,001
Equity attributable to owners of the parent	60,203	60,203	86,203	83,750
Non-controlling interests	65	65	65	65
TOTAL EQUITY	**60,268**	**60,268**	**86,268**	**83,815**
Total non-current liabilities	65,617	66,149	66,149	115,199
Total current liabilities	12,434	12,546	12,546	11,326
TOTAL LIABILITIES	**78,051**	**78,695**	**78,695**	**126,525**
TOTAL EQUITY AND LIABILITIES	**138,319**	**138,963**	**164,963**	**210,340**
No. of Shares in issue ('000)	1,000,000	1,000,000	1,200,000	1,200,000
NA attributable to owners of our Company per Share (RM)	0.1	0.1	0.1	0.1
Borrowings	72,630	73,273	73,273	121,103
Gearing (times)	1.2	1.2	0.9	1.4

Note:

(1) The subsequent events arose from the following:

(a) our Group has drawdown a term loan of RM214,214 to finance business takaful as part of the requirement of the loan; and

(b) our Group purchased 2 units of commercial vehicles under lease financing for a total consideration of RM429,450.

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy and the declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2020 to 2023 and up to LPD, we have declared and paid the following dividends:

	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**	**Up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends proposed	4,000	-	800	-	-
Dividends paid	-	4,000	800	-	-

The dividends declared and paid in FYE 2021 and FYE 2022 were funded via internally generated funds. We do not intend to declare and pay any dividends from the LPD up to the point of our Listing.

Further details of our dividend policy are set out in Section 12.16.

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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 6 November 2023, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
(2)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(3)	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon;	Complied
(4)	Make the relevant announcement pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(5)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of SKL on the first day of Listing;	To be complied
(6)	In relation to the Public Issue to be undertaken by SKL, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of SKL arising from the Public Issue, if any;	To be complied
(7)	SKL / M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of SKL to the Official List.	To be complied

3. APPROVALS AND CONDITIONS *(Cont'd)*

Further to the above, Bursa Securities had, vide its letter dated 12 March 2024 resolved to grant us an extension of time until 5 June 2024 to complete the implementation of our Listing.

3.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 8 November 2023, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	SKL is to allocate shares equivalent to 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by MITI; and	Complied
(b)	SKL is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	Complied

The effect of our Listing on our equity structure is as follows:

	As at 31 May 2023		After Listing	
Category of shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	[(1)]150,000,000	12.5
- Bumiputera public investors via balloting	-	-	[(1)]30,000,000	2.5
- Others	2,500,000	0.2	[(2)]3,100,000	0.3
Total Bumiputera	**2,500,000**	**0.2**	**183,100,000**	**15.3**
Non-Bumiputera	997,500,000	99.8	1,016,900,000	84.7
Malaysian	**1,000,000,000**	**100.0**	**1,200,000,000**	**100.0**
Foreigners	-	-	-	-
	1,000,000,000	**100.0**	**1,200,000,000**	**100.0**

Notes:

(1) Based on the assumption that Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

(2) Based on the assumption that Shares offered to Bumiputera directors under the Pink Form Allocations shall be fully subscribed.

The Shariah Advisory Council of SC had, vide its letter dated 8 April 2024 classified our Shares as shariah-compliant based on our audited consolidated financial statements for FYE 2023.

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.1.3 MITI approval

The MITI had, vide its letter dated 4 September 2023, taken note and has no objection to our Listing.

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

(a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and

(c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

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3. APPROVALS AND CONDITIONS *(Cont'd)*

Details of our Specified Shareholders and their Shares which will be subject to the abovesaid moratorium, are set out below:

	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
Specified Shareholders	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**	**No. of Shares[1]**	**[2]%**
Lille Management	357,600,000	29.8	216,000,000	18.0	144,000,000	12.0	72,000,000	6.0
Alan Ong Lay Wooi	357,600,000	29.8	216,000,000	18.0	144,000,000	12.0	72,000,000	6.0
Angeline Ong Lay Shee	178,800,000	14.9	108,000,000	9.0	72,000,000	6.0	36,000,000	3.0
	894,000,000	**74.5**	**540,000,000**	**45.0**	**360,000,000**	**30.0**	**180,000,00**	**15.0**

Notes:

(1) After Offer for Sale.

(2) Based on the enlarged share capital of 1,200,000,000 Shares after our IPO.

The moratorium has been fully accepted by our abovementioned Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

Separately, the ultimate shareholders of Lille Management, namely Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming have also undertaken not to sell, transfer or assign their shareholdings in Lille Management during the abovementioned moratorium period.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 18 April 2024 and will remain open until 5.00 p.m. on 2 May 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	**Indicative date**
Issuance of this Prospectus / Opening of Application	18 April 2024
Closing of Application	2 May 2024
Balloting of Application	6 May 2024
Allotment / Transfer of our IPO Shares to successful applicants	13 May 2024
Date of Listing	15 May 2024

In the event there is any change to the timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 200,000,000 Issue Shares, representing approximately 16.7% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

60,000,000 Issue Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 30,000,000 Issue Shares made available to public investors; and

(bb) 30,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Directors, employees and persons who have contributed to the success of our Group

45,000,000 Issue Shares, representing approximately 3.8% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(iii) Private placement to Bumiputera investors approved by MITI

95,000,000 Issue Shares, representing approximately 7.9% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM8,000,000 comprising 1,000,000,000 Shares to RM34,000,000 comprising 1,200,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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(b) Offer for Sale

A total of 103,500,000 Offer Shares, representing 8.6% of our enlarged share capital, are offered by our Selling Shareholders. The Offer Shares shall be allocated in the following manner:

(i) Private placement to Bumiputera investors approved by MITI

55,000,000 Offer Shares, representing approximately 4.6% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

(ii) Private placement to selected investors

48,500,000 Offer Shares, representing approximately 4.0% of our enlarged share capital, are reserved for private placement to selected investors.

Our Offer for Sale is subject to the terms and conditions of this Prospectus. The details of our Selling Shareholders and their relationship with our Group are as follows:

		Before IPO / As at LPD		Offer Shares offered			After IPO	
Name / Registered or Residential address	**Relationship with our Group**	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(1)]%**	**[(2)]%**	**No. of Shares**	**[(3)]%**
Lille Management / Room B, 3rd Floor 309-K Perak Road 10150 Georgetown Pulau Pinang	Promoter and substantial shareholder	399,000,000	39.9	41,400,000	4.1	3.5	357,600,000	29.8
Alan Ong Lay Wooi / 11, Jalan Kemuning Damai 32/147M 40460 Shah Alam Selangor	Promoter, substantial shareholder and Managing Director	399,000,000	39.9	41,400,000	4.1	3.5	357,600,000	29.8

Name / Registered or Residential address	Relationship with our Group	Before IPO / As at LPD No. of Shares	Before IPO / As at LPD [(1)]%	Offer Shares offered No. of Shares	Offer Shares offered [(1)]%	Offer Shares offered [(2)]%	After IPO No. of Shares	After IPO [(3)]%
Angeline Ong Lay Shee / 12A, Jalan Aman Arahsia 1 Bandar Tropicana Aman 42500 Telok Panglima Garang Selangor	Promoter, substantial shareholder and Executive Director	199,500,000	20.0	20,700,000	2.1	1.7	178,800,000	14.9

Notes:

(1) Based on the share capital of 1,000,000,000 Shares before our IPO.

(2) Based on our enlarged share capital of 1,200,000,000 Shares after our IPO.

Further details of our Selling Shareholders, some of who are also our Promoters, substantial shareholders and Directors can be found in Section 5.1.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM34,000,000 comprising 1,200,000,000 Shares shall be listed on the ACE Market.

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4.3.2 Pink Form Allocations

We have allocated 45,000,000 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	5	3,500,000
Eligible employees	43	2,938,700
Persons who have contributed to the success of our Group	123	38,561,300
	171	**45,000,000**

Pink Form Allocations which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated among the other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group.

Alan Ong Lay Wooi (our Managing Director), Angeline Ong Lay Shee (our Executive Director) and Adeline Ong Lay Suen (our Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders and will be undertaking the Offer for Sale directly and/or through Lille Management. Additionally, Datuk Md Hassim Bin Pardi (our Non-Independent Non-Executive Director) has also opted not to participate in the Pink Form Allocation.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Tan Soo Mooi	Independent Non-Executive Chairwoman	400,000
Dato' Haji Abdul Wahabi Bin Abdullah	Independent Non-Executive Director	50,000
Dato' Ir. Hj Mohamad Bin Dalib	Independent Non-Executive Director	50,000
Adam Muralidharan Bin Abdullah	Independent Non-Executive Director	500,000
Lee Lean Suan	Independent Non-Executive Director	2,500,000
		3,500,000

(b) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, among others, the following factors:

(i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;

(ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

(iii) Be a full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key senior management:

Name	**Designation**	**No. of Issue Shares allocated**
See Ai Lian	Financial Controller	154,000
Tan Pei Wun	Finance Manager	154,000
Ong Yit Hwa	Deputy General Manager (Northern Region)	750,000
		1,058,000

Ameline Ong Lay Ling (our General Manager) has opted not to participate in the Pink Form Allocations as she is already our indirect substantial shareholder through Lille Management.

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

4.3.3 Placement and underwriting arrangement

Our Underwriter will underwrite 105,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 95,000,000 Issue Shares from the Public Issue and 103,500,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and shall be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

(a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by our eligible employees and persons who have contributed to the success of our Group. Likewise, any Issue Shares which are not taken up by our eligible Directors, employees and persons who have contributed to the success of our Group, will be allocated to the Malaysian Public.

(b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.

(c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

(a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.

(b) After (a) above, the remaining portion will be made available for:

(i) Malaysian Public, in the event of an oversubscription; or

(ii) application by way of private placement to selected investors to be identified,

the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI.

4.3.4 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.2, to the extent known to our Company:

(a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and

(b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	1,000,000,000	8,000,000
To be issued under our Public Issue	200,000,000	26,000,000
Enlarged share capital upon our Listing	**1,200,000,000**	**34,000,000**

Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

(a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;

(b) To gain recognition through our listing status to enhance our reputation and to retain and attract new, skilled employees from the logistics and warehousing industry;

(c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and

(d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

(a) Our pro forma NA attributable to owners of our Company per Share as at 31 December 2023 after IPO and utilisation of proceeds of RM0.07, calculated based on our pro forma NA attributable to owners of our Company after IPO and utilisation of proceeds as at 31 December 2023 of approximately RM83.8 million and enlarged share capital of 1,200,000,000 Shares upon Listing;

(b) The PE Multiple of our IPO Price of approximately 24.3 times based on our EPS of approximately 0.5 sen for FYE 2023, calculated based on our PAT attributable to owners of our Company for FYE 2023 of RM6.4 million and enlarged share capital of 1,200,000,000 Shares upon Listing;

(c) Our historical financial track record as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	43,071	52,256	56,743	51,984
GP	18,958	24,480	28,044	24,029
Other income	143	3,714	112	247
PAT	9,388	14,504	12,343	6,407

(d) Our competitive strengths as set out in Section 7.14; and

(e) Our business strategies and prospects as set out in Section 7.15.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 1,200,000,000 Shares upon Listing, our total market capitalisation will be RM156.0 million.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA attributable to owners of our Company per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.13
Pro forma NA attributable to owners of our Company per Share as at 31 December 2023 before IPO	0.06
Pro forma NA attributable to owners of our Company per Share as at 31 December 2023 after IPO and utilisation of proceeds	0.07
Increase in pro forma NA attributable to owners of our Company per Share attributable to existing shareholders	0.01
(Decrease) in pro forma NA attributable to owners of our Company per Share to our new public investors	(0.06)
(Decrease) in pro forma NA attributable to owners of our Company per Share as a percentage of our IPO Price	(46.2%)

Further details of our pro forma NA attributable to owners of our Company per Share as at 31 December 2023 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since incorporation up to LPD:

Shareholders	No. of Shares	Average effective cost per Share
		RM
Lille Management	399,000,000	0.008
Alan Ong Lay Wooi	399,000,000	0.008
Angeline Ong Lay Shee	199,500,000	0.008
Datuk Md Hassim Bin Pardi	2,500,000	0.008
	1,000,000,000	

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4.9 UTILISATION OF PROCEEDS

4.9.1 Public Issue

The estimated gross proceeds from our Public Issue of RM26.0 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	[(1)]Estimated timeframe for utilisation
Expansion of warehousing and distribution services	(a)	10,020	38.6	Within 36 months
Repayment of bank borrowings	(b)	9,630	37.0	Within 12 months
Purchase of commercial vehicles	(c)	2,000	7.7	Within 24 months
Working capital	(d)	1,050	4.0	Within 12 months
Estimated listing expenses	(e)	3,300	12.7	Within 1 month
Total		**26,000**	**100.0**	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Notes:

(1) From the date of Listing.

(a) Expansion of warehousing and distribution services

As part of our business strategy, our Group had on 27 June 2023 entered into a sale and purchase agreement with Merbau Sejati Sdn Bhd for the purchase of Valdor Office and Warehouse, and a down payment amounting to RM4.0 million has been paid for the industrial property. For information purposes, the industrial property has a total built-up area of approximately 164,000 sq ft.

Upon completion of its construction, the Valdor Office and Warehouse will be used for our warehousing and distribution services, catering to customers located in the northern region of Peninsular Malaysia. The Valdor Warehouse has a larger annual storage capacity of approximately 192,000 pallets as compared to Bukit Mertajam Warehouse, Butterworth Warehouse, Bukit Minyak Warehouse, which have annual capacities of 35,232 pallets, 2,760 pallets and 20,820 pallets respectively. As at LPD, we operate 5 warehouses, located in Shah Alam and Port Klang, Selangor, Bukit Mertajam, Butterworth and Bukit Minyak, Penang with an aggregate annual capacity of approximately 190,260 pallets. Please refer to Section 7.12.3 for further details on the capacity, actual usage and utilisation rate for each of our warehouses for FYE 2022 to 2023.

The Valdor Warehouse is a built-to-suit warehouse and as at LPD, earthworks have been commissioned by the developer, namely Merbau Sejati Sdn Bhd, for its construction. The construction is expected to be completed within 36 months upon the signing of the sale and purchase agreement. Subsequently, we expect to commence operations by fourth quarter of 2026.

The total purchase consideration of the Valdor Office and Warehouse is RM70.6 million (including incidental expenses such as legal costs, stamp duty and memorandum of transfer of RM3.0 million) whereby RM4.0 million has been funded internally by our Group. We intend to allocate RM3.0 million from the proceeds to defray the incidental expenses. The balance purchase price of RM63.6 million will be funded via bank borrowings which we have obtained from Hong Leong Islamic Bank Berhad.

In addition, we also intend to purchase the racking systems amounting to RM7.0 million to furnish the property which will be fully funded by the proceeds from Public Issue. The estimated cost of RM7.0 million for the racking systems was arrived based on the quotation by supplier.

Please refer to Section 7.15.1 for further details on the expansion of warehousing and distribution services.

(b) Repayment of bank borrowings

Our Group has allocated RM9.6 million to fully repay our term loans which were mainly drawn down to finance the purchase of 2 vacant lands located at Sepang, Selangor, refinance the term loan used for the acquisition of Shah Alam Workshop and for working capital purposes as well as to partially repay our term loan which was obtained for the purchase of Bukit Mertajam Office and Warehouse. For avoidance of doubt, we prioritise the repayment of our term loans from AmBank Islamic Berhad as they carry higher effective interest rate of 7.7% for FYE 2023 compared to Alliance Bank Malaysia Berhad's borrowings which carry effective interest rates of 5.4% for FYE 2023.

For illustrative purpose, the details of our borrowings as at LPD are set out as follows, among which we have indicated where the RM9.6 million repayment will be made to:

Financial institution / Type of facility	Purpose	Interest rate per annum	Maturity date	Balance as at LPD	Amount to be repaid	Annual interest savings
				RM'000	RM'000	RM'000
AmBank Islamic Berhad / Term loan	Purchase of 1 vacant land (Lot 41897) located at Sepang, Selangor	Base financing rate – 6.7% (effectively 7.7%)	1 October 2034	3,635	3,635	280
AmBank Islamic Berhad / Term loan	Purchase of 1 vacant land (Lot 41898) located at Sepang, Selangor	Base financing rate – 6.7% (effectively 7.7%)	1 January 2035	2,448	2,448	188
AmBank Islamic Berhad / Term loan	Refinance the term loan for the purchase of the Shah Alam Workshop	Base financing rate – 6.7% (effectively 7.7%)	1 April 2027	2,271	2,271	175
AmBank Islamic Berhad / Term loan	For working capital requirements	Base financing rate – 6.7% (effectively 8.2%)	1 April 2026	442	442	36
Alliance Bank Malaysia Berhad / Term loan	Purchase of Bukit Mertajam Office and Warehouse	Base financing rate – 6.7% (effectively 5.4%)	1 August 2035	14,584	834	45
Total				**23,380**	**9,630**	**724**

In this respect, we have allocated RM9.6 million for repayment of the term loans following completion of our IPO. The repayment of the term loans is expected to result in interest saving of RM0.7 million per annum based on the interest rates as stated above. Following the repayment of bank borrowings, our Group's pro forma gearing ratio is still expected to rise to 1.4 times as compared to 1.2 times as at 31 December 2023. This is because, despite allocating RM9.6 million for the repayment of term loans, our Group will still incur additional borrowings to finance the acquisition of Valdor Office and Warehouse, as detailed in Section 4.9.1(a). Nonetheless, the proceeds channelled towards the repayment of bank borrowings will allow our Group to be better positioned to undertake more sizeable borrowings for future expansion.

The early repayment of the term loans from AmBank Islamic Berhad will attract a one-off early settlement fee of approximately RM0.3 million. Nonetheless, the expected annual interest savings from the repayment of the bank borrowings are approximately RM0.7 million based on the interest rate of 6.7% (effectively 7.7%) per annum as tabulated above. However, the actual interest savings may vary depending on the then applicable interest rates.

(c) Purchase of commercial vehicles

As part of our strategy to continue growing our trucking and container haulage businesses, we will need more commercial vehicles in order to increase our capacity for the transportation of more cargo and containers. For avoidance of doubt, these commercial vehicles are similar to the ones that we currently own and operate to provide our trucking and container haulage services.

As at LPD, we own and operate a total of 461 commercial vehicles comprising trucks, prime movers, trailers, delivery vans and cargo escort vehicles for our business operations.

Our Group intends to purchase 100 commercial vehicles by 2025 based on our Group's estimated requirements. Details of the 100 commercial vehicles are as follows:

Commercial vehicles	**Units**
Provision of trucking services	
Prime mover	8
Low loader trailer	2
Provision of container haulage services	
Prime mover	15
20-ft container trailer	25
40-ft container trailer	48
Sidelifter	2
Total	**100**

The total cost of the 100 commercial vehicles are estimated to be RM8.0 million which was arrived based on quotations by suppliers. We intend to allocate RM2.0 million of the proceeds for the purchase of commercial vehicles and the balance of RM6.0 million will be funded from our internally-generated funds and/or bank borrowings.

4. DETAILS OF OUR IPO *(Cont'd)*

Prime mover (trucking)

Prime mover (container haulage)

Low loader trailer

20-ft container trailer

40-ft container trailer

Sidelifter

Please refer to Section 7.15.2 for further details on the purchase of commercial vehicles.

(d) Working capital

Our Group's working capital requirements are expected to increase in line with the growth in our business operations. We have allocated RM1.1 million to be used to supplement our working capital requirements mainly used for day-to-day operations of our logistics services business as well as warehousing including but not limited to maintenance expenses for commercial vehicles, motor vehicles, warehouses and machinery and, payroll and administrative expenses. The breakdown are as follows:

Details	RM'000
Payroll and administrative expenses	850
Maintenance expenses for commercial vehicles, motor vehicles, warehouses and machinery	200
Total	**1,050**

The proceeds allocated for these expenses may vary depending on working capital requirements, but will nonetheless be used among these categories. For reference, manpower costs for drivers, diesel and maintenance expenses incurred for commercial vehicles, motor vehicles, warehouses and machinery accounted for 20.8%, 18.3% and 10.7% of our total cost of sales of RM28.0 million in FYE 2023. As such, the proceeds earmarked for working capital is expected to supplement our working capital in this respect, in line with our expected business growth.

(e) Estimated listing expenses

An amount of RM3.3 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees[(1)]	2,150
Fees payable to authorities	95
Underwriting, placement and brokerage fees	816
Printing, advertising fees and contingencies[(2)]	239
	3,300

Notes:

(1) Includes advisory fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR, independent internal control review consultant and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

Any variations of the allocation in proceeds set out above shall be adjusted towards or against the proceeds allocated towards our working capital as set out in item (d). Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds. Any further shortfall is to be funded from our internally-generated funds and/or bank borrowings.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM13.5 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.3 million.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 95,000,000 Issue Shares and 103,500,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholders.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 105,000,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 2.5% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 105,000,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The following are the salient terms in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement.

4.11.1 Conditions precedent

The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:

(a) the acceptance of our Listing and the clearance of registrable prospectus from Bursa Securities, and the lodgement of registrable prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of this Prospectus to the public;

(b) the issuance of this Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;

(c) there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;

(d) the issue, offering and subscription of the Issue Shares in accordance with the provisions hereof and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(e) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;

(f) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in Underwriting Agreement;

(g) the delivery to the Underwriter prior to the date of registration of this Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Board and the shareholders in general meeting approving the Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; (ii) a certificate dated the date of this Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in sub-section (c);

(h) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and

(i) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market of Bursa Securities without undue delay.

4.11.2 Non-fulfilment of conditions precedent

In the event any of the conditions as set out in Section 4.11.1 are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination, our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

4.11.3 Termination

Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:

(a) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or

(b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or

(c) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or

(d) there shall have occurred, happened or come into effect any of the following circumstances:

    (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to interbank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(1) on or after the date of the Underwriting Agreement; and

(2) prior to the allotment of the Issue Shares, lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or

(iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or

(e) there is failure on the part of our Company to perform any of our respective obligations contained under the Underwriting Agreement; or

(f) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or

(g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

		(1)Before IPO / As at LPD				(2)After IPO			
	Country of incorporation /	Direct		Indirect		Direct		Indirect	
Name	Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Lille Management	Malaysia	399,000,000	39.9	-	-	357,600,000	29.8	-	-
Alan Ong Lay Wooi	Malaysian	399,000,000	39.9	-	-	357,600,000	29.8	-	-
Angeline Ong Lay Shee	Malaysian	199,500,000	20.0	(3)399,000,000	(3)39.9	178,800,000	14.9	(3)357,600,000	(3)29.8
Adeline Ong Lay Suen	Malaysian	-	-	(3)399,000,000	(3)39.9	-	-	(3)357,600,000	(3)29.8
Ameline Ong Lay Ling	Malaysian	-	-	(3)399,000,000	(3)39.9	-	-	(3)357,600,000	(3)29.8
Substantial shareholder									
Alex Ong Lay Ming	Malaysian	-	-	(3)399,000,000	(3)39.9	-	-	(3)357,600,000	(3)29.8

Notes:

(1) Based on the share capital of 1,000,000,000 Shares before our IPO.

(2) Based on the enlarged share capital of 1,200,000,000 Shares after our IPO.

(3) Deemed interest by virtue of his/her direct shareholding in Lille Management pursuant to Section 8(4) of the Act.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.1.2 Profiles of Promoters and/or substantial shareholders

(a) Lille Management

Lille Management was incorporated in Malaysia on 20 May 2021 under the Act as a private limited company. Lille Management is an investment holding (in shares) company. As at LPD, the issued share capital of Lille Management is RM100 comprising 100 ordinary shares. As at LPD, the Directors and substantial shareholders of Lille Management are as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Angeline Ong Lay Shee	Director and shareholder	Malaysian	25	25.0	-	-
Adeline Ong Lay Suen	Director and shareholder	Malaysian	25	25.0	-	-
Ameline Ong Lay Ling	Shareholder	Malaysian	25	25.0	-	-
Alex Ong Lay Ming	Shareholder	Malaysian	25	25.0	-	-

(b) Alan Ong Lay Wooi

Alan Ong Lay Wooi, a Malaysian, aged 41, is our Promoter, substantial shareholder and Managing Director. He is involved in overseeing our business operations, and is responsible in setting and formulating strategic directions to drive the business development, growth and expansion of our Group. He was appointed to our Board on 11 February 2003.

In 2002, he completed his STPM in Sekolah Menengah Kebangsaan Datok Lokman, Kuala Lumpur. He then completed training courses related to the requirements and practices of internal quality audit pertaining to ISO 9001:2000 and ISO 9001:2008 in 2007 and 2013 respectively, as well as a training course on 'Good Distribution Practice for Medical Devices (GDPMD)' in 2017. He also passed and obtained his Non-Executive KEK certificate from AKMAL in 2018.

Prior to formal employment in SKL, he had been working as Maintenance Assistant with SKL on a part-time basis starting 2000. To deepen his knowledge and technical skills in vehicle maintenance, he participated and completed several training courses in relation to vehicle systems covering diesel brake and steering system as well as filtration system. In 2002, he was appointed as Maintenance Manager where he was involved in managing the daily operations of our Purchasing Department, handling group licensing related matters, and dealing with government authorities in obtaining, renewing and maintaining the licences required for our business operations.

Subsequently in 2003, as the successor to his father, Ong Leng Jin, who was the founder of our Group, he was appointed as Executive Director of SKL. Since then, he gradually undertook additional roles and responsibilities covering amongst others, operational and business development, and setting strategic directions for the growth and expansion of our Group, and eventually was appointed as Managing Director in 2015 (concurrent with the late Ong Leng Jin stepping down from our Group), a position he holds to-date.

Please refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

(c) Angeline Ong Lay Shee

Angeline Ong Lay Shee, a Malaysian, aged 35, is our Promoter, substantial shareholder and Executive Director. She is responsible for overseeing the information technology division as well as insurance-related matters covering enquiries, purchases and claims of insurance by our Group. She was appointed to our Board on 18 April 2013.

In 2006, she completed her Sijil Pelajaran Malaysia in Sekolah Menengah Kebangsaan Datok Lokman, Kuala Lumpur.

In 2007, she joined SKL as a Management Trainee in IT Department where she was involved in upkeeping and maintaining computer and software systems used in our business operations, which include planning for the purchase, upgrade and update of hardware and software as well as identifying suitable software systems to enhance our Group's operations. She also undertook additional responsibilities in customer service to provide support to, and maintain relationships with, our customers.

In 2009, she was promoted to Head of Group IT and Insurance Claims where she led the operations of the IT Department and matters pertaining to insurance and claims. She also took on additional responsibilities in managing daily operational matters of our trucking business and other logistics-related business, customer service as well as assisting in network planning for customers of our trucking services, and service route coverage. Further, she also assisted in matters related to banking operations including exploring and liaising with bankers for facilities available for borrowings and savings.

In 2013, she was appointed as Executive Director of SKL, assuming her current responsibilities.

Please refer to Section 5.2.3(c) for her involvement in other business activities outside our Group.

(d) Adeline Ong Lay Suen

Adeline Ong Lay Suen, a Malaysian, aged 34, is our Promoter, substantial shareholder and Executive Director. She is responsible for overseeing our Group's warehouse division including managing matters related to customer enquiries, preparation of quotations, negotiation of pricing and terms with customers, accommodation of customers' special requests and overall warehousing operations. She was appointed to our Board on 12 August 2022.

In 2014, she graduated with a Bachelor of Business and Commerce from Monash University, Malaysia. Subsequently, she pursued further studies and obtained a Graduate Diploma of Accounting from Deakin University, Australia in 2021.

In 2008, while pursuing her degree in university, she joined SKL as Human Resource Executive on a part time basis where she assisted in ad-hoc human resource related activities, matters pertaining to vehicle maintenance and ISO compliance, as well as administrative works. In 2011, she became our Accounts and Operations Executive, also on a part-time basis, where she assisted in the preparation of quotations and documentations for our customers, as well as being involved in managing petty cash and implementing a new accounting system. In 2013, she left SKL to focus on completing her degree.

Upon graduating from Monash University in April 2014, she joined United Overseas Bank (M) Bhd as a Management Trainee Officer where she was involved in marketing-related tasks in several branches of the bank. In August 2014, she was promoted to Marketing Manager where she was responsible for promoting the bank's loan products to small and medium enterprises, until she left in September 2015.

In October 2015, she joined Standard Chartered Bank Malaysia Berhad as Business Development Executive, Business Clients where her responsibilities included preparing credit papers and analysing customers' financial reports, cash flow statements and management accounts for loan applications. In 2019, she left to further her studies at Deakin University, Australia.

Upon completing her studies in Deakin University in 2021, she joined SKL as Business Development Manager, where she was responsible for amongst others, implementing business strategies according to the strategic directions set by our directors, overseeing the operations of our warehousing and distribution division and forwarding division, overseeing customer support, and formulating strategies to ensure our Group operates according to the budgetary controls set by our Finance Department. In August 2022, she was appointed as our Executive Director, a position she holds to-date, assuming her current responsibilities.

Please refer to Section 5.2.3(d) for her involvement in other business activities outside our Group.

(e) Ameline Ong Lay Ling

Ameline Ong Lay Ling, a Malaysian, aged 32, is our Promoter, substantial shareholder and General Manager. She is responsible for leading our Group's transport division, safety, security and compliance division as well as human resources and administrative division. She also oversees the implementation of quality standards and policies to ensure continuous compliance to with the relevant quality standards as well as laws and regulations.

In 2014, she graduated with a Bachelor of Business and Commerce from Monash University, Malaysia. She subsequently passed and obtained the KEK certificate from AKMAL in 2019.

Prior to formal employment in SKL, she had been working as Human Resource and Administrative Executive with SKL on a part-time basis starting from 2007, and continuing through 2010 when she began her university studies, where she managed the overall operations of human resource and administrative functions.

Upon graduating from Monash University in 2014, she was promoted to Assistant General Manager. She was involved in overseeing the daily operations of the transport and warehouse division, procurement related matters, management of overall human resources and administrative functions as well as the development and implementation of quality standards and policies to ensure continuous quality compliance.

In January 2022, she was promoted to Deputy General Manager (Central). She was responsible for leading our Group's transport division, safety, security and compliance division; as well as human resource and administrative division in Central region, Malaysia. In August 2022, she was promoted to General Manager, a position she holds to-date.

Please refer to Section 5.3.4(a) for her involvement in other business activities outside our Group.

(f) Alex Ong Lay Ming

Alex Ong Lay Ming, a Malaysian aged 29, is our substantial shareholder by virtue of his shareholding in Lille Management pursuant to Section 8(4) of the Act as set out in Section 5.1.1.

Prior to obtaining his Bachelor of Business and Commerce from Monash University, Malaysia in 2019, he was a Warehouse Executive and Warehouse Manager of our Company in 2013 and 2014 respectively. He was responsible for supervising and coordinating the inbound and outbound shipments. He also assisted in the daily inbound and outbound shipment tasks which include picking, packing as well as loading and unloading cargo.

Upon completing his studies, he began his career as a Customer Service Executive in Webhelp Malaysia Sdn Bhd in September 2019 where he was responsible in responding to customer inquiries, resolving issues faced by the customers and providing product or service information to the customers. He left Webhelp Malaysia Sdn Bhd in November 2019 and is currently on career break whilst actively seeking for employment opportunity.

He does not hold any directorships in other companies outside our Group.

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5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings in our Company during FYE 2020 to FYE 2023 and up to LPD are as follows:

	As at 31 December 2020				As at 31 December 2021			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders								
Lille Management	-	-	-	-	-	-	-	-
Alan Ong Lay Wooi	1,592,000	19.9	(2)4,000,000	(2)50.0	1,592,000	19.9	(2)4,000,000	(1)50.0
Angeline Ong Lay Shee	2,388,000	29.9	(2)4,000,000	(2)50.0	2,388,000	29.9	(2)4,000,000	(1)50.0
Adeline Ong Lay Suen	-	-	-	-	-	-	-	-
Ameline Ong Lay Ling	-	-	-	-	-	-	-	-
Substantial shareholders								
Prefered Advantage(1)	4,000,000	50.0	-	-	4,000,000	50.0	-	-
Alex Ong Lay Ming	-	-	-	-	-	-	-	-

	(3)As at 31 December 2022				(3)As at 31 December 2023			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders								
Lille Management	399,000,000	39.9	-	-	399,000,000	39.9	-	-
Alan Ong Lay Wooi	399,000,000	39.9	-	-	399,000,000	39.9	-	-
Angeline Ong Lay Shee	199,500,000	20.0	(4)399,000,000	(4)39.9	199,500,000	20.0	(4)399,000,000	(4)39.9
Adeline Ong Lay Suen	-	-	(4)399,000,000	(4)39.9	-	-	(4)399,000,000	(4)39.9
Ameline Ong Lay Ling	-	-	(4)399,000,000	(4)39.9	-	-	(4)399,000,000	(4)39.9
Substantial shareholder								
Alex Ong Lay Ming	-	-	(4)399,000,000	(4)39.9	-	-	(4)399,000,000	(4)39.9

	[3]As at LPD			
	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoters and substantial shareholders				
Lille Management	399,000,000	39.9	-	-
Alan Ong Lay Wooi	399,000,000	39.9	-	-
Angeline Ong Lay Shee	199,500,000	20.0	[4]399,000,000	[4]39.9
Adeline Ong Lay Suen	-	-	[4]399,000,000	[4]39.9
Ameline Ong Lay Ling	-	-	[4]399,000,000	[4]39.9
Substantial shareholder				
Alex Ong Lay Ming	-	-	[4]399,000,000	[4]39.9

Notes:

(1) The Shares held by Prefered Advantage was transferred to Lille Management and Alan Ong Lay Wooi on 24 January 2022 as part of an internal restructuring among siblings. The internal restructuring among siblings had resulted an increase in Alan Ong Lay Wooi's direct shareholding to 39.9% (from 19.9%). Simultaneously, Angeline Ong Lay Shee's direct shareholding has reduced to 20.0% (from 29.9%).

Prefered Advantage was incorporated in Malaysia on 25 August 2003 under the Act as a private limited company. Prefered Advantage is a share investment holding company. As at LPD, the issued share capital of Prefered Advantage is RM3,500,000 comprising 3,500,000 ordinary shares. As at LPD, the Directors and substantial shareholders of Prefered Advantage are as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Alan Ong Lay Wooi	Director and shareholder	Malaysian	560,000	16.0	-	-
Angeline Ong Lay Shee	Director and shareholder	Malaysian	840,000	24.0	-	-
Mohd Nazrin Bin Basiran	Director and shareholder	Malaysian	2,100,000	60.0	-	-

(2) Deemed interest by virtue of his/her shareholdings in Prefered Advantage pursuant to Section 8(4) of the Act.

(3) Based on the enlarged share capital of 1,000,000,000 Shares before our IPO.

(4) Deemed interest by virtue of his/her shareholdings in Lille Management pursuant to Section 8(4) of the Act.

5.1.4 Persons exercising control over the corporation

Save for our Promoters and substantial shareholders as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, our Promoters have the same voting rights as our other shareholders and there is no arrangement between our Company and its shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.1, the dividends as set out in Section 12.16 and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Sections 5.2.4 and 5.3.5, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

Our Board takes note of the recommendations under the MCCG released on 28 April 2021. As at LPD, our Board has adopted all relevant recommendations of the MCCG, specifically, on Practice Notes 1.4, 5.2 and 5.9, i.e. to have at least half of the Board comprising Independent Non-Executive Directors, that the Chairman of our Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30.0% women directors on our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

		[(1)]Before IPO				[(2)]After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Soo Mooi	Independent Non-Executive Chairwoman / Malaysian	-	-	-	-	[(3)]400,000	[(3)]<0.1	-	-
Alan Ong Lay Wooi	Managing Director / Malaysian	399,000,000	39.9	-	-	357,600,000	29.8	-	-
Angeline Ong Lay Shee	Executive Director / Malaysian	199,500,000	20.0	[(4)]399,000,000	[(4)]39.9	178,800,000	14.9	[(4)]357,600,000	[(4)]29.8
Adeline Ong Lay Suen	Executive Director / Malaysian	-	-	[(4)]399,000,000	[(4)]39.9	-	-	[(4)]357,600,000	[(4)]29.8
Datuk Md Hassim Bin Pardi	Non-Independent Non-Executive Director / Malaysian	[(5)]2,500,000	[(5)]0.2	-	-	[(3)]2,500,000	[(3)]0.2	-	-
Dato' Haji Abdul Wahabi Bin Abdullah	Independent Non-Executive Director / Malaysian	-	-	-	-	[(3)]50,000	[(3)]<0.1	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

		(1)Before IPO				(2)After IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation / Nationality	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Ir. Hj Mohamad Bin Dalib	Independent Non-Executive Director / Malaysian	-	-	-	-	(3)50,000	(3)<0.1	-	-
Adam Muralidharan Bin Abdullah	Independent Non-Executive Director / Malaysian	-	-	-	-	(3)500,000	(3)<0.1	-	-
Lee Lean Suan	Independent Non-Executive Director / Malaysian	-	-	-	-	(3)2,500,000	(3)0.2	-	-

Notes:

(1) Based on the share capital of 1,000,000,000 Shares before our IPO.

(2) Based on the enlarged share capital of 1,200,000,000 Shares after our IPO.

(3) Assuming that they will fully subscribe for their entitlement under the Pink Form Allocations.

(4) Deemed interest by virtue of his/her shareholdings in Lille Management pursuant to Section 8(4) of the Act.

(5) Datuk Md Hassim Bin Pardi had on 23 November 2021 became a shareholder of SKL.

5.2.2 Profiles of Directors

The profiles of Alan Ong Lay Wooi, Angeline Ong Lay Shee and Adeline Ong Lay Suen are set out in Section 5.1.2. The profiles of our other Directors are as follows:

(a) Tan Soo Mooi

Tan Soo Mooi, a Malaysian, aged 57, is our Independent Non-Executive Chairwoman. She was appointed to our Board on 13 August 2022.

In 1992, she graduated with a Bachelor of Accounting from University of Malaya. Subsequently, she obtained her Professional Examination II Certificate from MACPA in 1993. She was admitted as a Chartered Accountant of MIA in 1995. In 2017, she passed her Computerised Unit Trust Examination from the Federation of Investment Managers Malaysia.

In 1992, she joined BDO Binder as Audit Assistant where she was involved in audit related works of companies in various industries such as trading, manufacturing and stockbroking. She left BDO Binder as Senior II and joined Ancom Berhad as Assistant Accountant in 1994 where she was involved in managing the accounting functions for the Agrochemical Division covering various manufacturing companies. She left Ancom Berhad and joined Berjaya Cycles Sdn Bhd as Accountant in 1995 where she was responsible for managing the accounting functions of Berjaya Cycles Sdn Bhd and Berjaya Lerun Industries Berhad (the holding company of Berjaya Cycles Sdn Bhd).

In 1998, she left Berjaya Cycles Sdn Bhd and joined CITC Enterprise Sdn Bhd as Deputy Finance Manager, where she was responsible for overseeing the operations of the Accounts Department. In 2002, she was promoted to Accounts Manager where she was responsible for overseeing the operations of the Accounts Department and Local Purchasing Department. In 2004, she was promoted to Financial Controller and in 2017, she was appointed as Executive Manager where she was involved in overseeing and managing the cessation operations of the company. She left the company in 2018 as her contract tenure ended.

During her tenure in CITC Enterprise Sdn Bhd, she passed her Computerised Unit Trust Examination in 2017 and subsequently became a part-time Unit Trust and Private Retirement Scheme Consultant of Public Mutual Berhad. She has been a Unit Trust and Private Retirement Scheme Consultant to-date, where she is involved in the provision of investment consultation services.

She also joined Unicorn Industry (M) Sdn Bhd in 2018 as Consultant on a contractual basis while she was working for CITC Enterprise Sdn Bhd and acting as a Unit Trust and Private Retirement Scheme Consultant of Public Mutual Berhad concurrently. She was responsible for overseeing the accounting, finance, costing and taxation department until she left Unicorn Industry (M) Sdn Bhd in 2020.

In 2019, she co-founded Enhanz Capital Management PLT with another partner. She was involved in providing accounting and taxation, management, investment, corporate and financial planning, internal audit, and properties management services as Partner, a position which she continues to hold to-date.

She was appointed as Independent Non-Executive Director of Muar Ban Lee Group Berhad (a company listed on the Main Market of Bursa Securities) in April 2019 and Tek Seng Holdings Berhad (a company listed on the Main Market of Bursa Securities), in July 2019 which she continues to hold to-date.

Please refer to Section 5.2.3(a) for her involvement in other business activities outside our Group.

(b) Datuk Md Hassim Bin Pardi

Datuk Md Hassim Bin Pardi, a Malaysian, aged 72, is our Non-Independent Non-Executive Director who is responsible for providing customs formalities advisory services to our Group. He was appointed to our Board on 30 November 2021.

In 1975, he graduated with a Bachelor of Arts (Hons) from University of Malaya. Subsequently, he pursued further studies and obtained a Diploma in Public Administration from University of Malaya in 1984.

In 1976, he joined the RMCD as Superintendent of Customs, where he was tasked as an investigation officer, raiding officer and prosecution in court. While continuing to pursue his career, he was granted full pay study leave by the RMCD where he completed his Diploma in Public Administration at the University of Malaya.

In 1985, he resumed his employment in the RMCD as Assistant Director – Head of Enforcement Department in the Kuantan office where he was responsible for managing the enforcement department specifically on matters pertaining to investigation and prosecution. In 1991, he was transferred to the RMCD's Sabah office as Assistant Director of Customs Department where he was mainly involved in managing customs matters pertaining to sales and service tax. In 1995, he was promoted to Senior Assistant Director at the RMCD's Port Klang office where he was in charge of the audit department. Between 1997 and 2007, he was the State Customs Director in several state offices in Perlis, Melaka and Sarawak, where he was responsible for overseeing state office operations including carrying out intelligence operations on smuggling activities and enforcement tasks against offences involving Intellectual Property Rights, Anti Money Laundering and Terrorist Financing Act 2001, Anti Trafficking in Persons Act 2007, and Weapons of Mass Destruction.

In 2007, he was promoted to Director of Corporate Planning Division at the RMCD's Putrajaya headquarters where he was responsible for identifying areas of improvement and formulating strategies to improve customs services. In 2009, he was promoted to Assistant Director General of Customs (Enforcement and Compliance) where he oversaw the enforcement and compliance division. His responsibilities also included formulating plans in conducting systematic and efficient audits on licensees and importers to ensure proper collection of taxes. He retired from the RMCD in 2010.

He was appointed as Independent Non-Executive Director of JAG Berhad (a company listed on the ACE Market of Bursa Securities) in 2011, a position he holds to-date.

Please refer to Section 5.2.3(e) for his involvement in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(c) Dato' Haji Abdul Wahabi Bin Abdullah

Dato' Haji Abdul Wahabi Bin Abdullah, a Malaysian, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 13 August 2022.

In 1985, he graduated with a Bachelor of Science (Nuclear Science) with Honours from University Kebangsaan Malaysia.

In 1985, he joined the RMCD as Customs Superintendent, where he was responsible for the processing of goods imported to Malaysia and processing of internal tax licences. In 2002, he was promoted to Senior Assistant Director of Customs, where he was responsible for the enforcement and operations of preventive measures.

In 2011, he was promoted to Deputy Director of Customs where he was responsible for overseeing the enforcement and operations of preventive measures. In 2018, he was further promoted to Director of Customs. where he was involved in overseeing the administration of the customs department in KLIA and the enforcement and operations of preventive measures.

In March 2021, he was promoted to Assistant Director General of Customs (Enforcement) where he was responsible for overseeing and managing all customs enforcement matters throughout Malaysia. In December 2021, he was promoted to Deputy Director General of Customs (Enforcement & Compliance), where his responsibilities expanded to policy making of customs enforcement matters throughout Malaysia. He retired in 2022.

Please refer to Section 5.3.2(f) for his involvement in other business activities outside our Group.

(d) Dato' Ir. Hj Mohamad Bin Dalib

Dato' Ir. Hj Mohamad Bin Dalib, a Malaysian, aged 66, is our Independent Non-Executive Director. He was appointed to our Board on 13 August 2022.

In 1997, he obtained a Bachelor of Engineering (Manufacturing Engineering) from University of Sunderland, United Kingdom. He has been a Professional Engineer with Practising Certificate of the Board of Engineers Malaysia since 2015.

In 1977, he joined Syarikat Hargill Malaysia Sdn Bhd as Apprentice Mechanic where he was involved in repairing heavy machinery and vehicles. He left the company in 1982 and took a career break.

In 1983, he joined the Road Transport Department of Malaysia (a department under the Ministry of Transport of Malaysia) as Vehicle Examiner where he was responsible for inspecting commercial and private vehicles. In 1994, he took a study break to pursue his studies in University of Sunderland, United Kingdom. Upon completing his studies in 1997, he returned to Malaysia and rejoined the Road Transport Department of Malaysia where he undertook the same role prior to his study break. In 1999, he was promoted to Assistant Director of the Automotive Engineering Division where he was responsible for leading and managing technical matters pertaining to modification and inspection activities of commercial vehicles.

In 2008, he was promoted to Director of the Automotive Engineering Division where he was responsible for approving modifications of vehicles on behalf of the Director General. He retired in 2018.

Upon retirement, in 2018, he established DIMD Automotif Consultant, a sole proprietorship where he is presently involved. He provides advisory and consultancy services on vehicle approvals to automotive companies.

Please refer to Section 5.3.2(g) for his involvement in other business activities outside our Group.

(e) Adam Muralidharan Bin Abdullah

Adam Muralidharan Bin Abdullah, a Malaysian, aged 58, is our Independent Non-Executive Director. He was appointed to our Board on 13 August 2022.

In 1985, he obtained his Sijil Pelajaran Malaysia from Sekolah Tinggi Segamat, Johor. In 1986, he obtained his Certificate in Food and Beverage Management and Front Office Procedures from The Educational Institute of the American Hotel and Motel Association.

In 1988, he joined Sankyu (Singapore) Pte Ltd in Singapore as Contract Staff where he was involved in the coordination of warehouse operations. In 1990, he left Sankyu (Singapore) Pte Ltd and joined Singapore Prisons Department as Officer (Contract Service) where he was responsible for managing inmates and maintaining order within the prison facility. He left the Singapore Prison Department and returned to Malaysia in 1994.

In 1994, he joined Sri Bayanaemas Warehousing (K.L.) Sdn Bhd as Security Officer. He was responsible for managing warehouse operations and inbound and outbound movement of goods. He left the company in 1998.

In 1999, he joined Air Express International Malaysia Sdn Bhd as Security Department Manager where he was responsible for overseeing overall security operations. He left the company in December 2000.

In 2001, he joined Danzasmal Domestic Logistics Services Sdn Bhd (DHL Global Forwarding) as Security Department Manager where he was responsible for overseeing overall security operations. He held various positions in the company over the years and he left Danzasmal Domestic Logistics Services Sdn Bhd (DHL Global Forwarding) in 2021 as Branch Manager of KLIA branch, where he was involved in managing the financial performance of the branch and staff performance.

In 2022, he joined Ecologis Services (M) Sdn Bhd as Business Development Director where he was involved in providing advisory services for airport handling operations. He continues to hold this position to-date.

He does not hold any directorships in other companies outside our Group.

(f) Lee Lean Suan

Lee Lean Suan, a Malaysian, aged 57, is our Independent Non-Executive Director. She was appointed to our Board on 13 August 2022.

In 1992, she graduated with a Bachelor of Accounting from University of Malaya. In 1994, she obtained her Professional Examination II Certificate from MACPA. She was subsequently admitted as a Chartered Accountant of MIA in 1995. She has also been an Associate Member of the Chartered Tax Institute Of Malaysia since 1996 and a Fellow Member of the Chartered Tax Institute Of Malaysia since 2005.

In 1992, she joined Deloitte Malaysia (previously known as Kassim Chan & Co) as Audit Assistant where she was involved in various audit assignments comprising clients ranging from small and medium enterprises ("**SMEs**") and private companies to public listed companies and multinational corporations. In 1993, she was promoted to Audit Senior where she was involved in carrying out statutory audit of company accounts, audit planning, review of internal controls, tests of transactions and balances, preparation of reports and financial statements, and drafting management letters. In May 1994, she was promoted to Assistant Manager, where she was involved in supervising and reviewing audit works. In September 1994, she was transferred to the Business Services, Corporate Recovery and Insolvency Division as Division Senior, where she was responsible for conducting feasibility studies of client's business and financial positions, advising client on financial matters, and was involved in listing exercises. She left the company in December 1994.

In 1995, she joined Magnum Corporation Berhad as Financial Accountant where she was involved in reviewing and maintaining accounts, liaising with subsidiaries and associate companies for timely submission of reports, and overseeing the completion of statutory accounts of the Group. During her tenure with Magnum Corporation Berhad, she also held various positions for different durations in several subsidiaries of Magnum Corporation Berhad, as follows:

- Financial Controller at Syarikat Perniagaan Selangor Sdn Bhd where she was responsible for overseeing the financial and administrative matters of the company and assisting in feasibility studies on new projects.

- Finance & Administrative Manager at Vijuara Sdn Bhd where she was responsible for overseeing the financial and administrative matters of the company.

- Finance & Administrative Manager at Tasek Ampang Hotel Sdn Bhd where she was responsible for overseeing the financial and administrative matters of the company.

- Chief Executive Officer and Principal at Flamingo International College where she was responsible for setting up and expanding Flamingo International College.

In 2000, she left Magnum Corporation Berhad when she performed a management buy-out of Flamingo International College from Magnum Corporation Berhad together with another partner. Subsequent to that, she became the Chief Executive Officer and Finance Director of Flamingo International College where she was responsible for managing the overall operations of Flamingo International College until she sold the college licence and retired in 2018.

In 2019, she joined Gaya Sekitar Sdn Bhd as Director, a position she holds to-date. She is involved in overseeing the food and beverage business of the company.

She was appointed as Independent Non-Executive Director of Luster Industries Bhd (a company listed on the Main Market of Bursa Securities) in 2023, a position she holds to-date.

Please refer to Section 5.3.2(h) for her involvement in other business activities outside our Group.

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Tan Soo Mooi

					% of shareholdings held	
Company	**Principal activities**	**Position held**	**Date of appointment**	**Date of cessation**	**Direct**	**Indirect**
Present involvement						
Muar Ban Lee Group Berhad (a company listed on Main Market of Bursa Securities)	Palm kernel expeller manufacturer specialising in palm oil machinery and oil seed crushing machinery	Independent Non-Executive Director	10 April 2019	-	-	-
Tek Seng Holdings Berhad (a company listed on Main Market of Bursa Securities)	Manufacturing and trading of polyvinyl chloride related products and polypropylene non-woven, trading of solar cell products and generating and supplying renewable energy	Independent Non-Executive Director / Shareholder	1 July 2019	-	<0.1	-
Polypalm Wood Products Sdn Bhd	Manufacturing and selling of polypalm wood flooring material, provision of installation services and labour services	Shareholder	-	-	10.0	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Enhanz Capital Management PLT	Provision of advisory and services on accounting, auditing, taxation, secretarial, business management, and investment	Partner	15 May 2019	-	-	-
Past involvement						
UM92 PG Sdn Bhd	Cafeterias and canteens	Director	23 July 2019	20 September 2019	-	-
Ivory Properties Group Berhad (a company listed on Main Market of Bursa Securities)	Investment holding and property development	Independent Non-Executive Director	16 October 2019	1 September 2022	-	-
En Hanz Capital Management Services	Providing advisory and services on accounting, taxation, secretarial, management, investment, corporate planning, financial planning, internal audit and properties management	Partner	1 April 2019	9 April 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(b) Alan Ong Lay Wooi

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	Indirect
Present involvement						
Prefered Advantage	Investment holding in shares	Director / Shareholder	5 September 2003	-	16.0	-
Lille Equity Sdn Bhd (formerly known as Sin-Kung Logistics (Penang) Sdn Bhd)	Dormant with no intended future activities, and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (in the process of striking off)	Director / Shareholder	7 October 2004	-	50.0	-
Dyna Auto Manufacturing Sdn Bhd	Dormant with no intended future activities, and previously involved in manufacturing and assembling of commercial and electric vehicles	Director / Shareholder	18 October 2004	-	60.5	-
Ekspress Masyhur Semenanjung Sdn Bhd	Dormant with no intended future activities, and previously involved in provision of hiring of coach	Director / Shareholder	23 May 2006	-	17.5	-
Platinum Star Holidays Sdn Bhd	Tour and travel agent, transportation (coaches and vans) and general trading	Director / Shareholder	14 September 2009	-	32.5	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	**Indirect**
Sepang Airport Services Sdn Bhd	Provision of airport ground handling services which include cargo terminal handling, aircraft towing, baggage handling, fuelling and crew handling	Director	5 May 2015	-	-	-
Lille Property Sdn Bhd	Investment holdings in property	Director / Shareholder	2 June 2021	-	40.0	-
<u>Past involvement</u>						
Sin Kung Cheras Corporation Sdn Bhd	Dormant and previously an armed escort services provider (struck off on 10 February 2023)	Director	14 February 2003	26 July 2021	-	-
Forecom Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 7 July 2023)	Director	5 March 2004	26 July 2021	-	-
Grand Account Sdn Bhd	Dormant and no intended activity (struck off on 21 July 2021)	Director / Shareholder	5 March 2004	21 July 2021	33.3	-
Forecom Inter-phase Sdn Bhd	Dormant and previously a transport and forwarding agent; dealing in packaging and moving; rental of motor vehicles (struck off on 18 January 2019)	Director	5 March 2004	18 January 2019	-	-

					% of shareholdings held	
Company	**Principal activities**	**Position held**	**Date of appointment**	**Date of cessation**	**Direct**	**Indirect**
Forecom (JB) Sdn Bhd	Dormant and previously a forwarding agent (struck off on 18 January 2019)	Director	5 March 2004	18 January 2019	-	-
Forecom Agencies Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director	5 March 2004	18 January 2019	-	-
Forecom HR Sdn Bhd	Dormant and previously involved in the provision of manpower services (struck off on 2 May 2023)	Director	23 September 2004	13 August 2021	-	-
Pengangkutan Ikatan Jerneh Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks and lorry transport services and human resources for client businesses (in the process of striking off)	Director	7 October 2004	18 February 2022	-	-
Carta Kreatif Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 24 March 2023)	Director	7 October 2004	6 August 2021	-	-
Sin Kung Transit Service Sdn Bhd	Dormant and no intended activity (struck off on 27 September 2019)	Director	7 October 2004	27 September 2019	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Sasita Transport Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 27 January 2023)	Director	22 June 2005	6 May 2021	-	-
Concepts Logistics (M) Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director / Shareholder	18 July 2005	18 January 2019	32.1	(1)52.7
Forecom Properties Sdn Bhd	Dormant and previously involved in property investment holding (struck off on 18 January 2019)	Director	29 August 2005	18 January 2019	-	-
Amalan Bahagia Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 27 January 2023)	Director	25 August 2006	26 July 2021	-	-
Forecom Logistics (KL) Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director	25 August 2006	18 January 2019	-	-
Sin-Kung Kangaroo Express Sdn Bhd	Dormant and no intended activity (struck off on 14 August 2019)	Director / Indirect shareholder	21 November 2006	14 August 2019	-	(2)51.0
Platinum Star Coach Sdn Bhd	Dormant and previously a coach service provider (struck off on 10 March 2023)	Director	18 July 2008	26 July 2021	-	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	**Indirect**
Genuine Pavilion Sdn Bhd	Dormant and previously a general merchant, importers and exporters (struck off on 6 March 2019)	Director / Shareholder	16 December 2010	6 March 2019	50.0	-
Bright Pavilion Sdn Bhd	Dormant and previously a travel and tour agent, and involved in the provision of transportation and general trading (struck off on 6 March 2019)	Director / Shareholder	16 December 2010	6 March 2019	50.0	-
Eureka Elegan Sdn Bhd	Dormant and no intended activity (struck off on 13 November 2020)	Director / Shareholder	6 January 2011	13 November 2020	20.0	-
Dyna Auto Industrial Machinery Sdn Bhd	Dormant and previously involved in wholesale and retail sale of all kinds of parts, components, supplies, tools and accessories for motor vehicles	Director	22 November 2012	26 July 2021	-	-
All Win Green Power Technology (Malaysia) Sdn Bhd	Dormant and previously involved in the export and import of a variety of goods without any particular specialisation; manufacture of parts and accessories for motor vehicles (struck off on 3 August 2020)	Director / Shareholder	6 May 2014	3 August 2020	50.0	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Sin Kung Air Cargo Sdn Bhd	Dormant and previously involved in the provision of logistics and forwarding services (struck off on 15 July 2020)	Director / Indirect shareholder	12 June 2014	15 July 2020	-	(2)50.0
Premium Liquor & Tobacco Sdn Bhd	Dormant and previously involved in the export and import of tobacco products (struck off on 24 December 2020)	Director / Shareholder	21 September 2016	24 December 2020	70.0	-
Cargo Compass (M) Sdn Bhd	Provision of air freight services; general sales agent for airlines companies	Director	16 December 2016	4 August 2021	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings in Grand Account Sdn Bhd pursuant to Section 8(4) of the Act.

(2) Deemed interested by virtue of his shareholdings in SKL pursuant to Section 8(4) of the Act.

(c) Angeline Ong Lay Shee

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Prefered Advantage	Investment holding in shares	Director / Shareholder	1 August 2012	-	24.0	-
Dyna Hobbyworld (M) Sdn Bhd	Trading in toys	Director / Shareholder	5 December 2012	-	50.0	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Lille Equity Sdn Bhd (formerly known as Sin-Kung Logistics (Penang) Sdn Bhd)	Dormant with no intended future activities, and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (in the process of striking off)	Director / Shareholder	29 July 2013	-	50.0	-
Platinum Star Holidays Sdn Bhd	Tour and travel agent, transportation (coaches and vans) and general trading	Director / Shareholder	7 March 2014	-	42.5	-
Sepang Airport Services Sdn Bhd	Provision of airport ground handling services which include cargo terminal handling, aircraft towing, baggage handling, fuelling and crew handling	Director / Indirect shareholder	5 May 2015	-	-	(1)100.0
Lille Management	Investment holdings in our Company and Lille Property Sdn Bhd	Director / Shareholder	20 May 2021	-	25.0	-
Lille Property Sdn Bhd	Investment holdings in property	Director / Shareholder	2 June 2021	-	20.0	(2)40.0
Dyna Auto Manufacturing Sdn Bhd	Dormant with no intended future activities, and previously involved in manufacturing and assembling of commercial and electric vehicles	Director / Shareholder	26 July 2021	-	2.5	(1)32.0

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Ekspress Masyhur Semenanjung Sdn Bhd	Dormant with no intended future activities, and previously involved in provision of hiring of coach	Director / Shareholder	3 August 2021	-	17.5	(1)45.0
Past involvement						
Eureka Elegan Sdn Bhd	Dormant and no intended activity (struck off on 13 November 2020)	Director / Shareholder	6 January 2011	13 November 2020	20.0	-
Dyna Auto Industrial Machinery Sdn Bhd	Dormant and previously involved in wholesale and retail sale of all kinds of parts, components, supplies, tools and accessories for motor vehicles	Director	22 November 2012	26 July 2021	-	-
Pengangkutan Ikatan Jerneh Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks and lorry transport services and human resources for client businesses (in the process of striking off)	Director	20 December 2013	18 February 2022	-	-
All Win Green Power Technology (Malaysia) Sdn Bhd	Dormant and previously involved in export and import of a variety of goods without any particular specialisation; manufacture of parts and accessories for motor vehicles (struck off on 3 August 2020)	Director	12 June 2014	3 August 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Sin Kung Air Cargo Sdn Bhd	Dormant and previously involved in the provision of logistics and forwarding services (struck off on 15 July 2020)	Director / Indirect shareholder	22 November 2017	15 July 2020	-	[(3)]50.0
Genuine Pavilion Sdn Bhd	Dormant and previously a general merchant, importers and exporters (struck off on 6 March 2019)	Director / Shareholder	16 December 2010	6 March 2019	50.0	-
Bright Pavilion Sdn Bhd	Dormant and previously a travel and tour agent, and involved in the provision of transportation and general trading (struck off on 6 March 2019)	Director / Shareholder	16 December 2010	6 March 2019	50.0	-
Platinum Star Coach Sdn Bhd	Dormant and previously a coach service provider (struck off on 10 March 2023)	Director	20 June 2008	26 July 2021	-	-
Forecom Inter-phase Sdn Bhd	Dormant and previously a transport and forwarding agent; dealing in packaging and moving; rental of motor vehicles (struck off on 18 January 2019)	Shareholder	-	18 January 2019	50.0	-
Leelee Transport Sdn Bhd	Dormant and previously involved in general trading (struck off on 4 August 2023)	Director	19 October 2020	20 January 2023	-	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Lily Transport Sdn Bhd	Dormant and previously involved in general trading (struck off on 4 August 2023)	Director	19 October 2020	20 January 2023	-	-

Notes:

(1) Deemed interested by virtue of her shareholdings in Prefered Advantage pursuant to Section 8(4) of the Act.

(2) Deemed interest by virtue of her shareholdings in Lille Management pursuant to Section 8(4) of the Act.

(3) Deemed interested by virtue of her shareholdings in SKL pursuant to Section 8(4) of the Act.

(d) Adeline Ong Lay Suen

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Lille Management	Investment holdings in our Company and Lille Property Sdn Bhd	Director / Shareholder	20 May 2021	-	25.0	-
Lille Property Sdn Bhd	Investment holdings in property	Director / Indirect shareholder	2 June 2021	-	-	(1)40.0
Past involvement						
Eureka Elegan Sdn Bhd	Dormant and no intended activity (struck off on 13 November 2020)	Shareholder	-	13 November 2020	20.0	-

Note:

(1) Deemed interest by virtue of her shareholdings in Lille Management pursuant to Section 8(4) of the Act.

(e) Datuk Md Hassim Bin Pardi

					% of shareholdings held	
Company	**Principal activities**	**Position held**	**Date of appointment**	**Date of cessation**	**Direct**	**Indirect**
Present involvement						
JAG Berhad (a company listed on ACE Market)	Investment holding with its subsidiaries principally involved in metal recycling and manufacturing activities; property developer and management company; and computer software development	Independent Non-Executive Director	26 August 2011	-	-	-
Plus Max Security Sdn Bhd	Provision of security services	Director / Shareholder	29 September 2020	-	70.0	-
Past involvement						
Forecom Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 7 July 2023)	Director	26 September 2012	30 September 2021	-	-
Sanden Air Conditioning (Malaysia) Sdn Bhd	Manufacturing, installing and maintaining auto air conditioners	Director	1 November 2013	1 November 2020	-	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Plus Max Logistics Sdn Bhd	Export and import of a variety of goods without any particular specialisation	Director	9 April 2018	2 October 2021	-	-
Payload Warehousing Sdn Bhd	Forwarding agent	Director	9 April 2018	2 October 2021	-	-
Tasimas Trading Sdn Bhd	Forwarding agent	Director	16 July 2018	2 October 2021	-	-
Plus Max Info Tech Sdn Bhd	Real estate activities with own or leased property N.E.C.	Director	4 February 2019	20 July 2020	-	-

(f) Dato' Haji Abdul Wahabi Bin Abdullah

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Nil						
Past involvement						
Vehicle Theft Reduction Council of Malaysia Berhad	Reporting of statistics in respect of vehicle theft in Malaysia	Director	6 December 2021	20 June 2022	-	-

(g) Dato' Ir. Hj Mohamad Bin Dalib

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	Indirect
Present involvement						
Mighty Consultant	Technical drawing on automotive, adviser for automotive and lecturing on automotive	Partner	11 December 2018	-	-	-
DIMD Automotif Consultant	Automotive consultant	Sole Proprietor	11 December 2018	-	-	-
Brilliance Group Yamaha Sdn Bhd	Wholesale and retail sale of parts and accessories for motorcycles; repair and maintenance of motorcycles	Director / Shareholder	8 January 2024	-	33.0	-
Past involvement						
MTech RNA Driving Skills Sdn Bhd	Dormant and no intended activity	Director	22 January 2020	3 January 2023	-	-

(h) Lee Lean Suan

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	Indirect
Present involvement						
Connectrio Sdn Bhd	Dormant and no intended activity	Shareholder	-	-	100.0	-
Gaya Sekitar Sdn Bhd	Dessert shop	Director	29 March 2019	-	-	-

					% of shareholdings held	
Company	**Principal activities**	**Position held**	**Date of appointment**	**Date of cessation**	**Direct**	**Indirect**
Luster Industries Bhd	Investment holding and provision of management services to its subsidiaries which are involved in amongst others, manufacturing of precision plastic parts and property construction and development	Independent Non-Executive Director	28 February 2023	-	-	-
<u>Past involvement</u>						
Flamingo Antarabangsa Sdn Bhd	Dormant and previously involved in the provision of educational services (struck off on 16 March 2021)	Director / Shareholder	27 February 2007	16 March 2021	70.0	-
MKR Venture Sdn Bhd	Dormant and never had any operations (struck off on 4 January 2021)	Director	2 April 2019	4 January 2021	-	-
Connectrio Sdn Bhd	Dormant and no intended activity	Director	7 April 2021	30 August 2022	-	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. As such, it does not affect their ability to perform their executive roles and responsibilities to our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2.4 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Nominating and Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2021 to 2024 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
			RM'000			
FYE 2021 (Paid)						
Alan Ong Lay Wooi	-	240	-	-	24	264
Angeline Ong Lay Shee	-	210	-	-	24	234
Datuk Md Hassim Bin Pardi	-	-	-	-	-	-
FYE 2022 (Paid)						
Tan Soo Mooi(1)	14	-	-	-	-	14
Alan Ong Lay Wooi	-	480	35	-	25	540
Angeline Ong Lay Shee	-	396	30	-	24	450
Adeline Ong Lay Suen(1)	-	300	15	-	4	319
Datuk Md Hassim Bin Pardi	-	(2)60	-	-	-	60
Dato' Haji Abdul Wahabi Bin Abdullah(1)	14	-	-	-	-	14
Dato' Ir. Hj Mohamad Bin Dalib(1)	14	-	-	-	-	14
Adam Muralidharan Bin Abdullah(1)	14	-	-	-	-	14
Lee Lean Suan(1)	14	-	-	-	-	14

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
			RM'000			
FYE 2023 (Paid)						
Tan Soo Mooi	36	-	-	1	-	37
Alan Ong Lay Wooi	-	645	80	-	28	753
Angeline Ong Lay Shee	-	506	66	-	28	600
Adeline Ong Lay Suen	-	410	38	-	4	452
Datuk Md Hassim Bin Pardi	-	(2)71	10	-	-	81
Dato' Haji Abdul Wahabi Bin Abdullah	36	-	-	1	-	37
Dato' Ir. Hj Mohamad Bin Dalib	36	-	-	1	-	37
Adam Muralidharan Bin Abdullah	36	-	-	1	-	37
Lee Lean Suan	36	-	-	1	-	37
FYE 2024 (Proposed)						
Tan Soo Mooi	44	-	-	1	-	45
Alan Ong Lay Wooi	-	660	55	-	28	743
Angeline Ong Lay Shee	-	516	43	-	28	587
Adeline Ong Lay Suen	-	420	35	-	5	460
Datuk Md Hassim Bin Pardi	-	(2)72	6	-	-	78
Dato' Haji Abdul Wahabi Bin Abdullah	36	-	-	1	-	37
Dato' Ir. Hj Mohamad Bin Dalib	36	-	-	1	-	37
Adam Muralidharan Bin Abdullah	36	-	-	1	-	37
Lee Lean Suan	36	-	-	1	-	37

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

(1) Pro-rated based on their respective appointment dates.

(2) The salaries are paid and proposed to be paid to Datuk Md Hassim Bin Pardi for his role wherein he provides customs advisory to our Group on a consultative basis leveraging his experience in RMCD.

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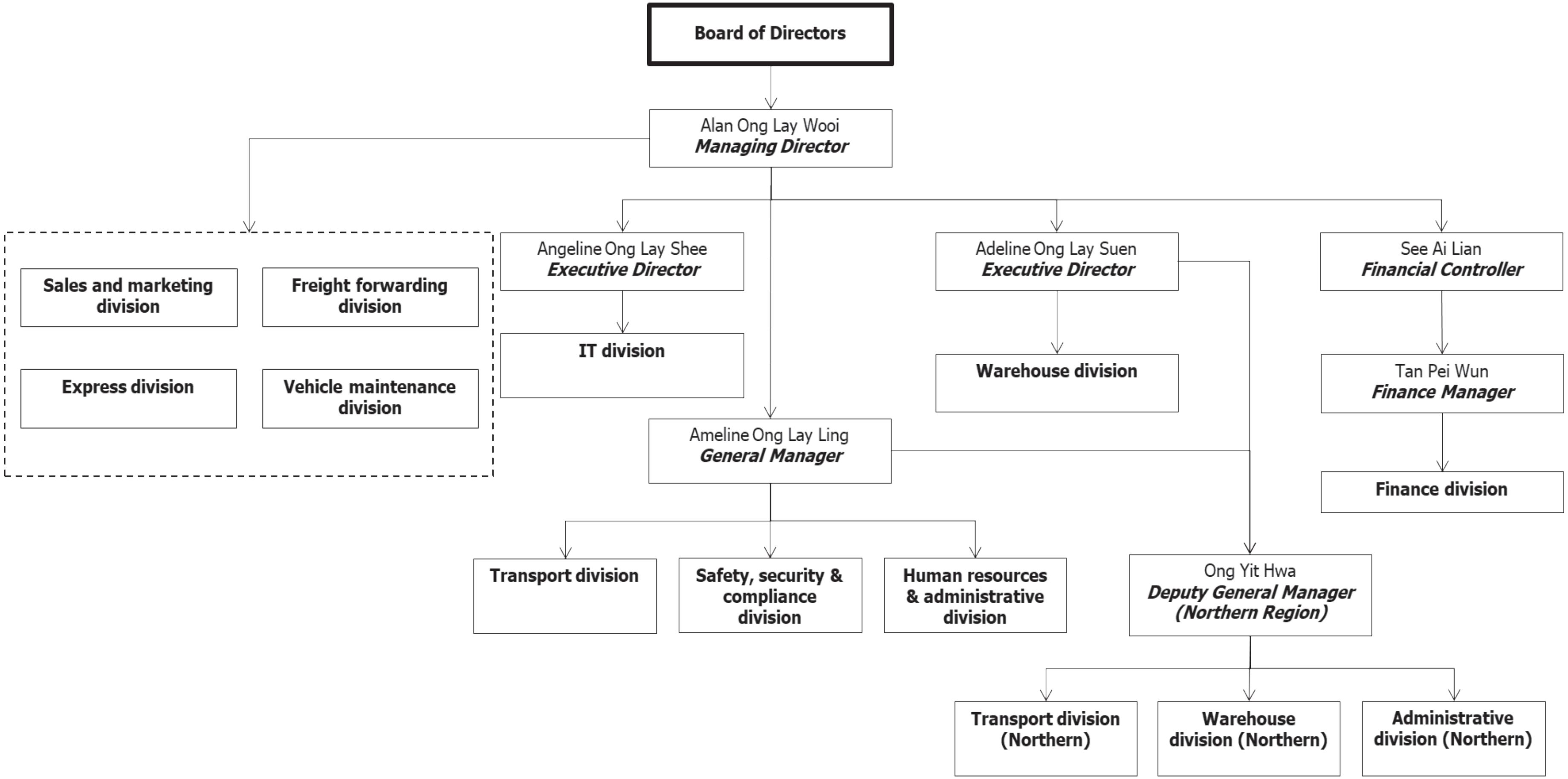
5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after IPO, save for our Executive Directors, which are disclosed in Section 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

		[1]Before IPO				**[2]After IPO**			
		Direct		**Indirect**		**Direct**		**Indirect**	
Name	**Designation / Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ameline Ong Lay Ling	General Manager / Malaysian	-	-	[3]399,000,000	[3]39.9	-	-	[3]357,600,000	[3]29.8
See Ai Lian	Financial Controller / Malaysian	-	-	-	-	[4]154,000	[4]<0.1	-	-
Tan Pei Wun	Finance Manager / Malaysian	-	-	-	-	[4]154,000	[4]<0.1	-	-
Ong Yit Hwa	Deputy General Manager (Northern Region) / Malaysian	-	-	-	-	[4]750,000	[4]0.1	-	-

Notes:

(1) Based on the share capital of 1,000,000,000 Shares before our IPO.

(2) Based on the enlarged share capital of 1,200,000,000 Shares after our IPO.

(3) Deemed interest by virtue of her shareholdings in Lille Management pursuant to Section 8(4) of the Act.

(4) Assuming they will fully subscribe for their entitlement under the Pink Form Allocations.

5.3.3 Profiles of key senior management

Save for the profile of Ameline Ong Lay Ling (our General Manager) which is set out in Section 5.1.2, the profiles of the other key senior management of our Group are as follows:

(a) See Ai Lian

See Ai Lian, a Malaysian, age 30, is our Financial Controller. She is responsible for overseeing our Group's finance and accounting divisions which include preparation of financial and management reports, taxation, financial planning and forecast.

In 2013, she completed the Certified Accounting Technician Programme at Sunway College. Following this, she completed the ACCA programme in 2016. She was admitted as a member of the ACCA and has been a Chartered Accountant of MIA since 2019.

In 2015, she began her career by joining Hong Associates as Audit Assistant where she prepared and maintained accounting and audit documents as well as involved in audit works for dormant companies and SMEs primarily in the manufacturing and trading industries. She left the company in February 2016 to focus on completing the ACCA programme.

Towards the end of the ACCA programme, she joined Crowe Horwath (now known as Crowe Malaysia PLT) in April 2016 as Audit Assistant where she was involved in audit works for dormant companies and SMEs primarily in the trading, manufacturing and food and beverage industries. In 2017, she was promoted to Senior Assistant, where she was involved in audit works for active companies and public listed companies primarily in the trading, manufacturing and food and beverage industries. In 2018, she was promoted to Audit Senior where her responsibilities expanded to include leading an audit team by supervising workflow and coaching team members.

She left Crowe Horwath in 2019 and joined Shopee Mobile Malaysia Sdn Bhd as Senior Finance Associate where she was responsible for preparing financial reports, accounting and tax documents, and financial forecasts, as well as guiding team members' works.

She left Shopee Mobile Malaysia Sdn Bhd in May 2023 and joined our Group as Finance Manager where she was responsible for the preparation of tax documents as well as group financial and management reports. She was promoted to Financial Controller of our Group in 19 September 2023, a position she holds to-date.

She does not hold any directorships in other companies outside our Group.

(b) Tan Pei Wun

Tan Pei Wun, a Malaysian, aged 34, is our Finance Manager. She is responsible in assisting See Ai Lian, our Financial Controller, in preparation of financial and management reports, taxation, financial planning and forecast.

In 2008, she completed the Certified Accounting Technician Programme at Sunway University College. Following this, she completed the ACCA programme in 2012. She was admitted as a member and a fellow of the ACCA in 2013 and 2018 respectively. She has been a Chartered Accountant of the MIA since 2013.

In 2009, she began her career by joining ICM Professional Consultancy Sdn Bhd as Accounts Clerk where she prepared, maintained and filed accounting and tax documents. She left the company in 2010 to focus on pursuing the ACCA programme.

Towards the end of the ACCA programme, she joined Crowe Horwath in 2011 as Audit Assistant where she was involved in audit works for dormant companies. In 2012, she was promoted to Senior Assistant, where she was involved in audit works for active companies. In 2013, she was promoted to Audit Senior where her responsibilities expanded to include leading an audit team by supervising workflow and reviewing audit works. She left the company in 2014 and took a career break.

In 2015, she co-founded MJ Consultancy Services together with another partner. As a Partner, she was involved in providing outsourced accounting services for sole proprietorships, partnerships and private companies.

In 2018, she joined our Group as Accountant where she was involved in managing the preparation of financial reports and projections. Since then, she has been inactive in MJ Consultancy Services until MJ Consultancy Services was dissolved in 2019. In 2022, she was promoted to Chief Financial Officer of our Group where she was responsible in overseeing our Group's finance and accounting divisions which include preparation of financial and management reports, taxation, financial planning and forecast. In October 2023, she was re-designated as our Finance Manager, a position she holds to-date.

She does not hold any directorships in other companies outside our Group.

(c) Ong Yit Hwa

Ong Yit Hwa, a Malaysia, aged 52, is our Deputy General Manager (Northern Region). He is responsible for leading the Group's transport division, warehouse division and administrative division in northern Malaysia.

In 1992, he completed his STPM in Sekolah Menengah Laki-Laki Methodist, Penang. In 2005, he passed and obtained the KEK certificate from AKMAL.

In 1993, he began his career when he joined SKL as a General Clerk where he assisted in office administrative tasks. He left the company and joined Ban Hin Lee Bank Berhad in 1994 as a Teller Clerk where he was involved in handling front-desk banking transactions.

In 1996, he left Ban Hin Lee Bank Berhad and re-joined SKL as Warehouse Assistant Manager where he was responsible for assisting the warehouse manager in managing daily warehousing operations. In 1997, he was promoted to Warehouse Manager where he was responsible for managing and overseeing overall warehousing operations.

In 1998, he was appointed as Director of SKL where he was tasked to manage and coordinate operations in our Penang office. In 2013, he resigned from the directorship of SKL and he was redesignated to Operation Director of Penang Branch and assumed similar responsibilities. In 2022, his responsibilities were expanded to cover the management and overseeing of the operations of our Group in the northern region on Peninsular Malaysia when he was promoted to Deputy General Manager (Northern Region), a position he holds to-date.

Please refer to Section 5.3.4(c) for his involvement in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.4 Principal business performed outside our Group

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the last 5 years up to LPD:

(a) Ameline Ong Lay Ling

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Dyna Hobbyworld (M) Sdn Bhd	Trading in toys	Director / Shareholder	5 December 2012	-	50.0	-
Platinum Star Holidays Sdn Bhd	Tour and travel agent, transportation (coaches and vans) and general trading	Director / Shareholder	7 March 2014	-	25.0	-
Lille Management	Investment holdings in our Company and Lille Property Sdn Bhd	Shareholder	-	-	25.0	-
Lille Property Sdn Bhd	Investment holdings in property	Indirect shareholder	-	-	-	(1)40.0
Past involvement						
Sin Kung Air Cargo Sdn Bhd	Dormant and previously involved in the provision of logistics and forwarding services (struck off on 15 July 2020)	Director	22 November 2017	15 July 2020	-	-
Eureka Elegan Sdn Bhd	Dormant and no intended activity (struck off on 13 November 2020)	Shareholder	-	13 November 2020	20.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Note:

(1) Deemed interest by virtue of her shareholdings in Lille Management pursuant to Section 8 of the Act.

(b) Tan Pei Wun

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
EZ1 Services	Management services, insurance agent, commission agent, vehicle services	Partner	10 March 2023	-	-	-
Past involvement						
MJ Consultancy Services	Provision of general and life insurance services, accounting and management services (business terminated on 27 March 2019)	Partner	6 March 2015	27 March 2019	-	-

(c) Ong Yit Hwa

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Ong Kongsi Penang Plantation Sdn Bhd	Durian plantation, selling and trading of durians	Shareholder	-	-	1.8	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	Indirect
Past involvement						
Carta Kreatif Sdn Bhd	Dormant and previously involved in hiring of motor trucks services and as transport and forwarding agent (struck off on 24 March 2023)	Director	15 December 1997	6 August 2021	-	-
Forecom Inter-phase Sdn Bhd	Dormant and previously a transport and forwarding agent, dealing in packaging and moving and rental of motor vehicles (struck off on 18 January 2019)	Director	6 January 1999	18 January 2019	-	-
Pengangkutan Ikatan Jerneh Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks and lorry transport services and human resources for client businesses (in the process of striking off)	Director	1 February 2001	18 May 2021	-	-
Sasita Transport Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 27 January 2023)	Director	1 February 2001	26 July 2021	-	-
Sin Kung Transit Service Sdn Bhd	Dormant and no intended activity (struck off on 27 September 2019)	Director / Shareholder	1 February 2001	27 September 2019	60.0	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Sin Kung Cheras Corporation Sdn Bhd	Dormant and previously an armed escort services provider (struck off on 10 February 2023)	Director	28 October 2002	26 July 2021	-	-
Forecom Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks and as transport and forwarding agent (struck off on 7 July 2023)	Director	30 July 2004	26 July 2021	-	-
Forecom HR Sdn Bhd	Dormant and previously involved in the provision of manpower services (struck off on 2 May 2023)	Director	23 September 2004	13 August 2021	-	-
Dyna Auto Manufacturing Sdn Bhd	Dormant with no intended future activities, and previously involved in manufacturing and assembling of commercial and electric vehicles	Director	18 October 2004	26 July 2021	-	-
Forecom Properties Sdn Bhd	Dormant and previously involved in property investment holding (struck off on 18 January 2019)	Director	29 August 2005	18 January 2019	-	-
Concepts Logistics (M) Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director	29 September 2005	18 January 2019	-	-

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held Direct	% of shareholdings held Indirect
Ekspress Masyhur Semenanjung Sdn Bhd	Dormant with no intended future activities, and previously involved in provision of hiring of coach	Director	23 May 2006	3 August 2021	-	-
Amalan Bahagia Sdn Bhd	Dormant and previously involved in the provision of hiring of motor trucks services and as transport and forwarding agent (struck off on 27 January 2023)	Director	25 August 2006	26 July 2021	-	-
Grand Account Sdn Bhd	Dormant and no intended activity (struck off on 21 July 2021)	Director	25 August 2006	21 July 2021	-	-
Forecom Logistics (KL) Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director	25 August 2006	18 January 2019	-	-
Forecom Agencies Sdn Bhd	Dormant and no intended activity (struck off on 18 January 2019)	Director	25 August 2006	18 January 2019	-	-
Forecom (JB) Sdn Bhd	Dormant and previously a forwarding agent (struck off on 18 January 2019)	Director	25 August 2006	18 January 2019	-	-
Sin-Kung Kangaroo Express Sdn Bhd	Dormant and no intended activity (struck off on 14 August 2019)	Director	21 November 2006	14 August 2019	-	-

					% of shareholdings held	
Company	**Principal activities**	**Position held**	**Date of appointment**	**Date of cessation**	**Direct**	**Indirect**
Platinum Star Coach Sdn Bhd	Dormant and previously a coach service provider (struck off on 10 March 2023)	Director	20 June 2008	26 July 2021	-	-
Platinum Star Holidays Sdn Bhd	Tour and travel agent, transportation (coaches and vans) and general trading	Director	14 September 2009	1 October 2021	-	-
P.G. Construction & Trading Sdn Bhd	Dormant and previously involved in construction works (struck off on 16 September 2022)	Director	Not sighted in CCM search	16 September 2022	-	-

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Nominating and Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2021 to 2024 are as follows:

	(1)Remuneration band			
	FYE 2021 (Paid)	**FYE 2022 (Paid)**	**FYE 2023 (Paid)**	**FYE 2024 (Proposed)**
	RM'000			
Ameline Ong Lay Ling	200 – 250	350 – 400	450 – 500	450 – 500
See Ai Lian	-	-	(2)50 – 100	150 – 200
Tan Pei Wun	100 – 150	100 – 150	150 – 200	100 – 150
Ong Yit Hwa	50 – 100	150 – 200	200 – 250	200 – 250

Notes:

(1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.

(2) See Ai Lian joined our Group as Finance Manager in May 2023 and subsequently promoted to Financial Controller on 19 September 2023.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

(a) reviewing and approving the overall strategic plans and direction of our Group including strategies on economic, environment and social considerations underpinning sustainability as well as updating regularly and monitoring management's performance in its implementation;

(b) overseeing and evaluating the conduct and performance of our Group including our acquisition exercises;

(c) identifying our Group's principal risks and establishing, reviewing, monitoring and ensuring implementation of a proper risk management system, policies, processes and infrastructure;

(d) establishing procedures to identify, assess, evaluate and approve any related party transactions or conflict of interest situations that may arise within our Group;

(e) establishing internal control systems and corporate governance practices to be in compliance with the MCCG;

(f) establishing a succession plan and considering emerging issues which may be material to the business and affairs of our Group;

(g) reviewing and approving the financial reports as required by Bursa Securities and Audit Committee report at the end of each financial year;

(h) overseeing the development and implementation of a shareholder communication policy for our Group to ensure appropriate disclosure and effective communication are delivered on a timely manner; and

(i) reviewing the adequacy and the integrity of the management information and internal controls system of our Group, including systems for compliance with applicable laws and regulations, accounting standards and guidelines such as Listing Requirement, CMSA and the Act.

In accordance with our Constitution, at the first annual general meeting of our Company, all our Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment as Director	Date of expiration of the current term in office	Approximate no. of months in office as at LPD
Tan Soo Mooi	13 August 2022	At the 2025 Annual General Meeting of our Company	1 year and 7 months
Alan Ong Lay Wooi	11 February 2003	At the 2024 Annual General Meeting of our Company	21 years and 1 month
Angeline Ong Lay Shee	18 April 2013	At the 2024 Annual General Meeting of our Company	10 years and 11 months
Adeline Ong Lay Suen	12 August 2022	At the 2025 Annual General Meeting of our Company	1 year and 7 months
Datuk Md Hassim Bin Pardi	30 November 2021	At the 2024 Annual General Meeting of our Company	2 years and 3 months
Dato' Haji Abdul Wahabi Bin Abdullah	13 August 2022	At the 2025 Annual General Meeting of our Company	1 year and 7 months
Dato' Ir. Hj Mohamad Bin Dalib	13 August 2022	At the 2026 Annual General Meeting of our Company	1 year and 7 months
Adam Muralidharan Bin Abdullah	13 August 2022	At the 2026 Annual General Meeting of our Company	1 year and 7 months
Lee Lean Suan	13 August 2022	At the 2026 Annual General Meeting of our Company	1 year and 7 months

The members of our Board are set out in Section 5.2.

5.4.2 Audit and Risk Committee

Our Audit and Risk Management Committee undertakes, among others, the following functions:

<u>External Audit</u>

(a) Nominate and recommend the external auditors for appointment / re-appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors. In considering the appointment / re-appointment of the external auditors, to consider among others:

   (i) the adequacy of the experience and resources of the accounting firm;

   (ii) the persons assigned to the audit;

   (iii) the accounting firm's audit engagements;

   (iv) the size and complexity of our Group being audited; and

   (v) the number and experience of supervisory and professional staff assigned to the particular audit;

   The Audit and Risk Management Committee is to also consider the performance of the external auditors and their independence as below:

   (i) the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

   (ii) the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee;

   (iii) the competence, audit quality and resource capacity of the external auditor in relation to the audit;

   (iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services relative to the audit fee; and

   (v) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

(b) Review with the external auditors, the nature, scope and plan of the audit including any changes to the scope of the audit plan before the audit commences and report the same to our Board;

(c) Ensure co-ordination if more than 1 audit firm is involved in the audit;

(d) Review with the external auditors, their audit report and report the same to our Board;

(e) Review with the external auditors, their evaluation of the system of internal controls and risk management and report the same to our Board;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(f) Review the assistance given by the employees of our Group to the external auditors and report the same to our Board;

(g) Review any letter of resignation from the external auditors and report the same to our Board;

(h) Review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for reappointment and report the same to our Board;

(i) Discuss problems and reservations, if any, arising from the interim and final audits, and any matter which the external and internal auditors wish to discuss in the absence of the management, where necessary;

(j) Discuss and review the external auditors' management letter and management response, if any;

(k) Discuss the contracts and nature for the provision of non-audit services which can be entered into by our Group as well as procedures that must be followed by the external auditors for the provision of non-audit services. The contracts cannot be entered into should include:

   (i) Management consulting;

   (ii) Strategic decision;

   (iii) Internal audit; and

   (iv) Policy and standard operating procedures documentation; and

(l) In the event that the non-audit fees paid to the external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to our Company's external auditors) our Company is required to state the details on the nature of non-audit services rendered in the Audit and Risk Management Committee report of our Company.

Internal Audit

(a) To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Audit and Risk Management Committee. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to the Audit and Risk Management Committee that the internal controls are operating effectively. The internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within our Company;

(b) Review and report the same to our Board on the adequacy of the scope, competency, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(c) Review and report the same to our Board on the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;

(d) Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;

(e) Review the assistance and co-operation given by the employees of our Group to the internal auditors;

(f) Review any appraisal or assessment of the performance of the internal auditors;

(g) Approve any appointment or termination of the internal auditors;

(h) Review any letter of resignation of internal auditors and request the resigning firm to submit its reasons for resigning;

(i) Investigate or cause to be investigated any activity within its terms of reference; and

(j) To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

<u>Risk Management</u>

(a) Review the adequacy of our Group's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;

(b) Review the effectiveness of internal control systems deployed by the management to address those risks;

(c) Review and recommend corrective measures undertaken to remedy any failures and/or weaknesses;

(d) Review and further monitor principal risks that may affect our Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;

(e) Communication and monitoring of risk assessment results to our Board; and

(f) Actual and potential impact of any failures or weakness, particularly those related to financial performance or conditions affecting our Group.

<u>Others</u>

(a) Prior to the approval of our Board, review the quarterly and year-end financial statements and report the same to our Board, focusing particularly on:

  (i) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;

  (ii) any major changes in or implementation of accounting policies and practices;

  (iii) the going concern assumption; and

  (iv) compliance with accounting standards and other legal requirements;

(b) Review any related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and the framework established / to be established;

(c) Discuss and review the major findings of any internal investigations and the management's response;

(d) Review and report the same to our Board the statement with regard to the state of internal controls and risk management of our Group for inclusion in the annual report of our Company;

(e) Oversee our Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect our Group's assets from misappropriation and encourage legal and regulatory compliance;

(f) Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities; and

(g) Consider other topics as defined by our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Lee Lean Suan	Chairwoman	Independent Non-Executive Director
Dato' Haji Abdul Wahabi Bin Abdullah	Member	Independent Non-Executive Director
Adam Muralidharan Bin Abdullah	Member	Independent Non-Executive Director
Dato' Ir. Hj Mohamad Bin Dalib	Member	Independent Non-Executive Director

Our Nominating and Remuneration Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5.4.3 Nominating and Remuneration Committee

The duties and responsibilities as stated in the terms of reference of our Nominating and Remuneration Committee include the following:

(a) Having evaluated the balance of skills, knowledge and experience on our Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of our Board, candidates to fill Board vacancies as and when they arise. In making the recommendations, the Nominating and Remuneration Committee will also consider candidates proposed by our Managing Director, and within the bounds of practicability, by any other senior executive, Director or shareholder. The Nominating and Remuneration Committee may also utilise independent services to identify suitably qualified candidates. In making its recommendations, the Nominating and Remuneration Committee shall assess and consider the following attributes or factors:

   (i) professionalism;

(ii) commitment (including time commitment) to effectively discharge his/her role as a Director;

(iii) merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age, experience, skills, geography and independence;

(iv) contribution and performance;

(v) background, character, integrity, and competence; and

(vi) in the case of candidates for the position of Independent Non-Executive Directors, the Nominating and Remuneration Committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as are expected from Independent Non-Executive Directors. In considering independence, it is necessary to focus not only a Director's background and current activities qualify him or her as independent but also whether the Director can act independently of management;

(b) Make recommendations to our Board for the appointment of the Chairman and the Managing Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;

(c) Determine and recommend to our Board the general remuneration policy for Executive Directors and Non-Executive Directors, including Non-Executive Chairman, and senior management including Managing Director and chief financial officer. In determining such policy, the Nominating and Remuneration Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run our Company successfully without paying more than necessary, having regard to the views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of our Company and alignment to our Company's long term strategic goals;

(d) Review and define orientation and induction plans for new directors;

(e) Review the criteria to be used in the recruitment process and annual assessment of Directors. Our Board nomination and election process as well as the criteria used in the selection process and the assessment undertaken in respect of our Board, committees and individual Director should be disclosed in the annual report of our Company. recommend to our Board, Directors to fill the seats on Board Committees;

(f) Assess the training needs of each Director, review the fulfilment of such training, and disclose details in the annual report of our Company as appropriate;

(g) Review our Board's succession plans;

(h) Review the Directors' continuing education programmes;

(i) Review and make recommendations on succession planning for management;

(j) Review annually:

   (i) the structure, size and composition of our Board, including the skills, knowledge, experience and diversity of our Board and core competencies which Non-Executive Directors should bring to our Board. This activity shall be disclosed in the annual report of our Company;

   (ii) the effectiveness of our Board as a whole, the Nominating and Remuneration Committee of our Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Nominating and Remuneration Committee in the discharge of all its functions shall be properly documented;

   (iii) the term of office and performance of the Audit Committee and each of its members to determine whether they have carried out their duties in accordance with their terms of reference;

   (iv) the character, experience, integrity and competence of Directors, chief executive and chief financial officer and to ensure they have time to discharge their respective roles; and

   (v) the independence of its independent directors;

(k) Establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of our Board;

(l) Recommend the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provisions in our Company's Constitution;

(m) Consider the size and balance of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;

(n) Recommend to our Board the Company's gender, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets;

(o) Consider and recommend the Independent Directors beyond 9 years for continuation in office, having due regard to their performance and ability to continue to contribute to our Board in the light of knowledge, skills and experience required;

(p) Recommend to our Board the remuneration of Executive Directors and Non-Executive Directors in all forms;

(q) Review the remuneration package for the Non-Executive Directors and the Nominating and Remuneration Committee to be aligned with their responsibilities and contributions;

(r) Determination of remuneration packages of Executive Directors and Non-Executive Directors, including Non-Executive Chairman, should be a matter for our Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration. No individual shall take part in any discussion concerning specifically his or her own remuneration;

(s) Align remuneration arrangements that focuses on senior management achieving long-term business objectives and growth in shareholders' wealth through formulation of incentive arrangements, including key performance indicators and performance hurdles;

(t) Assist our Board in developing and administrating a fair and transparent procedure for setting policy on remuneration of Directors and senior management;

(u) Ensure that the remuneration packages are determined on the basis of the Directors' and senior management's merit, qualification and competence, having regard to our Company's operating results, individual performance and comparable market statistics. The detailed remuneration of each Director should be disclosed in the annual report of our Company on a named basis;

(v) Communicating with shareholders on executive remuneration, where necessary;

(w) Recommend the engagement of external professional advisors to assist and/or advise the Nominating and Remuneration Committee, on remuneration matters, where necessary;

(x) Review the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director. Pursuant to Section 230 of the Act, the fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of director or former director of our Company shall be approved at a general meeting; and

(y) Review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to our Board for approval duly revised or amended.

The recommendations of our Nomination and Remuneration Committee are subject to the approval of our Board.

The members of our Nomination and Remuneration Committee as at LPD are as follows:

Name	**Designation**	**Directorship**
Adam Muralidharan Bin Abdullah	Chairman	Independent Non-Executive Director
Dato' Haji Abdul Wahabi Bin Abdullah	Member	Independent Non-Executive Director
Dato' Ir. Hj Mohamad Bin Dalib	Member	Independent Non-Executive Director
Lee Lean Suan	Member	Independent Non-Executive Director

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

(a) Lille Management is a company held by Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming; and

(b) Alan Ong Lay Wooi, Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming are siblings.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

In addition, Ong Yit Hwa is the uncle of Alan Ong Lay Wooi, Angeline Ong Lay Shee, Adeline Ong Lay Suen, Ameline Ong Lay Ling and Alex Ong Lay Ming.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors or between any companies within our Group with any key senior management.

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following (whether in or outside Malaysia):

(a) in the last 10 years, a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;

(b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

(g) in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) has any unsatisfied judgment against him.

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 25 October 1994 as a private limited company under the name of Sin-Kung Logistics Sdn Bhd. On 1 August 2022, we converted into a public limited company and adopted our present name.

Our Group is an integrated logistics service provider principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services. Additionally, we also provide container haulage services, warehousing and distribution services and other logistics-related services to our customers.

There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM8,000,000 comprising 1,000,000,000 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	**No. of Shares allotted**	**Consideration / Types of issue**	**Cumulative share capital**
			RM
25 October 1994	100,000	RM100,000 / Subscriber's share and cash	100,000
8 June 2004	1,900,000	RM1,900,000 / Cash	2,000,000
1 October 2004	2,000,000	RM2,000,000 / Cash	4,000,000
23 October 2018	4,000,000	RM4,000,000 / Cash	8,000,000
27 July 2022	992,000,000	Nil / Bonus issue of Shares	8,000,000

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM34,000,000 comprising 1,200,000,000 Shares.

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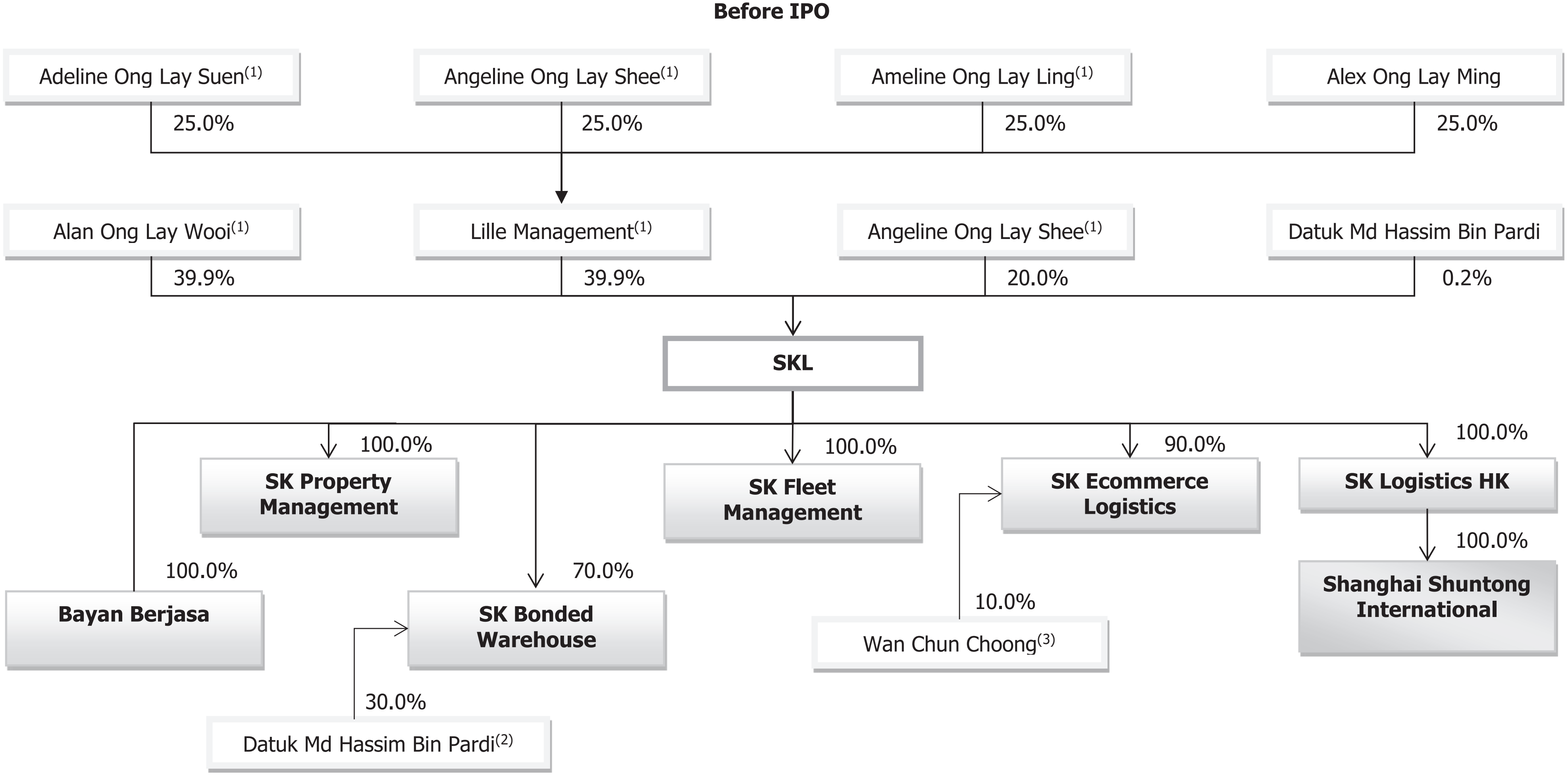
6.2 GROUP STRUCTURE



6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Promoters of SKL Group.

(2) He holds 30.0% equity interest in SK Bonded Warehouse for any potential application of new bonded warehouse licence(s), if required.

(3) An existing director of SK Ecommerce Logistics who is responsible for the operations of SK Ecommerce Logistics including software development for the Group's e-commerce platform.

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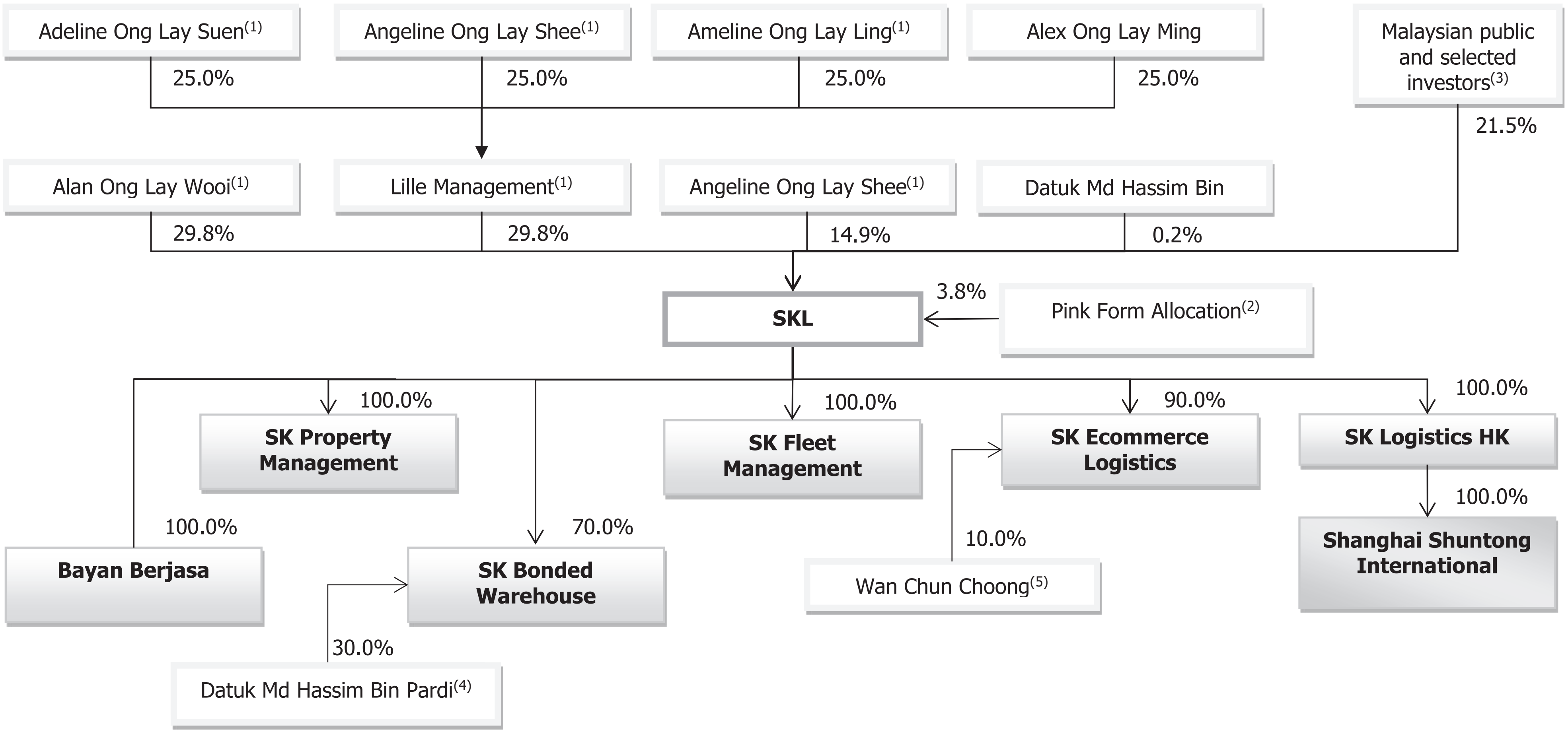
After IPO


Adeline Ong Lay Suen(1)
Angeline Ong Lay Shee(1)
Ameline Ong Lay Ling(1)
Alex Ong Lay Ming
Malaysian public and selected investors(3)
25.0%
25.0%
25.0%
25.0%
21.5%
Alan Ong Lay Wooi(1)
Lille Management(1)
Angeline Ong Lay Shee(1)
Datuk Md Hassim Bin
29.8%
29.8%
14.9%
0.2%
SKL
3.8%
Pink Form Allocation(2)
100.0%
SK Property Management
100.0%
SK Fleet Management
90.0%
SK Ecommerce Logistics
100.0%
SK Logistics HK
100.0%
Shanghai Shuntong International
100.0%
Bayan Berjasa
70.0%
SK Bonded Warehouse
10.0%
Wan Chun Choong(5)
30.0%
Datuk Md Hassim Bin Pardi(4)

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Promoters of SKL Group.

(2) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.

(3) Including Bumiputera investors approved by MITI.

(4) He holds 30.0% equity interest in SK Bonded Warehouse for any potential application of new bonded warehouse licence(s), if required.

(5) An existing director of SK Ecommerce Logistics who is responsible for the operations of SK Ecommerce Logistics including software development for our Group's e-commerce platform.

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6.3 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

Company	Date / Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
				%	
Bayan Berjasa	6 July 1994 / Malaysia	Malaysia	RM250,000	100.0	Provision of trucking and land transportation services
SK Property Management	29 August 2018 / Malaysia	Malaysia	RM100,000	100.0	Property investment holding company
SK Fleet Management	8 December 2021 / Malaysia	Malaysia	RM1	100.0	Provision of drivers[(1)]
SK Ecommerce Logistics	3 June 2014 / Malaysia	Malaysia	RM2,500	90.0	Courier services, line haul transportation, land transportation and transportation agent
SK Bonded Warehouse	31 January 1983 / Malaysia	Malaysia	RM250,000	70.0	Provision of trucking, land transportation and warehouse services[(2)]
SK Logistics HK	13 October 2017 / Hong Kong	Hong Kong	HKD10,000 (equivalent to approximately RM6,000)	100.0	Dormant[(3)]
Held through SK Logistics HK					
Shanghai Shuntong International	16 November 2017 / PRC	PRC	RMB3,000,000 (equivalent to approximately RM2.1 million)[(4)]	100.0	Dormant[(5)]

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) SK Fleet Management provides drivers to operate SKL's commercial vehicles solely for SKL's business.

(2) As at LPD, SK Bonded Warehouse is only involved in the provision of trucking and land transportation services. Moving forward, it intends to provide bonded warehouse services.

(3) Moving forward, SK Logistics HK intends to carry out business as an international freight forwarder.

(4) The registered capital of Shanghai Shuntong International is RMB3,000,000 (equivalent to approximately RM2.1 million) which shall be fully paid within 30 years since its incorporation. As at LPD, no registered capital has been paid. For avoidance of doubt, registered capital refers to the amount of capital that is committed to be invested in a company and whilst there is generally no minimum requirement in respect of the registered capital for a limited liability company under the PRC laws in force, and registered capital is a requirement when setting up a company in PRC. The amount of the registered capital is typically determined by the shareholders of the company.

(5) Moving forward, Shanghai Shuntong International intends to carry out business as an international freight forwarder.

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any joint venture or associated company.

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6.4 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2020 to 2023 and up to LPD:

(a) Sale and purchase agreement dated 20 August 2021 between SKL (as vendor) and Lille Property Sdn Bhd (as purchaser) in respect of a piece of freehold land held under No. Hakmilik GM 5855, Lot No. 1942, Mukim Klang, Daerah Klang, Negeri Selangor measuring approximately 187,851.8 sq ft for a cash consideration of RM4,800,000, which was completed on 5 October 2021;

(b) Sale and purchase agreement dated 20 August 2021 between SKL (as vendor) and Lille Property Sdn Bhd (as purchaser) in respect of a piece of leasehold land held under No. Hakmilik PM 3203, Lot No. 5991, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Negeri Selangor measuring approximately 130,684.6 sq ft for a cash consideration of RM520,000, which was completed on 7 September 2021;

(c) Sale and purchase agreement dated 20 August 2021 between SKL (as vendor) and Lille Property Sdn Bhd (as purchaser) in respect of:

 (i) all that portion of 17/32 undivided shares owned by SKL of the freehold land held under No. Hakmilik GM 22372, Lot No. 15846, Mukim Klang, Daerah Klang, Negeri Selangor measuring approximately 67,683.5 sq ft; and

 (ii) all that portion of 17/32 undivided shares owned by SKL of the freehold land held under No. Hakmilik GM 22371, Lot No. 15841, Mukim Klang, Daerah Klang, Negeri Selangor measuring approximately 100,158.2 sq ft

 for an aggregate cash consideration of RM3,400,000, which was completed on 19 October 2021;

(d) Sale and purchase agreement dated 6 January 2023 between SKL (as purchaser) and U.C. Blasting & Painting Sdn Bhd (as vendor) in respect of the acquisition of Port Klang Office and Warehouse measuring approximately 72,236.6 sq ft for a cash consideration of RM17,600,000, which was completed on 22 June 2023;

(e) Sale and purchase agreement dated 27 June 2023 between SKL and Merbau Sejati Sdn Bhd (as developer), a non-related party, in respect of the acquisition of the Valdor Office and Warehouse for a cash consideration of RM67,600,000, arrived at a "willing-buyer willing-seller" basis, which is expected to be completed in June 2026; and

(f) Underwriting agreement dated 1 April 2024 between our Company and M&A Securities for the underwriting of 105,000,000 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

Additionally, our Group is not materially dependent on any commercial or financial contracts for our business and profitability as at LPD.

6.5 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

(a) No public take-over offers by third parties in respect of our Shares; and

(b) No public take-over offers by our Company in respect of other companies' shares.

6.6 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(a)	SKL	RMCD	26 December 2022 / 31 December 2024	JF0321 & JS0135	Forwarding and shipping agent licence	**Conditions stipulated in Appendix F (Forwarding agent licence):**	
						1. The company must comply with the Bumiputera participation requirement at all times in accordance with the current policy that has been set.	(1)
						2. The company shall submit a list of customers it represents and a letter of authority from the customer to the Director of State Customs.	Complied
						3. The company can only act as an agent on behalf of the customer who has appointed it and must be authorised in writing by such customer.	Complied
						4. The company must always have at least one Director or Manager and one staff who deal with the RMCD and who are required to attend courses, pass examinations and obtained a KEK certificate.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						5. Renewal application must be submitted no later than ninety (90) days before the expiry date of the approval.	Noted
						6. The company shall not change its name, status, address, be sold, be transferred or be handed over to any party without the permission of the RMCD.	Complied
						7. The company shall not lease or allow other parties to use the approval it has obtained to make customs clearance arrangements.	Complied
						Conditions stipulated in Appendix F (Shipping agent licence):	
						1. The company shall submit a list of customers it represents and a letter of authorisation from the customer to the Director of State Customs.	Complied
						2. The company must be appointed by the importer / exporter, where such importer / exporter is only allowed to appoint three representatives (Agent) for trade clearance. In the event more agents are required, an application shall be submitted to the Director of State Customs for consideration and approval.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						3. The company can only act as an agent on behalf of the customer who has appointed it and must be authorised in writing by such customer.	Complied
						4. The company must always have at least one Director or Manager and one staff who deal with the RMCD and who are required to attend courses, pass examinations and obtained a KEK certificate / KEP. Director / Manager and staff who attended the KEK are exempted from attending the KEP.	Complied
						5. Renewal application must be submitted no later than 90 days before the expiry date of the approval.	Noted
						6. The company shall not change its name, status, address, be sold, be transferred or be handed over to any party without the permission of the RMCD.	Complied
						7. The company shall not lease or allow other parties to use the approval it has obtained to make customs clearance arrangements.	Complied

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(b)	SKL	RMCD	7 September 2022 / 30 August 2024[(6)]	Reference No.: KE.WB(39)418/02-640 kIt.11/S.K.2(2)	Licensed carrier under Section 35H of the CA 1967	1. To provide a guarantee in the form of a General Bond worth not less than RM10,000 to ensure the conduct of drivers for each approved vehicle.	Complied
						2. In order to guarantee the duty / tax on dutiable goods to be transferred, the owner of the goods / public warehouse licence operator / transporter must provide a bank guarantee for critical goods or a General Bond for non-critical goods, with a value equivalent to the amount of duty / tax involved for the transfer of the dutiable goods.	Complied
						3. Carrier companies that are granted approval as licensed carrier must register as forwarding agents with the relevant customs office if they handle all matters with the RMCD regarding the movement of dutiable goods on behalf of the goods' owners.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						4. In the event of a change in vehicle ownership, the approval of the vehicle as a licensed carrier shall automatically be revoked. The company is required to formally notify the respective Customs Office regarding such changes.	Noted
						5. Applications for renewal of approval must be submitted 3 months prior to the expiration date of the current approval.	Noted
(c)	SKL	RMCD	14 October 2022 / 14 October 2024[(7)]	P86-G1-00000001/04 (P45)	GBA licence in respect of the GBA located at Bukit Mertajam Warehouse	**<u>Conditions stipulated in Appendix Q of the licence:</u>**	
						1. Licences and approved GBA plans must be displayed in a conspicuous place.	Complied
			7 October 2022 / 30 September 2024[(7)]	B3Y-G1-00000001/08	GBA licence in respect of the GBA located at Shah Alam Warehouse	2. Goods are allowed to be stored in the GBA for a maximum period of 24 months from the date of first entry into the first bonded warehouse.	Noted
			15 February 2023 / 14 February 2025	P44-G1-00000001/04	GBA licence in respect of the GBA located at Bukit Minyak Warehouse	3. If the licencee required an extension, the application must be submitted to the controlling customs station no later than 1 month before the expiry date of the original storage period. The maximum allowable extension period is 12 months.	Noted

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						4. If the company fails to submit an application for an extension of the storage period within the stipulated period, the company is deemed to have violated the licensing conditions, and appropriate legal actions will be taken.	Noted
						5. Movement of dutiable goods to / from the GBA must be carried out by a licensed carrier approved by the Director General of Customs.	Complied
						6. The licencee shall submit a bank guarantee that covers the duration of the licence to secure the payment of duties / taxes on the stored goods. The amount of the bank guarantee shall be calculated according to the prescribed method determined by the Director General of Customs.	Complied
						7. The licencee shall notify the Director of Customs Operations & Technical Services / Director of State Customs in writing within 30 days of any changes in the company's name, changes in the board of directors, or changes in equity holdings.	To be complied[(10)]

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						8. The application for the renewal of the warehouse licence must be made at least 3 months prior to the expiry date of the warehouse licence.	Noted
						9. The licencee is deemed uninterested, and his licence will be revoked if the licencee fails to submit a licence renewal application after the expiry date. Payment of duties / taxes on the remaining stock of goods in the GBA must be settled.	Noted
						Conditions stipulated in GBA Licence Application published by RMCD:	
						1. Licence holder must own at least 30% Bumiputera equity.	Not applicable(2)
(d)	SKL	MCMC	1 September 2022 / 31 August 2025	LPP-1/2022/A/9(2)	Non-universal service licence (Courier Service (Class A)) pursuant to Section 10 of the Postal Services Act 2012	**General conditions stipulated in the licence:**	
						1. Licencee shall inform MCMC should there be any changes in the board of directors, chief executive officer or any substantial changes in the equity holdings.	To be complied(11)

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						2. Licencee must have the share capital as required by MCMC to provide courier service. Pursuant to Second Schedule of Postal Services (Licensing) Regulations 2015, the minimum paid-up capital for non-universal licence class A is RM1,000,000.	Complied
						3. Licencee shall provide courier services according to the scope of its non-universal service class licence.	Complied
						4. Licencee shall display the terms and conditions of service, including the method in handling complaints, in its provision of courier service to customer.	Complied
						5. Licencee shall provide track and trace service in providing the courier service.	Complied
						6. Licencee shall set and display the standard quality of service to the customers.	Complied
						7. Licencee shall inform MCMC of any changes in the company address, branches or agency.	Noted

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						8. Licencee shall ensure the personal data of customers are not released to third party and are kept according to the law under PDPA 2010.	Complied
						Special and additional conditions stipulated in the licence:	
						1. Licencee shall, within the time frame set by MCMC, provide at least 5 business premises to facilitate the customers' access to the courier services.	Complied
(e)	SKL	RMCD	5 October 2023 / 31 August 2025	Reference No.: KE.IA (08)001/05-26(32)	Approval to use Express Handling Unit	**Conditions stipulated in the approval:**	
						1. The renewal application for use of Express Handling Unit must be made not later than 2 months before the date of expiry.	Noted
						2. SKL must comply with Item 93 of Part I of the Schedule under the Custom Duties (Exemption) Order 2017 and the Sales and Service Tax Act 2018.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(f)	SKL	APAD	2 March 2023 / 28 May 2026	199401035432 (LA)	Operator Licence pursuant to the LPTA 2010	**Conditions stipulated in the licence:**	
						1. The operation can only be carried out in Peninsular Malaysia.	Complied
	SK Bonded Warehouse		28 May 2021 / 23 October 2024(8)	198301001754 (LA)		2. The renewal application must be made at least 90 days before the date of expiry.	Complied
	Bayan Berjasa		15 March 2022 / 13 May 2025	199401020776 (LA)			
						Conditions stipulated in the LPTA 2010:	
						1. Section 66(1) of LPTA 2010 provides that subject to subsection (3), an operator's licence issued under this Chapter shall be personal to the licensed operator thereof, and shall not be transferred or assigned.	Noted
						2. Section 70(1) of LPTA 2010 provides that if a licensed operator operating or providing a public service vehicle service or goods vehicle service is a company, partnership or firm that intends to participate in any business or agreement that would cause:-	To be complied(3)
						(a) any change in the equity structure; or	

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						(b) any change in the members of the board of directors of the company, or the partners of the partnership or firm, as the case may be, the licensed operator shall obtain the approval of the Director General of APAD before participating in the business or agreement.	
(g)	SKL	Malaysia Airports (Sepang) Sdn Bhd	Expiring on 14 July 2024[(9)]	FCZ/PASB/OFF/0116(M)	Free Commercial Zone KLIA operating licence certifying that SKL has fulfilled the requirements of the FCZ operating license to operate the office and warehouse at Lot CTB-B-Off-1, Pos Aviation Cargo Complex, Free Commercial Zone, KLIA Cargo Village, 64000 Sepang, Selangor	**Conditions stipulated in the FCZ operating license agreement:**	
						1. The maximum period of FCZ operating licence validity is 1 year. The holder shall renew the licence within 2 months before the expiry date. If there is any changes or amendments in the company profile kindly notify free zone authority immediately and furnish all the relevant documents.	Noted
						2. Prior to change of address or cease operation at FCZ KLIA Cargo Village, the FCZ operating licence holder shall give 14 days' notice in writing to Malaysia Airports (Sepang) Sdn. Bhd.	Noted

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						3. Licence holder is fully responsible for the safety and security of their premises and warehouse in FCZ KLIA Cargo Village (as per FZR 1991, No. 17). This includes good housekeeping and to comply with all environmental requirements.	Noted
						4. Licence holder is required to display their company signage board indicating the full name of their company at their premise and warehouse, the specification of the signage must be approved by free zone authority.	Complied
						5. The issued FCZ operating licence cannot be transferred in ownership or be used by other parties.	Noted
						6. Approval granted may be revoked if the applicant, including or company that authorized by the free zone authority, violate any of the regulations and terms & conditions stipulated therein.	Noted
						7. Free zone authority reserved its right, in addition to the stated terms & conditions, amend or add or impose additional terms & conditions as deemed necessary.	Noted

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						8. Licence holder shall maintain liability insurance of minimum RM100,000 per incident in the operating warehouse.	Complied
(h)	SKL	Malaysia Airports Sdn Bhd	Expiring on 31 December 2025	FCZ/OLT(2)/046/2024	Free Commercial Zone Penang Operating Licence certifying that SKL has fulfilled the requirements of the FCZ operating license to operate the warehouse at Dis3plex Free Commercial Zone, No. 121-1, Jalan Batu Maung, 11960 Batu Maung, Penang	1. Prior to change of address or cease of operation at FCZ Penang, the licence holder shall give 30 days' notice in writing to Malaysia Airports Sdn Bhd.	Noted
						2. Licence holder is fully responsible for the safety and security of their premise and warehouse in FCZ Penang. This includes good housekeeping and to comply with all environmental requirements.	Noted
						3. Licence holder shall ensure the premise is in order, taking all safety precaution and shall not obstruct any cargo movement.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(i)	SKL	MBSA	8 February 2024 / 21 February 2025	Reference No.: MBSA/BGN/KB/600/ SEK:32/058-2023	TBP in respect of Shah Alam Office and Warehouse(4)	1. This approval is only valid for a limited period (3 years) only from the date of the first issuance of this permit, 22 February 2023 to 21 February 2026. This permit must be renewed every year. The company is reminded to relocate to an industrial zone prior to the said expiry period.(5)	Noted
						2. This permit is valid for a period of 1 year commencing from 22 February 2024 to 21 February 2025. Company is required to renew or construct / demolish the temporary building prior to its expiration.	Noted
						3. Any application for an extension of the temporary building permit must be submitted no later than 3 months prior to the expiry date.	Noted
						4. Company shall ensure that proposed construction does not cause any problems involving the well-being of the local area and does not cause pollution.	Noted
						5. Company shall comply with the directions issued by MBSA from time to time.	Noted

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
(j)	SKL	MBSA	2 February 2024 / 21 March 2025	Reference No.: MBSA/BGN/KB/600/ SEK:32/079-2023	TBP in respect of Shah Alam Workshop[(4)]	1. This permit is valid for a period commencing from 22 March 2024 to 21 March 2025. Company is required to renew or demolish the temporary building prior to its expiration.	Noted
						2. All structures outside the border area (if any) must be demolished according to the period that has been set.	Noted
						3. Company shall comply with the directions issued by MBSA from time to time.	Noted
(k)	SKL	Department of Labour Peninsular Malaysia	25 August 2022 / 25 August 2025	AC/11002/2022/4017	CFA in respect of our workers' accommodation at 2-2-5, Kemuning Aman Apartment, Bukit Rimau, 40460 Shah Alam, Selangor	1. Company shall not accommodate more than 5 individuals in this accommodation.	Complied
						2. Company shall comply with the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020.	Complied
						3. Company shall provide accommodation to its employees free of any rental or charges.	Complied

No.	Licencee	Issuing authority	Date of issue / Date of expiry	Permit / Licence / Registration no.	Nature of approval / Licences	Equity and/or major conditions imposed	Compliance status
						4. Company shall, within 30 days from the date such accommodation is occupied by his employee, inform the Director General of Labour of such occupation.	Complied
						5. In the event the company ceases to operate such accommodation, the company shall inform the Director General of Labour at least 30 days before the date of cessation.	Noted
						6. The CFA should be displayed at a prominent place.	Complied

Notes:

(1) According to Paragraph 3.4 of Customs Agent Guide issued by the RMCD pursuant to Section 90 of CA 1967, forwarding agent company with IILS status is required to comply with the 51% Bumiputera participation requirement in respect of each of the following criteria ("**Bumiputera Requirement**").

(i) total share capital held by Bumiputera individual / company;
(ii) number of members of the board of directors / owners of the company;
(iii) number of management personnel; and
(iv) number of support staff.

Companies are granted up to 31 December 2021 to comply with such requirement, failing which the forwarding agent licence will be revoked. The MOF had subsequently via its letter to freight forwarders dated 22 September 2021, 25 October 2022 and 22 December 2023 extended the exemption period until 31 December 2022, 31 December 2023 and 31 December 2024 respectively for freight forwarders to meet such requirement. As at LPD, SKL has yet to comply with the Bumiputera Requirement.

Notwithstanding the above, as at LPD, SKL had successfully renewed its forwarding and shipping agent licence with a validity period of 2 years commencing from 1 January 2023 and expiring on 31 December 2024. Further, pursuant to the Customs Agent Guide, companies that are listed on Bursa Securities are exempted from such Bumiputera Requirement. As such, upon Listing, our Group will be exempted from the Bumiputera Requirement.

(2) SKL had on 5 April 2022 obtained a letter from RMCD confirming that the 30% Bumiputera equity requirement does not apply to licencees which have obtained the licence prior to 2021 and any subsequent renewal will not be subject to the condition as well. It was clarified that such Bumiputera requirement only applies to new applications made after issuance of the new Customs Order on 2 February 2021. We have obtained our first GBA licence from RMCD on the following dates:

(i) In respect of the GBA located at Bukit Mertajam Warehouse: 14 October 2020
(ii) In respect of the GBA located at Shah Alam Warehouse: 3 October 2006
(iii) In respect of the GBA located at Bukit Minyak Warehouse: 18 February 2022. This licence was issued as a result of the change in our warehouse activity from our first warehouse located at No. 6 & 8, Lintang Beringin 3, Jalan Permatang Damar Laut, 11960 Batu Maung, Pulau Pinang ("**Penang Island Warehouse**") to our Bukit Minyak Warehouse. We have obtained our first GBA licence in respect of the Penang Island Warehouse on 21 February 1995. Notwithstanding the GBA licence in respect of our Bukit Minyak Warehouse being issued after 2021, it was not regarded as a new application and therefore, we are not subject to the 30% Bumiputera equity requirement.

(3) Pursuant to a written confirmation provided by APAD officer on 29 May 2023, SKL is required to notify the Director General of APAD on the change of the equity structure upon our successful Listing.

(4) Please refer Section 6.8.1 for further details on the status of our application of the CCC in respect of our Shah Alam Office and Warehouse as well as Shah Alam Workshop.

(5) Upon expiry of the 3-year term and in the event approval for a further extension is not granted by the relevant authorities, our Group will be required to vacate and demolish the buildings constructed at our Shah Alam Office and Warehouse. The relocation will not cause any material disruptions or material adverse impact to our business operations as it is our intention to be operating at full capacity and in priority from our Port Klang Office and Warehouse prior to the expiry of the 3-year term.

(6) Our Group will submit the renewal application 3 months prior to the expiry date as per the requirement of the licence.

(7) Our Group will submit the renewal application at least 3 months prior to the expiry date as per the requirement of the licence.

(8) Our Group will submit the renewal application at least 90 days prior to the expiry date as per the requirement of the licence.

[9] Our Group will submit the renewal application at least 2 months prior to the expiry date as per the requirement of the licence.

[10] Our Group had vide letter dated 1 September 2022 notified RMCD of the changes in the board of directors of SKL. Notwithstanding the above, the compliance status is disclosed as "To be complied" as we are required to further notify RMCD of the changes in our Group's equity holdings upon our successful listing.

[11] Our Group had vide letter dated 12 September 2022 notified MCMC of the changes in the board of directors of SKL. Notwithstanding the above, the compliance status is disclosed as "To be complied" as we are required to further notify MCMC of the changes in our Group's equity holdings upon our successful listing.

Aside from the permits, licences and certificates listed above, our Group is also required to maintain business premise and signboard licences for its premises in locations where it conducts its business activities as well as fire certificates on some premises, where applicable. These business premise and signboard licences as well as fire certificates are renewed on an annual basis. This application and renewal process is an ongoing process and at one point in time, there will be premises which are in the midst of applying for or renewing business premise and signboard licences and/or fire certificates. As at LPD, our Group has obtained all the requisite business premise and signboard licences as well as fire certificates for the relevant business premises as set out in Section 6.8.

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6.7 INTELLECTUAL PROPERTIES

As at LPD, our Group does not own and has not applied for the registration of any other intellectual properties other than those disclosed below:

No.	Trademark	Applicant(s) or Registered owner(s)	Trademark application no.	Class	Approving authority / Place of application or registration	Status / Registration validity
(a)	SINKUNG	SKL	TM2022002090	(1)39	MyIPO / Malaysia	Registered / 25 January 2022 to 25 January 2032
(b)	新港 SINKUNG 新港 SINKUNG SINKUNG新港	SKL	TM2023016672	(2)39	MyIPO / Malaysia	Registered / 13 June 2023 to 13 June 2033
(c)	STE 顺通速递 SHUNTONG EXPRESS	SKL	TM2023016674	(2)39	MyIPO / Malaysia	Registered / 13 June 2023 to 13 June 2033
(d)	SINKUNG EXPRESS	SKL	TM2023016675	(2)39	MyIPO / Malaysia	Registered / 13 June 2023 to 13 June 2033

6. INFORMATION ON OUR GROUP *(Cont'd)*

Notes:

(1) Logistics services consisting of the storage and transportation of goods; collection, storage, distribution and delivery of letters, correspondence, magazines, packets, parcels, newspapers, freight and goods, all by messenger, road, rail, air or water.

(2) Transportation logistics; freight shipping of goods; freight brokerage; freight forwarding; arranging of passenger transportation services for others via an online application; arranging of transportation for travel tours; collection of recyclable goods transport; courier services messages or merchandise; delivery of goods; delivery of newspapers; flower delivery; message delivery; newspaper delivery; packaging of goods; parcel delivery; passenger transport; providing transportation information; rental of warehouses; transport; transportation.

The trademarks below are currently registered by Shanghai Shuntong International with the relevant intellectual property office in PRC ("**China Trademarks**"):

No.	Trademark	Registered owner(s)	Trademark application no.	Class	Place of registration	Status / Registration validity
(a)		Shanghai Shuntong International	47883228	(1)35	PRC	Registered / 28 May 2021 to 27 May 2031
(b)		Shanghai Shuntong International	47856391	(2)39	PRC	Registered / 4 April 2021 to 6 April 2031

Notes:

(1) Advertising; licensed business management; advertising agencies services; import and export agency, provision of an online marketplace for buyers and sellers of goods and services; personnel management consulting; management services for business enterprise migration; compilation of information index for commercial or advertising purposes; accounting; sponsorship search.

(2) Transport; commodity packaging; commodity wrapping; gift packaging; storage of goods; express service (letters or goods); parcel delivery; travel company; provision of route guidance for travel; parking space for rent.

6.8 PROPERTY, PLANT AND EQUIPMENT

6.8.1 Properties owned by our Group

A summary of the material properties owned by our Group as at LPD are set out below:

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
			sq ft			RM'000
(a)	SKL / Shah Alam Workshop	Single storey workshop and 2-storey office with 1 unit of guard house / Office and workshop for purposes of our Group's internal repair and maintenance services / Freehold / Industrial	41,182.7 / 16,468.2	28 May 2004 / (1)(3)Not applicable	Charged to AmBank Islamic Berhad on 8 May 2019	2,959
(b)	SKL / Shah Alam Office and Warehouse	5-storey office and single storey warehouse / Headquarter office and warehouse / Freehold / Industrial	128,628.7 / 86,136.7	16 October 2003 / (1)(2)Not applicable	Nil	16,221

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
			sq ft			RM'000
(c)	SKL / Bukit Mertajam Office and Warehouse	2-storey office and single storey warehouse / Bukit Mertajam branch office and warehouse / Freehold / Industrial	122,202.7 / 60,667.2	19 December 2019 / 25 July 2022	1. Partial land lease (measuring approximately 392.9 sq ft) to Tenaga Nasional Berhad for a period of 30 years commencing from 20 August 1996 to 19 August 2026, registered on 28 December 1996 for the maintenance of a substation for purposes of supplying electricity 2. Private caveat lodged by Alliance Bank Malaysia Berhad on 2 March 2020 3. Charged to Alliance Bank Malaysia Berhad on 30 June 2020	14,671

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
			sq ft			RM'000
(d)	SKL / Port Klang Office and Warehouse	A single storey warehouse and 2-storey office with 1 unit of guard house / Port Klang branch office and warehouse / Leasehold (expiring on 30 October 2116) / Industrial	72,237.1 / 43,066.4	6 January 2023 / 22 November 2022	1. Charged to Affin Bank Berhad on 31 July 2023 2. Private caveat lodged by Affin Bank Berhad on 16 May 2023	18,403

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6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
			sq ft			RM'000
(e)	SK Property Management / H.S.(D) 40167, Lot No. 5948, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang / No. 1498, Jalan Bukit Tengah, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Pulau Pinang	Vacant land Vacant[(4)] / Freehold / Industrial	177,163.2 / Not applicable	19 December 2019 / Not applicable	1. Partial land lease to Tenaga Nasional Berhad for a period of 30 years commencing from 20 August 1996 to 19 August 2026 for the future erection and maintenance of a substation for purposes of supplying electricity 2. Private caveat lodged by Alliance Bank Malaysia Berhad on 2 March 2020 3. Charged to Alliance Bank Malaysia Berhad on 30 June 2020	9,364

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of purchase / Date of CCC	Encumbrance	Audited NBV as at 31 December 2023
			sq ft			**RM'000**
(f)	SK Property Management / No. Hakmilik GRN 342233, Lot 41897, Mukim Labu, Daerah Sepang, Negeri Selangor (previously held under H.S.(D) 35787, PT 5351, Mukim Labu, Daerah Sepang, Negeri Selangor)	Oil palm plantation / Cultivation of oil palm / Freehold / Nil	315,490.0 / Not applicable	28 December 2018 / Not applicable	Charged twice to AmBank Islamic Berhad on 17 June 2019 and 5 August 2019	7,503
(g)	SK Property Management / No. Hakmilik GRN 342234, Lot 41898, Mukim Labu, Daerah Sepang, Negeri Selangor (previously held under H.S.(D) 35788, PT 5352, Mukim Labu, Daerah Sepang, Negeri Selangor)	Oil palm plantation / Cultivation of oil palm / Freehold / Nil	209,896.0 / Not applicable	16 July 2019 / Not applicable	Charged to AmBank Islamic Berhad on 25 September 2019	5,122

Notes:

(1) We commenced the construction of our Shah Alam Workshop as well as Shah Alam Office and Warehouse in 2004 and 2005 respectively prior to obtaining the planning permission and building plan approval. Subsequently in July 2020, our Group submitted the applications for the planning permission in respect of both Shah Alam Office and Warehouse as well as Shah Alam Workshop under the Legalisation of Illegal Factories Programme. As at LPD, we have not been imposed with any penalty arising from such non-compliance. Our Board is of the view that the likelihood of penalty being imposed by the relevant authorities is remote as the planning permissions in respect of the Shah Alam Workshop as well as Shah Alam Office and Warehouse have been obtained in July 2022 and August 2022 respectively. In this regard, our Group does not foresee such non-compliance to have any impact to the operations or financial performance of our Group.

(2) Due to the inconsistency in the land use (Industrial) and the zoning of the land (Commercial) pursuant to MBSA's current local plan, a temporary planning permission was issued to SKL on 15 August 2022. The temporary planning permission is valid for a period of 3 years until 15 August 2025.

As the application for building plan approval and CCC can only be made upon the successful change of the zoning from "Commercial" to "Industrial", SKL had made an application to the Planning Department of MBSA on 7 September 2022 to change the zoning of the land. As advised by SKL's consultant, the consideration for the application itself will be based on MBSA's discretion and the approval for such application may take up to 2 to 3 years. As at LPD, MBSA has yet to approve our application for the change of zoning of the land.

In the meantime, in order to comply with the provisions under the SDBA 1974, SKL had applied and obtained a TBP on 3 March 2023. The TBP was subsequently renewed on 8 February 2024 and is valid for a period of 1 year commencing from 22 February 2024 and expires on 21 February 2025. Such TBP is renewable annually and the application for renewal must be submitted at least 3 months prior to the date of expiry.

For avoidance of doubt, upon expiry of the 3-year term and in the event approval for a further extension is not granted by the relevant authorities, our Group will be required to vacate and demolish the buildings constructed at our Shah Alam Office and Warehouse. The relocation will not cause any material disruptions or material adverse impact to our business operations as it is our intention to be operating at full capacity and in priority from our Port Klang Office and Warehouse prior to the expiry of the 3-year term.

(3) SKL had obtained a planning permission on 21 July 2022. The planning permission is valid for a period of 1 year until 21 July 2023. Pursuant to MBSA's letter dated 10 May 2023, such planning permission need not be renewed as the requirement to renew is applicable only if, within the validity period, the development had not commenced in the manner specified in the planning permission. For avoidance of doubt, as our Group had commenced development in accordance with the planning permission within the validity period, no renewal is required for the said planning permission.

As part of the condition subsequent for the issuance of the planning permission, part of the land measuring approximately 40 feet from the main entrance of the Shah Alam Workshop will be surrendered to the local authority for purposes of constructing an internal road and road widening ("**40 feet land**"). The submission of the building plan approval is subject to the completion of surrendering the 40 feet land and issuance of a new land title. As at the LPD, SKL's consultant is liaising with the local authority in relation to the surrendering the 40 feet land. Upon issuance of a new land title pursuant to the land surrender, SKL will apply for the building plan approval and thereafter, apply for the CCC.

In the meantime, in order to comply with the provisions under the SDBA 1974, SKL had applied and obtained a TBP on 22 March 2023. The TBP was subsequently renewed on 2 February 2024 and is valid for a period of 1 year commencing from 22 March 2024 and expires on 21 March 2025. Such TBP is renewable annually and the application for renewal must be submitted at least 3 months prior to the date of expiry.

(4) As at LPD, our Group is still in the midst of identifying the use of the land as we do not have an immediate need for it. Nonetheless, the vacant land is intended to support our business operations for the provision of trucking services, container haulage services, warehousing and distribution services and other logistics-related services.

Save as disclosed above, the properties owned by our Group are not in breach of any other land use conditions and/or non-compliance with current requirements, land rules or building regulations / by-laws, which will have material adverse impact on our operations as at LPD.

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6.8.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord / Tenant	Description / Existing use	Date of CF / CCC	Land area / Built-up area	Period of tenancy / Rental per annum
					sq ft	
(a)	Lot CTB-B-Off-1, Pos Aviation Cargo Complex, Free Commercial Zone, KLIA Cargo Village, 64000 Sepang, Selangor	Pos Aviation Sdn Bhd / SKL	Office space within Pos Aviation Cargo Terminal Building / KLIA Sepang cargo office	29 January 2009	1,471,965.0 / 645.6	1 January 2023 to 31 December 2024 / RM46,483
(b)	53A, 1st Floor, Jalan Undan 15, Taman Perling, 81200 Johor Bahru, Johor	Kok Mee Liong / SKL	Shop lot office / Johor branch office	30 August 2006	1,560.0 / 1,560.0	1 April 2023 to 31 March 2025 / RM16,800
(c)	No. 121-1, Jalan Batu Maung, 11960 Bayan Lepas, Penang	Dynaview Sdn Bhd / SKL	2-storey office / Penang International Airport office	4 April 2003	3,810.4 / 2,002.0	1 November 2023 to 31 October 2025 / RM45,406
(d)	HSC Complex 1, Jalan Permatang Pauh, 13400 Butterworth, Penang	Hesechan Cargo Handling Sdn Bhd / SKL	Single storey warehouse / Butterworth warehouse	10 October 1992	509,219.1 / 6,000.0	1 November 2023 to 31 October 2025 / RM158,400
(e)	2-2-5 Kemuning Aman Apartment, Jalan Rimau, 40460 Shah Alam, Selangor	Rahiman bin Hashim / SKL	One unit of apartment / Workers' accommodation	5 September 2014	425,605.0 / 732.0	15 January 2023 to 14 January 2025 / RM10,800
(f)	Lot 7720, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Bukit Mertajam, Penang	Eastgate Technology Sdn Bhd / SKL	2-storey office and 2-storey warehouse / Bukit Minyak branch office and warehouse	25 August 2016	45,764.8 / 27,486.0	1 October 2022 to 30 September 2025 / RM696,000

6. INFORMATION ON OUR GROUP *(Cont'd)*

No.	Postal address	Landlord / Tenant	Description / Existing use	Date of CF / CCC	Land area / Built-up area	Period of tenancy / Rental per annum
(g)	Room 368, Unit 302, No. 211 Fute North Road, China (Shanghai) free trade zone	Shanghai Waigaoqiao Free Trade Zone United Development Co., Ltd. / Shanghai Shuntong International	Office space within China (Shanghai) Pilot Free Trade Zone / Registration purposes	Not applicable	N/A(1) / 216.0	2 November 2023 to 1 November 2026 / Free(2)

Notes:

(1) The land area in respect of this property is unascertainable. Pursuant to the Shanghai Certificate of Real Estate Ownership dated 19 December 2008 issued to the landlord, only the total land area of all the properties owned by the landlord namely No. 205, 211 (where the office leased to our Group is located), 217 to 223, 227, 229, 233 and 235 is stipulated, which is approximately 750,513.7 sq ft.

(2) The lease for the office is free of charge pursuant to the lease contract entered into between the landlord and Shanghai Shuntong International as it was leased for registration purposes only, which is common in PRC.

The properties rented by our Group are not in breach of any other land use conditions and/or non-compliance with current statutory requirements, land rules or building regulations / by-laws, which will have material adverse impact on our operations as at LPD.

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6.8.3 Acquisition of properties

Save as disclosed below, we have not acquired nor entered into any agreements to acquire any properties during FYE 2020 to 2023 and up to LPD:

No.	Vendor / Date of purchase[(1)]	Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of CCC	Audited NBV as at 31 December 2023	Purchase value
				sq ft		RM'000	RM'000
(a)	United Fortune Properties Sdn Bhd / 19 December 2019	H.S.(D) 40166, Lot No. 5947, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang	2-storey office and single storey warehouse / Bukit Mertajam branch office and warehouse / Freehold / Industrial	122,202.7 / 60,667.2	25 July 2022	14,671	(2)
(b)	SKL / 19 December 2019	H.S.(D) 40167, Lot No. 5948, Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang	Vacant land / Vacant / Freehold / Industrial	177,163.2 / Not applicable	Not applicable	9,364	(2)
(c)	U.C. Blasting & Painting Sdn Bhd / 6 January 2023	H.S.(D) 158974, PT 152270, Mukim Klang, Daerah Klang, Negeri Selangor	A single storey warehouse and 2-storey office with 1 unit of guard house / Port Klang branch office and warehouse / Leasehold (expiring on 30 October 2116) / Industrial	72,236.6 / 43,066.4	22 November 2022	18,403	17,600

No.	Vendor / Date of purchase[(1)]	Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Land area / Built-up area	Date of CCC	Audited NBV as at 31 December 2023	Purchase value
				sq ft		**RM'000**	**RM'000**
(d)	Merbau Sejati Sdn Bhd / 27 June 2023	Plot No. 6[(3)]	Vacant land / Valdor branch office and warehouse / Freehold / Nil	246,342.9 / 164,000.0	N/A	[(4)]10,751	67,600

Notes:

(1) Refers to the date of the sale and purchase agreement.

(2) Properties (a) and (b) were acquired together under the sale and purchase agreement dated 19 December 2019. The total purchase price of both properties is RM20,000,000.

(3) Merbau Sejati Sdn Bhd (the vendor), a non-related party has obtained planning permission and building plan approval for the proposed development of 13 units of single storey warehouse with double storey office building on the 4 pieces of freehold lands held under No. Hakmilik GRN 134497 (Lot 629), GRN 40431 (Lot 398), GM 384 (Lot 414) and GM 375 (Lot 418), Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang in December 2022 and June 2023 respectively. As at the date of the sale and purchase agreement (i.e. 27 June 2023), the individual issue document of title in respect of the Valdor Office and Warehouse has yet to be issued by the appropriate authority. The individual issue document of title will be issued after completion of the construction works, which is expected to be completed by second quarter of 2026.

(4) This amount was recognised as capital work-in-progress.

6.8.4 Material capital expenditures and divestitures

(a) Material capital expenditures

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2020 to 2023 and up to LPD:

	At cost				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to LPD
Capital expenditures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Freehold land	12	-	-	-	-
Freehold building	12,009	1,905	1,027	941	148
Leasehold land and building	-	-	-	18,518	-
Plant and machinery	52	2,014	2,297	2,683	-
Furniture, fittings, office equipment and renovation	228	816	280	780	13
Motor / Commercial vehicles	1,298	4,484	8,532	2,995	433
Capital work-in progress	-	-	-	10,751	5
	13,599	**9,219**	**12,136**	**36,668**	**599**

FYE 2020

For FYE 2020, our capital expenditures mainly related to the purchase of:

(i) Freehold building amounting to RM12.0 million comprising the purchase of Bukit Mertajam Office and Warehouse; and

(ii) Motor and commercial vehicles amounting to RM1.3 million comprising the purchase of 7 commercial vehicles (mainly comprise prime mover (trucking)).

FYE 2021

For FYE 2021, our capital expenditures mainly related to the purchase of:

(i) Freehold building amounting to RM1.9 million comprising the renovation of Bukit Mertajam Office and Warehouse;

(ii) Plant and machinery amounting to RM2.0 million comprising mainly racking system, refrigeration system, 2 units of forklift, 3 units of scrubber and 2 units of sweeper; and

(iii) Motor and commercial vehicles amounting to RM4.5 million comprising the purchase of 18 commercial vehicles (mainly comprise prime mover (trucking)) amounting to RM3.9 million and 5 motor vehicles (passenger cars acquired for Director and company use) amounting to RM0.6 million.

FYE 2022

For FYE 2022, our capital expenditures mainly related to the purchase of:

(i) Freehold building amounting to RM1.0 million comprising the renovation of Bukit Mertajam Office and Warehouse;

(ii) Plant and machinery amounting to RM2.3 million comprising mainly of 3 units of forklift, 5 units of reach trucks, 3 units of powered pallet trucks and 1 unit of racking system; and

(iii) Motor and commercial vehicles amounting to RM8.5 million comprising the purchases of 51 commercial vehicles (mainly comprises prime mover (trucking), prime mover (container haulage), 20-ft container trailer, curtain sider box trailer and 45-ft box trailer) and 1 motor vehicle (passenger car for Director use).

FYE 2023

For FYE 2023, our capital expenditures mainly related to the purchase of:

(i) Leasehold land and building amounting to RM18.5 million comprising the purchase of Port Klang Office and Warehouse;

(ii) Plant and machinery amounting to RM2.7 million comprising mainly of 1 unit of racking system and 4 units of forklifts;

(iii) Motor and commercial vehicles amounting to RM3.0 million comprising the purchases of 10 commercial vehicles (mainly comprises prime mover (trucking), curtain sider box trailer and 45-ft box trailer) and 1 motor vehicle (passenger car for Director use); and

(iv) Capital work-in-progress amounting to RM10.8 million comprising purchase of Valdor Office and Warehouse.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

(b) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2020 to 2023 and up to LPD:

	At cost				
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to LPD**
Capital divestitures	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Freehold land	-	(1)5,756	-	-	-
Leasehold land	-	(2)433	-	-	-
Plant and machinery	-	-	70	-	-
Furniture, fittings, office equipment and renovation	-	285	-	53	-
Motor / Commercial vehicles	-	(3)11,522	(4)7,127	(5)911	-
	-	**17,996**	**7,197**	**964**	**-**

Notes:

(1) Mainly being the disposal of 2 freehold lands located at Klang, Selangor to Lille Property Sdn Bhd. Both lands were intended for the construction of new warehouses, our plan changed when decided to purchase a ready-built warehouse. Consequently, we decided to dispose of the lands as they were no longer required.

(2) Mainly being the disposal of 1 leasehold land located at Kuala Langat, Selangor to Lille Property Sdn Bhd. The land was for agricultural use and was divested since we did not have use for it.

(3) Mainly being the disposal and write-off of 84 commercial vehicles to be replaced by new ones as they are either beyond repair, not roadworthy or considered as total loss due to accidents as well as units being divested as part of our disposal of subsidiaries.

(4) Mainly being the disposal of 60 commercial vehicles to be replaced by new ones as they are either beyond repair, not roadworthy or considered as total loss due to accidents as well as units being divested as part of our disposal of subsidiary.

(5) Being the disposal of 2 motor vehicles as they are no longer in use and write off of 1 commercial vehicle as it is total loss due to an accident.

All our capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.8.5 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our IPO to finance the capital expenditure as set out in Sections 4.9.1 and 7.15 and the capital commitment as set out in Section 12.6, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

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6.9 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business which may materially affect our business operations:

6.9.1 Malaysia

(a) CA 1967

Section 35G(1) of the CA 1967 provides that no goods shall be moved in transit by road except by a licensed carrier. Any person who contravenes Section 35G(1) of the CA 1967 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 5 years or to both.

Pursuant to Section 35H of the CA 1967, the Director General of Customs and Excise ("**Director General**") may grant a licence to any person to act as a licensed carrier subject to such terms and conditions as he may deem fit and he may suspend or withdraw such licence. Under the CA 1967, "licensed carrier" means a person approved by the Director General to operate vehicles by road for the carriage of any goods in transit or any dutiable goods under the CA 1967 or the Excise Act 1976.

Further, Section 90 of the CA 1967 provides that any person who intends to act as a customs agent must make an application in the form as determined by the Director General and the Director General may grant an approval to act as a customs agent subject to such terms and conditions as he deems fit. Under the CA 1967, "customs agent" means any person approved under Section 90 of the CA 1967 to undertake any customs transactions on behalf of another person.

Any person who acts as customs agent when approval has not been granted to him under the CA 1967 or while such approval is cancelled or suspended, or who makes or causes to be made a declaration of any goods without being duly authorized for that purpose by the proprietor or consignee of such goods shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM100,000 or to both.

As at LPD, our Company has obtained the approvals from the RMCD to act as a licensed carrier as well as forwarding and shipping agent. These approvals remain valid and subsisting as at LPD.

(b) LPTA 2010

Pursuant to Section 51(1) of the LPTA 2010, no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods, for hire or reward, or for or in connection with any trade or business, unless he holds an operator's licence. Under the LPTA 2010, a person is deemed to be operating or providing goods vehicle service if he employs one or more persons to use or drive a goods vehicle to operate or provide a goods vehicle service, and he owns the said goods vehicle, or he is responsible, under any form of arrangement with the owner or lessor of the said goods vehicle to manage, maintain or operate such goods vehicle.

A company or corporation which contravenes Section 51(1) of the LPTA 2010 commits an offence, and shall, on conviction, be liable to a fine not exceeding RM200,000. The LPTA 2010 further provides that a person, other than a company or corporation, who contravenes Section 51(1) of the LPTA 2010 commits an offence and shall, on conviction, be liable to a fine not less than RM2,000 but not more than RM10,000 or to imprisonment for a term not exceeding 1 year or to both.

As at LPD, our Company together with our subsidiaries, Bayan Berjasa and SK Bonded Warehouse hold and maintain valid Carrier 'A' operator's licences for carrying goods for hire or reward for or in connection with any trade or business carried on within Peninsular Malaysia. Please refer to Section 6.6 for further details of the certification.

(c) FZA 1990 and FZR 1991

The FZA 1990 provides for the establishment of free zones in Malaysia for promoting the economic life of the country and for related purposes. The FZR 1991 is a subsidiary legislation made by the Minister in exercise of its power conferred under the FZA 1990. Pursuant to Regulation 5 of the FZR 1991, any person who intends to carry out any activity within a free zone shall apply to the free zone authority ("**FZ Authority**") for approval. Further, no person shall hold any tenancy or lease of any movable or immovable property in a free zone for the purpose of carrying out any commercial or manufacturing activity and related operations in the zone, except with the permission of the FZ Authority.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to the provisions of the FZA 1990 or any regulations made thereunder shall be an offence and in respect of any such offence for which no penalty is expressly provided, the offender shall be liable, on conviction, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Company has obtained FCZ operating licences to carry out activity within the free zones at KLIA Cargo Village and Dis3plex Free Commercial Zone in Penang.

(d) OSHA 1994

The OSHA 1994 provides provisions for securing the safety, health and welfare of persons at work, protecting others against risk to safety or health in connection with the activities of persons at work. The OSHA 1994 applies throughout Malaysia to the industries specified in the OSHA 1994, which includes the transport, storage and communication industry.

Under the OSHA 1994, employers must, so far as is practicable, ensure the safety, health and welfare of all the employees at work, in particular:

(i) the provision and maintenance of plant and systems of work that are safe and without risks to health;

(ii) the making of arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;

(iii) the provision of such information, instruction training and supervision as is necessary to ensure the safety and health at work of his employees;

(iv) the maintenance of a place of work that is in a safe condition and without risks to health; and

(v) the provision and maintenance of a working environment for his employees that is safe, without risks to health, and adequate facilities for the welfare of employees at work.

The OSHA 1994 also requires a company to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning, or occupational disease which has occurred or is likely to occur at the place of work.

Failure to comply with the above will result in an offence and the employer is liable, on conviction, to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

As at LPD, our Group has implemented a general safety and health policy and a safety and health committee has been established to monitor the safety and health related matters.

(e) PDPA 2010

The PDPA 2010 regulates the processing of personal data in commercial transactions and provides for matters connected therewith and incidental thereto. The PDPA 2010 applies to (i) any person who processes and (ii) any person who has control over or authorises the processing of any personal data in respect of commercial transactions ("**Data User**").

The processing of personal data by a Data User shall comply with various personal data protection principles, namely (a) the General Principle; (b) the Notice and Choice Principle; (c) the Disclosure Principle; (d) the Security Principle; (e) the Retention Principle; (f) the Data Integrity Principle; and (g) the Access Principle (collectively, "**the Personal Data Protection Principles**").

A Data User who contravenes the Personal Data Protection Principles commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

As at LPD, as our Group is a Data User within the PDPA 2010, we have obtained a valid certificate of registration under the PDPA 2010.

(f) LGA 1976

The LGA 1976 empowers every local authority to grant licences or permits for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As our Group's business activities are carried out in Shah Alam, Sepang, Penang and Johor, we are subject to the by-laws of the respective states.

(i) The Licensing of Trades, Businesses, and Industries (Klang Municipal Council) By-Laws 2007 ("**Klang By-Laws**") provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority.

    Any person who contravenes any provision of the Klang By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both, and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

In addition, the Advertisement (Klang Municipal Council) By-Laws 2007 ("**Klang Advertisement By-Laws**") also provides that no person shall exhibit any advertisement without a licence issued by the licencing authority.

Any person who contravenes any of the provisions of the Klang Advertisement By-Laws shall be guilty of an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both.

(ii) The Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 ("**Shah Alam By-Laws**") provides that no person shall (i) operate any activity of trade, business and industry or use any place or premise in the local area of Shah Alam for any activity of trade, business and industry; or (ii) exhibit any advertisement, without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Shah Alam By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

(iii) The Licensing of Trades, Business and Industries (Sepang Municipal Council) By-Laws 2007 ("**Sepang By-Laws**") provides that no person shall (i) operate any activity of trade, business and industry or use any place or premise in the local area of Sepang for any activity of trade, business and industry; or (ii) exhibit any advertisement, without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Sepang By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

(iv) The Licensing Payment (Seberang Perai City Council) By-laws 1980 ("**Seberang Perai By-Laws**") provides that it is an offence for a person who operates business activity without valid licence issued by the MBSP. Further, no person shall exhibit or cause or permit to be exhibited any advertisement without a licence issued by the MBSP.

Any person who contravenes any provisions of the Seberang Perai By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

(v) The By-laws (Business and Industrial Trade) of the Municipal of Penang Island 1991 ("**Penang Island By-Laws**") provides that no person shall (i) operate any activity of trade, business and industry or use any place or premise in the local area of Penang Island for any activity of trade, business and industry; or (ii) exhibit or erect or cause to be exhibited any advertisement, without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Penang Island By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

(vi) The Licensing of Trade, Business and Industries (Iskandar Puteri City Council) By-Laws 2018 ("**Johor By-Laws**") provides that no person shall (i) use any place or premise within the area of Iskandar Puteri City Council for any trade, business or industry for which fees have been prescribed in the Schedule; or (ii) exhibit or cause to be exhibited any advertisement, without a licence issued by the licensing authority.

Any person who contravenes any provisions of the Johor By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both such fine and imprisonment.

As at LPD, our Group holds and maintains valid business premise licences for all our operating business premises. Our Group also maintains valid advertising licences in respect of all premises with external signboards.

(g) National Land Code ("NLC")

The NLC is the principal legislation governing land matters in Malaysia. It specifically applies to land situated in Peninsular Malaysia and the Federal Territory of Labuan. Under the NLC, there are three categories of land use, namely "building", "industry", and "agriculture". The specific category of land use is indicated on the documents of title issued by the state authority. Additionally, all alienated lands in Peninsular Malaysia and the Federal Territory of Labuan are subject to both the implied conditions as outlined in the NLC and express conditions imposed by the state authority.

Upon any breach arising from any condition to which any alienated land is for the time being subjected to, (i) the land shall become liable to forfeiture to the state authority and (ii) except in a case where a fine is imposed or where action for the purpose of causing the breach to be remedied is first required to be taken, the land administrator shall proceed with the enforcement of the forfeiture in accordance to the provisions of the NLC.

As at LPD, there is no breach and/or non-compliance of property or land use conditions in relation to the premises owned or rented by our Group to carry out our business operations.

(h) SDBA 1974, TCPA 1976 and UBBL 1984

In the course of our business operations, it is necessary for us to ensure that the properties owned or rented by our Group comply with the SDBA 1974, TCPA 1976, UBBL 1984, and the relevant by-laws issued thereunder. These regulations govern various aspects, including the occupation of buildings and the standardization of local government matters related to streets, drainage, and buildings. The SDBA 1974 establishes laws and policies regarding local government matters pertaining to streets, drainage, and buildings in Peninsular Malaysia. It provides for the requirement of a CF/CCC to ensure that buildings are safe and suitable for occupation. The TCPA 1976 governs the proper control and regulation of town and country planning in Peninsular Malaysia and regulates among other modifications to planning permissions and building plan approvals issued by local authorities. The UBBL is a subsidiary regulation made under the SDBA 1974.

Pursuant to Section 70(1) of the SDBA 1974, no person shall erect any building without the prior written permission of the local authority. Any person who fails to comply with such provision commits an offence and shall upon conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 3 years or both and a further fine of RM1,000 for every day during which the offence is continued after conviction. Further, Section 70(27) of the SDBA 1974 also stipulates that no person shall occupy or permit to be occupied any building or any part thereof without a CF/CCC. Any person who fails to comply with such provision commits an offence and shall upon conviction, be liable to a fine not exceeding RM250,000 or imprisonment for a term not exceeding 10 years or both.

Pursuant to the Selangor UBBL 1984, a TBP may be issued at the discretion of the local authority for the erection of a temporary building for a limited period to be specified upon the expiration of which the building shall be demolished.

As at LPD, save for the Shah Alam Office and Warehouse and Shah Alam Workshop where TBPs have been issued by MBSA (see Section 6.8.1 for further details), all properties owned and rented by our Group in Peninsular Malaysia have valid CF/CCC.

(i) FSA 1988 and FSO 1998

Pursuant to Sections 28 of the FSA 1988, every designated premises shall require a fire certificate which shall be renewable annually. Further, under the FSO 1998, the Director General of Fire Services has determined that premises of which the use, size and location are specified in the schedule of the FSO 1998, shall be designated premises for the purpose of issuance of a fire certificate under the FSA 1988. Such designated premises include offices, with the following description:

(i) Offices – 30 metres and above in height or 10,000m^2 and over (total floor area)

(ii) Factories –

- (aa) Single storey – 2,000m^2 and over (total floor area) where the automatic sprinkler systems are installed
- (bb) 2 storeys and above – 2,000m^2 and over (total floor area) where the automatic sprinkler systems are installed
- (cc) Special structures – Hazardous processes

(iii) Storage and general –

- (aa) Underground car park of 2,000m^2 and over (total floor area) where the automatic sprinkler systems are installed
- (bb) 1,000m^2 and over (total floor area) or 7,000 cubic metres and over, where the automatic sprinkler systems are installed

Under the FSA 1988, where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or both.

As at LPD, our Bukit Mertajam Office and Warehouse as well as Port Klang Office and Warehouse, which falls within the definition of designated premises under the FSA 1988, have a valid fire certificate issued by the Fire and Rescue Department of Malaysia.

(j) **EA 1955**

The EA 1955 regulates all labour related matters and employment relationship between employers and employees. It serves as a framework for protecting the rights and welfare of employees.

Any person who commits any offence under, or contravenes any provision of the EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at LPD, our Group complies with the relevant requirements under the EA 1955.

(k) **EMSA 1990**

The EMSA 1990, as amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019, establishes the minimum housing, nurseries and accommodation criteria for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees. Pursuant to the EMSA 1990, no accommodation shall be provided to an employee unless certified with a CFA by the Department of Labour Peninsular Malaysia. Employers who fail to obtain such CFA commit an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

As at LPD, we have obtained the CFA for our workers' accommodation which are occupied by our foreign employee.

(l) **EQA 1974**

Due to the nature of our Group's business activities, we are required to comply with the EQA 1974 and its regulations, among others, the Environmental Quality (Scheduled Wastes) Regulation 2005 ("**Scheduled Waste Regulations**") with respect to the disposal of scheduled waste in Malaysia.

It is an offence under EQA 1974 to dispose scheduled wastes on land or into Malaysian water unless with the approval of the DOE. Failure to comply with the provisions under the EQA 1974 is an offence and a person may be held liable to a fine of not more than RM500,000 or imprisonment of not more than 5 years or both.

As at LPD, our Group's disposal of scheduled wastes is carried out by a licenced service provider. Our Group has observed and will continue to ensure compliance with the provisions of EQA 1974 and its regulations.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.6. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

6.9.2 Hong Kong

As at LPD, SK Logistics HK is not subject to any particular laws or regulations of Hong Kong other than those generally applicable to companies incorporated and/or operating in Hong Kong.

6.9.3 PRC

As at LPD, Shanghai Shuntong International is not subject to any particular laws or regulations of the PRC other than those generally applicable to companies incorporated and/or operating in China.

6.10 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Our Group has implemented, and are in the midst of implementing, the following practices:

(a) Environment

Our Group is committed to upholding environmental preservation and care through the incorporation of sustainable practices in our business operations. The measures that we have taken or plan to take (as the case may be) include the following:

- we place importance on acquiring commercial vehicles that have low emissions and meet relevant regulations. These vehicles with Euro 5 engines are equipped with advanced technologies to minimise the release of pollutants. These vehicles demonstrate remarkable efficiency in their fuel ignition, exhaust, and emission control systems, which not only enhance their overall performance but also contribute to their sustainability. As of LPD, within our fleet of box trucks and prime movers, which have the capability to accommodate Euro 5 engines, there are a total of 59 units or 27.4% out of the 215 units in this category that have been equipped with Euro 5 engines.

- we prioritise sustainability by carefully managing used lubricant oil, after conducting scheduled maintenance for our commercial vehicles at specific intervals. This is demonstrated through our exclusive practice of storing and selling such used oil solely to licensed collectors. This ensures proper management, recycling, and environmentally friendly repurposing of the oil. Between 2022 and up to LPD, approximately 35,870 litres of used lubricant oil are sold for recycling.

- we incorporate the practice of tyre retreading as an alternative to purchasing new tyres for our operation. However, this practice is limited to our trailers only as our drivers' safety is our utmost concern. Furthermore, we are dedicated to accepting grade-A retreaded tyres to ensure the highest quality standards. Tyre retreading involves refurbishing and reconditioning old tyres, extending their lifespan and optimising their performance. This practice not only aligns with our sustainability goals by minimising the environmental impact of tyres disposal, but enables us to achieve cost savings while ensuring the safety and reliability of our drivers. The number of tyres being retreated in 2022 and up to LPD are approximately 966.

- in 2006, our Group proactively addressed carbon footprint reduction by transitioning our forklifts and reach trucks used in warehousing activities from gas-powered to electric-powered. As at LPD, 25 units of our forklifts and reach trucks are electric-powered. This switch not only contributes to a safer work environment for our employees but also eliminates on-site emissions, demonstrating our commitment to sustainability.

- we facilitate Electronic Proof of Delivery (ePOD) by equipping each driver with smartphones that have data connectivity through the installation of a designated app required by selected customers which enables prompt recipient confirmation. This not only enhances delivery efficiency and customer satisfaction but also enables an eco-friendly approach to acknowledgement.

- we have adopted a paperless approach by converting our office documents into digital formats, minimising the necessity for paper printing. Additionally, in our administrative function, we discourage unnecessary printing and encourage our employees to rely on digital versions of documents. By default, our outgoing documents e.g. invoices are in digital form unless specifically requested by stakeholders. On top of this, we have prominently displayed notices throughout our premises, encouraging everyone to turn off lights and water taps when not in use.

- our warehouse buildings in Shah Alam & Bukit Mertajam have been designed to prioritise the utilisation of natural light in mind, excluding areas with cold room facilities such as chilled, freezer, and/or air-conditioned rooms. By maximising the use of natural sunlight, we significantly reduce the need for electric lighting during daylight hours. Additionally, we have implemented energy-saving measures by utilising light bulbs and tubes that are designed to consume less electricity, i.e. Light Emitting Diode (LED) light.

(b) Social

Our Group is committed to act responsibly to all our stakeholders in our business operations as well as to the community in which we operate.

The safety, health and welfare of our employees in our workplace is one of our top priorities. Our Group has established a Safety and Health Committee to ensure compliance with our Guidelines on Occupational Safety and Health Policy by protecting the health and safety of our employees against the risk arising from our operational processes. In addition, we prioritise the safety and well-being of our staff by providing them with essential safety equipment. We ensure that relevant employee is equipped with helmets, vests, and shoes to promote a safe working environment.

Besides this, social protection for foreign workers' welfare is also set up by our Group. The Foreign worker employed under our Group is residing in our worker's dormitory that complied with the EMSA 1990. Please refer to Sections 6.6(k) and 6.9.1(k) for further details.

In terms of our employees' welfare, our Group hosted company festival events i.e. Chinese New Year and Hari Raya Aidilfitri that offer employees from diverse backgrounds an opportunity to learn about various rituals and customs. These events provide a platform for cultural exchange, enabling everyone to appreciate and celebrate the rich cultural heritage and traditions within our organisation. By encouraging cross-cultural understanding, we foster a sense of unity, respect, and appreciation among our employees. The total expenses for both events hosted in 2023 are approximately RM25,700.

In addition, our Group has taken various corporate social responsibility initiatives to serve the needs of the community, including the following:

- in July & August 2022, our Group donated mattresses to a local old folk home, Pertubuhan Kebajikan Warga Emas Kenang Budi Kuala Lumpur. By providing these essential bedding items, we hope to enhance the comfort and sleep quality of the elderly residents, promoting their overall well-being. Additionally, we extended our support by donating meals to them, ensuring that the elderly receive proper nourishment.

- in October 2022, our Group made a contribution by donating monetary funds and diapers to Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra Petaling Jaya, Selangor. By providing financial support and essential supplies, such as diapers, we aim to improve the well-being and quality of life for the residents of these facilities.

- in December 2022, we spreading Christmas wishes and joy to Pusat Penjagaan Kanak-kanak Cacat Taman Megah. Through joyful songs, groceries, cash donations and quality time with the children, we filled their hearts with love.

- in January 2023, our Group shared New Year's hopes with seniors at Pusat Jagaan Rumah Sejahtera Permatang Tinggi. Recognising their lack of family, we visited with gifts, angpows, and mandarin oranges to foster a sense of togetherness. Our heartfelt gesture brought cheer during the Lunar New Year.

- in February 2023, our Group actively participated in a humanitarian aid operation organised by the Turkish Embassy in Malaysia, assisting earthquake-stricken areas in Turkey by providing transportation services for aid materials.

- in March 2023, our Group celebrated Ramadan and Hari Raya Aidilfitri by bringing joy to 165 underprivileged children at Pusat Jagaan Cahaya Kasih Bestari. We offered food, Raya essentials, and cash donations to enhance their festive celebrations.

From 2022 to 2023, we made contributions to the community approximately valued at RM26,300, consisting of both monetary donations and goods.

(c) Governance

Our Group is committed to conduct our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.9 In maintaining high standards of corporate governance, our Board has adopted the recommendations under the MCCG.

In addition, our Group has embraced a zero-tolerance stance on bribery, and as such, we have implemented comprehensive policies and procedures to ensure strict adherence to the Malaysian Anti-Corruption Commission Act 2009 and its amendments. As part of our commitment to risk management, we have established a Risk Management Framework to diligently monitor risks associated with our company's objectives. Moreover, to foster transparency and fairness in our business practices, we have implemented a Whistleblowing Policy and Privacy Policy. These measures aim to encourage reporting of misconduct and safeguard the privacy of individuals involved.

6.11 EMPLOYEES

As at LPD, our Group has a total workforce of 248 employees of which 141 employees are full-time employees, all of whom are Malaysian and the balance 107 employees are on contract basis, including 1 foreign worker.

The breakdown of our employees as at 31 December 2023 and LPD are as follows:

	No. of employees				
	Permanent		Contract / Temporary		
Department	**Local**	**Foreigner**	**Local**	**Foreigner**	**Total**
As at 31 December 2023					
Executive Directors	3	-	-	-	3
Key management	4	-	-	-	4
Account and finance	18	-	-	-	18
Human resources and administration	11	-	-	-	11
Safety, security and compliance	6	-	-	-	6
IT	1	-	-	-	1
Vehicle maintenance	17	-	1	1	19
Sales and marketing	1	-	-	-	1
Warehouse	39	-	1	-	40
Express	3	-	5	-	8
Freight forwarding	12	-	-	-	12
Transport	25	-	96(1)	-	121
Total	**140**	**-**	**103**	**1**	**244**
As at LPD					
Executive Directors	3	-	-	-	3
Key management	4	-	-	-	4
Account and finance	19	-	-	-	19
Human resources and administration	9	-	-	-	9
Safety, security and compliance	6	-	-	-	6
IT	1	-	-	-	1
Vehicle maintenance	23	-	1	1	25
Sales and marketing	-	-	1	-	1
Warehouse	38	-	1	-	39
Express	2	-	6(1)	-	8
Freight forwarding	12	-	-	-	12
Transport	24	-	97(1)	-	121
Total	**141**	**-**	**106**	**1**	**248**

Note:

(1) Our drivers are categorised in the Express and Transport departments, who are responsible for the shipment of trucking, container haulage, express delivery and cargo escort services.

For avoidance of doubt, our drivers are hired on a contract basis instead of permanent employment as this allows our Group to better assess the performance, attitude and reliability of our drivers and enables us to make informed and competitive decisions during contract renewals, as compared to permanent positions. As such, this allows our Group to have greater flexibility in managing our drivers during contracts renewal depending on their performance, as compared to hiring drivers on a permanent basis. Notwithstanding the challenges in retaining and hiring skilled drivers faced by industry players including our Group, our Group regularly reviews the contracts with our drivers and monitors market rate to ensure that the contract terms offered to our drivers are competitive and attractive to retain skilled drivers. Our Group also assigns jobs to drivers based on their experience whereby the experienced and well-performed drivers will be assigned with longer haul routes with higher remunerations. Further, we also manage the allocation of jobs to drivers to enable them to earn consistent and stable income as well as provide job training to drivers.

To the best of our knowledge, hiring of drivers on contract basis is a norm in the logistic industry. Nevertheless, there may be logistic companies that hire their drivers on permanent basis.

In addition to the above, as at 31 December 2023 and as at LPD, we engaged 19 local freelance drivers as licensed drivers for our Group.

There were no significant changes in the number of employees of our Group for FYE 2023 and up to LPD.

None of our employees belong to any labour union, Transport Workers Union or any other union and over FYE 2020 to 2023 and up to LPD, there is no labour dispute between our management and our employees. Additionally, over FYE 2020 to 2023 and up to LPD, there has not been any incident of work stoppage that has materially affected our operations.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 25 October 1994 as a private limited company under the name of Sin-Kung Logistics Sdn Bhd and was converted to a public limited company under the name of Sin-Kung Logistics Berhad on 1 August 2022.

The history of our Group can be traced back to the incorporation of Sin-Kung Logistics Sdn Bhd by our late founders, namely Ong Leng Jin, Tuan Haji Azizuddin bin Haji Md. Taib and Mohamed Ariff bin Mohamed Ariffin.

The table below sets out the key events and milestones in the history and development of our Group and business operations:

Year	Key events and milestones
1994	• With the establishment of Sin-Kung Logistics Sdn Bhd by our late founders, we set up our first office in Diamond Valley Industrial Park, Batu Maung, Penang ("**Penang Island Office**") to provide domestic trucking services primarily in point-to-point trucking services covering service routes within Peninsular Malaysia.
1995	• We set up our first warehouse in Diamond Valley Industrial Park, Batu Maung, Penang ("**Penang Island Warehouse**") to expand into the provision of warehousing and distribution services in the northern region of Peninsular Malaysia. • In efforts to grow our trucking business beyond domestic service routes in Peninsular Malaysia, we expanded our service route coverage by providing cross-border point-to-point trucking services between Peninsular Malaysia and Singapore.
1996	• We set up an office in Cheras, Kuala Lumpur to establish our physical presence in the central region of Peninsular Malaysia.
1998	• We relocated our central region office from Cheras, Kuala Lumpur to Petaling Jaya, Selangor.
2000	• We ventured into the provision of domestic and cross-border airport-to-airport road feeder services as an expansion of our trucking services, transporting shipment of loose cargo and ULDs within Peninsular Malaysia as well as between Peninsular Malaysia and Singapore.
2001	• We obtained our first ISO 9001:2000 (now known as ISO 9001:2015) certification from Lloyd's Register Quality Assurance.
2002	• We ventured into the provision of licensed brokerage and forwarding services.
2003	• Our Managing Director, Alan Ong Lay Wooi, who was identified as the successor to his late father, Ong Leng Jin, became a shareholder of Sin-Kung Logistics Sdn Bhd and was also appointed as our Group's Director.

Year	Key events and milestones
2004	• We commenced the construction of an office building ("**Shah Alam Office 1**") and Shah Alam Workshop. The Shah Alam Office 1 is referring to the double-storey office which is part of the Shah Alam Workshop.
2005	• We commenced the construction of another office building ("**Shah Alam Office 2**") together with our Shah Alam Warehouse. The Shah Alam Office 2 and Shah Alam Warehouse are collectively known as Shah Alam Office and Warehouse. • Upon the completion of the construction of Shah Alam Office 1 and Shah Alam Workshop, we relocated our central region office from Petaling Jaya, Selangor to Shah Alam Office 1 and Shah Alam Workshop in December 2005 whereby the office building is used as our Group's headquarters while the workshop is used to carry out maintenance and repair works as well as vehicle painting for our fleet of commercial vehicles.
2006	• The construction of Shah Alam Warehouse was completed. • We expanded our service offerings to provide cargo escort services as a complementary service to our trucking services to our customers.
2007	• With the establishment and commencement of operations of our Shah Alam Warehouse, we expanded our warehousing and distribution services to the central region of Peninsular Malaysia.
2008	• We set up the Johor Office as our branch office to establish our physical presence in Johor. • The construction of Shah Alam Office 2 was completed and we re-designated Shah Alam Office 2 as our Group's headquarters.
2009	• We ventured into the provision of container haulage services, transporting customers' containers between customers' premises and Port Klang, Selangor.
2012	• We set up the KLIA Sepang Office as our branch office to establish our physical presence in KLIA and to better access the airport.
2016	• We expanded our service route coverage for the provision of cross-border airport-to-airport road feeder services to Thailand. • Sin-Kung Logistics Sdn Bhd was granted the IILS status by MIDA.
2017	• As part of vertical expansion of our business, we ventured into the provision of express delivery services, marking our entry into last mile logistics services.

Year	Key events and milestones
2019	• We obtained GDPMD certification from TÜV SÜD (Malaysia) Sdn Bhd. • We acquired the Bukit Mertajam Office and Warehouse as part of our business expansion in the northern region of Peninsular Malaysia.
2021	• We set up the Penang International Airport Office as our branch office.
2022	• We ceased operations at our Penang Island Office and Penang Island Warehouse upon the expiration of its tenancy in March 2022. • We commenced operations at our Bukit Mertajam Office and Warehouse. • We commenced operations at our Butterworth Warehouse. • We also commenced operations at the Bukit Minyak Office and Warehouse in December 2022.
2023	• We acquired the Port Klang Office and Warehouse as part of our business expansion in the central region of Peninsular Malaysia and commenced operations in November 2023. • We were granted the AEO status by RMCD.

The awards that we have received include the following:

Year	Award	Awarding body
2014	Land Public Transportation Symposium Award 2014 - Best Operator for Freight Category A(1)	SPAD
2015	SPAD Land Public Transport Symposium 2015 - Pengendali Kenderaan Barangan (A)(1) (Kepujian Merit)	SPAD
2016	SPAD Land Public Transport Symposium 2016 - Best Safety Practices	SPAD
2017	Top Achievement Award 2017	EVA Airways Corporation
2018	2018 Service Provider of the Year for Distribution Warehouse in recognition of excellence in Operational Performance, Security, Technology, Customer Service, Continuous Improvement	Customer C(2)
2020	2020 Service Provider of the Year in recognition of Continuous Improvement, Customer Service, Operations, Technology, Security	Customer C(2)

Year	Award	Awarding body
2021	2021 Service Provider of the Year in recognition of excellence in Technology & Capabilities, Continuous Improvement, Operational Performance, Security & Compliance, Customer Service, Operation	Customer C[(2)]
2021	Service Provider of the Year – Distribution Warehouse	Customer C[(2)]
2021	Service Provider of the Year – Local Pickup & Delivery	Customer C[(2)]
2022	2022 Service Provider of the Year for Distribution Warehouse in recognition of excellence in Relationship & Communication, Operational Excellence, Compliance, Security & Risk, Technology & Capabilities, Innovation, Improvement & Investment, Environment & Sustainability, Pricing & Terms	Customer C[(2)]
2022	2022 Service Provider of the Year for Local Pickup & Delivery in recognition of excellence in Relationship & Communication, Operational Excellence, Compliance, Security & Risk, Technology & Capabilities, Innovation, Improvement & Investment, Environment & Sustainability, Pricing & Terms	Customer C[(2)]
2023	2023 Service Provider of the Year for Distribution Warehouse in recognition of excellence in Relationship & Communication, Operational Excellence, Compliance, Security & Risk, Technology & Capabilities, Innovation, Improvement & Investment, Environment & Sustainability, Pricing & Terms	Customer C[(2)]
2024	Anugerah Gudang Berlesen Inovatif Tahun 2023 – Rakan Kongsi Pintar RMCD Pulau Pinang	RMCD Pulau Pinang

Notes:

(1) Freight Category A and Kenderaan Barangan (A) refer to vehicles which carry goods for hire or reward or in connection with any trade or business being carried out.

(2) Customer C is a company based in Malaysia which is a subsidiary of an American corporation listed on the New York Stock Exchange. The group is principally in the provision of global logistics services such as customs brokerage, order management, time-definite transportation, warehousing and distribution, temperature-controlled transit, cargo insurance, specialised cargo monitoring and tracking, and other customised logistics and consulting solutions. We are unable to disclose the identity of Customer C by virtue of the confidentiality clause(s) stated in the agreement(s) executed with Customer C.

7.2 DESCRIPTION OF OUR BUSINESS

7.2.1 Business activities

We are an integrated logistics service provider principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services. Additionally, we also provide container haulage services, warehousing and distribution services and other logistics-related services to our customers.

The details of each of our business activities are described in the following sections:

7.2.1.1 Provision of trucking services

Our trucking services entail domestic and cross-border road transportation of domestic, import and export cargo between two locations using our own fleet of commercial vehicles. Our domestic trucking services cover service routes within Peninsular Malaysia whereas our cross-border trucking services cover service routes between Peninsular Malaysia, Singapore and Thailand. Further, our trucking services can be segmented into airport-to-airport road feeder services and point-to-point trucking services.

As at LPD, 302 out of the 461 commercial vehicles that we own and operate are used for the provision of our trucking services and comprise 3-ton and 8-ton box trucks, 3-ton and 8-ton refrigerated box trucks, prime movers for trucking, 40-ft, 45-ft and 55-ft box trailers, curtain sider box trailers, refrigerated box trailers and 1 unit each of box truck with tail lift, crane truck, open truck and low loader trailer. Please refer to Section 7.2.4 for further details on our fleet of commercial vehicles.

Our trucking services are provided to our customers either by entering into agreements or service contracts, or provided on an ad-hoc or seasonal basis via request on transportation or on quotation basis. As our Group is equipped with a diverse range of commercial vehicles, we are able to carry cargo of various types and sizes such as pharmaceutical products (including COVID-19 vaccines), fast-moving consumer goods, electronic products, personal protective equipment, time sensitive goods, temperature sensitive goods, hazardous or dangerous goods and other general cargo. For goods that are required to be stored under cold temperatures, we are equipped with refrigerated box trucks and refrigerated box trailers to cater for such needs. In addition, we are also equipped with commercial vehicles that are suitable for carrying large, odd-size and/or heavy equipment or machinery such as factory machines, motor vehicles, aircraft engines and helicopters to fulfil customers' project cargo needs.

In addition to transporting cargo, we also help customers in liaising with the relevant governmental and regulatory authorities to manage and handle the necessary regulatory approvals and documentations for the transportation of cargo. Further, as we provide cross-border trucking services, customs clearance are performed on behalf of our customers. Such customs clearance tasks include preparing and processing customs documentation, making customs declaration, and paying taxes and duties. Please refer to Section 7.2.1.4(a) for further details on the customs clearance process.

We offer two options for the transportation of our customers' cargo, namely:

- FTL where the entire load or capacity of a commercial vehicle is dedicated to the shipment of a single customer. Our trucking schedule for FTL is arranged based on customers' specified schedules as well as the availability of the type of commercial vehicle required for the transportation of customer's cargo at a particular specified time. Alternatively, where shipment volumes are consistent and predictable, we may arrange to have trucks on standby at airports for our customers; and

- LTL where the load or capacity of a commercial vehicle is shared among multiple customers in which the cargo of multiple customers will be transported using the same commercial vehicle going on the same route. Our trucking service schedule for LTL is fixed and determined by our Group.

Further details of the segmentation of our trucking services are as follows:

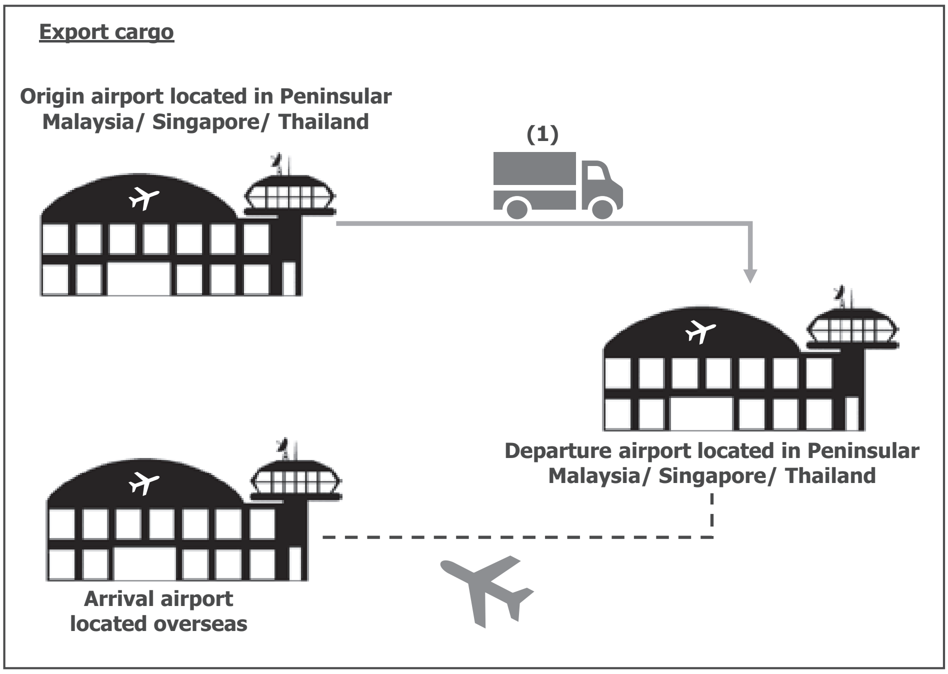
(a) Airport-to-airport road feeder services

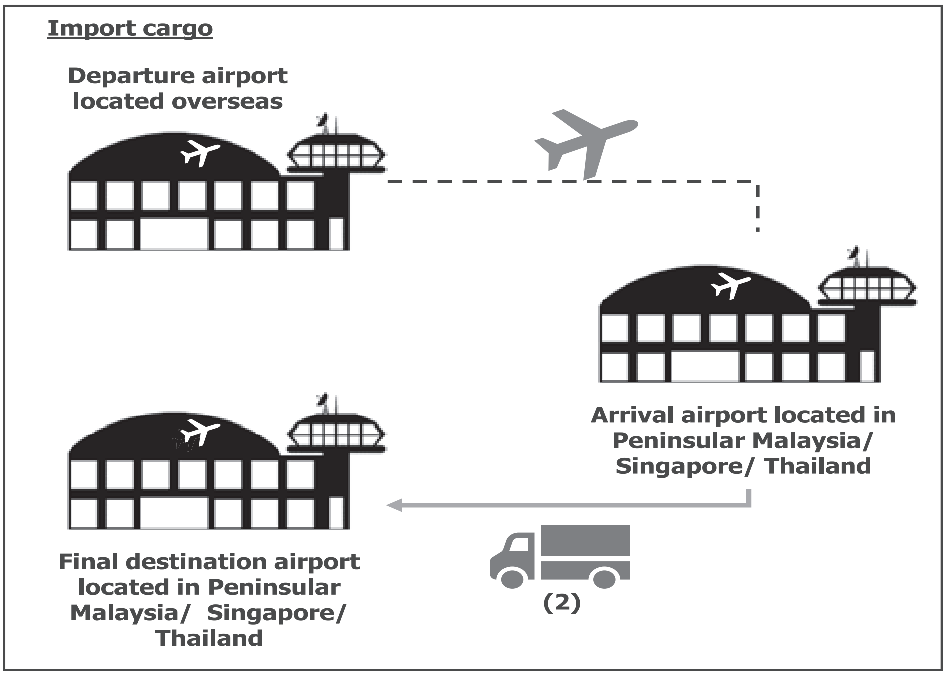
Airport-to-airport road feeder service is a road transportation service on a FTL (i.e. for customers who have a full load of cargo or require an entire capacity of a commercial vehicle) and LTL basis (i.e. for customers who do not have sufficient cargo volume to fulfil the entire load or capacity of a commercial vehicle) involving the transportation of customers' export and import cargo between two airports. It is an alternative method to transport cargo between airports, whereby the cargo is transported on land by trucks such as box trucks and refrigerated box trucks or prime movers with trailers as follows:

- For export cargo, our customers engage us to transport cargo from the origin airport (which may be located in Peninsular Malaysia, Singapore or Thailand, for example Penang International Airport) to a departure airport (which may also be located in Peninsular Malaysia or Singapore or Thailand, for example KLIA) due to no timely connections or limited cargo space on flight services from Penang International Airport to KLIA. This arrangement will be faster in comparison to waiting for the next available flight with sufficient cargo space from Penang International Airport to KLIA. Thereafter, the cargo is transported by our customers by air from the departure airport to the arrival airport located overseas. For clarity purposes, in such scenario, there are no direct flights available between the origin airport and arrival airport.

- For import cargo, the cargo is transported by our customers by air from the departure airport located overseas to an arrival airport (which may be located in Peninsular Malaysia or Singapore or Thailand, for example Singapore Changi Airport). Our customers engage us to transport cargo from the arrival airport to the final destination airport (which may also be located in Peninsular Malaysia or Singapore or Thailand, for example Subang Airport) due to no timely connections or limited cargo space on flight services from Singapore Changi Airport to Subang Airport. This arrangement will be faster in comparison to waiting for the next available flight with sufficient cargo space from Singapore Changi Airport to Subang Airport. For clarity purposes, in such scenario, there are no direct flights available between the departure airport and final destination airport.

Illustrations of our role in the provision of airport-to-airport road feeder services are as below:





Notes:

(1) Refers to the transportation of export cargo from origin airport located in Peninsular Malaysia / Singapore / Thailand to departure airport located in Peninsular Malaysia / Singapore / Thailand via our airport-to-airport road feeder services.

(2) Refers to the transportation of import cargo from arrival airport located in Peninsular Malaysia / Singapore / Thailand to final destination airport located in Peninsular Malaysia / Singapore / Thailand via our airport-to-airport road feeder services.

We provide both domestic and cross-border airport-to-airport road feeder services. Domestic airport-to-airport road feeder service involves the transportation of cargo between two airports located within Peninsular Malaysia; and cross-border airport-to-airport road feeder service involves the transportation of cargo from one airport from one country to an airport located in another country, and vice-versa. These countries include Peninsular Malaysia, Singapore and Thailand.

As at LPD, the service routes that we currently operate for our airport-to-airport road feeder services on a regular basis are as follows:

Domestic
- Subang Airport, Selangor – KLIA, Selangor and vice versa
- Penang International Airport, Penang – KLIA, Selangor and vice versa
- Penang International Airport, Penang – Subang Airport, Selangor and vice versa

Cross-border
- Penang International Airport, Malaysia – Singapore Changi Airport, Singapore and vice versa
- Subang Airport, Malaysia – Singapore Changi Airport, Singapore and vice versa
- KLIA, Malaysia – Singapore Changi Airport, Singapore and vice versa

Our airport-to-airport road feeder services for all of the service routes that we currently operate are provided on FTL basis only (where our customers have a full load of cargo or require the entire capacity of a commercial vehicle), save for the service routes from Penang International Airport to KLIA and vice versa, KLIA to Singapore Changi Airport as well as Penang International Airport to Singapore Changi Airport in which we provide both FTL and LTL options. LTL option is available to customers who do not have sufficient cargo volume to fulfil the entire load or capacity of a commercial vehicle, whereby our Group will consolidate cargo from multiple customers in a single commercial vehicle.

Nonetheless, our Group is not limited to the abovementioned service routes for the provision of our airport-to-airport road feeder services as we are able to transport cargo to service routes or airports which we do not have regular schedules or do not currently cover, in the event that we receive such requests from our customers. For instance, we are able to offer airport-to-airport road feeder services to other airports such as Langkawi International Airport and Senai International Airport in Malaysia as well as Phuket International Airport, Suvarnabhumi Airport, Don Mueang International Airport and U-Tapao-Rayong-Pattaya International Airport in Thailand for FTL on an ad-hoc basis upon request from our customers.

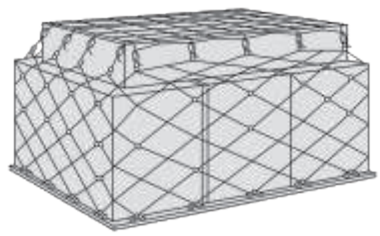
For our airport-to-airport road feeder services within Peninsular Malaysia and between Peninsular Malaysia and Singapore, we carry our customers' cargo directly from, and to, the respective airports of the countries using our commercial vehicles such as box trucks, refrigerated box trucks and prime movers with trailers. Some of our commercial vehicles have ASEAN Goods Vehicle Permit which allow us to provide trucking services covering routes between Peninsular Malaysia and Singapore. Please refer to Section 7.2.4 for further details on the commercial vehicles with ASEAN Goods Vehicle Permit.

However, for transportation to airports in Thailand, as our prime movers do not have the relevant permit from Thailand's Department of Land Transport to enter Thailand, we will haul our trailers (i.e. which have the relevant permit from Thailand's Department of Land Transport) using our prime movers to Bukit Kayu Hitam, Kedah Checkpoint at the Malaysia-Thailand border, and subsequently cut-off and move the trailer to our third party logistics service provider's prime mover in Thailand to be transported to the specified airport in Thailand on behalf of our Group. The customs clearance process for our customers' shipments in Bukit Kayu Hitam, Kedah Checkpoint is managed by our in-house freight forwarding team. Once the trailer has been passed to our third party logistics service provider in Thailand, we will keep track of our third party logistics service provider's prime mover's location through its GPS system to ensure the fulfilment of shipment. As at LPD, there has not been any incidence of non-fulfilment of shipment by our third party logistics service provider in Thailand. For avoidance of doubt, our Group opted not to offer cross-border point-to-point trucking services to/from Thailand at this juncture. This was mainly because the market in Thailand is relatively competitive and such services require localised experience and expertise.

The customers for our airport-to-airport road feeder services comprise cargo airlines, passenger airlines and general sales agents of airlines (i.e. companies that are appointed by airlines to handle cargo sales and logistics for the airlines). As at LPD, we have entered into agreements with 23 cargo and/or passenger airlines and general sales agent of airlines to outline the general terms of engagement with the airline / general sales agent of airlines, some of which may include standard rates and charges. For avoidance of doubt, each shipment with the customer is still subject to a quotation. We are also engaged by cargo and/or passenger airlines and general sales agents of airlines on an ad-hoc or seasonal basis via request on transportation or on quotation basis.

In addition to the types of cargo that our fleet of commercial vehicles can carry as previously mentioned, we also carry our customers' ULDs for the provision of our airport-to-airport road feeder services. ULDs are special containers or pallets which come in various sizes and are used in air cargo for storing baggage and cargo which will be loaded into the aircraft. Depending on the nature of cargo to be stored, the ULDs may also have built-in refrigeration units. Additionally, the ULDs are generally owned by cargo airlines and passenger airlines. We can carry all types and sizes of ULDs which can be accommodated in our trucks or trailers that are equipped with rollers in compliance with the requirements of the relevant authorities in Malaysia, Singapore and Thailand, and are manufactured as per the International Air Transport Association's standards and specifications.

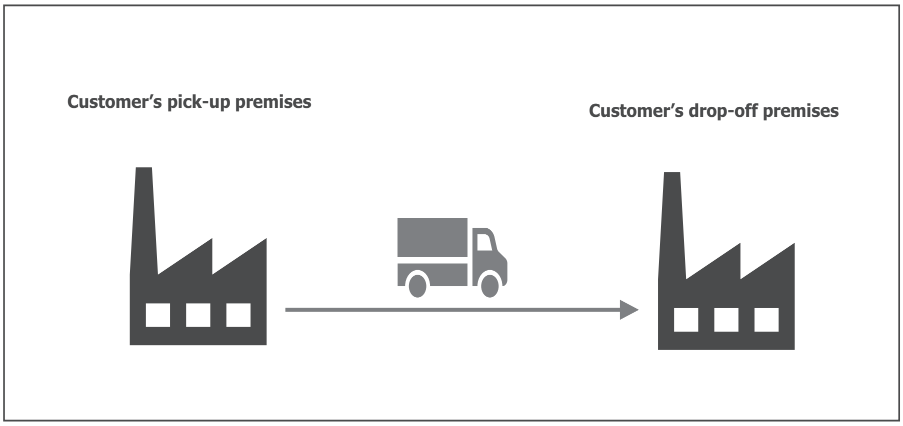
Sample pictures of the ULDs are as follows:



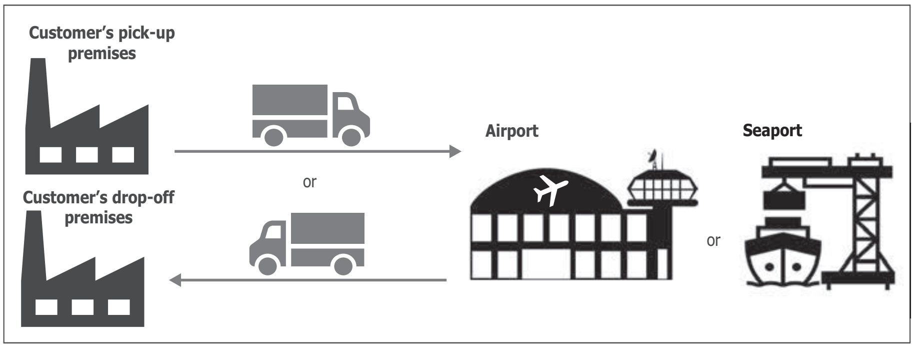
(b) Point-to-point trucking services

We provide point-to-point trucking services on a FTL and LTL basis to customers who require transportation services for their domestic, import and/or export cargo from one or multiple designated pick-up point(s) to one or multiple designated drop-off point(s). The pick-up and drop-off points include the customer's pick-up or drop-off premises (e.g. warehouses, factories or shopping malls), our Group's warehouses, airports and seaports. The illustrations of routes for our point-to-point trucking services that we provide are as follows:

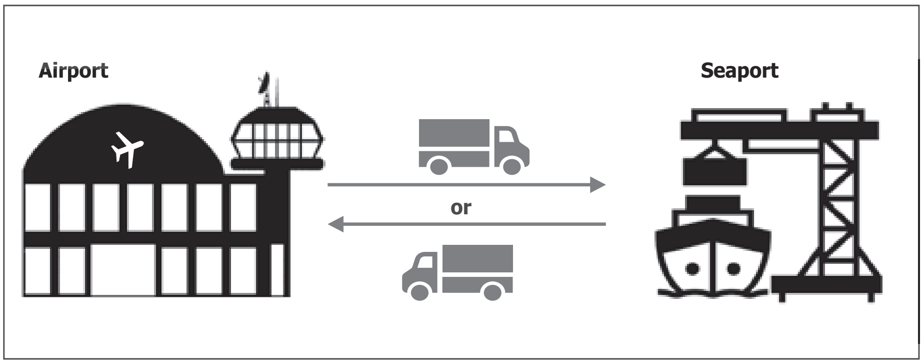
- Between one or multiple customer's pick-up premises and one or multiple customer's drop-off premises;



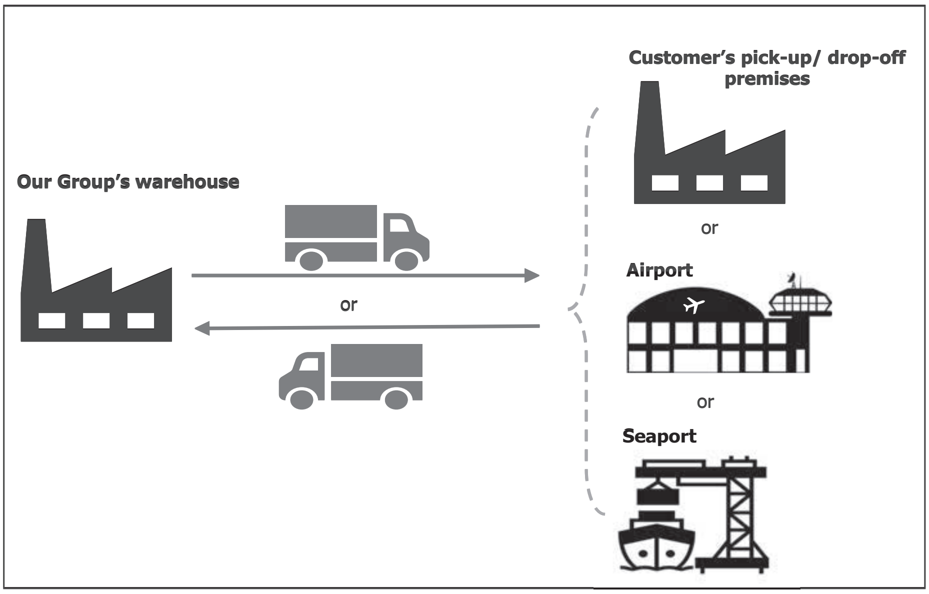
- Between one or multiple customer's pick-up/drop-off premises and airport(s) or seaport(s);



- Between one or multiple airport(s) and seaport(s); and



- Between one or multiple of our Group's warehouse(s) and one or multiple customer's pick-up / drop-off premises, airport(s) or seaport(s) to support our warehousing and distribution services. Please refer to Section 7.2.1.3 for further details on our warehousing and distribution services.



We provide both domestic and cross-border point-to-point trucking services. Our domestic point-to-point trucking services are provided domestically within Peninsular Malaysia whereas our cross-border point-to-point trucking services are provided between Peninsular Malaysia and Singapore.

As at LPD, airports and seaports that we cover for the provision of our point-to-point trucking services are listed as follows:

Airport

- KLIA, Selangor
- Subang Airport, Selangor
- Penang International Airport, Penang
- Senai International Airport, Johor
- Singapore Changi Airport, Singapore

Seaport

- Port Klang, Selangor
- Penang Port, Penang
- Pasir Gudang Port, Johor
- Port Tanjung Pelepas, Johor

The customers for our point-to-point trucking services comprise local and international freight forwarders, and cargo owners who are also known as "shippers" or "consignees" such as manufacturers, wholesalers and traders. The customers for our point-to-point trucking services may also include shippers whom we also provide warehousing and distribution services to, as part of our complementary service offerings.

Please refer to Section 7.3.1 for further details on the process flow of our trucking services.

7.2.1.2 Provision of container haulage services

Our container haulage services refer to the services of transporting containers between Port Klang, Selangor (i.e. Northport and Westport) and the customer's specified location (e.g. warehouse, distribution centre and factory) in Peninsular Malaysia or our Group's warehouse. We provide inbound and outbound container movements where inbound container movement involves the delivery of laden containers from Port Klang, Selangor to our customer's specified location or our Group's warehouse; while outbound container movement involves the delivery of laden containers from our customer's specified location or our Group's warehouse to Port Klang, Selangor. Please refer to Section 7.3.2 for further details on the process flow of our container haulage services.

As at LPD, 145 out of the 461 commercial vehicles that we own and operate are for the provision of our container haulage services comprising 20 prime movers in which 8 of them are equipped with generator sets to cater for the transportation of refrigerated cargo, 124 container trailers (i.e. 20-ft and 40-ft container trailers) and 1 sidelifter. Please refer to Section 7.2.4 for further details on our fleet of commercial vehicles.

Our container haulage services are generally provided to local and international freight forwarders.

7.2.1.3 Provision of warehousing and distribution services

We provide warehousing and distribution services to support our customers in terms of storage and distribution needs. Our customers for our warehousing and distribution services mainly comprise manufacturers, wholesalers, traders, and local and international freight forwarders.

We offer storage services and handling services (i.e. loading and unloading of goods into/ from commercial vehicles) for bonded and non-bonded goods, which include pharmaceutical products, personal protective equipment, electrical and electronic products, large, odd-size and/or heavy equipment or machinery, other general cargo and bulk cargo. The bonded and non-bonded goods may either be stored under ambient temperature or temperature-controlled environment (i.e. cold room facilities comprising chilled, freezer and/or air-conditioned room). Bonded goods have a maximum storage period of 2 years while non-bonded goods do not have a maximum storage period.

Further, we offer pick-and-pack services to our customers who need to store large quantities of bulk cargo in our warehouses, and upon request, have the bulk cargo segregated into smaller packages and repacked for distribution to locations specified by our customer or individually to end-consumers.

The distribution of goods will be carried out by our Group or by third party transporters appointed by our customers. Our distribution services are provided through our point-to-point trucking services in which we will help customers to distribute goods within Peninsular Malaysia and/or from Peninsular Malaysia to Singapore.

With the capability of providing warehousing and distribution services, we are able to support our customers in their supply chain management on a JIT basis. JIT is an inventory management strategy that aligns raw materials, work-in-progress goods and final product deliveries on an as-needed basis. JIT inventory management is a practice adopted by many industry players such as e-commerce merchants, online retailers and chain-store retailers, to lower their inventory carrying costs as they are able to outsource their inventory warehousing to third party warehousing service providers.

As at LPD, we operate 5 warehouses located in Selangor (2 warehouses) and Penang (3 warehouses), where all our warehouses (save for our Port Klang Warehouse) are customs-licensed public bonded warehouses with areas segregated to cater for bonded and/or non-bonded goods operations. The bonded areas of our warehouses are secured areas licensed by the RMCD where we can store and manage dutiable goods on which the customs duties and taxes have not been paid. On the other hand, the non-bonded areas of our warehouses are used to store and manage non-dutiable goods and dutiable goods on which the customs duties and taxes have been paid.

The bonded and non-bonded areas of our respective warehouses are set out in the floor plans of our warehouses which are submitted to and approved by the RMCD. Further, we have implemented delineation through the installation of fences to segregate the bonded and non-bonded areas of our warehouses. As at LPD, our 5 warehouses have a total bonded area of 97,242.7 sq ft and non-bonded area of 75,305.3 sq ft.

The breakdown of the bonded and non-bonded areas of our 5 warehouses are as follows:

Warehouse	**Location**	**Bonded area (sq ft)**	**Non-bonded area (sq ft)**	**Total bonded and non-bonded area (sq ft)**
Shah Alam Warehouse[(1)]	Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor	17,856.4	31,468.1	49,324.5
Bukit Mertajam Warehouse[(1)]	No.1498, Jalan Bukit Tengah, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Penang	49,275.1	3,612.5	52,887.6
Butterworth Warehouse[(2)]	HSC Complex 1, Jalan Permatang Pauh, 13400 Butterworth, Penang ("**HSC Complex**")	6,000.0	N/A[(3)]	6,000.0
Bukit Minyak Warehouse[(4)]	Lot 7720, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Bukit Mertajam, Penang	24,111.2	N/A[(3)]	24,111.2
Port Klang Warehouse[(5)]	Lot 183096, Jalan Sungai Chandong 22/KS11, Taman Perindustrian Pulau Indah Fasa 3A, 42920 Pelabuhan Klang, Selangor	N/A[(3)]	40,224.7	40,224.7

Notes:

(1) Warehouse is owned and operated by our Group. Please refer to Section 6.6 for further details of our GBA licence. As our Group intends to maximise the storage space for non-bonded goods in our Shah Alam Warehouse, we have revised our bonded area from 36,993.6 sq ft previously to 17,856.4 sq ft and our non-bonded area from 12,330.9 sq ft previously to 31,468.1 sq ft. The revision of the size of our Shah Alam Warehouse's bonded and non-bonded areas requires approval from RMCD for which we have received on 6 July 2023.

(2) Warehouse is rented and operated by our Group where the GBA licence in respect of the entire HSC Complex is issued to Hesechan Duty-Free Warehouse Sdn Bhd, the main operator of HSC Complex.

(3) Not applicable.

(4) Warehouse is rented and operated by our Group. Please refer to Section 6.6 for further details of our GBA licence.

(5) Warehouse is owned and operated by our Group where GBA licence is not required. For avoidance of doubt, it is our Group's intention to relocate and operate in full capacity at Port Klang Warehouse in the event of the expiry of the 3-year term of the TBP for Shah Alam Warehouse and further extension is not granted by the relevant authorities prior to the issuance of the CCC. In this event, our Group will apply for the GBA issued to Shah Alam Warehouse to be transferred to the Port Klang Warehouse.

7.2.1.4 Provision of other logistics-related services

We also provide other logistics-related services including licensed brokerage and forwarding services, express delivery services as well as cargo escort services which are detailed as follows:

(a) Licensed brokerage and forwarding services

We provide licensed brokerage and forwarding services where we assist in arranging the end-to-end shipment of cargo on behalf of our customers from one location to another location. Our licensed brokerage and forwarding services include sea, air and land freight forwarding as well as project logistics services. We act as a single point of contact for our customers and are responsible for liaising with the relevant parties involved for the shipment of our customers' cargo, which include customs and port authorities, and third-party logistics service providers.

Further, we are responsible for all aspects of the cargo shipment from picking up the cargo from the point of origin, arranging insurance coverage for the cargo (if required), arranging shipment by sea, air and/or land, arranging for customs clearance at the exporting and destination countries and delivering the cargo to the final destination.

As a licensed brokerage and forwarding service provider, we arrange for the shipment of our customers' cargo using a combination of our in-house trucking services or container haulage services together with other mode of transportation (i.e. sea or air transportation) provided by third-party logistics service providers. As at LPD, we have a freight forwarding team who manages our customers' customs clearance process for customers' shipment at airports namely KLIA and Subang Airport in Selangor, Senai International Airport in Johor and Penang International Airport in Penang, at our Group's warehouses namely our Shah Alam Warehouse in Selangor and Bukit Mertajam Warehouse, Butterworth Warehouse and Bukit Minyak Warehouse in Penang, as well as at locations such as Tanjung Kupang, Johor Checkpoint, Port Klang (i.e. Northport or Westport) and Bukit Kayu Hitam, Kedah Checkpoint. However, customs clearance process for cross-border shipments in locations such as Singapore and Thailand in which our freight forwarding team does not manage, the customs clearance process for these locations will be outsourced to our third party logistics service providers. For the FYE 2020, 2021, 2022 and 2023, the cost of outsourcing the customs clearance process in Singapore to third party logistics service providers were approximately RM0.8 million, RM0.8 million, RM0.4 million and RM0.4 million respectively.

Further, as we outsource our customs clearance process and trucking activities between Batu Kayu Hitam, Kedah Checkpoint and airports in Thailand to our third party logistics service provider in Thailand in FYE 2021, 2022 and 2023, the cost of outsourcing these processes to our third party logistics service provider in Thailand were approximately RM0.1 million, RM0.1 million and RM0.1 million in the respective years. For FYE 2020, we did not have any transactions with our third party logistics service provider in Thailand.

Our licensed brokerage and forwarding services are provided to complement our trucking services, container haulage services, as well as warehousing and distribution services for our bonded goods. Our customers for our licensed brokerage and forwarding services includes cargo airlines, passenger airlines, general sales agents of airlines, manufacturers, local freight forwarders, international freight forwarders, online retailers, chain-store retailers, wholesalers and traders (including importers and exporters).

(b) Express delivery services

We also provide express delivery services whereby we offer last mile delivery of documents and parcels to intended recipients in Malaysia as well as internationally. Our express delivery services within the Klang Valley area are supported by our own delivery vans and box truck with tail lift which are operated by our in-house drivers. For deliveries to destinations outside of Klang Valley in Malaysia as well as international destinations, we outsource the deliveries to third party express delivery service providers. For the FYE 2020, 2021, 2022 and 2023, the cost of outsourcing the deliveries to third party express delivery service providers were RM431, RM13,060, RM44,556 and RM31,708 respectively.

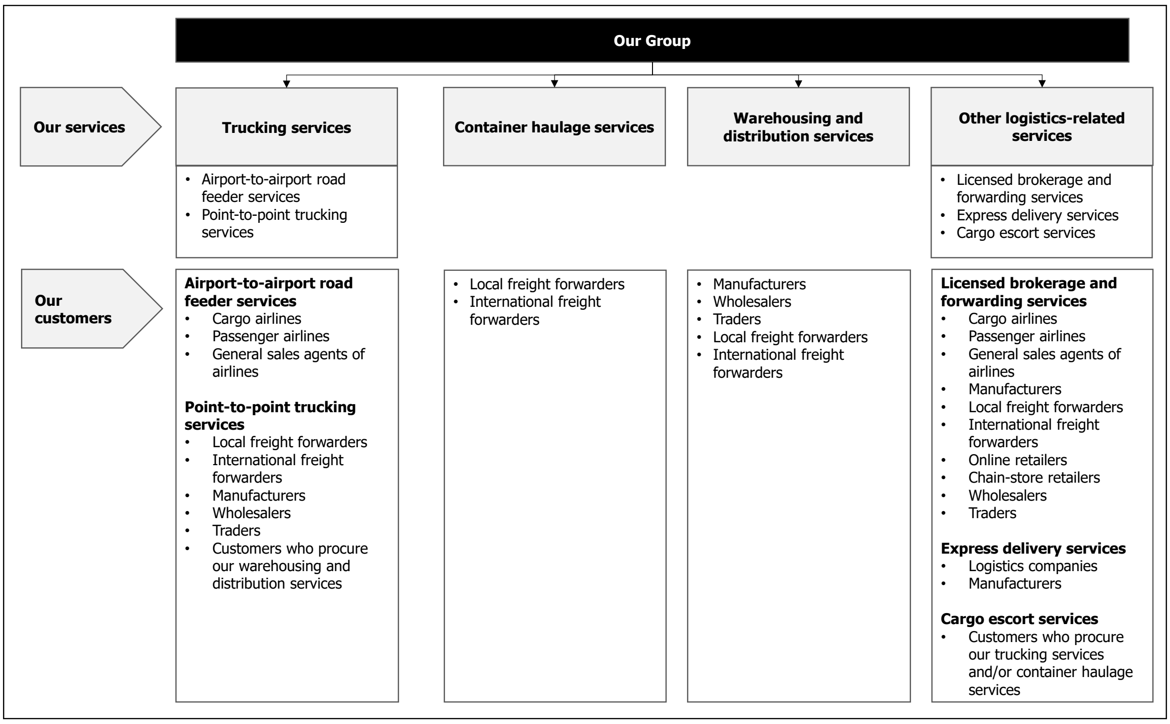
Our Group adopts a hub-and-spoke model for our express delivery services. Under our hub-and-spoke delivery model, all documents and parcels received from our customers (i.e. dropped off by customers at our Shah Alam Warehouse or collected from our customers' premises by our delivery van or box truck with tail lift) are sorted in our Shah Alam Warehouse according to final destinations, before delivery to the intended recipients. Our express delivery services are primarily provided to corporate customers such as logistics companies and manufacturers.

(c) Cargo escort services

We also provide either armed or unarmed cargo escort services depending on our customers' requirements as a complementary service to our trucking and container haulage businesses in escorting and protecting our commercial vehicles which are carrying our customers' cargo or containers during transportation. We may also provide cargo escort services as a standalone service to customers as and when required. We utilise our 4-wheel drive vehicles as our cargo escort vehicles. For unarmed cargo escort services, the commercial vehicle carrying our customer's cargo or container will be escorted by our cargo escort vehicle (i.e. driven and accompanied by 2 in-house unarmed cargo escort vehicle drivers). Further, for armed cargo escort services, the commercial vehicle carrying our customer's cargo or container will be escorted by our cargo escort vehicle (i.e. driven by 1 in-house unarmed cargo escort vehicle driver and accompanied by 1 armed security guard which we source from third party licensed security provider). Our cargo escort services are suitable for escorting commercial vehicles carrying high-value goods, controlled goods and/or oversized cargo. For the FYE 2020, 2021, 2022 and 2023, the cost of sourcing armed security guards from third party licensed security provider were approximately RM0.08 million, RM0.08 million, RM0.05 million and RM0.03 million respectively.

7.2.2 Our business model

Our Group's business model, by business activities, is as illustrated below:



7.2.3 Our operational facilities

As at LPD, our business operations are based in Malaysia at the following locations:

Facilities	Location	Function
Shah Alam Office and Warehouse as well as Shah Alam Workshop	Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor	Headquarters, workshop and warehouse
KLIA Sepang Office	Lot CTB-B-Off 1, Pos Aviation Cargo Terminal Building, Pos Aviation Cargo Complex, Free Commercial Zone, KLIA, 64000 Sepang, Selangor	Branch office
Port Klang Office and Warehouse	Lot 183096, Jalan Sungai Chandong 22/KS11, Taman Perindustrian Pulau Indah Fasa 3A, 42920 Pelabuhan Klang, Selangor	Branch office and warehouse
Bukit Mertajam Office and Warehouse	No.1498, Jalan Bukit Tengah, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Mertajam, Penang	Branch office and warehouse
Butterworth Warehouse	HSC Complex 1, Jalan Permatang Pauh, 13400 Butterworth, Penang	Warehouse
Penang International Airport Office	No.121-1, Jalan Batu Maung, 11960 Bayan Lepas, Penang	Branch office

7. BUSINESS OVERVIEW *(Cont'd)*

Facilities	Location	Function
Bukit Minyak Office and Warehouse	Lot 7720, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Bukit Mertajam, Penang	Branch office and warehouse
Johor Office	No.53A, 1st Floor, Jalan Undan 15, Taman Perling, 81200 Johor Bahru, Johor	Branch office

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7. BUSINESS OVERVIEW *(Cont'd)*

7.2.4 Our fleet of commercial vehicles

As at LPD, we own and operate 461 commercial vehicles to carry out our business operations for the provision of trucking services, container haulage services, warehousing and distribution services and other logistics-related services, as depicted below:

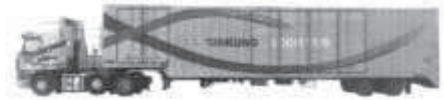
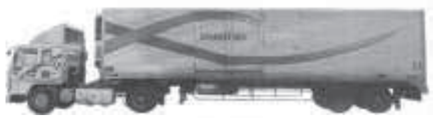
Commercial vehicle	Sample picture	Number of units as at LPD	Business segment
Trucks			
3-ton box truck		53	Trucking services
8-ton box truck		28	Trucking services
3-ton refrigerated box truck		5	Trucking services
8-ton refrigerated box truck		9	Trucking services

7. BUSINESS OVERVIEW *(Cont'd)*

Commercial vehicle	Sample picture	Number of units as at LPD	Business segment
Box truck with tail lift		1	Trucking services and express delivery services
Crane truck		1	Trucking services
Open truck		1	Trucking services
<u>Prime movers and trailers</u>			
Prime mover (container haulage)		20	Container haulage services

7. BUSINESS OVERVIEW *(Cont'd)*

Commercial vehicle	Sample picture	Number of units as at LPD	Business segment
Prime mover (trucking)		99	Trucking services
20-ft container trailer		39	Container haulage services
40-ft container trailer		85	Container haulage services
40-ft box trailer		63	Trucking services
45-ft box trailer		25	Trucking services

Commercial vehicle	**Sample picture**	**Number of units as at LPD**	**Business segment**
55-ft box trailer		3	Trucking services
Curtain sider box trailer		8	Trucking services
Low loader trailer		1	Trucking services
Refrigerated box trailer		5	Trucking services
Sidelifter		1	Container haulage services

Commercial vehicle	Sample picture	Number of units as at LPD	Business segment
Others			
Delivery van		3	Express delivery services
Cargo escort vehicle		11	Cargo escort services
	Total	**461**	

The total number of commercial vehicles that our Group owned and operated for the end of each FYE 2020, 2021, 2022 and 2023 were 394, 400, 450 and 460 units respectively (excluding the commercial vehicles that were either beyond repair, not roadworthy or considered as total loss due to accidents as well as units being divested as part of the disposal of subsidiaries).

As at LPD, our 461 commercial vehicles have an average age of 13.5 years. Further, the average useful lifespan of our 461 commercial vehicles is 10 years, which is consistent with the computation of depreciation for commercial vehicles adopted by our Group's accounting policy. These commercial vehicles are still fit for use although their average age has exceeded the average useful lifespan as we continuously perform repair and maintenance for our commercial vehicles to extend their lifespans. We will continue to use these commercial vehicles as long as the commercial vehicles are roadworthy. For our commercial vehicles that are less than 10 years old, we will replace them in the event that they are either beyond repair, not roadworthy or considered total loss due to accident(s). For our commercial vehicles that are more than 10 years old, we will replace them in the event that the cost for repairs is deemed to be too high, the commercial vehicle is not roadworthy or considered total loss due to accident(s).

Our trucks, prime movers, trailers and delivery vans are allowed to transport cargo, documents and/or parcels on a commercial basis in Malaysia, enabling us to provide trucking services, container haulage services and express delivery services covering routes within Peninsular Malaysia. Further, as at LPD, we have obtained the ASEAN Goods Vehicle Permit (issued by the Land Transport Authority of Singapore) for 76 commercial vehicles comprising prime movers for trucking, box trailers, curtain sider box trailers, low loader trailer and refrigerated box trailers which allow us to provide trucking services covering routes between Peninsular Malaysia and Singapore. In addition, our Group also possesses approvals issued by the Land Transport Authority of Singapore and the Immigration & Checkpoints Authority of Singapore for the use of vehicles which exceed the width and length requirements prescribed under the Road Traffic (Control of Width and Length of Motor Vehicles) Rules 2010. Such approval is granted for a specified term, ranging from less than a month and up to 3 months, and will be applied for by our Group as and when required. Moreover, as at LPD, we also have the relevant permit which is similar or equivalent to road tax in Malaysia from Thailand's Department of Land Transport for 4 units of 40-ft box trailers which allows us to transport cargo to Thailand. The application and renewal process for all the abovementioned approvals or permits are merely procedural and any failure to obtain or renew such licence will not have a material adverse impact on our business operations. As such, these approvals or permits are not regarded as major licences to our Group's business.

As at LPD, our fleet of commercial vehicles are stationed in Selangor and Penang and are operated by our in-house drivers with valid Goods Driving License. A Goods Driving License is a licence which allows our drivers to drive commercially registered vehicles that are used for transporting goods, whereas Class D and E Competent Driving Licences allow our drivers to drive motor car with unladen weight not exceeding 3,500 kg and 7,500 kg respectively. Further, our in-house drivers also have valid airport passes and/or seaport passes to transport our customers' cargo or containers to/from the respective airports and/or seaports.

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7.2.5 Commercial vehicle maintenance and repair

As at LPD, the maintenance and repair works (i.e. save for tyre alignment work which is outsourced to third party workshops) for our fleet of commercial vehicles that are stationed in Selangor are managed and performed at our Shah Alam Workshop by our in-house vehicle maintenance team. To ensure that our fleet of commercial vehicles remain in good running condition and meet all operational requirements, our in-house vehicle maintenance team is responsible for monitoring the usage of commercial vehicles and scheduling maintenance programme to ensure that our commercial vehicles are well-maintained in a timely manner.

Scheduled maintenance works for our commercial vehicles are performed at intervals of 15,000 km mileage or every month (whichever comes first). Our Shah Alam Workshop is well equipped with tools and equipment and we also maintain certain level of inventory of commercial vehicle spare parts to ensure sufficient supply in supporting the maintenance and repair works for our commercial vehicles. As at LPD, we have approximately 1,760 stock-keeping units of spare parts stored at our Shah Alam Office 2, comprising among others, filters, valves, gears and shock absorbers. Further, we are also equipped with vehicle diagnostics machines to detect any faults as well as perform recalibration and reprogramming for our commercial vehicles. For our commercial vehicles that are stationed in Penang, major repairs such as engine repair for these commercial vehicles are done by our in-house vehicle maintenance team at our Shah Alam Workshop whereas the maintenance and minor repair works (e.g. replacement of filters and tyres) and tyre alignment works for these commercial vehicles are outsourced to third party workshops.

In the event that our commercial vehicles experience breakdowns or accidents while transporting our customers' cargo or container on the road, our drivers on duty will report the condition of the breakdown or accident to our transport team. Subsequently, our transport team will inform our customers about a potential delay in the shipment of their cargo as well as notify our vehicle maintenance team to liaise with our drivers to resolve the vehicle faults. If our drivers are unable to identify and/or resolve the vehicle faults under the guidance of our in-house vehicle maintenance team, we will dispatch our in-house vehicle maintenance personnel to inspect the faulty vehicle. Depending on the severity of the vehicle faults, our vehicle maintenance personnel may repair the faulty vehicle on the spot for minor faults. However, if the commercial vehicle, especially truck such as box truck, is unable to be repaired on the spot, we will engage a third party tow truck operator to tow the faulty truck to the delivery destination to offload the cargo or container. Subsequently, the faulty truck will be towed back to our Shah Alam Workshop or to the nearest third party workshop approved by our Group for a complete repair.

On the other hand, if the faulty commercial vehicle is a prime mover, we will engage a third party tow truck operator to tow the faulty prime mover back to our Shah Alam Workshop or to the nearest third party workshop approved by our Group for repair, and we will send a replacement prime mover so that our driver on duty can continue his trip to transport our customer's cargo or container to the delivery destination.

For any breakdowns relating to tyre repair and replacement, the tyre repair and replacement works for our commercial vehicles that are on the road are outsourced to third party tyre repair workshops.

7.2.6 Quality and reliability of drivers

Together with our fleet of commercial vehicles, our team of drivers form an integral part in ensuring that the logistics services we provide are completed in a timely and hassle-free manner. To achieve this, we have a stringent process in the hiring of our drivers and we also provide attractive remuneration to ensure that they are reliable and are motivated to deliver the products to our customers. The hiring process of our drivers are applicable to drivers who we hire on contract basis as well as freelance drivers. Our drivers are hired on a contract basis instead of permanent employment as this allows our Group to better assess the performance, attitude and reliability of our drivers and enables us to make informed and competitive decisions during contract renewals, as compared to permanent positions.

Prior to hiring the drivers, we will conduct background screening on them which include checking their past employment and education history. Further, criminal record checks are also conducted on our applicants through an outsourcing arrangement with a third party background screening service provider. Additionally, upon confirmation of the employment of our drivers, we will also conduct regular criminal record checks on them through our third party background screening provider on an annual basis. Some of our drivers undergo a probationary period whereby they will make trips together with more experienced or established drivers, before gradually making trips by themselves.

In addition, to motivate our drivers, all of whom are with us on a contract basis, we offer attractive commission schemes which reward them based on the number of trips they make. This is a win-win situation for us, as we would be assured that our drivers are incentivise to fulfil their deliveries in a timely manner.

7.2.7 Safety and prevention

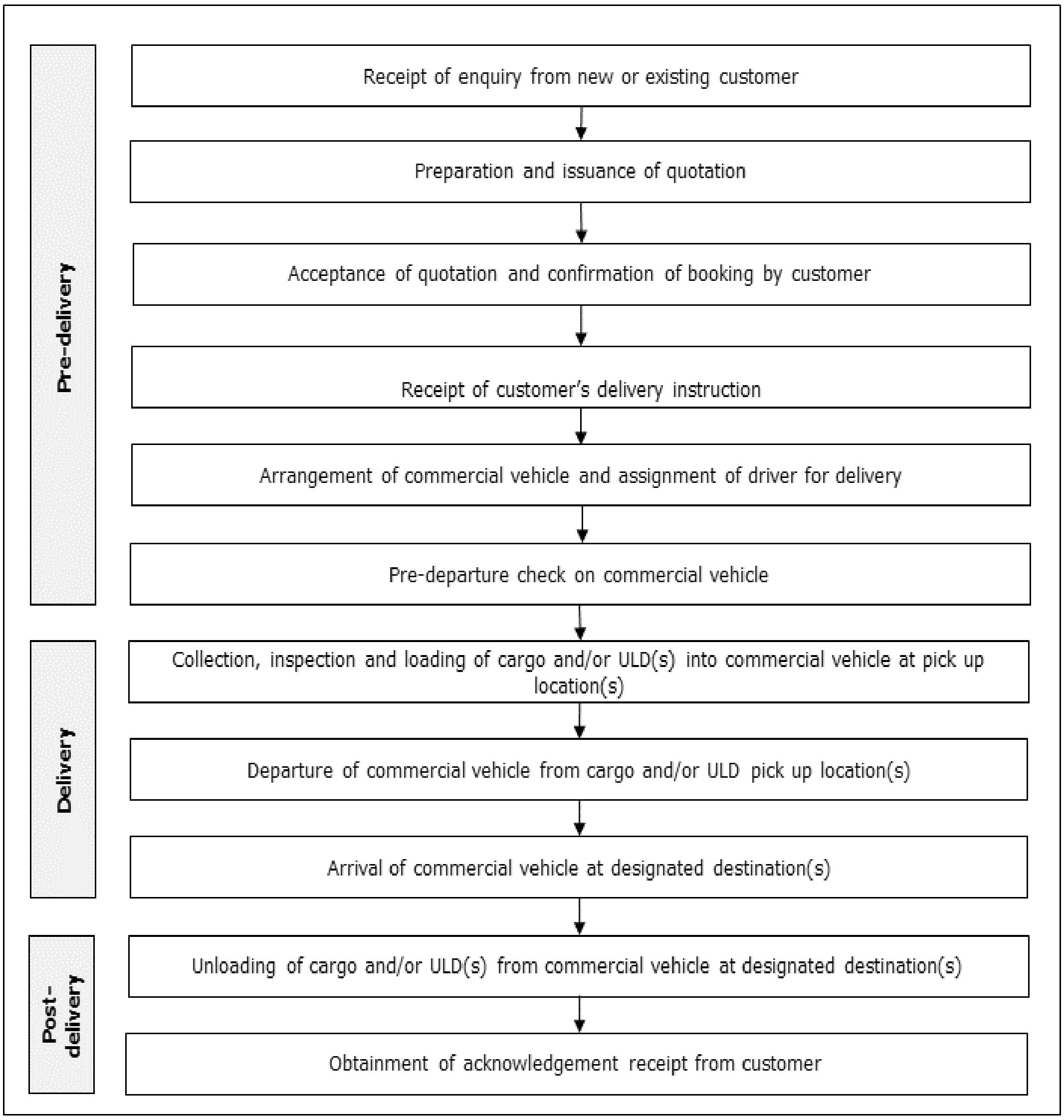
In efforts to ensure customers' cargo or containers are delivered safely by our trucking or container haulage divisions, we adhere to stringent selection criteria for our drivers, including driving experience and possession of valid Goods Driving Licence and Class D and/or Class E Competent Driving Licence.

We place high priority on transportation safety whereby most of our trucks and prime movers are installed with a speed limiter set to 90 km/h or below. Additionally, we have put in place a vehicle tracking and fleet management system synced to the GPS that is installed in each of our commercial vehicles in order to trace, track and record the precise locations of our commercial vehicles in real time, monitor the driving condition of our drivers and to provide instant alert on speeding and deviation from assigned delivery routes of drivers, ensuring operation efficiency and effectiveness. Further, most of our commercial vehicles are also equipped with fuel sensors to monitor fuel consumption. Additionally, our refrigerated box trucks and refrigerated box trailers are equipped with temperature sensors to monitor cargo temperature. Please refer to Section 7.6 for further details of our technology used for our business operations.

Moreover, in circumstances where hijacking, pilferage or sabotaging of our commercial vehicles is to occur, we have implemented an anti-hijacking, anti-pilferage and anti-sabotage training session via a training video to train and prepare our drivers in handling such situations.

7.3 BUSINESS PROCESSES

7.3.1 Provision of trucking services



(a) Pre-delivery

The process of our trucking services starts with receiving enquiry from our new or existing customer with the details of, among others, consignee's / consignor's information, pick up location(s), delivery destination(s), nature of cargo, delivery schedule and any other special requirements (e.g. special packing and temperature controlled cargo) via phone or email.

Upon receiving the enquiry, we will determine our Group's service capability by checking for the availability of commercial vehicle required for the transportation of our customer's cargo and/or ULD(s) and subsequently prepare and issue a quotation stating the delivery charges as well as trucking requirements and details specified by our customer. For airport-to-airport trucking services, we charge our customers a fixed fee based on the weight of their shipment, and may include variable charges should there be changes to the initial arrangement, such as ad hoc cargo added to the shipment or additional routes. Occasionally, depending on negotiations we may charge the customer a fixed fee per shipment (i.e per truck) for the airport-to-airport trucking services which is applicable for FTL only. For point-to-point trucking services on FTL basis, we charge our customers a fixed fee per shipment (i.e. per truck). On the other hand, for point-to-point trucking services on LTL basis, we charge our customers based on the weight of their shipment. However, if the weight of shipment is lower than our Group's minimum weight threshold, our customer is required to pay a minimum shipment charge. Once our customer agrees and accepts the quotation, our customer will proceed to place and confirm the booking with us. Subsequently, we will await customer's instruction via email for the delivery of its cargo and/or ULD(s) in due course.

Upon receiving our customer's delivery instruction, we will arrange for the necessary commercial vehicle and manually assign a driver (i.e. we do not have a software system that allows us to assign our drivers for our trucking operations automatically) for the shipment of the customer's cargo and/or ULD(s) as well as prepare a delivery order. We are able to consistently ensure that we have sufficient commercial vehicles available for our customers' shipments as we maintain a fleet of standby commercial vehicles. In the event if we do not have commercial vehicle available during the time specified by our customer, we will inform our customer and propose an alternative time to pick up their cargo and/or ULD(s). Subsequently, we will inform and handover our driver the delivery order. Before the shipment of customer's cargo and/or ULD(s), a pre-departure check will be performed on our commercial vehicle to ensure that the commercial vehicle is in good condition for safe road use. All of our drivers have fundamental knowledge in performing pre-departure check on our commercial vehicles such as checking the battery water level, conditions of tyres and brakes, and temperature of the vehicle, among others. Further, as at LPD, we have not experienced any occurrence in which we have to engage a third party trucking service provider to deliver our customers' cargo and/or ULD(s) resulting from unavailability of our in-house commercial vehicles.

(b) Delivery

Thereafter, our driver will depart to the appointed pick-up location(s) (e.g. airport, seaport, customer's pick-up premises or our Group's warehouse) for the collection of our customer's cargo and/or ULD(s) at the scheduled time. Before loading the cargo and/or ULD(s) into our commercial vehicle, we will first inspect and verify the condition and quantity of cargo. As for ULD(s), we will check and verify the serial number(s) of the ULD(s) against the relevant documents and check the exterior conditions of the ULD(s).

Once the customer's cargo and/or ULD(s) have been loaded into our commercial vehicle, the cargo and/or ULD(s) are then delivered to the designated destination(s) (e.g. airport, seaport, customer's drop-off premises or our Group's warehouse) according to the planned route and schedule. For our cross-border trucking services, our customer's cargo and/or ULD(s) may have to go through a customs clearance process upon arriving at Malaysia's or another country's border. Further, our commercial vehicle may be accompanied by our cargo escort vehicles upon request by our customers.

(c) Post-delivery

As our commercial vehicle arrives at the designated destination, our customer's cargo and/or ULD(s) will be unloaded from our commercial vehicle. Subsequently, our driver will then obtain an acknowledgment receipt from our customer for the receipt of cargo and/or ULD(s).

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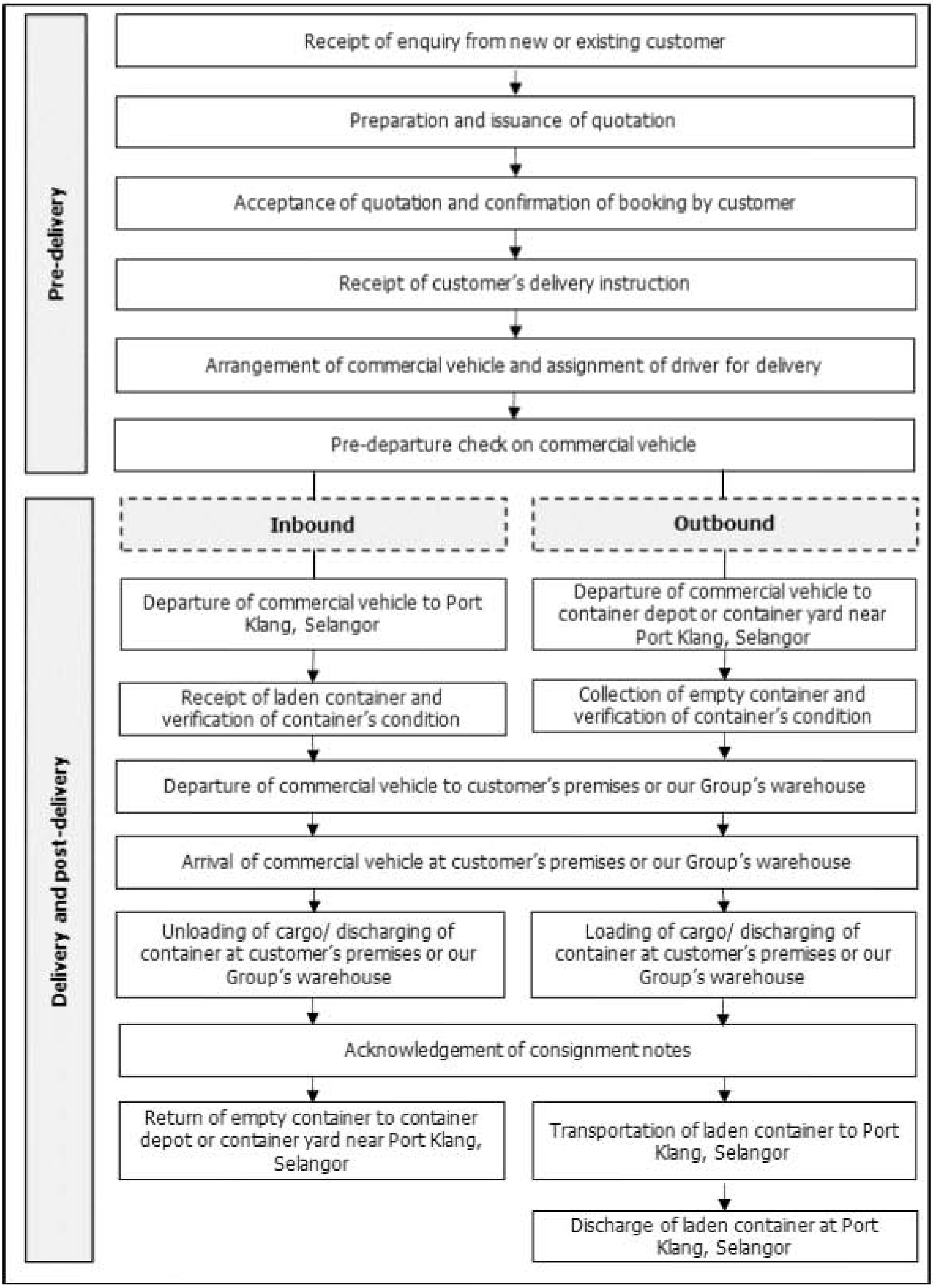
7.3.2 Provision of container haulage services



Our container haulage services comprise inbound and outbound container movements whereby the respective operational flow for inbound and outbound container movements are different from each other during the delivery and post-delivery stages, as described below.

(a) Pre-delivery

The process of our container haulage services starts with receiving enquiry from our new or existing customer with the details of, among others, cargo type, container type and amount, pick up location, delivery destination and delivery schedule via phone or email.

Upon receiving the enquiry, we will determine our Group's service capability by checking for the availability of commercial vehicle required for the transportation of our customer's container and subsequently prepare and issue a quotation stating the delivery charges as well as container haulage requirements and details specified by our customer. Once our customer agrees and accepts the quotation, our customer will proceed to place and confirm the booking with us. Subsequently, we will await customer's instruction via email for the delivery of its container in due course.

Upon receiving our customer's delivery instruction, we will arrange for the necessary commercial vehicle and assign a driver through our haulage management system for the shipment of the customer's container as well as prepare a consignment note. Subsequently, we will inform and handover our driver the consignment note as well as other related documents provided by the customer or customer's appointed forwarding agent. Before every shipment of customer's container, our driver will perform a pre-departure check on our commercial vehicle to ensure that the commercial vehicle is in good condition for safe road use and for the transportation of container. All of our drivers have fundamental knowledge in performing pre-departure check on our commercial vehicles such as checking the battery water level, conditions of tyres and brakes, and temperature of the vehicle, among others.

(b) Delivery and post-delivery

(i) Inbound container movement

Following the pre-departure check on commercial vehicle, our driver will proceed to collect customer's laden container from Port Klang, Selangor (i.e. Northport or Westport) and verify the condition of the container and ensuring the seal of the container is intact. If the container is found to be dented upon verification by our driver, our driver will inform the port authority to conduct further inspection and collect an equipment interchange receipt before leaving the port.

Upon collection and verification of the laden container, our driver will proceed to deliver the container to our customer's premises or our Group's warehouse. Our commercial vehicle may be accompanied by our cargo escort vehicles upon request by the customer.

Upon arriving at customer's premises or our Group's warehouse, cargo stored in the container may be directly unloaded from the container on the spot. If the cargo is not directly unloaded, the container will be discharged by cutting-off the trailer carrying the container at the customer's premises or our Group's warehouse for unloading of cargo at a later time.

Subsequently, our driver will obtain acknowledgement of consignment notes from customer or our warehouse team. Thereafter, for cases whereby cargo is being directly unloaded from the container, our driver will return the empty container to the container depot or container yard located near Port Klang, Selangor upon completion of cargo unloading at our customer's premises or our Group's warehouse. As for cases whereby the entire container is discharged at customer's premises or our Group's warehouse, we will wait for our customer's or our warehouse team's next instruction before collecting the empty container on another scheduled time to be returned to the container depot or container yard.

(ii) Outbound container movement

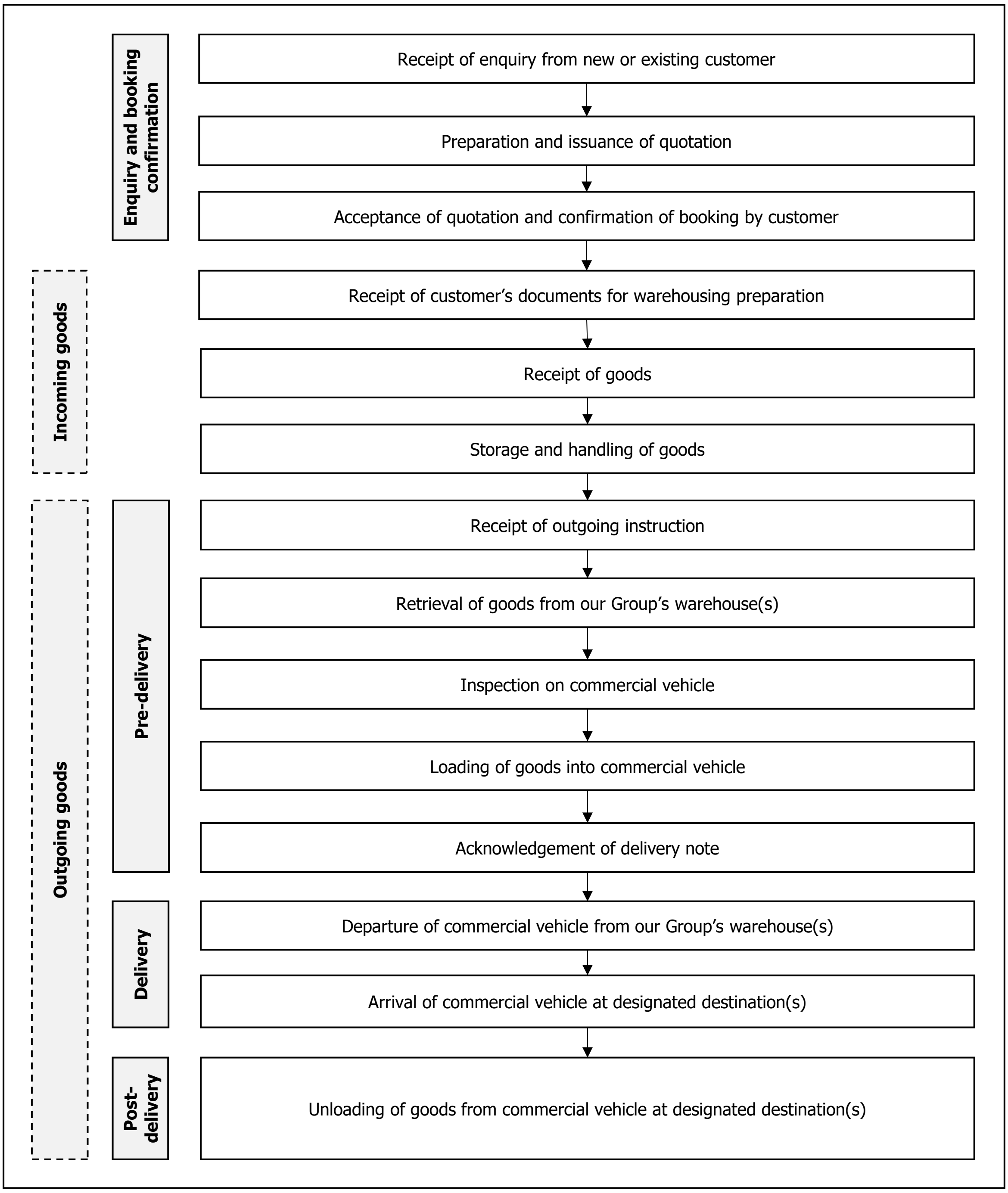
Following the pre-departure check on commercial vehicle, our driver will proceed to collect an empty container from a container depot or container yard located near Port Klang, Selangor and check and verify the container's external condition and container number. If the empty container is found to be dented upon verification by our driver, our driver will then inform the person-in-charge of the container depot or container yard for repair before delivering to customer's premises.

Upon collection and verification of the empty container, our driver will proceed to deliver the empty container to our customer's premises or our Group's warehouse.

Upon arriving at customer's premises or our Group's warehouse, our customer or our warehouse team may directly load the cargo into the empty container on the spot or the empty container may be discharged at customer's premises or our Group's warehouse for loading of cargo at a later time. If the empty container is found to be dented upon arrival at customer's premises or our Group's warehouse, we will inform the person-in-charge of the container depot or container yard and request for a technician to be sent to the customer's premises or our Group's warehouse to repair the container.

Subsequently, our driver will obtain acknowledgement of consignment notes from customer or our warehouse team upon delivery of empty container to customer's premises or our Group's warehouse respectively. Thereafter, for cases whereby cargo is being loaded into the empty container on the spot, our driver will transport the laden container to Port Klang, Selangor (i.e. Northport or Westport) for discharge upon completion of cargo loading at customer's premises or our Group's warehouse. As for cases whereby the entire empty container is discharged at customer's premises or our Group's warehouse, we will wait for our customer's or our warehouse team's next instruction to collect the laden container (i.e. after the cargo has been loaded into the container) on another scheduled time to be transported and discharged at Port Klang, Selangor (i.e. Northport or Westport).

7.3.3 Provision of warehousing and distribution services



(a) Enquiry and booking confirmation

The process of our warehousing and distribution services starts with receiving enquiry from our new or existing customer with the details of their warehousing requirements such as type and volume of goods, handling and storage requirements as well as storage period via phone or email.

Upon receiving the enquiry, we will determine our Group's service capability by checking for the space availability of our Group's warehouse(s) and subsequently prepare and issue a quotation stating the warehouse storage, handling and/or delivery charges. Quotation for forwarding and customs clearance charges may be included as well if any special request is made by the customer for bonded cargo shipment. Once our customer agrees and accepts the quotation, our customer will proceed to place and confirm the booking with us.

(b) Incoming goods

Upon receipt of customer's documents such as invoice, delivery order or other delivery document with details on, among others, the type and quantity of goods to be stored, storage requirements and/or value of bonded goods via email, we will update the incoming shipment schedule and prepare for the storage of customer's goods at our Group's warehouse(s).

Subsequently, our customer will deliver its goods to our Group's warehouse(s) using its own transport or we will collect our customer's goods from its appointed location using our commercial vehicle at an agreed time.

Upon receipt of goods at our Group's warehouse(s), we will check and verify the incoming documents and the actual goods received in terms of type and quantity by stock-keeping unit number and expiry date against the order placed by our customer to ensure that the correct goods are received. Further, we will also inspect the condition of the goods especially pharmaceutical goods to check for any potential contamination.

Thereafter, the goods received will then be stored in the allocated space of our Group's warehouse(s), depending on the storage requirements of the goods. For instance, goods which require to be stored in a temperature-controlled environment will be stored in our Group's warehouse's cold room facility. Further, we also classify and store our customer's goods at different areas of the warehouse depending on whether the goods are bonded or non-bonded.

For FYE 2020 and 2021, there were 2 and 3 cases of damage of goods while storing our customers' goods in our Group's warehouse in the respective years. There were no claims by our customers for the 2 cases in FYE 2020 whereas there were claims amounting to RM1,753 by our customers for the 3 cases in FYE 2021. For FYE 2022 and 2023, there was no occurrence of damage of goods stored in our Group's warehouses.

In the event our customer requests to extend the storage period of its goods after the booking confirmation, we will check the space availability of our warehouse for the extended storage period. If there is available warehouse space during that period, we will continue to store our customer's goods for the extended storage period. However, if we do not have sufficient available warehouse capacity during the extended storage period, we may advise our customer to store their goods in their own premises.

(c) Outgoing goods

(i) Pre-delivery

For dispatch of goods from our warehouse(s), we will receive outgoing instruction as well as the relevant documents (i.e. packing list, invoice and/or any other documents) from our customer via email. Upon confirmation and verification of customer's documents such as the delivery date and destination(s), type and quantity of goods and any other special instruction, we will retrieve our customer's goods from our Group's warehouse(s) in accordance to the customer's instruction details. Subsequently, the goods will be loaded into a third party transporter's vehicle appointed by our customer or will be loaded into our commercial vehicle if our customer requests for our trucking services for the distribution of its goods. In the event if our trucking services are requested for the distribution of customer's goods, we will request for a commercial vehicle from our transport department via email.

Prior to loading the goods into the commercial vehicle, we will perform an inspection on the third party transporter's vehicle or our commercial vehicle to ensure that there is no potential contamination of commercial vehicle for the delivery of customer's goods especially for pharmaceutical goods. Upon loading the goods into the commercial vehicle (i.e. third party transporter's vehicle or our commercial vehicle), a final inspection on quantity, model or product description and general packaging condition of the goods will be conducted by us and the third party transporter or our driver.

After the inspection, acknowledgement of delivery note will be obtained from the third party transporter or our driver.

(ii) Delivery

Subsequently, the goods are then delivered to the designated destination(s) according to the planned route and schedule.

(iii) Post-delivery

For goods that are delivered using our commercial vehicle, our customer's goods will be unloaded from our commercial vehicle and released to the consignee(s) upon arrival at the designated destination(s). For FYE 2020, 2021, 2022 and 2023 and up to LPD, there has not been any occurrence of damage of goods during the delivery of customer's goods using our commercial vehicles.

7.4 PRINCIPAL BUSINESS SEGMENTS AND MARKETS

For the FYE 2020, 2021, 2022 and 2023, the provision of trucking services was the largest revenue contributor to our Group as it contributed 81.0%, 83.4%, 76.1% and 72.3% of our Group's total revenue respectively. For the FYE 2020, 2021, 2022 and 2023, our container haulage services, warehousing and distribution services and other logistics-related services collectively contributed 19.0%, 16.6%, 23.9% and 27.7% of our Group's total revenue in the respective years.

The breakdown of our Group's revenue by business segment for the FYE 2020, 2021, 2022 and 2023 is as follows:

Revenue by business segment	**Audited**							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Trucking services								
- Airport-to-airport road feeder services	24,543	57.0	32,593	62.4	28,739	50.6	27,022	52.0
- Point-to-point trucking services	10,332	24.0	10,953	21.0	14,469	25.5	10,553	20.3
	34,875	81.0	43,546	83.4	43,208	76.1	37,575	72.3
Container haulage services	4,164	9.7	3,470	6.6	4,399	7.8	4,940	9.5
Warehousing and distribution services	2,777	6.4	3,775	7.2	6,828	12.0	8,178	15.7
Other logistics-related services[(1)]	1,255	2.9	1,465	2.8	2,308	4.1	1,291	2.5
Total	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Note:

(1) Comprises licensed brokerage and forwarding services, express delivery services as well as cargo escort services.

For the FYE 2020, 2021, 2022 and 2023, our local revenue contributed 60.6%, 51.8%, 58.1% and 54.1% of our Group's total revenue respectively, while our overseas revenue accounted for 39.4%, 48.2%, 41.9% and 45.9% of our Group's total revenue respectively.

The breakdown of our Group's revenue by geographical market for the FYE 2020, 2021, 2022 and 2023 is as follows:

Revenue by geographical market[(1)]	**Audited**							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	**26,117**	**60.6**	**27,047**	**51.8**	**32,941**	**58.1**	**28,117**	**54.1**
Overseas								
- Singapore	9,367	21.7	15,246	29.2	12,789	22.5	14,173	27.3
- Middle East	3,420	7.9	4,718	9.0	3,685	6.5	3,186	6.1
- Europe	1,106	2.6	2,115	4.0	3,657	6.4	4,160	8.0
- PRC	2,200	5.1	1,940	3.7	1,385	2.4	1,457	2.8
- Asia[(2)]	318	0.7	1,126	2.2	1,333	2.4	332	0.6
- Others[(3)]	543	1.4	64	0.1	953	1.7	559	1.1
Sub-total	**16,954**	**39.4**	**25,209**	**48.2**	**23,802**	**41.9**	**23,867**	**45.9**
Total	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Notes:

(1) Revenue by geographical market is based on the place of domicile of our customers.

(2) Comprises Japan, Korea, Sri Lanka, Taiwan and Vietnam excluding Singapore and PRC.

(3) Comprises Australia, Türkiye and USA.

For the FYE 2020, 2021 and 2022, airlines were the largest contributor of our Group's revenue among the customer types as airlines contributed 53.8%, 54.5% and 46.5% of our Group's total revenue for the respective years. Subsequently, in FYE 2023, local and international freight forwarders were the largest contributor of our Group's revenue among the customer types with a contribution of 38.4%.

The breakdown of our Group's revenue by type of customers for the FYE 2020, 2021, 2022 and 2023 is as follows:

	Audited							
Revenue by type of customers	**FYE 2020**		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Airlines	23,157	53.8	28,458	54.5	26,369	46.5	19,811	38.1
Local and international freight forwarders	15,038	34.9	15,333	29.3	22,701	40.0	19,941	38.4
General sales agents of airlines(1)	1,071	2.5	4,235	8.1	2,643	4.6	7,528	14.5
Others(2)	3,805	8.8	4,230	8.1	5,030	8.9	4,704	9.0
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Notes:

(1) General sales agents of airlines refer to companies that are appointed by airlines to handle cargo sales and logistics for the airlines.

(2) Others include customers such as manufacturers, traders and online retailers.

Our Group has a total of 89, 93, 99 and 126 customers for the respective FYE 2020, 2021, 2022 and 2023.

7.5 SALES AND MARKETING STRATEGIES

We actively engage in the following sales and marketing strategies:

(a) Customs brokerage / freight forwarding agents

From the start of 2023 up to LPD, we have engaged with 3 customs brokerage / freight forwarding agents, whereby 1 is based in Malaysia, 1 in Singapore and 1 in Thailand, with whom we had transactions with during the period. Our customs brokerage / freight forwarding agents primarily assist in referring sales opportunities to our Group as well as attending customers' enquiries. Further, they are also responsible for facilitating customs clearance and/or freight forwarding services.

(b) In-house customer service

Our sales and marketing initiatives are carried out by our Managing Director, Alan Ong Lay Wooi, where he is involved in identifying and engaging potential customers directly to secure new sales. Further, potential customers are also identified through general referrals from our existing customers, business associates as well as from our industry network.

Our Managing Director is supported by our transport, warehouse, freight forwarding, express as well as sales and marketing teams who are also responsible for liaising and maintaining relationships with our customers, providing them with information on our Group's service offerings and solutions to address customers' needs. Our transport, warehouse, freight forwarding, express as well as sales and marketing teams are equipped with the relevant experience, knowledge, industry network and strong understanding in the logistics industry to better serve our customers' needs.

(c) Corporate website

We have established our corporate website at www.sinkung.my, which provides information on our Group and the services that we provide. Further, for the provision of our express delivery services, customers can also trace and track their shipments through our website. We understand that the internet is an important advertising medium as the current widespread use of the internet as a source of information will potentially enhance our market reach and exposure.

(d) Social media

We advertise and market our service offerings through various social media platforms such as Facebook (SinKung Group (Sin-Kung Logistics Berhad)) and LinkedIn (Sin-Kung Logistics Berhad) to share industry-related knowledge, keep viewers updated on our recent activities and attract potential customers who are seeking for trucking services, container haulage services, warehousing and distribution services and/or other logistics-related services.

We engage a digital marketing agency to create online marketing content on behalf of our Group which will be posted on our social media platforms.

(e) Vehicle branding

We also advertise through vehicle branding by displaying our Group's name on our fleet of commercial vehicles, allowing us to market and increase the brand visibility of our Group when our commercial vehicles are on the road. Our commercial vehicles are painted in-house at our in-house painting garage (i.e. which is part of our workshop facilities at our Shah Alam Workshop) for our vehicle branding.

(f) Associations

As at LPD, our Group is a member of the Selangor Freight Forwarders & Logistics Association, Johor Freight Forwarders Association, Airfreight Forwarders Association of Malaysia and Transported Asset Protection Association Asia Pacific. Our participation in these associations helps to increase the visibility of our Group in the logistics industry as well as allows us to keep abreast with relevant new developments in the logistics industry.

7.6 TECHNOLOGY USED

Our Group uses, and will continue to use, the following technologies in our business:

Technology / Software	Descriptions
Vehicle tracking and fleet management system	A system synced with the GPS installed in our commercial vehicles which allows our Group to track, trace and record the precise locations of our commercial vehicles as well as any unauthorised stops done by our drivers in real-time, monitor the driving condition of our drivers such as speeding, provide instant alert on speeding and deviation from assigned delivery routes of drivers as well as monitor fuel consumption and/or cargo temperature, all of which are also used to assess the performance of our drivers.
Haulage management system	A system used for automating and managing container haulage processes such as receiving customers' orders, route planning, assigning drivers, tracking delivery status of shipments, generating invoices and automating calculation of driver's incentives as well as integrating container haulage data processing for performance analysis.
Warehouse management system	A system used to centrally monitor and control the movement and storage of goods across all our Group's warehouses. Through this system, we are able to track the overall utilisation of all our Group's warehouses, as well as to track and manage the movement of goods from point of receipt, handling in warehouses, to delivery of the goods to the intended recipients. The goods can be managed and tracked in accordance to their batch number and customer lot number. This system enables us to control and optimise storage space utilisation as well as goods movement, thus improving our operation efficiency.
Express delivery management system	A system used to automate and streamline express delivery service-related processes such as receiving customer's orders, shipment quotation, printing of air waybill and tracking delivery status of shipments. This enables our Group to monitor, plan and manage our delivery efficiently from order placement to delivery of shipments under a single system.
Inventory management system	A system used to monitor and manage the inventory of our commercial vehicle spare parts stored in our Shah Alam Office 2. Through this system, we are able to track our commercial vehicle spare parts inventory level and facilitate us in making the necessary inventory replenishment arrangement.

Save for the express delivery management system which is internally developed by our Group, all technologies listed above are sourced from third parties.

7.7 INTERRUPTIONS TO BUSINESS AND OPERATIONS FOR THE PAST 12 MONTHS

Our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD.

During the outbreak of the global COVID-19 pandemic since 2020, as transportation and logistics are deemed as essential services, our Group was allowed to operate our business for our trucking, container haulage, warehousing and distribution and other logistics-related services, subject to compliance with the Government's SOP. As such, we did not experience any material interruptions to our business operations due to the COVID-19 pandemic.

As Malaysia transitions from COVID-19 pandemic to endemic since 1 April 2022 up to LPD, our business operations for our trucking, container haulage, warehousing and distribution and other logistics-related services have continued as usual and we did not face any material disruptions to our business operations for the past 12 months and up until LPD.

7.8 SEASONALITY AND CYCLICALITY

Generally, our operations are not significantly affected by seasonal / cyclical effects.

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7.9 MAJOR CUSTOMERS

Our top 5 major customers for the FYE 2020, 2021, 2022 and 2023 are as follows:

		Revenue		Nature of business	Services provided	Length of relationship[1]
No.	**Major customer**	**RM'000**	**%**			**Years**
FYE 31 December 2020						
1.	Customer A	8,860	20.6	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	7
2.	Customer B	6,809	15.8	Cargo airline	Trucking services as well as licensed brokerage and forwarding services	1
3.	Customer C	4,820	11.2	International freight forwarder	Trucking services, container haulage services, warehousing and distribution services, licensed brokerage and forwarding services as well as express delivery services	9
4.	Customer D	3,349	7.8	International freight forwarder	Trucking services	10
5.	Customer E	2,993	6.9	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	6
	Sub-total	**26,831**	**62.3**			
	Total	**43,071**	**100.0**			

No.	Major customer	Revenue RM'000	Revenue %	Nature of business	Services provided	Length of relationship[(1)] Years
FYE 31 December 2021						
1.	Customer A	11,912	22.8	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	8
2.	Customer B	6,185	11.8	Cargo airline	Trucking services as well as licensed brokerage and forwarding services	2
3.	Customer C	6,118	11.7	International freight forwarder	Trucking services, container haulage services, warehousing and distribution services, licensed brokerage and forwarding services as well as express delivery services	10
4.	Customer E	4,589	8.8	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	7
5.	Customer D	3,349	6.4	International freight forwarder	Trucking services	11
	Sub-total	**32,153**	**61.5**			
	Total	**52,256**	**100.0**			

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Major customer	Revenue RM'000	Revenue %	Nature of business	Services provided	Length of relationship[1] Years
FYE 31 December 2022						
1.	Customer A	11,063	19.5	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	9
2.	Customer C	7,232	12.7	International freight forwarder	Trucking services, container haulage services, warehousing and distribution services as well as licensed brokerage and forwarding services	11
3.	Customer B	4,480	7.9	Cargo airline	Trucking services as well as licensed brokerage and forwarding services	3
4.	Customer D	3,712	6.5	International freight forwarder	Trucking services	12
5.	Customer E	3,041	5.4	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	8
	Sub-total	**29,528**	**52.0**			
	Total	**56,743**	**100.0**			

No.	Major customer	Revenue RM'000	Revenue %	Nature of business	Services provided	Length of relationship[(1)] Years
FYE 31 December 2023						
1.	Customer A	8,782	16.9	Passenger and cargo airline	Trucking services, licensed brokerage and forwarding services as well as cargo escort services	10
2.	Customer C	6,578	12.7	International freight forwarder	Trucking services, container haulage services, warehousing and distribution services as well as licensed brokerage and forwarding services	12
3.	Customer F	5,110	9.8	General sales agent of airlines	Trucking services as well as licensed brokerage and forwarding services	3
4.	Customer D	3,018	5.8	International freight forwarder	Trucking services	13
5.	Customer G	3,013	5.8	International freight forwarder	Trucking services, warehousing and distribution services as well as licensed brokerage and forwarding services	2
	Sub-total	**26,501**	**51.0**			
	Total	**51,984**	**100.0**			

Note:

(1) Length of relationship as at the respective FYE.

For the FYE 2020, 2021, 2022 and 2023, our top 5 major customers collectively contributed 62.3%, 61.5%, 52.0% and 51.0% of our total revenue for the respective years.

For the FYE 2020, 2021, 2022 and 2023, we were dependent on Customer A who contributed 20.6%, 22.8%, 19.5% and 16.9% of our Group's total revenue for the respective years. Further, we were also dependent on Customer C who contributed 11.2%, 11.7%, 12.7% and 12.7% of our Group's total revenue for FYE 2020, 2021, 2022 and 2023 respectively. Our Group's sales with Customer A and Customer C are based on bookings. As at LPD, our Group has enjoyed a 11-year and 13-year working relationships with Customer A and Customer C respectively, which is expected to continue in the future. In the event of a termination or loss of Customer A and/or Customer C, our Group will be materially and adversely impacted. Nonetheless, business from our other customers has been steadily growing, and the contribution from our top 5 major customers has been declining for the FYE 2020, 2021, 2022 and 2023 from 62.3% to 61.5%, 52.0% and then to 51.0%. In this respect, our Group is steadily reducing our dependency on our top 5 major customers, and expects this trend to continue, and as such, the level of concentration of revenue from our major customers is expected to reduce.

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7.10 TYPES, SOURCES AND AVAILABILITY OF INPUT

The table below sets out our purchases for FYE 2020, 2021, 2022 and 2023:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
Purchases	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Diesel costs	4,569	31.6	5,811	33.0	5,516	32.9	5,108	34.2
Maintenance expenses[(1)]	3,074	21.2	3,784	21.5	3,757	22.4	2,991	20.0
Toll and parking charges	2,076	14.3	2,295	13.1	2,068	12.3	1,924	12.9
Insurance and road tax	1,130	7.8	1,332	7.6	1,996	11.9	1,336	8.9
Handling charges[(2)]	1,255	8.7	1,773	10.1	1,360	8.1	1,036	6.9
Subcontracted drivers[(3)]	724	5.0	869	4.9	95	0.6	-	-
Others[(4)]	1,650	11.4	1,721	9.8	1,988	11.8	2,563	17.1
	14,478	**100.0**	**17,585**	**100.0**	**16,780**	**100.0**	**14,958**	**100.0**

Notes:

(1) Maintenance expenses incurred for commercial vehicles and motor vehicles (i.e. including purchase of tyres and spare parts), warehouses and machinery.

(2) Handling charges comprise handling charges for customs documentation and clearance.

(3) We have ceased the sourcing of drivers for the provision of our trucking services in February 2022. As at LPD, we source all of our own drivers.

(4) Others mainly comprise security escort charges, security guard charges, subscription of GPS, rental of forklifts and trucks, permit and licence fees, and utilities.

The main inputs that we purchased and charges that we incurred primarily comprised diesel costs, maintenance expenses, toll and parking charges, insurance and road tax, handling charges as well as subcontracted drivers, and they collectively accounted for approximately 88.6%, 90.2%, 88.2% and 82.9% of our total purchases for the respective FYE 2020, 2021, 2022 and 2023.

During the FYE 2020, 2021, 2022, 2023 and up to LPD, our Group has not encountered any major disruptions in sourcing supplies and services from third party vendors.

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7.11 MAJOR SUPPLIERS

Our top 5 major suppliers for the FYE 2020, 2021, 2022 and 2023 are as follows:

No.	Major supplier	Purchase value RM'000	Purchase value %	Nature of business	Products / Services sourced	Length of relationship[1] (Years)
FYE 31 December 2020						
1.	PETRONAS Dagangan Berhad	1,812	12.5	Petroleum products marketer	Diesel	3
2.	Jana Rezeki Sdn Bhd	1,218	8.4	Touch 'n Go sales agent	Touch 'n Go top up for toll expenses	4
3.	Stesyen Minyak Keang Li Sdn Bhd	1,206	8.3	Petrol station operator	Diesel	10
4.	Sarjuna Enterprise[2]	724	5.0	Transportation service provider	Subcontracted drivers	4
5.	MPI Generali Insurans Berhad	562	3.9	General insurance underwriter	Insurance	2
	Sub-total	**5,522**	**38.1**			
	Total	**14,478**	**100.0**			

No.	Major supplier	Purchase value RM'000	%	Nature of business	Products / Services sourced	Length of relationship[(1)] (Years)
FYE 31 December 2021						
1.	CPC Tyre (M) Sdn Bhd	2,864	16.3	Tyres and spare parts supplier	Tyres and spare parts	9
2.	PETRONAS Dagangan Berhad	2,255	12.8	Petroleum products marketer	Diesel	4
3.	Stesyen Minyak Keang Li Sdn Bhd	1,713	9.7	Petrol station operator	Diesel	11
4.	Jana Rezeki Sdn Bhd	1,323	7.5	Touch 'n Go sales agent	Touch 'n Go top up for toll expenses	5
5.	MPI Generali Insurans Berhad	928	5.3	General insurance underwriter	Insurance	3
	Sub-total	**9,083**	**51.6**			
	Total	**17,585**	**100.0**			

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Major supplier	Purchase value RM'000	%	Nature of business	Products / Services sourced	Length of relationship[(1)] (Years)
FYE 31 December 2022						
1.	PETRONAS Dagangan Berhad	1,651	9.8	Petroleum products marketer	Diesel	5
2.	Stesyen Minyak Keang Li Sdn Bhd	1,640	9.8	Petrol station operator	Diesel	12
3.	Jana Rezeki Sdn Bhd	1,473	8.8	Touch 'n Go sales agent	Touch 'n Go top up for toll expenses	6
4.	MPI Generali Insurans Berhad	1,356	8.1	General insurance underwriter	Insurance	4
5.	Synergy Fuel Enterprise	723	4.3	Petrol station operator	Diesel	3
	Sub-total	**6,843**	**40.8**			
	Total	**16,780**	**100.0**			

No.	Major supplier	Purchase value RM'000	%	Nature of business	Products / Services sourced	Length of relationship[1] (Years)
FYE 31 December 2023						
1.	Stesyen Minyak Keang Li Sdn Bhd	1,461	9.8	Petrol station operator	Diesel	13
2.	Jana Rezeki Sdn Bhd	1,363	9.1	Touch 'n Go sales agent	Touch 'n Go top up for toll expenses	7
3.	PETRONAS Dagangan Berhad	1,210	8.1	Petroleum products marketer	Diesel	6
4.	Synergy Fuel Enterprise	1,183	7.9	Petrol station operator	Diesel	4
5.	MPI Generali Insurans Berhad[3]	475	3.2	General insurance underwriter	Insurance	5
	Sub-total	**5,692**	**38.1**			
	Total	**14,958**	**100.0**			

Notes:

(1) Length of relationship as at the respective FYE.

(2) We have ceased our business relationship with Sarjuna Enterprise in February 2022 for the sourcing of drivers for the provision of our trucking services. As at LPD, we source all of our own drivers.

(3) Pursuant to the acquisition of MPI Generali Insurans Berhad by Generali Insurance Malaysia Berhad in 2022, the business of MPI Generali Insurans Berhad has been successfully transferred to Generali Insurance Malaysia Berhad effective 1 April 2023. However, there has been no change to the payment method and our Group continues to make payment to MPI Generali Insurans Berhad.

7. BUSINESS OVERVIEW *(Cont'd)*

For the FYE 2020, 2021, 2022 and 2023, our top 5 major suppliers contributed 38.1%, 51.6%, 40.8% and 38.1% of our total purchases for the respective years.

For the FYE 2020, 2021, 2022 and 2023, although PETRONAS Dagangan Berhad accounted for 12.5%, 12.8%, 9.8% and 8.1% of our total purchases for the respective years, we are not dependent on them for the supply of diesel. In the event we are unable to source for diesel from PETRONAS Dagangan Berhad, we are able to source for diesel from other suppliers in the market.

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7.12 OPERATING CAPACITY AND UTILISATION

7.12.1 Trucking services

We provide trucking services mainly by utilising our fleet of commercial vehicles comprising of trucks, prime movers and trailers.

The available capacity, actual usage and utilisation rate for our fleet of commercial vehicles are as follows:

Trucks and prime movers for trucking services

	FYE 2022	FYE 2023
Available capacity[1] (Number of trucks and prime movers)	152	154
Actual usage[2] (Number of trucks and prime movers)	102	77
Utilisation rate[3] (%)	**67.1**	**50.0**

Notes:

[1] The available capacity is calculated based on the number of trucks and prime movers with GPS installed and activated, and are available for the provision of trucking services in the respective FYE 2022 and FYE 2023.

[2] The actual usage is calculated based on the number of trucks and prime movers with GPS installed and activated, that were active in operation for the provision of trucking services in the respective FYE 2022 and FYE 2023. Trucks and prime movers with GPS installed and activated, that were active in operation include the followings:

- 3-ton box trucks, 8-ton box trucks and box truck with tail lift, which travelled an average of at least 23 trips per month in the respective FYE 2022 and FYE 2023. These trucks are generally operating on a daily basis excluding public holidays and certain weekends as well as days whereby the trucks are under maintenance and repair;
- 3-ton refrigerated box trucks, 8-ton refrigerated box trucks and prime movers used for hauling refrigerated box trailers, which travelled an average of at least 9 trips per month in the respective FYE 2022 and FYE 2023. These trucks and prime movers do not have dedicated drivers and are generally operated on an ad-hoc basis;
- prime movers used for hauling 40-ft box trailers, which travelled an average of at least 9 trips with distance of more than 300 km per trip in a month in the respective FYE 2022 and FYE 2023. These prime movers are used for transporting long distance (i.e. more than 300 km) shipments which require longer turnaround time;
- prime movers used for hauling 40-ft box trailers, which travelled an average of at least 15 trips with distance of less than 300 km per trip in a month in the respective FYE 2022 and FYE 2023. These prime movers are used for transporting short distance (i.e. less than 300 km) shipments which take shorter turnaround time; and
- prime movers used for hauling 45-ft box trailers, 55-ft box trailers, curtain sider box trailers and low loader trailer, which travelled for an average of at least 9 trips per month in the respective FYE 2022 and FYE 2023. These prime movers are generally used for transporting long distance (i.e. more than 300 km) shipments which require longer turnaround time.

(3) The utilisation rate is computed by dividing the actual usage against the available capacity.

7.12.2 Container haulage services

We provide container haulage services mainly by utilising our fleet of prime movers, container trailers and sidelifter.

The average available capacity, average actual usage and utilisation rate for our fleet of commercial vehicles are as follows:

Prime movers for container haulage services

	FYE 2022	FYE 2023
Average available capacity(1) (Number of prime movers)	19	21
Average actual usage(2) (Number of prime movers)	15	17
Utilisation rate (3) (%)	**78.9**	**81.0**

Notes:

(1) The average available capacity for FYE 2022 and FYE 2023 respectively is calculated based on the monthly average number of prime movers with GPS installed and activated, that are available for the provision of container haulage services in the respective FYE.

(2) The average actual usage for FYE 2022 and FYE 2023 respectively is calculated based on the monthly average number of prime movers with GPS installed and activated, that were in operation for the provision of container haulage services and have travelled for more than 500 km in a particular month of the respective FYE.

(3) The utilisation rate is computed by dividing the average actual usage against the average available capacity.

7.12.3 Warehousing and distribution services

We provide warehousing and distribution services by utilising the space in our warehouses located in Selangor and Penang.

The capacity, actual usage and utilisation rate for each of our warehouses are as follows:

(a) Shah Alam Warehouse in Selangor

	FYE 2022	FYE 2023
Annual capacity(1)	55,704	62,904
Available capacity (2) (Number of pallets)	55,704	62,904
Actual utilisation(3) (Number of pallets)	52,831	52,650
Utilisation rate (4) (%)	**94.8**	**83.7**

Notes:

(1) The annual capacity for year 2022 and year 2023 respectively is calculated for a full year based on the total number of pallets that can be stored in the warehouse in each month-end from January to December for the respective years. The annual capacity for year 2023 is higher than year 2022 due to the installation of an extra level of racking system in our Shah Alam Warehouse in year 2023.

(2) The available capacity for FYE 2022 and FYE 2023 respectively is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from January to December for the respective FYE.

(3) The actual utilisation is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from January to December of FYE 2022 and FYE 2023 respectively.

(4) The utilisation rate is computed by dividing the actual utilisation against the available capacity.

(b) Penang Island Warehouse in Penang

	FYE 2022	**FYE 2023[(5)]**
Annual capacity[(1)]	2,880	-
Available capacity[(2)] (Number of pallets)	480	-
Actual utilisation[(3)] (Number of pallets)	439	-
Utilisation rate[(4)] (%)	**91.5**	**-**

Notes:

(1) The annual capacity for year 2022 is calculated based on the total number of pallets which could have been stored for a full year in the warehouse by totalling the number of pallets that can be stored for each month-end from January 2022 to December 2022. The Penang Island Warehouse ceased operations in March 2022 upon expiration of its tenancy.

(2) As we ceased the operations of our Penang Island Warehouse in March 2022 upon the expiration of its tenancy, the available capacity of the warehouse in FYE 2022 is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from January 2022 to February 2022.

(3) The actual utilisation is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from January 2022 to February 2022.

(4) The utilisation rate is computed by dividing the actual utilisation against the available capacity.

(5) As the Penang Island Warehouse ceased operations in March 2022, the utilisation rate for the warehouse for FYE 2023 is not applicable.

Following the cessation of operations of our Penang Island Warehouse, we commenced the operations of our Bukit Mertajam Warehouse and Butterworth Warehouse in March 2022 as well as Bukit Minyak Warehouse in December 2022. The capacity, actual usage and utilisation rate of the Bukit Mertajam Warehouse, Butterworth Warehouse and Bukit Minyak Warehouse for FYE 2022 and 2023 are as follows:

(c) Bukit Mertajam Warehouse in Penang

	FYE 2022	**FYE 2023**
Annual capacity[(1)]	31,405	35,232
Available capacity[(2)] (Number of pallets)	26,384	35,232
Actual utilisation[(3)] (Number of pallets)	10,781	31,702
Utilisation rate[(4)] (%)	**40.9**	**90.0**

Notes:

(1) The annual capacity for year 2022 and year 2023 respectively is calculated based on the total number of pallets which could have been / can be stored for a full year in the warehouse by totalling the number of pallets that can be stored in each month-end from January to December for the respective years. The Bukit Mertajam Warehouse commenced operations in March 2022. From January 2022 to September 2022, the ambient part of our Bukit Mertajam Warehouse (i.e. the warehouse comprised both ambient space and cold room facility prior to the renovation)was under renovation progressively to convert the entire warehouse to have full cold room facility (i.e. comprising chilled, freezer and/or air-conditioned room), whereby the affected storage space was not available for storage of goods during the said period, which led to lower capacity for these 9 months in year 2022. As such, our Bukit Mertajam Warehouse had lower overall annual capacity in year 2022 as compared to year 2023.

(2) As the Bukit Mertajam Warehouse commenced operations since March 2022, the available capacity of the warehouse for FYE 2022 is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from March 2022 to December 2022. On the other hand, the available capacity of the warehouse for FYE 2023 is calculated based on the total number of pallets that can be stored in each month-end from January 2023 to December 2023.

(3) The actual utilisation for FYE 2022 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from March 2022 to December 2022. On the other hand, the actual utilisation for FYE 2023 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from January 2023 to December 2023.

(4) The utilisation rate is computed by dividing the actual utilisation against the available capacity.

(d) Butterworth Warehouse in Penang

	FYE 2022	FYE 2023
Annual capacity[(1)]	2,460	2,760
Available capacity[(2)] (Number of pallets)	2,000	2,760
Actual utilisation[(3)] (Number of pallets)	1,282	1,506
Utilisation rate[(4)] (%)	**64.1**	**54.6**

Notes:

(1) The annual capacity for year 2022 and year 2023 respectively is calculated based on the total number of pallets which could have been / can be stored for a full year in the warehouse by totalling the number of pallets that can be stored in each month-end from January to December for the respective years. The Butterworth Warehouse commenced operations in March 2022. From September 2022 to October 2022, part of our Butterworth Warehouse was under renovation to build an additional cold room facility within the warehouse, whereby the affected storage space was not available for storage of goods during the said period, which led to lower capacity for these 2 months in year 2022. As such, our Butterworth Warehouse had lower overall annual capacity in year 2022 as compared to year 2023.

(2) As the Butterworth Warehouse commenced operations since March 2022, the available capacity of the warehouse for FYE 2022 is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from March 2022 to December 2022. On the other hand, the available capacity of the warehouse for FYE 2023 is calculated based on the total number of pallets that can be stored in each month-end from January 2023 to December 2023.

(3) The actual utilisation for FYE 2022 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from March 2022 to December 2022. On the other hand, the actual utilisation for FYE 2023 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from January 2023 to December 2023.

(4) The utilisation rate is computed by dividing the actual utilisation against the available capacity.

(e) Bukit Minyak Warehouse in Penang

	FYE 2022	FYE 2023
Annual capacity[(1)]	20,820	20,820
Available capacity[(2)] (Number of pallets)	1,735	20,820
Actual utilisation[(3)] (Number of pallets)	59	2,938
Utilisation rate[(4)] (%)	**3.4**	**14.1**

Notes:

(1) The annual capacity for year 2022 and year 2023 respectively is calculated based on the total number of pallets which could have been / can be stored for a full year in the warehouse by totalling the number of pallets that can be stored in each month-end from January to December for the respective years. The Bukit Minyak Warehouse commenced operations in December 2022.

(2) As the Bukit Minyak Warehouse commenced operations since December 2022, the available capacity of the warehouse for FYE 2022 is calculated based on the number of pallets that can be stored in the warehouse in the month-end of December 2022. On the other hand, the available capacity of the warehouse for FYE 2023 is calculated based on the total number of pallets that can be stored in each month-end from January 2023 to December 2023.

(3) The actual utilisation for FYE 2022 is calculated based on the number of pallets that were stored in the warehouse in the month-end of December 2022. It should be noted that operations only commenced in December 2022 which explains the low utilisation rate for FYE 2022. On the other hand, the actual utilisation for FYE 2023 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from January 2023 to December 2023.

(4) The utilisation rate is computed by dividing the actual utilisation against the available capacity.

Further, in November 2023, we commenced the operations of our Port Klang Warehouse in Selangor. The capacity, actual usage and utilisation rate of the Port Klang Warehouse for FYE 2023 is as follows:

(f) Port Klang Warehouse in Selangor

	FYE 2022(1)	**FYE 2023**
Annual capacity(2)	-	68,544
Available capacity(3) (Number of pallets)	-	11,424
Actual utilisation(4) (Number of pallets)	-	11,424
Utilisation rate(5) (%)	**-**	**100.0**

Notes:

(1) As the Port Klang Warehouse commenced operations in November 2023, the utilisation rate of the warehouse for FYE 2022 is not applicable.

(2) The annual capacity for year 2023 is calculated based on the total number of pallets which could have been stored for a full year in the warehouse by totalling the number of pallets that can be stored in each month-end from January 2023 to December 2023. The Port Klang Warehouse commenced operations in November 2023.

(3) As the Port Klang Warehouse commenced operations in November 2023, the available capacity of the warehouse for FYE 2023 is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from November 2023 to December 2023.

(4) The actual utilisation for FYE 2023 is calculated based on the total number of pallets stored, where the total figure is based on the total month-end closing figures of the number of pallets stored in the warehouse from November 2023 to December 2023.

(5) The utilisation rate is computed by dividing the actual utilisation against the available capacity. The Port Klang Warehouse had a 100.0% utilisation rate in FYE 2023 due to a short term booking placed by our customer to occupy our entire available warehouse space from November 2023 to December 2023.

7.13 RESEARCH AND DEVELOPMENT

We do not carry out any research and development activities as it is not relevant to the nature of our business.

7.14 COMPETITIVE STRENGTHS

7.14.1 We have extensive airport coverage across Peninsular Malaysia, Singapore and Thailand for the provision of airport-to-airport road feeder services

Our Group covers an extensive network of airports for the provision of airport-to-airport road feeder services across Peninsular Malaysia, Singapore and Thailand. As at LPD, the service routes that we currently operate on a regular basis for airport-to-airport road feeder services cover 4 airports comprising of 3 airports in Peninsular Malaysia and 1 airport in Singapore. We also offer airport-to-airport road feeder services to other airports on an ad-hoc basis such as Langkawi International Airport and Senai International Airport in Malaysia as well as Phuket International Airport, Suvarnabhumi Airport, Don Mueang International Airport and U-Tapao-Rayong-Pattaya International Airport in Thailand. Please refer to Section 7.2.1.1(a) for details on our service routes for the provision of our airport-to-airport road feeder services.

Our extensive coverage of airports across Peninsular Malaysia, Singapore and Thailand supports cargo airlines and passenger airlines in transporting cargo to airports when there is no timely connections or limited cargo space on flights, so that the cargo can be transferred faster to the final destination airport or to the next transit airport for its connecting flight to the final destination airport, bringing greater connectivity to our customers.

In addition, we believe that our extensive airport coverage will bring assurance and help our customers in managing their business in terms of logistics management, thus ensuring the demand for our airport-to-airport road feeder services. This will in turn contribute to the growth of our trucking business in Malaysia as well as continue to enhance our standing among the cargo airlines and passenger airlines as well as airports across Peninsular Malaysia, Singapore and Thailand.

7.14.2 We own and operate a wide and diverse range of commercial vehicles, ensuring greater control over our business operations, increasing delivery efficiency and enabling us to carry cargo and containers of various types and sizes

Our fleet of commercial vehicles is the backbone of our Group's business. As at LPD, our Group owns and operates 461 commercial vehicles for the provision of our trucking, container haulage, warehousing and distribution as well as other logistics-related businesses.

By owning these commercial vehicles to support our services, we have greater control over our operations in terms of service availability, delivery and scheduling. It also allows us to ensure that our customers' goods are delivered on-time according to the required schedule and level of service quality. In addition, it also allows us to reduce our dependency on third party road haulage service providers.

Further, having a diverse range of commercial vehicles also allows us to carry cargo and containers of different types and sizes in accordance to customers' requirements. We are equipped with commercial vehicles of different types and load capacities, ranging from delivery van which is used for our express delivery services to carry small items such as documents and parcels to low loader trailer which is used for carrying large, odd-size and/or heavy machinery and equipment. We also have commercial vehicles which can be used for carrying general cargo as well as temperature-controlled goods (i.e. refrigerated box trucks and refrigerated box trailers) when required. Some of our commercial vehicles are also equipped with rollers which are suitable for carrying ULDs of different types and dimensions for the provision of our airport-to-airport road feeder services. Additionally, some of our commercial vehicles primarily our prime movers and trailers are installed with air suspension system to reduce bouncing over uneven surfaces on the road and minimise the risk of cargo damage. Please refer to Section 7.2.4 for further details on our fleet of commercial vehicles.

Our Group believes that having a diverse range of commercial vehicles is one of the significant elements driving the success of our Group's business as it provides a strong foundation for the continuing growth and sustainability of our business.

7.14.3 We provide comprehensive logistics-related services which complement our trucking business and provide greater efficiency and convenience to our customers

Our Group primarily provides trucking services to our customers, comprising airport-to-airport road feeder services and point-to-point trucking services which covers an extensive network of service routes across Peninsular Malaysia, Singapore and Thailand. Further, our trucking services are also able to cater for customers' project cargo needs in carrying large, odd-size and/or heavy equipment or machinery.

In addition to our trucking services, we also provide multiple logistics-related services across the logistics industry value chain such as container haulage services, warehousing and distribution services, licensed brokerage and forwarding services, express delivery services and cargo escort services which are complementary to our trucking services. By offering a comprehensive range of logistics-related services, we are able to attract and target a diversified range of customers with various logistical needs and requirements. Our comprehensive service offerings also bring greater efficiency and convenience to our customers as they do not need to engage with multiple parties for their transportation or logistics needs.

With the provision of a comprehensive logistics related services together with our trucking services, our Group can thus expand our revenue stream as well as improve our financial performance which will in turn drive our business growth.

7.14.4 We have an established history and proven track record with about 30 years of experience in the logistics and warehousing industry

We have an established history and proven track record of about 30 years where we have successfully grown our business from our trucking services to providing more services covering container haulage services, warehousing and distribution services, licensed brokerage and forwarding services, express delivery services and cargo escort services. We have also obtained the IILS status in 2016. Further, we have gradually expanded our warehousing and distribution business throughout the years since 1995 and the contribution of our warehousing and distribution services to our revenue has been increasing from 6.4% in FYE 2020 to 15.7% in FYE 2023. To facilitate the continued growth and development of our warehousing and distribution business, we intend to establish an additional warehouse in Penang. Please refer to Section 7.15.1 for further details on the expansion of our warehousing and distribution business.

The continued success and growth of our Group is attributable to our extensive experience and industry insights gained throughout the years as well as our ability to cultivate strong and long-term business relationships with our customers. Further, our experience and industry insights have also played an important role in our business development activities and in identifying market demand to continuously expand our services and solutions offering. Moreover, our relevant knowledge and experience in the aviation industry gained via serving our customers who are cargo and/or passenger airlines also facilitate us in addressing customers' airport-to-airport road feeder service requirements such as arranging the right commercial vehicle for the transportation of various types and dimensions of customers' ULDs.

Our ability in securing and retaining our customers is a testament to our proven track record. We pride ourselves as an integrated logistics service provider, helping our customers to plan, manage and deliver their cargo to their designated destinations, ensuring there are no delays in their shipments.

As a recognition of our business achievement, we have received various awards for our business over the years. We were awarded, among others, the "Best Operator for Freight Category A" by SPAD in 2014 and the "Service Provider of the Year" by Customer C in 2018, 2020, 2021, 2022 and 2023, which are a testament to our growth in the logistics and warehousing industry in Malaysia. Please refer to Section 7.1 for further details of the awards received by our Group.

Moving forward, our long-standing history and track record in the logistics and warehousing industry will provide confidence to our customers, in terms of our capabilities and quality in the provision of our services, which will in turn support the growth of our business.

7.14.5 We perform in-house maintenance and repair works to ensure efficient utilisation of commercial vehicle capacity as a result of reduced commercial vehicle downtime

Our Group understands the importance of ensuring our fleet of commercial vehicles are in good running condition at all times for efficient utilisation of commercial vehicle capacity and the timeliness for the transportation of our customers' cargo in which such shipments are generally time critical.

As such, we have an in-house vehicle maintenance team comprising skilled mechanics with expertise and technical skills in performing service, diagnostics, recalibration, reprogramming and repairs on commercial vehicles to perform the maintenance and repair works for our commercial vehicles stationed in Selangor as well as major repair works for our commercial vehicles stationed in Penang instead of depending on third party service providers. Our Shah Alam Workshop has the necessary equipment to facilitate us in carrying out the maintenance and repair works for our commercial vehicles more efficiently and promptly. As at LPD, we have approximately 1,760 stock-keeping units of spare parts stored at our Shah Alam Office 2, comprising among others, filters, valves, gears and shock absorbers.

By performing maintenance and repair for our commercial vehicles internally, we are able to minimise operational downtime by providing us with a faster turnaround time to carry out scheduled / unscheduled repair and maintenance works as and when required as we are less susceptible to external factors such as unavailability of mechanics, long queue time or limited servicing hours. We are also able to minimise our cost of maintenance and prolong the useful life of our commercial vehicles by carrying our regular maintenance and repair, as our in-house vehicle maintenance team is responsible to monitor the usage of commercial vehicles and scheduling maintenance programme which in turn minimises the need to replace our commercial vehicles and thus, reduces our capital expenditure. Moreover, we also benefit from fulfilling our customers' shipments on a timely manner and prevent any significant delays.

Maintenance, minor repair works and tyre alignment work for our commercial vehicles stationed in Penang and tyre alignment work for our commercial vehicles stationed in Selangor are outsourced to third party workshops.

7.14.6 We have experienced Managing Director, Executive Directors and key senior management team with substantial industry experience

Our Group is led by our Managing Director, Executive Directors and key senior management team that have accumulated years of experience in their respective field and key expertise, industry experience and/or in-depth knowledge of our business operations.

Our Managing Director, Alan Ong Lay Wooi, has about 22 years of experience in the logistics industry. His technical and industry knowledge is instrumental in steering the overall strategic direction and business development of our Group. He is supported by our Executive Directors and an experienced key senior management team comprising:

Name	Designation	Years of relevant working experience
Angeline Ong Lay Shee	Executive Director	17
Adeline Ong Lay Suen	Executive Director	8
Ameline Ong Lay Ling	General Manager	10
Ong Yit Hwa	Deputy General Manager (Northern Region)	31
See Ai Lian	Financial Controller	9
Tan Pei Wun	Finance Manager	13

Our Executive Directors and key senior management have in-depth knowledge and capabilities as a result of years of experience in their respective fields. Further, each of our Executive Directors and key senior management takes an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand our business.

7.14.7 We have been granted the AEO status by the RMCD which brings benefits to the business operations of our Group

Our Group understands the importance of maintaining high standards of compliance and security in order to ensure smooth and secure movement of goods. In recognition of the high compliance level and high security management our Group has achieved in accordance to the prescribed requirements and criteria set by the RMCD, we were granted approval for the AEO status by the RMCD effective 9 March 2023. This status is granted to operators involved in the movement of goods along the international trade supply chain who have achieved the required security standards across their business activities.

Based on publicly available information, as at LPD, there are approximately 52 logistics service providers who have been granted the AEO status by the RMCD.

The AEO status offers our Group with several benefits which include easier accessibility to customs simplifications and enhanced supply chain efficiency. AEOs may benefit from simplified customs procedures including reduced documentation requirements and priority treatment for inspections which can thus speed up the customs clearance process, reduce waiting times and expedite the movement of goods. As such, these benefits will serve to support the growth of our business and facilitate smooth movement of goods.

With the attainment of the AEO status, this demonstrates our Group's commitment to compliance, security and best practices which can thus strengthen our business reputation as well as instil confidence in our customers and the relevant government authorities.

7.15 BUSINESS STRATEGIES AND PROSPECTS

7.15.1 We intend to expand our warehousing and distribution business through the establishment of a new warehouse

As at LPD, we operate 5 warehouses, located in Shah Alam and Port Klang, Selangor, as well as Bukit Mertajam, Butterworth and Bukit Minyak, Penang. In view of the growth of our warehousing and distribution services as reflected in our Group's revenue in the FYE 2020, 2021, 2022 and 2023 as well as the increasing demand for warehousing facilities and storage services in Malaysia, we intend to expand our warehousing and distribution business through the establishment of an additional new warehouse in Penang. During the FYE 2020, 2021, 2022 and 2023, our revenue from our warehousing and distribution services increased from RM2.8 million in FYE 2020 to RM8.2 million in FYE 2023 at a CAGR of 43.1%.

According to the IMR Report, the logistics and warehousing industry in Malaysia began to recover in 2021 with a YOY of 1.35%, and subsequently recorded a significant YOY growth of 30.83% to RM55.80 billion in 2022, exceeding the pre-COVID-19 level of RM53.63 billion in 2019, indicating strong recovery in the sector. In 2023, the logistics and warehousing industry continued to grow at a YOY of 13.80% to RM63.50 billion. According to Bank Negara Malaysia, the Malaysian economy is predicted to grow between 4.00% and 5.00% in 2024, supported by continued expansion in domestic demand and improvement in external demand. Premised on this, it is expected that the logistics and warehousing industry will continue to grow to support the continuous growth in Malaysia's overall economy.

Further, we expect to have increasing demand for large warehouse storage space from new potential customers, particularly multinational companies in the northern region of Peninsular Malaysia. Additionally, in view that our Bukit Mertajam Warehouse has reached a utilisation rate of 90.0% in FYE 2023 and our Butterworth Warehouse and Bukit Minyak Warehouse may be insufficient in size to accommodate the expected demand for large warehouse space in the future, our Group plans to establish an additional new warehouse in Penang.

In June 2023, we entered into a sale and purchase agreement for the purchase of the Valdor Office and Warehouse. The Valdor Office and Warehouse has a total built-up area of approximately 164,000 sq ft and an annual capacity for Valdor Warehouse of approximately 192,000 pallets. The Valdor Office and Warehouse will be used for our warehousing and distribution services catering to customers located in the northern region of Peninsular Malaysia.

The Valdor Warehouse is a built-to-suit warehouse and as at LPD, earthworks have been commissioned by the developer for the construction of the new warehouse. The construction of the Valdor Office and Warehouse is expected to be completed within 36 months upon the signing of the sale and purchase agreement. Subsequently, we expect to commence operation by fourth quarter of 2026.

The total purchase consideration of the Valdor Office and Warehouse is RM70.6 million (including incidental expenses such as legal costs, stamp duty and memorandum of transfer of RM3.0 million) whereby RM4.0 million has been funded internally by our Group. We intend to allocate RM3.0 million from our IPO proceeds to defray the incidental expenses. The balance purchase price of RM63.6 million will be funded via bank borrowings which we have obtained from Hong Leong Islamic Bank Berhad.

In addition, we also plan to invest in racking system to be placed in the Valdor Office and Warehouse. The total cost of the racking system is expected to be approximately RM7.0 million which will be fully funded via IPO proceeds. Please refer to Section 4.9.1 of this Prospectus for further details on the utilisation of proceeds.

The purchase of the Valdor Office and Warehouse will provide us with more storage space in addition to our existing 5 warehouses located in Selangor and Penang, which will enable us to serve more and/or larger orders from both our existing customers and potential customers in the central and northern regions of Peninsular Malaysia through our existing and new warehouses. With more storage space, we expect that we can better market our warehousing and distribution services under the Valdor Office and Warehouse, which will lead to an increase in revenue of our warehousing and distribution services moving forward.

7.15.2 We intend to grow our trucking and container haulage businesses through the expansion of our fleet of commercial vehicles

As at LPD, we own and operate a total of 461 commercial vehicles comprising trucks, prime movers, trailers, delivery vans and cargo escort vehicles for our business operations. As part of our strategy to continue growing our trucking and container haulage businesses, we will need more commercial vehicles in order to increase our capacity for the transportation of more cargo and containers.

As such, we intend to purchase 100 commercial vehicles by 2025 based on our Group's estimated requirements. These commercial vehicles are similar to the ones that we currently own and operate to provide our trucking and container haulage services. Details of the 100 commercial vehicles are as follows:

Commercial vehicles	**Units**
Provision of trucking services	
Prime mover	8
Low loader trailer	2
Provision of container haulage services	
Prime mover	15
20-ft container trailer	25
40-ft container trailer	48
Sidelifter	2
Total	**100**

The total cost of the 100 commercial vehicles are estimated to be RM8.0 million. We intend to allocate RM2.0 million of the proceeds for the purchase of commercial vehicles and the balance of RM6.0 million will be funded from our internally-generated funds and/or bank borrowings. Please refer to Section 4.9.1 for further details on the utilisation of proceeds.

7.15.3 Prospects of our Group

With a keen focus on the logistics and warehousing industry as well as the trucking industry, we believe that our Group's prospects are favourable, grounded in the careful consideration of our competitive strengths highlighted in Section 7.14, our business strategies as set out above, as well as the industry outlook of the IMR Report presented below.

The logistics and warehousing industry plays an important role in supporting trade activities, as the transportation of goods across domestic and international borders accelerates convergence with global supply chains and helps key export industries connect with international markets. After a YOY decline of 3.26% in 2020 due to the impact from the COVID-19 pandemic, Malaysia's external trade (comprising total imports and total exports) increased from RM1.78 trillion in 2020 to RM2.84 trillion in 2022, at a CAGR of 26.31%. Such recovery in Malaysia's external trade contributed to increased demand for logistics and warehousing services, including demand for trucking services. In 2023, Malaysia's external trade recorded a 7.04% YOY decline to RM2.64 trillion. This was in tandem with slower global demand, lower commodity prices, geopolitical uncertainties, high inflation rate, downcycle in the semiconductor sector and high base effect in 2022. According to the Economic Outlook 2024 published by Ministry of Finance Malaysia, Malaysia's external trade is forecast to increase by 5% in 2024, which is in line with the anticipated recovery of global trade at 3.3% as announced by the World Trade Organization.

Within the manufacturing sector, the E&E industry is the largest sub-segment with a contribution of approximately 27.01% to the GDP from the manufacturing sector in 2023, thereby being acknowledged as one of the pillars of Malaysia's economy. Additionally, export of E&E products is also one of the major factors driving the recovery of Malaysia's external trade in 2023, with its contribution to total exports at approximately 40.24% and to total external trade at 21.80%. The GDP from the E&E industry and exports of E&E products registered positive growth at a CAGR of 6.80% and 8.56% respectively, from 2018 to 2023.

The anticipated growth of the E&E industry and the exports of E&E products will not only drive the logistics and warehousing industry as a whole, but will particularly benefit the air freight industry as E&E products are generally high-value items and commonly transported through air freight. This will in turn create demand for trucking services, including airport-to-airport road feeder services and point-to-point trucking services, to facilitate the movement of E&E products between and to/from airports.

E-commerce has become a significant retail channel for a wide range of goods spanning from daily necessities, apparels, consumer electronic products, household items, automotive spare parts and furniture, amongst others. E-commerce not only facilitates domestic purchases; but also cross-border transactions globally as consumers are able to purchase goods from overseas sellers through e-commerce platforms. Air freight and sea freight services thus serve as an important supporting service to e-commerce through the transportation of goods from the origin airport/seaport (of sellers) to the destination airport/seaport (of buyers). Following which, trucking plays a pivotal role in transporting these goods from the destination airport/seaport to warehouses for onward sorting and last mile transportation to the buyers. Further, airport-to-airport road feeder services are also essential in transporting e-commerce goods between airports.

The e-commerce market in Malaysia, represented by sales value, grew from RM10.29 billion in 2018 to RM31.09 billion in 2023 at a CAGR of 24.75%. The growth of the e-commerce market since 2020 was boosted by the COVID-19 pandemic as more consumers switched to online shopping in view of movement restrictions imposed and reduced shopping in physical stores to minimise the risk of infection. As consumers continue adopting online shopping despite the subsidence of the COVID-19 pandemic, the demand for trucking services is expected to increase to support the continued growth in e-commerce activities.

(Source: IMR Report)

7.16 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

Our Group is not materially dependent on any contracts, agreements or other arrangements that could materially affect our business and profitability as at LPD.

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7.17 CERTIFICATIONS AND ACCREDITATIONS

As at LPD, we have been accredited with the following certifications and accreditations:

Certification / Accreditation	Location	Certification scope	Certification / Accreditation body	First certification / Accreditation obtained date	Current validity period
ISO 9001:2015	Shah Alam Office and Warehouse	Provision of bonded and non-bonded transportation, warehousing, container haulage and courier services.	LRQA Limited	27 December 2001	27 December 2022 – 26 December 2025
	Bukit Mertajam Office and Warehouse	Provision of bonded and non-bonded transportation and warehousing services.			
IILS status [(1)]	Not applicable	Not applicable	MIDA	31 October 2016	Not applicable
GDPMD [(2)]	Shah Alam Office and Warehouse	Storage and handling, warehousing, distribution and documentation including traceability of single-use devices.	*TÜV SÜD* (Malaysia) Sdn Bhd	8 January 2019	1 December 2022 – 7 January 2025
AEO status [(3)]	Not applicable	Not applicable	RMCD	9 March 2023	Not applicable

Notes:

(1) The IILS status was awarded to our Group as we have satisfied the key criteria or requirements which include, amongst others:

- Undertaking the activities of delivery, transportation and warehousing as well as at least one value-added activity (i.e. distribution);
- Managing warehouse facility with area of at least 5,000 sqm and transport facility of at least 20 units of commercial vehicles;
- Use Malaysia as a hub for logistics supply chain services in the region;
- Demonstration of good networks with logistics service providers abroad and high usage of information and communications technology in the logistics supply chain and value-added service; and
- Attended the compulsory Customs Agent course conducted by the RMCD.

The IILS status provides a competitive advantage to our Group such as optimising international logistics processes, reducing costs, and improving our ability to serve customers globally. In the event if our IILS status is revoked or terminated, we do not foresee any material adverse impact to our business operations. Nonetheless, the loss of the IILS status may result in disruption to our supply chain operations, increased logistics costs, and potential delays in customs clearance.

(2) Holding a GDPMD certification gives our Group a competitive edge in attracting customers who need transportation and/or storage services for pharmaceutical and/or medical goods. These customers typically prefer a logistics service provider with GDPMD certification over one without it. In the event if our Group's GDPMD certification is suspended or not renewed upon expiry, we do not foresee any significant impact to our business operations although we may be exposed to the risk of losing out on customers who prefer logistics service providers with such GDPMD certification.

(3) The AEO status was awarded to our Group as we have satisfied the key criteria or requirements which include, amongst others:

- Being involved in importation, exportation and movement of goods;
- Have been in operation in Malaysia for at least 3 years;
- Have fulfilled the security requirements based on World Customs Organization (WCO) SAFE Framework of Standards;
- Have the capability to submit declaration of goods and payments of duties / taxes electronically;
- Compliance with customs-related laws and regulations;
- Maintaining a reliable and satisfactory system for management of commercial records; and
- Have demonstrated financial solvency and stability.

In the event if our Group's AEO status is suspended, revoked or terminated, we do not foresee any significant impact to our business operations although we may be exposed to the risk of losing out on customers who prefer logistics service providers with AEO status.

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 1 April 2024

The Board of Directors

Sin-Kung Logistics Berhad
Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor

Dear Sirs/ Madams,

Independent Market Research Report on the Logistics and Warehousing Industry in Malaysia and Trucking Industry in Malaysia and Singapore ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Sin-Kung Logistics Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Sin-Kung Logistics Berhad and its subsidiaries ("Sin-Kung Group") operate and to offer a clear understanding of the industry and market dynamics. As Sin-Kung Group is an integrated logistics service provider principally involved in the provision of trucking services, with a focus on airport-to-airport road feeder services in Malaysia and Singapore, the scope of work for this IMR Report will thus address the following areas:

(i) Overview of the logistics and warehousing industry in Malaysia;

(ii) The trucking industry in Malaysia;

(iii) Competitive overview of the logistics, warehousing and trucking industry in Malaysia; and

(iv) The trucking industry in Singapore.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

DENNIS TAN TZE WEN
MANAGING PARTNER

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The research for this IMR Report was completed on 26 March 2024.

For further information, please contact:

SMITH ZANDER INTERNATIONAL SDN BHD
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Malaysia
Tel: + 603 2732 7537

www.smith-zander.com

About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

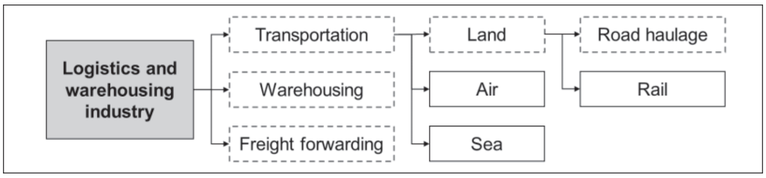
1 OVERVIEW OF THE LOGISTICS AND WAREHOUSING INDUSTRY IN MALAYSIA

Logistics is a part of supply chain management, and is a process of planning, implementing and controlling procedures for the movement and storage of goods between the point of origin and the point of destination. The logistics and warehousing industry is pivotal in supporting growth in economic activities as it facilitates the transportation of goods across international borders as well as domestically.

The logistics and warehousing industry typically encompasses transportation, warehousing and freight forwarding.

Sin-Kung Group is an integrated logistics service provider, principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services; as well as container haulage services, warehousing and distribution services, and other logistics-related services.

Segmentation of the logistics and warehousing industry



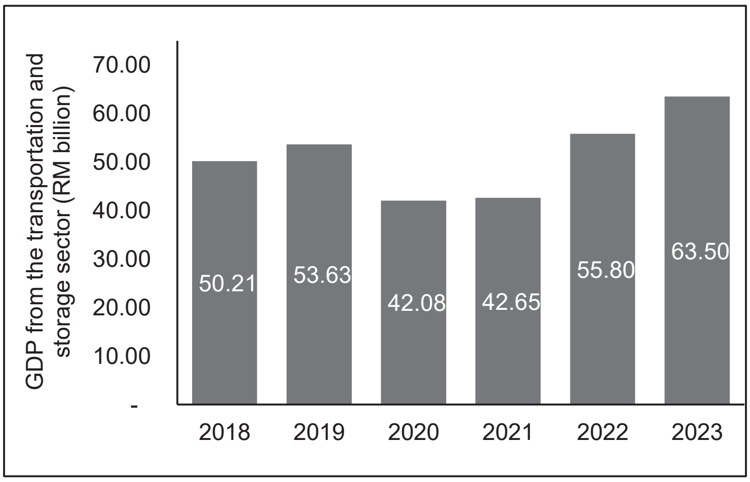
Note:
[dashed box] denotes the industry segments which Sin-Kung Group is involved in.

Source: SMITH ZANDER

The performance of the logistics and warehousing industry in Malaysia, measured by the gross domestic product ("GDP") from the transportation and storage sector, recorded a year-on-year ("YOY") decline of 21.54% in 2020 that was mainly attributable to the grounding of passenger aircraft operations during the COVID-19 pandemic.

The logistics and warehousing industry began to recover in 2021 with a YOY of 1.35%, and subsequently recorded a significant YOY growth of 30.83% to RM55.80 billion in 2022, exceeding the pre-COVID-19 level of RM53.63 billion in 2019, indicating strong recovery in the sector. In 2023, the logistics and warehousing industry continued to grow at a YOY of 13.80% to RM63.50 billion.

Performance of the logistics and warehousing industry (Malaysia), 2018 – 2023



Source: Department of Statistics Malaysia ("DOSM")

2 THE TRUCKING INDUSTRY IN MALAYSIA

As Sin-Kung Group is principally involved in the provision of trucking services in Malaysia as part of its integrated logistics services, this section will focus on the trucking industry in Malaysia.

2.1 OVERVIEW

Trucking, also known as road haulage, refers to the transportation of cargo by road using trucks, such as dry box trucks, refrigerated box trucks, flat-bed trucks and container trucks (also known as prime movers operated together with trailers). Road haulage is used by businesses to transport heavy, large-sized, large volume and/or bulk cargo over a distance by road. Road haulage is flexible in carrying all types of cargo, including general cargo, project cargo and dangerous goods, with fewer restrictions and regulatory procedures in handling the cargo in comparison to air freight and ocean freight. Road haulage is also an economical choice of logistics especially for transportation of cargo over short distances.

In a cargo transportation network, road haulage is used to transport cargo from point to point, and can be broadly segmented into 3 categories, namely airport-to-airport road feeder services, point-to-point trucking services and container haulage services.

(i) Airport-to-airport road feeder services

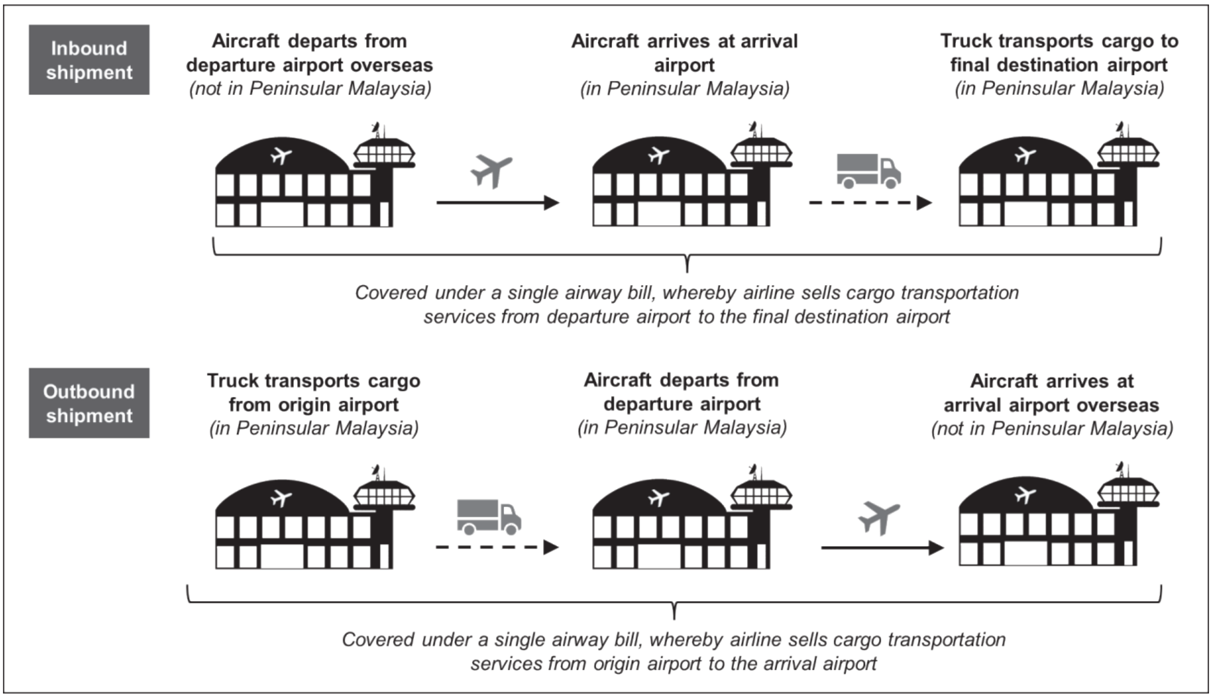
Airport-to-airport road feeder services, also known as truck flight services, are trucking services involving transportation of cargo between airports. It is essential in assisting airlines to extend their connectivity and network of coverage for cargo transportation.

In Malaysia, airport-to-airport road feeder services are undertaken to facilitate inbound and outbound shipments as well as transhipments.

In the context of inbound shipment to, and outbound shipment from, Peninsular Malaysia (in which Sin-Kung Group is principally operated), airport-to-airport road feeder services can be undertaken in the following scenarios:

- For inbound shipment to Peninsular Malaysia, airport-to-airport road feeder services can be used to transport cargo from an arrival airport in Peninsular Malaysia to a final destination airport in Peninsular Malaysia.
- For outbound shipment from Peninsular Malaysia, airport-to-airport road feeder services can be used to transport cargo from an origin airport in Peninsular Malaysia to a departure airport in Peninsular Malaysia.

Airport-to-airport road feeder services for inbound and outbound shipments

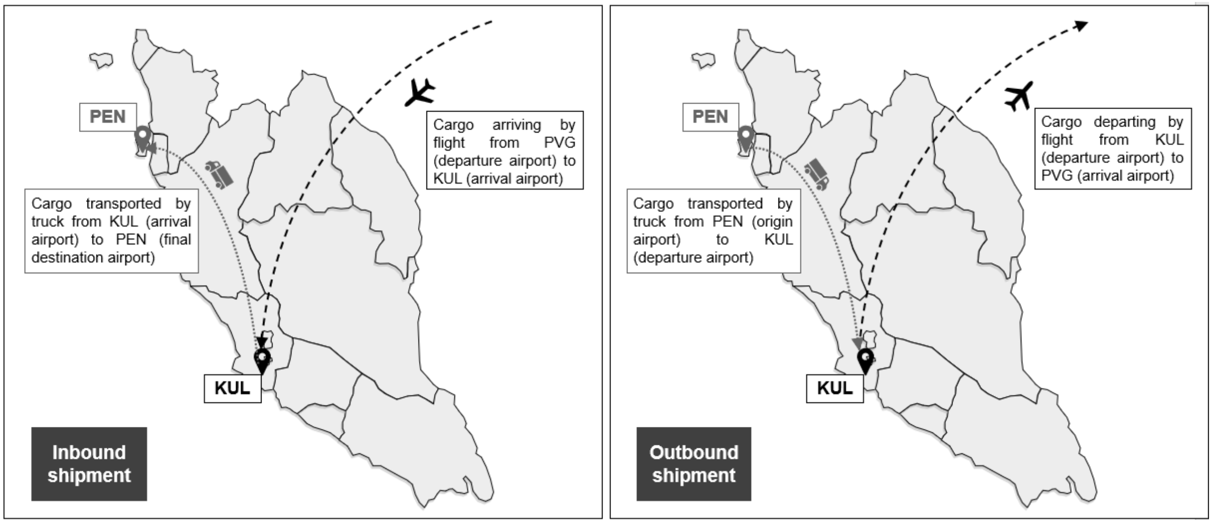


The diagram below demonstrates the expanded connectivity of a foreign-based airline in Malaysia through airport-to-airport road feeder services provided by trucking service providers. For illustration purposes, this foreign-based airline operates flights between an airport in its home country (i.e. Shanghai Pudong International Airport ("PVG")) and an airport in Malaysia (i.e. Kuala Lumpur International Airport ("KUL" or "KLIA")). However it sells cargo transportation services from PVG to KUL, and also to Penang International Airport ("PEN") which it does not operate flight services to, and vice-versa (i.e. from PEN and KUL to PVG).

For inbound shipment to Malaysia bound for PEN, the foreign-based airline carries cargo through air freight from PVG (departure airport) to KUL (arrival airport), and thereafter engages trucking service providers to carry the cargo to PEN (final destination airport) under airport-to-airport road feeder services. In essence, the airport-to-airport road feeder services is an extension of the airline's flight services for the cargo bound for PEN. Conversely, for outbound shipment from PEN, the foreign-based airline engages trucking service providers to carry the cargo from PEN (origin airport) under airport-to-airport road feeder services to KUL (departure airport) and thereafter the airline carries the cargo through air freight to PVG (arrival airport).

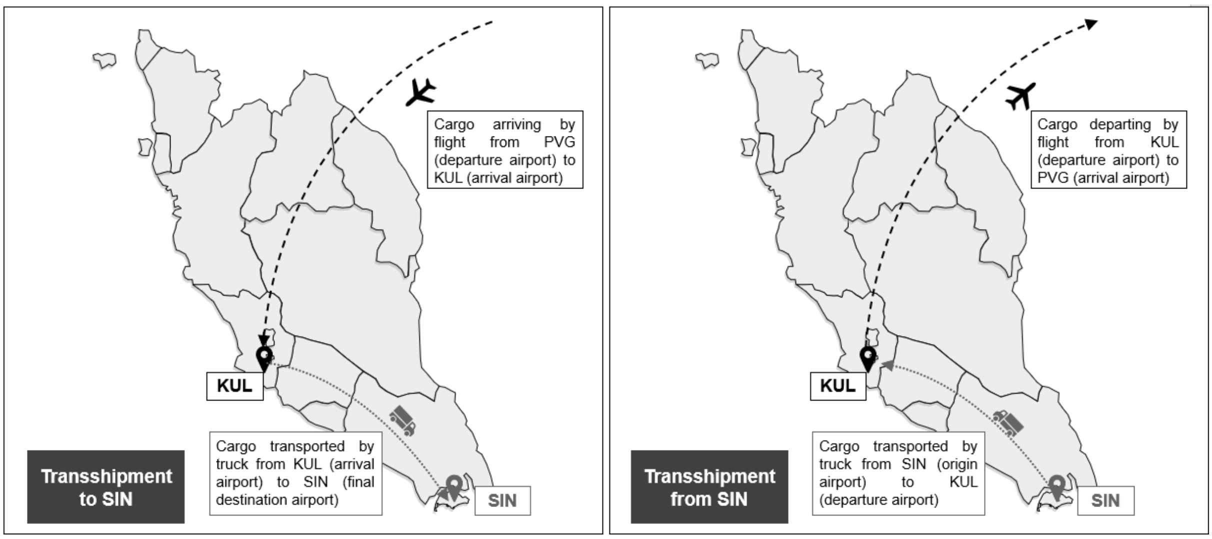
The transportation of cargo between PVG and PEN for both inbound and outbound shipment through a combination of air freight services and airport-to-airport road feeder services is covered under a single airway bill issued by the airline, i.e. the airport-to-airport road feeder services is an extension of the air freight services.

Illustration of airport-to-airport road feeder services for inbound and outbound shipments



Apart from domestic transportation, airport-to-airport road feeder services may cover cross-border transportation to facilitate transhipments, to an airport located outside Malaysia, e.g. from KUL to Changi Airport in Singapore ("SIN"), and vice versa.

Illustration of airport-to-airport road feeder services for transshipments



The use of airport-to-airport road feeder services to transport cargo between these airports by an airline is due to several reasons, which include:

- no flight services or no timely connections on flight services operated by the said airline between the airports operated by the airport-to-airport road feeder services; or
- limited cargo space on flight services operated by the said airline between these airports; or
- no timely connections on flight services operated by other airlines between these airports; or
- limited cargo space on flight services operated by other airlines between these airports.

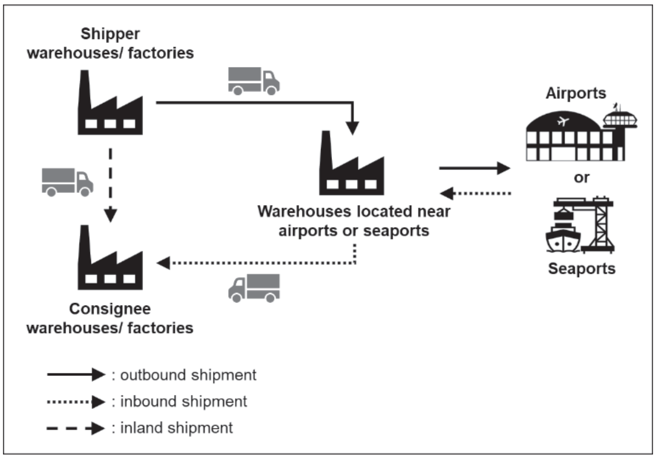
The connectivity between airports through land transportation via airport-to-airport road feeder services enables airlines to have an extensive network of coverage to support the logistics needs of their customers.

Unit load devices ("ULDs") are used to handle air cargo throughout the transportation process and hence, there is no packing and unpacking of the cargo involved during the change of transportation modes. This eliminates the need to repack cargo in-transit, thus ensuring the security of the cargo and reducing the risk of damaged goods.

(ii) Point-to-point trucking services

Point-to-point trucking services involve movement of cargo from shipper warehouses/ factories directly to consignee warehouses/ factories (i.e. inland shipment); or between shipper or consignee warehouses/ factories and warehouses located near airports/ seaports for outbound or inbound shipment.

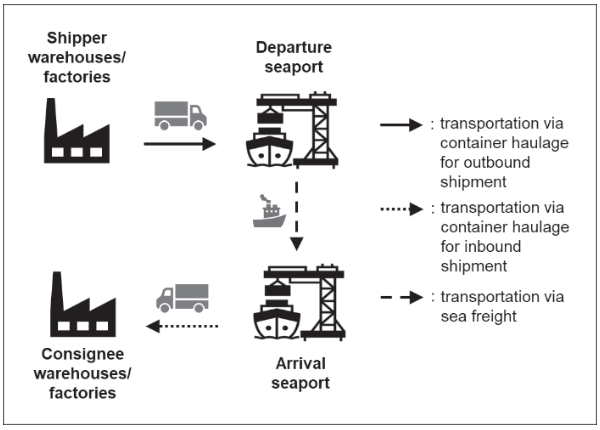
Cargo transported from shipper warehouses/ factories to warehouses located near airports or seaports are generally for outbound shipment through air freight or sea freight; while cargo transported from warehouses located near airports or seaports to consignee warehouses/ factories are generally inbound shipment through air freight or sea freight.



(iii) Container haulage services

Container haulage services are trucking services that use prime movers and trailers to transport containerised cargo from shipper warehouses/ factories to departure seaport for onward delivery through container vessels (i.e. outbound shipment), or from arrival seaport to the consignee warehouses/ factories (i.e. inbound shipment).

Prime movers are designed to haul up to two 20-foot containers or a single 40-foot container using trailers. These containers have standard dimensions to be used across different modes of transportation seamlessly, without the need to unload and reload the cargo as the cargo remains inside the container throughout the logistics process.

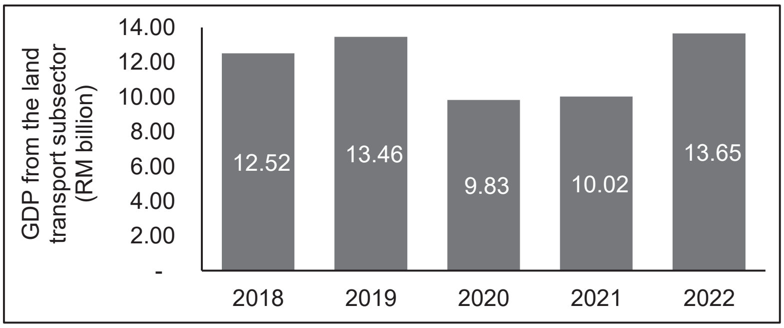


2.2 INDUSTRY PERFORMANCE, SIZE AND GROWTH

The performance of the land transport industry in Malaysia, as represented by GDP from the land transport subsector, recorded similar trend as the overall logistics and warehousing industry in Malaysia.

In 2020, the GDP from the land transport subsector in Malaysia (including road transport and rail transport) experienced a sharp decline at a YOY of -26.97%. This decline was attributed to the implementation of varying degrees of nationwide movement restrictions [1] by the Government of Malaysia ("the Government") from 18 March 2020 in order to curb the spread of the COVID-19 virus. The implementation of movement restrictions led to temporary suspensions and/or operational restrictions of many businesses and economic activities, which resulted in a decline in trade and manufacturing activities, thereby decreasing the demand for transportation of goods.

GDP from the land transport subsector (Malaysia), 2018 – 2022



Notes:
- *Latest available as of 26 March 2024.*
- *The GDP from the land transport subsector includes road transport and rail transport. The breakdown of road transport and rail transport data is not publicly available.*

Source: DOSM

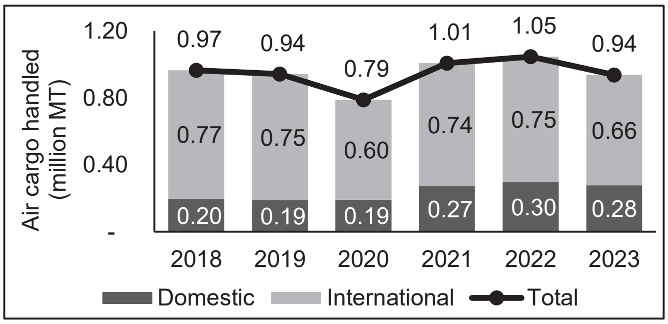
[1] *Refer to movement control order ("MCO"), conditional MCO, recovery MCO, enhanced MCO and various phases under the National Recovery Plan ("NRP") imposed by the Government for different duration depending on the severity of the COVID-19 situation in the respective states, federal territories and areas.*

In 2021, the GDP from the land transport subsector in Malaysia recorded a marginal increase of 1.93%. Subsequently in 2022, it increased significantly by 36.23% to RM13.65 billion. This was attributed to the recovery of the economy after the ease of nationwide movement restrictions and the resumption of business and economic activities following the transition into the 'Endemic Phase' effective 1 April 2022.

Sin-Kung Group focuses on airport-to-airport road feeder services to support the air freight industry. Hence, the performance of the air freight industry, represented by total air cargo handled, is presented.

Total air cargo handled in Malaysia declined from 0.94 million metric tonnes ("MT") in 2019 to 0.79 million MT in 2020, at a negative YOY of 15.96%. In 2020, international air cargo handled decreased by 20.00%, due to the outbreak of the COVID-19 pandemic and the subsequent implementation of international travel restrictions, which resulted in an abrupt cessation of scheduled passenger services and grounding of passenger aircraft. Subsequently, this led to a loss in belly cargo capacity from passenger aircraft and resulted in the decline in international air cargo handled in Malaysia.

Total air cargo handled (Malaysia), 2018 – 2023

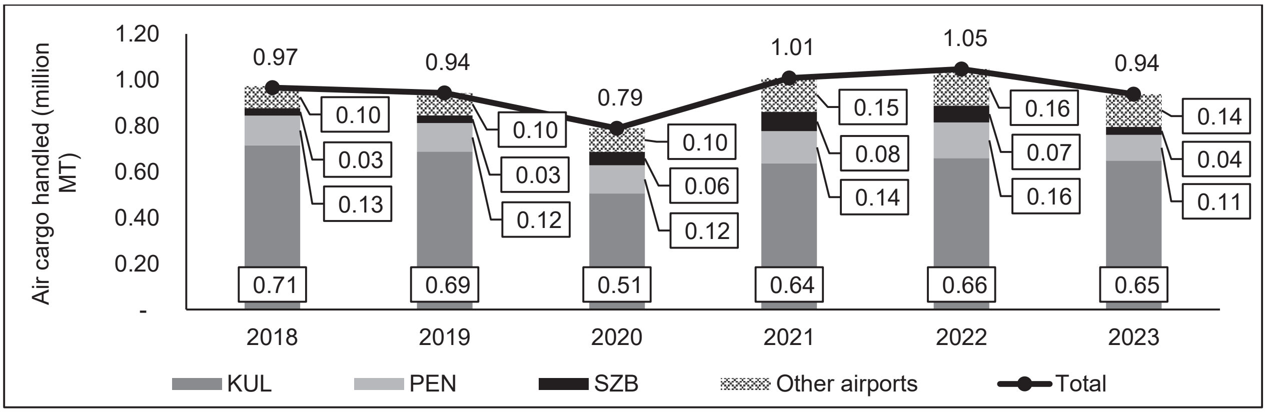


Source: Ministry of Transport ("MOT")

In 2021, subsequent to the roll-out of vaccinations and reopening of economies in many countries, domestic and international cargo handled in Malaysia recorded a YOY increase of 42.11% and 23.33% respectively, thereby driving the increase in total air cargo handled at a YOY of 27.85% to 1.01 million MT. In 2022, air cargo handled in Malaysia continued its growth momentum by increasing to 1.05 million MT at a YOY of 3.96%. In 2023, air cargo handled in Malaysia declined at a YOY of -10.48% to 0.94 million MT, mainly driven by the decline in international cargo by 12.00% due to slower global demand and geopolitical uncertainties. This was in line with the decline in Malaysia's external trade at a YOY of -7.04% in the same year.

Amongst all airports in Malaysia, KUL[2], PEN and Sultan Abdul Aziz Shah Airport ("SZB"), which are amongst the airports covered by Sin-Kung Group in Malaysia, were the top 3 airports with most air cargo handled from 2018 to 2022. In 2023, air cargo handled in Kota Kinabalu International Airport and Kuching International Airport exceeded SZB. However, as KUL, PEN and SZB are amongst the airports covered by Sin-Kung Group, the following analysis on air cargo handled by airports will focus on the performance of these 3 airports.

Air cargo handled by airports (Malaysia) 2018 – 2023



Sources: MOT, SMITH ZANDER

Between 2019 and 2023, the collective contribution of air cargo handled by these 3 airports ranged between 84.76% and 89.36% of the total air cargo handled in Malaysia.

With the large contribution of air cargo handled by KUL, airports in Peninsular Malaysia handled most of the air cargo in Malaysia at 0.80 million MT[3] in 2023, accounting for 85.11% of the total air cargo handled in Malaysia.

[2] *KUL consists of KLIA Terminal 1 and Terminal 2*

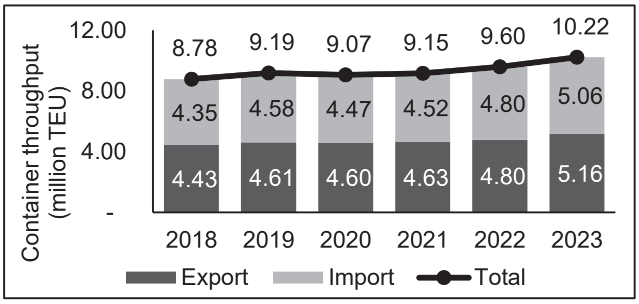
[3] *In 2023, total air cargo handled by all airports in Peninsular Malaysia was 804,075 MT (rounded to 0.80 million MT), while total air cargo handled by KUL, PEN and SZB was 795,645 MT (also rounded to 0.80 million MT).*

Further, Sin-Kung Group provides container haulage services to support the sea freight industry. Hence, the performance of the sea freight industry, represented by total container throughput, is presented.

Total container throughput in Malaysia decreased from 9.19 million Twenty-foot Equivalent Unit ("TEU") in 2019 to 9.07 million TEU in 2020 at a YOY of -1.31%, mainly due to a decrease in container throughput due to the outbreak of the COVID-19 pandemic and the subsequent spillover effects of container shortages and port congestion.

Total container throughput in Malaysia recovered at a compound annual growth rate ("CAGR") of 4.06% from 9.07 million TEU in 2020 to 10.22 million in 2023. This was in tandem with the gradual recovery of Malaysia's economy over the same period.

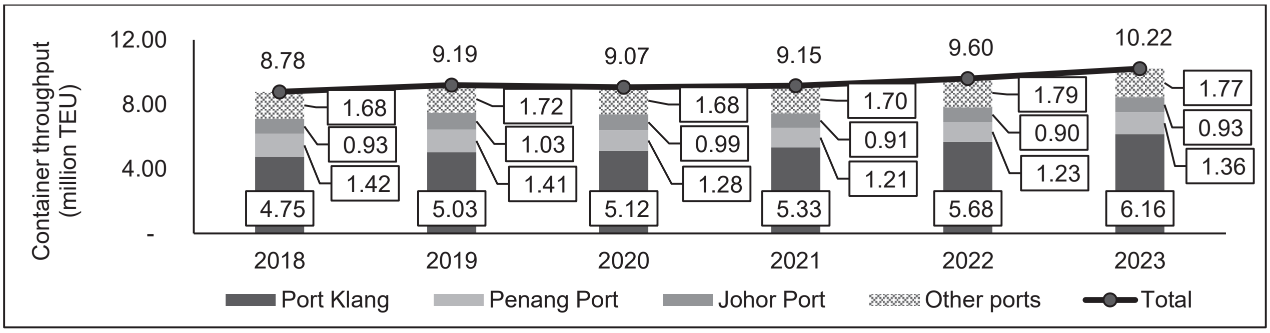
Total container throughput (Malaysia), 2018 – 2023



Source: MOT

Amongst all seaports in Malaysia, Port Klang (which is the seaport covered by Sin-Kung Group under its container haulage business) is the top seaport with highest container throughput between 2019 and 2023, with a contribution ranging between 54.73% and 60.27%. Other ports that also significantly contribute to the total container throughput in Malaysia are Penang Port and Johor Port, with a collective contribution ranging between 22.19% and 26.55% over the same period.

Container throughput by seaports (Malaysia), 2018 – 2023



Sources: MOT, SMITH ZANDER

With the large contribution of container throughput by Port Klang, seaports in Peninsular Malaysia accounted for most of the container throughput in Malaysia at 9.13 million TEU in 2023, accounting for 89.33% of total container throughput in Malaysia.

2.3 INDUSTRY DRIVERS, RISKS AND CHALLENGES

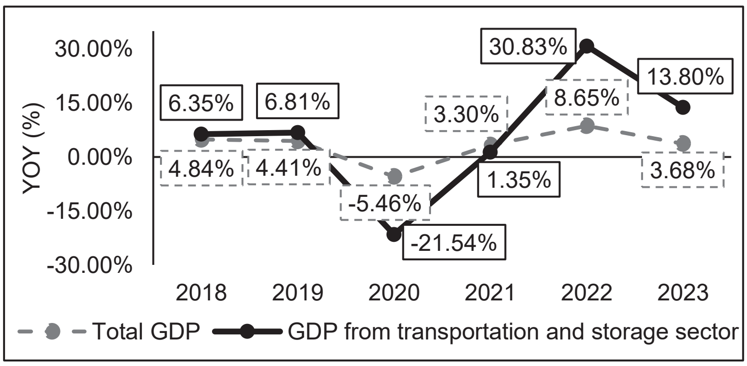
Key Industry Drivers

- **Continued growth in the Malaysian economy creates continuous demand for logistics and warehousing services**

The logistics and warehousing industry is pivotal in supporting growth in economic activities as it facilitates the transportation of goods across domestic and international borders. As such, the logistics and warehousing industry generally grows in tandem with economic growth.

Due to the outbreak of the COVID-19 pandemic since early 2020, the total GDP of Malaysia and the GDP from the transportation and storage sector declined by 5.46% and 21.54% respectively. With the recovery of Malaysia's economy from 2021 onwards, the logistics and warehousing industry has recovered in tandem.

YOY of total GDP and GDP from transportation and storage sector (Malaysia), 2018 – 2023



Sources: DOSM, SMITH ZANDER

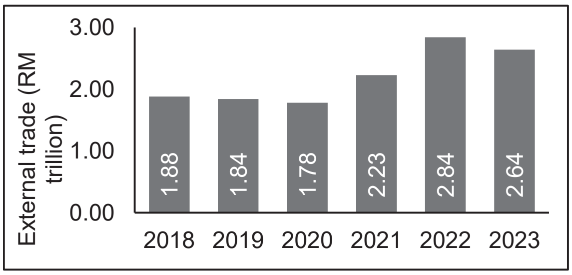
According to Bank Negara Malaysia ("BNM"), the Malaysian economy is predicted to grow between 4.00% and 5.00% in 2024, supported by continued expansion in domestic demand and improvement in external demand. Premised on this, it is expected that the logistics and warehousing industry, including the trucking industry will continue to grow to support the continuous growth in Malaysia's overall economy.

- **Growth in the trade and manufacturing sectors will drive the demand for logistics and warehousing services**

The logistics and warehousing industry plays an important role in supporting trade activities, as the transportation of goods across domestic and international borders accelerates convergence with global supply chains and helps key export industries connect with international markets. After a YOY decline of 3.26% in 2020 due to the impact from the COVID-19 pandemic, Malaysia's external trade (comprising total imports and total exports) increased from RM1.78 trillion in 2020 to RM2.84 trillion in 2022, at a CAGR of 26.31%. Such recovery in Malaysia's external trade contributed to increased demand for logistics and warehousing services, including demand for trucking services. In 2023, Malaysia's external trade recorded a 7.04% YOY decline to RM2.64 trillion. This was in tandem with slower global demand, lower commodity prices, geopolitical uncertainties, high inflation rate, downcycle in the semiconductor sector and high base effect in 2022.[4] According to the Economic Outlook 2024 published by Ministry of Finance Malaysia, Malaysia's external trade is forecast to increase by 5% in 2024, which is in line with the anticipated recovery of global trade at 3.3% as announced by the World Trade Organization.

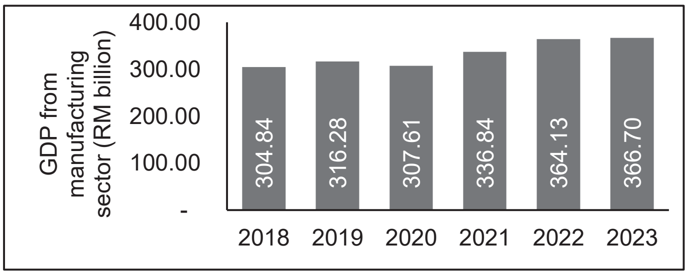
Furthermore, the growth in the manufacturing industry will drive the demand for logistic services to facilitate the movement of goods. In 2020, GDP contribution from the manufacturing sector recorded a YOY decline of 2.74% due to the COVID-19 pandemic, but subsequently rebounded at a CAGR of 6.03% from 2020 to 2023 following the recovery and growth of the Malaysian economy.

External trade (Malaysia), 2018 – 2023



Sources: DOSM, SMITH ZANDER

GDP from manufacturing sector (Malaysia), 2018 – 2023



Source: DOSM

Within the manufacturing sector, the E&E industry is the largest sub-segment with a contribution of approximately 27.01% to the GDP from the manufacturing sector in 2023, thereby being acknowledged as one of the pillars of Malaysia's economy. Additionally, export of E&E products is also one of the major factors driving the recovery of Malaysia's external trade in 2023, with its contribution to total exports at approximately 40.24% and to total external trade at 21.80%. The GDP from the E&E industry and exports of E&E products registered positive growth at a CAGR of 6.80% and 8.56% respectively, from 2018 to 2023.

GDP from E&E industry and exports of E&E products (Malaysia), 2018 – 2023

	2018	2019	2020	2021	2022	2023	CAGR (2018 – 2023)
GDP from E&E industry (RM billion)	71.27	73.68	75.84	87.69	101.16	99.05	6.80%
Exports of E&E products (RM billion)	381.55	373.12	386.11	455.95	592.96	575.40	8.56%

Sources: DOSM, SMITH ZANDER

The decline in the E&E industry in Malaysia in 2023, including the decline in the exports of E&E products, was in line with the slowdown in the global semiconductor sector. Moving forward in 2024, the E&E industry in Malaysia will be supported by the recovery in the global semiconductor sector which is projected to grow by 13.1% by World Semiconductor Trade Statistics.

The anticipated growth of the E&E industry and the exports of E&E products will not only drive the logistics and warehousing industry as a whole, but will particularly benefit the air freight industry as E&E products are generally high-value items and commonly transported through air freight. This will in turn create demand for trucking services, including airport-to-airport road feeder services and point-to-point trucking services, to facilitate the movement of E&E products between and to/from airports.

[4] *Source: Ministry of Investment, Trade and Industry Malaysia*

- **Continuous growth in the e-commerce industry boosts the demand for logistics and warehousing services**

E-commerce has become a significant retail channel for a wide range of goods spanning from daily necessities, apparels, consumer electronic products, household items, automotive spare parts and furniture, amongst others. E-commerce not only facilitates domestic purchases; but also cross-border transactions globally as consumers are able to purchase goods from overseas sellers through e-commerce platforms. Air freight and sea freight services thus serve as an important supporting service to e-commerce through the transportation of goods from the origin airport/seaport (of sellers) to the destination airport/seaport (of buyers). Following which, trucking plays a pivotal role in transporting these goods from the destination airport/seaport to warehouses for onward sorting and last mile transportation to the buyers. Further, airport-to-airport road feeder services are also essential in transporting e-commerce goods between airports.

The e-commerce market in Malaysia, represented by sales value, grew from RM10.29 billion in 2018 to RM31.09 billion in 2023 at a CAGR of 24.75%. The growth of the e-commerce market since 2020 was boosted by the COVID-19 pandemic as more consumers switched to online shopping in view of movement restrictions imposed and reduced shopping in physical stores to minimise the risk of infection. As consumers continue adopting online shopping despite the subsidence of the COVID-19 pandemic, the demand for trucking services is expected to increase to support the continued growth in e-commerce activities.

- **Implementation of government initiatives to spur the logistics and warehousing industry**

The Government recognises that the logistics sector plays a crucial role in facilitating growth across all sectors of the economy. Therefore, the National Transport Policy ("NTP") (2019 – 2030) was launched on 17 October 2019 by the Government with the intention to internationalise the logistics and warehousing industry in the context of regional trade integration. The NTP (2019 – 2030) consists of 23 initiatives, which include:

- Shortening the clearance time and reducing steps needed for cargo clearance to attract importers and exporters through simplified processes and procedures for transshipment and ordinary cargo as well as multimodal freight movement;
- Improving road development for better connectivity between urban and rural areas as well as within rural areas; and
- Integrating and expanding rail and road links to airports, seaports and industrial areas.

Furthermore, the 12th Malaysian Plan ("12MP") (2021 – 2025) which was launched on 27 September 2021, aims to enhance and transform the logistics sector to be an effective enabler supporting other industries in enhancing economic growth and providing employment as well as increasing the competitiveness of this sector. The 12MP (2021 – 2025) aims to achieve the transformation with the following initiatives:

- Centralising the planning and development of logistics hubs;
- Accelerating digital adoption to enhance efficiency in logistics services;
- Enhancing trade facilitation by establishing a single border agency; and
- Creating a national regulatory framework for warehousing and maritime economy.

Further, KLIA Aeropolis was developed by Malaysia Airports Holdings Berhad to act as a regional e-commerce fulfilment hub with an integrated cargo network consisting of air, land and sea connectivity within the vicinity of KLIA. KLIA Aeropolis is aimed at becoming the main distribution gateway within the ASEAN region by attracting global industry players in the logistics and aerospace sectors to set up hubs in Malaysia.

With initiatives from the NTP (2019 – 2030) and 12MP (2021 – 2025) in place as well as the development of KLIA Aeropolis, the logistics sector is expected to become a resilient and competitive sector domestically and internationally, meanwhile enhancing international trade competitiveness and improving the governance structure of the logistics sector.

Key Industry Risks and Challenges

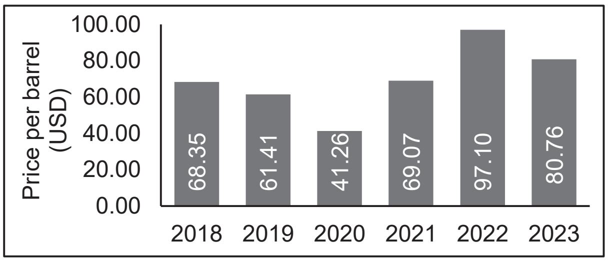
- **Reliance on diesel to operate trucks leads to exposure to the volatility of global fuel prices**

Purchase of diesel is one of the major operating expenses in the trucking industry. Hence, any significant rise in global fuel prices will lead to increase in diesel prices, leading to increased operating cost which may adversely affect the profitability of trucking service providers. Diesel prices typically mirror global crude oil prices, whereby the movement of global crude oil prices are subject to demand and supply conditions.

In 2021, global crude oil prices increased beyond pre-COVID-19 levels, reaching an average price of USD69.07 per barrel. This was attributed to the increased global demand for petroleum as well as production cuts by major oil producing countries.

In early 2022, global crude oil prices increased significantly, primarily due to the uncertainty and conflicts between Russia and Ukraine as well as between the United States ("US") and Russia. Russia is one of the world's largest producers of crude oil as well as a major exporter of natural gas. With its conflict and uncertainty with Ukraine, there were market fears that it may obstruct or limit the supply of crude oil in the market. The US had also announced implementing sanctions against Russia which had led to an increase in demand for crude oil due to fears of supply disruptions.

Average crude oil prices (Global), 2018 – 2023



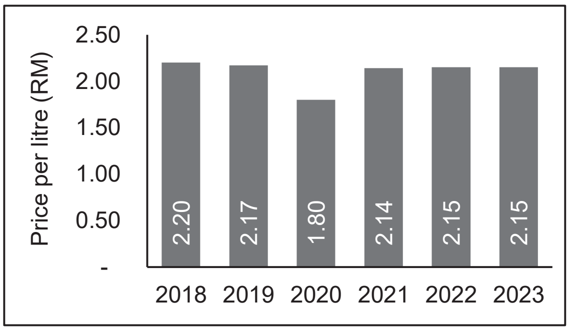
Sources: World Bank, SMITH ZANDER

In the third quarter of 2022, prices of crude oil began to weaken due to concerns about global economic conditions, reduced expectations of petroleum demand growth and pressure from the strong USD. However, average crude oil prices in 2022 and 2023 were still higher than in 2021.

Notwithstanding the fluctuations in global crude oil prices, diesel prices in Malaysia were relatively stable between 2018 and 2022 due to ceiling prices implemented by the Government. Save for a reduction in average diesel prices to RM1.80 per litre in 2020, average diesel prices in Malaysia were maintained within the range of RM2.14 to RM2.20 per litre between 2018 and 2023.

Moving forward, any further increases in global crude oil prices leading to increases in diesel prices in Malaysia, which may be due to increase in ceiling prices implemented by the Government, may negatively impact trucking service providers if they are unable to pass on the increases in costs to their customers timely.

Average diesel prices (Malaysia), 2018 – 2023



Sources: DOSM, SMITH ZANDER

The fluctuations in global crude oil prices may also pose challenges to trucking service providers to remain competitive in terms of pricing, as they are required to manage their exposure to the volatility of diesel prices in addition to other operating expenses such as vehicle maintenance costs and staffing costs, to ensure sustainability of their business.

- **Reliance on local skilled drivers**

The trucking industry is reliant on skilled truck drivers. In Malaysia, all drivers for commercial vehicles are required to go through the necessary driving tests in order to obtain the Competent Driving License ("CDL") and Goods Driving License ("GDL"). Without an active CDL and GDL, drivers are not allowed to operate trucks. Further, as road haulage involves cross-border and long distance driving, the work schedule could be demanding as drivers may be required to work on different shifts including overnight shifts.

Industry players constantly face challenges in retaining and hiring local drivers as they may choose other occupations that are more lucrative and/or with less demanding schedules. In the event that industry players are unable to hire sufficient and suitable drivers to meet the demand for their trucking services, it may affect delivery services and/or and cause delays to pre-agreed delivery schedules with customers.

3 COMPETITIVE OVERVIEW OF THE LOGISTICS, WAREHOUSING AND TRUCKING INDUSTRY IN MALAYSIA

3.1 COMPETITIVE LANDSCAPE

The logistics and warehousing industry in Malaysia is competitive and fragmented due to the large number of industry players including public listed companies, large private companies as well as small to medium enterprises. Larger industry players such as public listed companies and large private companies typically offer integrated logistics services including transportation, warehousing, customs clearance and freight forwarding which cover multiple states in Malaysia and/or cross-border services; as well as other related activities such as break-bulking, palletising and labelling that constitute a total logistics service package. On the other hand, smaller industry players such as small to medium enterprises may only focus on certain logistics services.

Sin-Kung Group is principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services. Airport-to-airport road feeder services can be carried out by local airlines internally using internal fleet of trucks as part of their expanded connectivity, or by trucking service providers appointed by airlines, such as Sin-Kung Group. In Malaysia, as cargo carried under airport-to-airport road feeder services may comprise dutiable goods, carriers of these goods via land transport are required to obtain licencing from the Royal Malaysian Customs Department to act as a 'licensed carrier' under Section 35H of Customs Act 1967. In addition, industry players have to maintain good relationships with airlines to continue securing engagements from airlines for the provision of airport-to-airport road feeder services to sustain and grow their business. As such, the barriers to entry of the trucking industry with a focus on airport-to-airport road feeder services in Malaysia involve having a large fleet of trucks, obtaining licences from the relevant authorities, and establishing track record and relationships with airlines in order to continuously securing engagements from airlines.

The following table sets out the industry players which are trucking service providers involved in the provision of airport-to-airport road feeder services based on research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive and/or affirmed list as the list of licensed carriers under Section 35H of Customs Act 1967 is not publicly available. Save for Sin-Kung Group, the status of whether the companies shown below are 'licensed carriers' under Section 35H of Customs Act 1967 are also not publicly available.

Company name	Service offerings	Latest available financial year	Revenue [a] (RM million)	Gross profit ("GP") (RM million)	GP margin (%)	Profit after tax ("PAT") (RM million)	PAT margin (%)
Sin-Kung Group	Integrated logistics services including trucking services (with a focus on airport-to-airport road feeder services), container haulage services, warehousing and distribution services, and other logistics-related services	31 December 2023	51.98 [b]	24.03	46.23	6.41	12.33
MasKargo Logistics Sdn Bhd [c]	Trucking services (including airport-to-airport road feeder services), freight forwarding services, and supply of manpower services	31 December 2022	29.40	9.15	31.13	2.50	8.50
Transocean Holdings Bhd	- Integrated logistics services including trucking services (including airport-to-airport road feeder services), container haulage services, container depot services, warehousing services, freight forwarding and custom brokerage services - Tyre retreading services and trading of new tyres - Information technology ("IT") services covering cloud services and edge computing solutions	31 December 2022	28.88	N/A [d]	N/A [d]	1.76	6.09
JNE Distributions Sdn Bhd	Trucking services (including airport-to-airport road feeder services)	31 March 2021 [e]	11.51	3.92	34.05	0.18	1.56
Tarika Logistics Sdn Bhd	Trucking services (including airport-to-airport road feeder services)	31 December 2022	0.91	0.46	50.20	0.02	2.69

Notes:
- *Latest information available as of 26 March 2024.*

[a] *Revenue of all key industry players includes revenue derived from other businesses (i.e. businesses other than airport-to-airport road feeder services) and/or revenue derived from countries outside Malaysia, as segmental revenue for airport-to-airport road feeder services is not publicly available.*

[b] *Revenue of Sin-Kung Group includes other businesses such as point-to-point trucking services, container haulage services and warehousing and distribution services. Segmental revenue for airport-to-airport road feeder services of Sin-Kung Group was RM27.02 million in the financial year ended 31 December 2023.*

[c] *MASKargo Logistics Sdn Bhd's immediate, penultimate and ultimate holding companies are MAB Kargo Sdn Bhd, Malaysia Aviation Group Berhad and Khazanah Nasional Berhad respectively.*

[d] *N/A – not available, as gross profit is not reported in the annual report.*

[e] *JNE Distributions Sdn Bhd is an exempt private company in its latest available financial year ended 31 March 2023.*

Sources: Various company websites, Companies Commission of Malaysia, Sin-Kung Group, SMITH ZANDER

Sin-Kung Group also provides container haulage services, warehousing and distribution services and other logistics-related services as part of its integrated logistics services. The following sets out details of integrated logistics service providers which are listed on Bursa Malaysia Securities Berhad, as well as Sin-Kung Group. All industry players listed below are involved in the provision of similar services as Sin-Kung Group.

Company name	Service offerings	Latest available financial year	Revenue [a] (RM million)	GP (RM million)	GP margin (%)	PAT (RM million)	PAT margin (%)
Tasco Berhad	Integrated logistics services covering amongst others, trucking services, container haulage services, warehousing and distribution services, freight forwarding and custom brokerage services	31 March 2023	1,606.83	199.94	12.44	92.26	5.74
Harbour-Link Group Bhd	- Shipping and marine services covering container shipping services, stevedoring services, shipping agency services and ship management services - Integrated logistics services covering amongst others, land transportation services, warehousing services, freight forwarding services and project cargo services - Engineering, procurement, construction and commissioning services for petroleum and chemical storage tanks, marine terminals and piping works - Property development	30 June 2023	1,006.96	260.31	25.85	175.07	17.39
FM Global Logistics Holdings Berhad	Integrated logistics services covering amongst others, trucking services, container haulage services, warehousing and distribution services, e-commerce fulfillment services, freight forwarding and custom brokerage services	30 June 2023	948.36	229.21	24.17	47.15	4.97
CJ Century Logistics Holdings Berhad	- Integrated logistics services covering amongst others, transportation services, contract logistics services, oil logistics services and warehousing services - Contract manufacturing of electrical and electronic products and assembly services	31 December 2022	930.40	133.82	14.38	28.16	3.03
Tiong Nam Logistics Holdings Berhad	Integrated logistics services covering amongst others, trucking services, container haulage services, warehousing services, freight forwarding and custom brokerage services, last mile delivery services, project cargo services and courier services	31 March 2023	725.69	123.30	16.99	28.07	3.87
Swift Haulage Berhad	- Integrated logistics services covering amongst others, container haulage services, land transportation services, warehousing services, container depot services and freight forwarding services - Sales, service and spare parts dealerships for commercial vehicles, general insurance agency services and e-commerce retailing	31 December 2022	643.77	197.44	30.67	49.22	7.65
AGX Group Berhad	Integrated logistics services covering amongst others, sea and air freight forwarding, aerospace logistics, warehousing and other third party logistics services, as well as road freight transportation	31 December 2022	234.43	50.42	21.51	13.54	5.78
See Hup Consolidated Bhd	- Integrated logistics services covering amongst others, land transportation services, warehousing services, freight forwarding and custom brokerage services - Hiring / rental services for heavy equipment - Trading of construction materials and general merchandise - Construction contracts services	31 March 2023	126.19	N/A [b]	N/A [b]	(6.10)	(4.83)
Tri-Mode System (M) Berhad	Integrated logistics services covering amongst others, container haulage services, warehousing services, container depot services, freight forwarding and custom brokerage services	31 December 2022	124.62	19.74	15.84	10.47	8.40
Xin Hwa Holdings Berhad	- Integrated logistics services covering trucking services, container haulage services, warehousing and distribution services, freight forwarding and custom brokerage services - Manufacturing of precision machining components and parts - Manufacturing and fabrication of trailers	31 March 2023	118.28	27.58	23.32	(15.71)	(13.28)
Sin-Kung Group	Integrated logistics services covering trucking services (with a focus on airport-to-airport road feeder services), container haulage services, warehousing and distribution services, and other logistics-related services	31 December 2023	51.98	24.03	46.23	6.41	12.33

Company name	Service offerings	Latest available financial year	Revenue [a] (RM million)	GP (RM million)	GP margin (%)	PAT (RM million)	PAT margin (%)
Transocean Holdings Bhd	- Integrated logistics services covering trucking services (including airport-to-airport road feeder services), container haulage services, container depot services, warehousing services, freight forwarding and custom brokerage services - Tyre retreading services and trading of new tyres - IT services covering cloud services and edge computing solutions	31 December 2022	28.88	N/A [b]	N/A [b]	1.76	6.09

Notes:

- *Latest information available as of 26 March 2024.*

[a] *Revenue of all integrated logistics service providers listed above may include revenue derived from businesses other than the provision of logistics services, and/or revenue derived from countries outside Malaysia.*

[b] *N/A – not available, as gross profit is not reported in the annual report.*

Sources: Companies' annual reports, Sin-Kung Group, SMITH ZANDER

Apart from the public listed companies in the table above, there are also private companies in Malaysia which provide integrated logistics services, such as DHL Global Forwarding (Malaysia) Sdn Bhd (a wholly-owned subsidiary of Deutsche Post AG, a public listed company on Frankfurt Stock Exchange), Nippon Express (Malaysia) Sdn Bhd (a 50.00%-owned company of Nippon Express Holdings, Inc., a public listed company on Tokyo Stock Exchange), PKT Logistics (M) Sdn Bhd, Kerry Logistics (Malaysia) Sdn Bhd (a wholly-owned subsidiary of Kerry Logistics Network Limited, a public listed company on Hong Kong Stock Exchange), and Schenker Logistics (Malaysia) Sdn Bhd (a 40.00%-owned company of Deutsche Bahn AG, a state-owned enterprise of the Government of Germany).

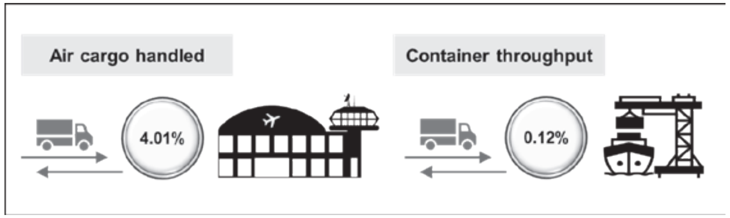
3.2 MARKET SHARE

Sin-Kung Group's revenue is largely contributed by its provision of airport-to-airport road feeder services which accounted for 57.0%, 62.4%, 50.6% and 52.0% to its total revenue in the financial years ended 2020 to 2023 respectively. Airport-to-airport road feeder services play a significant role in the air freight industry by carrying air cargo as part of the extended connectivity and network of coverage of airlines under a single airway bill. Sin-Kung Group's airport-to-airport road feeder services cover routes within Peninsular Malaysia and routes between Peninsular Malaysia, Singapore and Thailand. Hence, the market share of Sin-Kung Group is calculated based on the air cargo handled under its airport-to-airport road feeder services against total air cargo handled in Peninsular Malaysia.

In 2023, Sin-Kung Group obtained a market share of 4.01% in terms of air cargo handled, based on its estimated air cargo handled of 32,069 MT, against total air cargo handled in Peninsular Malaysia of 0.80 million MT.

Sin-Kung Group also provides container haulage services in Peninsular Malaysia to support the sea freight industry. Hence, the market share of Sin-Kung Group can also be calculated based on the containers transported under its container haulage services against total container throughput in Peninsular Malaysia. In 2023, Sin-Kung Group obtained a market share of 0.12% in container haulage services, based on its number of containers transported at 11,352 TEU against total container throughput in Peninsular Malaysia of 9.13 million TEU.

Market share (Peninsular Malaysia), 2023



Source: SMITH ZANDER

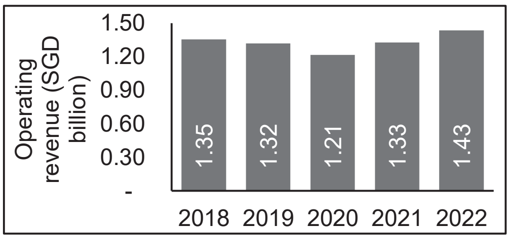
Sin-Kung Group also provides warehousing services as part of its integrated logistics services. However, the market share of Sin-Kung Group's warehousing business in Malaysia is not available as the size of the warehousing industry in Malaysia is not publicly available.

4 THE TRUCKING INDUSTRY IN SINGAPORE

As Sin-Kung Group also provides cross-border trucking services, including airport-to-airport road feeder services, to and from Singapore, this section will focus on the trucking and air cargo industries in Singapore.

The performance of the trucking industry in Singapore, as represented by total operating revenue from freight transport by road, decreased from SGD1.32 billion (RM4.01 billion) in 2019 to SGD1.21 billion (RM3.69 billion) in 2020 at a YOY of -8.33%. This was in line with the decrease in the GDP from the transportation and storage sector from SGD32.91 billion (RM99.95 billion) in 2019 to SGD27.67 billion (RM84.29 billion) in 2020 at a negative YOY of 15.92% due to the COVID-19 pandemic.

Operating revenue from freight transport by road (Singapore), 2018 – 2022



Note: Latest available as of 26 March 2024.

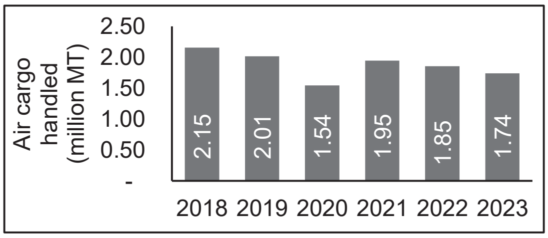
Source: Department of Statistics Singapore

In 2021, the GDP from the transportation and storage sector in Singapore recovered at a YOY of 11.53% to SGD30.86 billion (RM95.17 billion), and the operating revenue from freight transport by road increased by 9.92% to SGD1.33 billion (RM4.10 billion), back to pre-COVID-19 levels. In 2022, the GDP from the transportation and storage sector continued its recovery momentum and recorded a 4.86% increase to SGD32.36 billion (RM103.27 billion), while the operating revenue from freight transport by road increased by 7.52% to SGD1.43 billion (RM4.56 billion).

Total air cargo handled in Singapore declined from 2.01 million MT in 2019 to 1.54 million MT in 2020, at a negative YOY of 23.38%. The decline was due to the outbreak of the COVID-19 pandemic which resulted in a loss in belly cargo capacity from the grounding of passenger aircraft.

In 2021, as airlines increased frequencies of cargo-only flights, total air cargo handled in Singapore rebounded by 26.62% to 1.95 million MT. In 2022 and 2023, total air cargo handled decreased slightly by 5.13% and 5.95% respectively, which was attributable to a backdrop of global economic uncertainty and inflationary pressure.[5]

Total air cargo handled (Singapore), 2018 – 2023

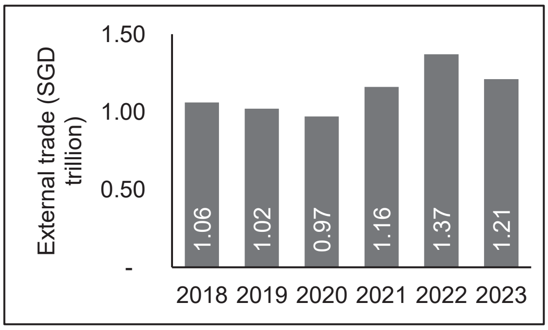


Source: Department of Statistics Singapore

The logistics industry, including the trucking industry in Singapore, will continue to be driven by the growth in the trade sector. Singapore's external trade, as represented by total imports and total exports, recorded a YOY decline of 4.90% in 2020 due to the COVID-19 pandemic.

Subsequently, Singapore's external trade grew strongly at a CAGR of 18.84% from SGD0.97 trillion (RM2.95 trillion) in 2020 to SGD1.37 trillion (RM4.37 trillion) in 2022, driven by expansion in oil trade amidst higher oil prices.[6] However, Singapore's external trade declined by 11.68% in 2023, which was partly due to the decline in external trade for E&E products along with the slowdown in the global E&E industry during the same period.

External trade (Singapore), 2018 – 2023



Source: Department of Statistics Singapore

According to the Ministry of Trade and Industry Singapore, Singapore's manufacturing and trade-related sectors in 2024 are expected to see a gradual pickup in growth in tandem with the turnaround in global electronics demand. This is expected to support its external trade, which is likely to sustain and grow demand for air freight services. This is expected to drive the air freight industry and consequently demand for airport-to-airport road feeder services in Singapore.

[5] *Source: Changi Airport Group*
[6] *Source: Ministry of Trade and Industry Singapore*
- *Exchange rate from SGD to RM in this chapter was converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:*
  - 2019: SGD1 = RM3.0372 - 2021: SGD1 = RM3.0838
  - 2020: SGD1 = RM3.0463 - 2022: SGD1 = RM3.1912

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our growth may be affected by any changes in the performance of the air freight industry

The performance of our Group may be affected by any changes in the performance of the air freight industry as our provision of trucking services focuses on airport-to-airport road feeder services. Our airport-to-airport road feeder services enable airlines to have extensive network coverage to support the logistics needs of their customers. Thus, our financial performance theoretically moves in tandem with the performance of the air freight industry. Growth in the air freight industry generally depends on global and domestic demand for air freight services based on various factors, such as the following:

(a) growth in the global and domestic economic activities, in particular manufacturing and trade activities; and

(b) growth in the global and domestic e-commerce market.

As a result of the COVID-19 pandemic since early 2020 and the imposition of movement restrictions in Malaysia, Singapore and Thailand, there was an increase in the demand for air freight services despite the grounding of many passenger aircraft which caused a substantial loss of belly cargo capacity. The demand for air freight services was met by cargo airlines and complemented by our airport-to-airport road feeder services in connecting the service routes to another airport in which the cargo airlines do not have flights or immediate flights to, so that the cargo can be transferred to the final destination airport or to the next transit airport for its connecting flight to the final destination airport. As a result, our financial performance improved during the period of the COVID-19 pandemic. From FYE 2020 to 2021, our Group's total revenue increased by 21.3%. During the COVID-19 pandemic, we shifted our focus from serving both passenger airlines and cargo airlines to increasingly serve cargo airlines for the provision of our trucking services as they experienced an increase in cargo volume due to an increase in the demand for their air freight services, as a result of the temporary loss in belly cargo capacity caused by the widespread grounding of passenger aircraft. Further, we also served passenger airlines which temporarily converted their passenger aircraft to transport cargo during the COVID-19 pandemic. Thus, our Group managed to sustain our business during the COVID-19 pandemic in 2020 and 2021.

Notwithstanding the above, the demand for our airport-to-airport road feeder services is still subject to the performance of the air freight industry. Any future global events similar to the outbreak of the COVID-19 pandemic which may impact the global aviation industry and subsequently the air freight industry, may in turn affect the demand for our airport-to-airport road feeder services. Consequently, this may have a material adverse impact on our business operations and financial performance.

9.1.2 We may not be able to renew or obtain approvals, licences and permits required to carry on our business in countries which we have service routes to

Our Group operates in Malaysia and our service routes cover Peninsular Malaysia, Singapore and Thailand. The logistics industries in Malaysia, Singapore and Thailand are regulated by specific legislations requiring companies undertaking logistics business to have various approvals, licences and permits from relevant government authorities. Our Group has obtained the major approvals, licences and permits for our business, as set out in Section 6.6.

These approvals, licences and permits are subject to compliance of conditions imposed by the relevant government authorities, the details of which are as set out in Section 6.6. In the event of non-compliance, these approvals, licences or permits may be revoked or may not be renewed upon expiry. Further, the relevant government authorities may take actions by issuing warnings, imposing penalties, suspending the approvals, licences or permits, shortening the validity periods, imposing additional conditions or restrictions, and/or revoking the approvals, licences or permits, for any breach or non-compliance. Any revocation or failure to obtain, maintain or renew any of these approvals, licences and permits may adversely affect our ability to continue operations and hence affect our financial performance. For avoidance of doubt and as mentioned in Section 7.2.4, notwithstanding that our Group has obtained the relevant approvals or permits issued by the Land Transport Authority of Singapore (such as the ASEAN Goods Vehicle Permit), the Immigration & Checkpoints Authority of Singapore and the Thailand's Department of Land Transport for purposes of our service routes to Singapore and Thailand, any failure to obtain or renew such approvals or permits will not have a material adverse impact on our business operations as the renewal process for the abovementioned approvals or permits are procedural in nature and our Group has not faced any difficulty in obtaining and renewing the said approvals or permit in the past.

Save for the approvals or permits issued by the Land Transport Authority of Singapore, the Immigration & Checkpoints Authority of Singapore and the Thailand's Department of Land Transport, the approvals, licenses and permits set out in Section 6.6 are material in order for us to carry out our operations. As such, any inability to renew or obtain these approvals, licenses and permits possess a material risk to our Group.

Further, new laws and regulations may also be introduced and enforced from time to time which may require additional approvals, licences and/or permits to be obtained in addition to those we currently have, or additional requirements may be imposed on the operations of our business. If additional approvals, licences or permits are required for the operations of any part of our business and we are not able to obtain such approvals, licences, or permits or even adjust our business model to comply with such new laws in a timely manner, we could be subject to operational disruption and/or penalties which may lead to material adverse impact to our business and financial performance. For FYE 2020, 2021, 2022 and 2023 and up to LPD, we did not encounter any circumstances of non-renewal or revocation of approvals, licences and permits.

9.1.3 We are dependent on 2 of our major customers who contributed substantially to our revenue

For FYE 2020, 2021, 2022 and 2023, our largest major customer was Customer A who contributed 20.6%, 22.8%, 19.5% and 16.9% of our Group's total revenue respectively, where we provided trucking, licensed brokerage and forwarding as well as cargo escort services. Further, our Group's other major customer, Customer C, contributed 11.2%, 11.7%, 12.7% and 12.7% of our Group's total revenue for FYE 2020, 2021, 2022 and 2023 respectively, where we provided trucking, container haulage, warehousing and distribution, licensed brokerage and forwarding as well as express delivery services. In view that Customer A and Customer C have each contributed more than 10.0% of our Group's revenue in the respective FYE 2020, 2021, 2022 and 2023, we are dependent on them.

Our Group's sales with Customer A and Customer C are based on bookings. As at LPD, our Group has enjoyed a 11-year and 13-year long term working relationships with Customer A and Customer C respectively, which is expected to continue in the future. Nonetheless, in the event of a termination or loss of Customer A and/or Customer C, as well as our inability to replace Customer A and/or Customer C with new customers or with additional sales from existing customers in a timely manner, this could result in a loss of revenue which may have an adverse impact on our financial performance. Moreover, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance may be adversely affected.

9.1.4 We are dependent on our Managing Director, Executive Directors and key senior management team for continued success and growth of our business

We attribute the success of our Group to the experience, industry knowledge, domain expertise and continued service of our Managing Director, Executive Directors and key senior management who have on average of about 16 years of relevant experience in their respective fields. Please refer to Sections 5.1.2 and 5.3.3 for the profiles of our Managing Director, Executive Directors and key senior management respectively.

Our Managing Director, Executive Directors and key senior management are familiar with our business operations and their abilities and expertise have contributed to the success of our Group. As such, the loss of any of them without suitable and timely replacement may adversely affect our Group's operations, financial performance and the future growth of our business.

9.1.5 We may not be able to successfully implement our business strategies

Our business strategies are as follows:

(a) to expand our warehousing and distribution business through the establishment of a new warehouse; and

(b) to grow our trucking and container haulage businesses through the expansion of our fleet of commercial vehicles.

Please refer to Section 7.15 for further information on our business strategies.

The implementation of our business strategies is subject to additional expenditures including operational expenditures, capital expenditures and other working capital requirements. The feasibility and implementation of such business strategies are also subject to factors beyond our control such as the general market conditions and changes in government's policy or regulatory regime for the logistics industry in Malaysia, Singapore and Thailand.

Our financial performance will be adversely affected if we are not able to secure sufficient service engagements from existing and/or new customers following the implementation of the above business strategies due to the additional costs incurred.

As such, there is no assurance that the execution of our business strategies will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies, which may materially affect the business operations and financial performance of our Group.

9.1.6 We face threat of cargo hijacking and thefts

Risks of cargo hijacking and thefts are inherent to the nature of our business as our trucking service includes transporting high-value and/or controlled goods such as pharmaceutical products and electronics products. Some of our transportation of high-value and/or controlled cargo are accompanied by our armed / unarmed cargo escort services as requested by our customers. Notwithstanding this, there can be no assurance that the risks of cargo hijacking and thefts are fully eliminated. The occurrence of cargo hijacking and thefts could be a result of amongst others, careless / incautious handling of cargo and/or integrity of drivers where they may collude with thieves / hijackers. Between the late 1990s and early 2000s period, we experienced 1 case of cargo hijacking which did not have any material impact to our Group. Subsequent to that, there has not been any cargo hijacking and theft incidents for more than 10 years and up to LPD. However, we are not able to guarantee that such incidents will not occur in the future.

Any occurrence of such incidents may cause us to be liable for the losses as we may be subject to claims by our customers, which may lead to adverse impact on our financial performance. Based on the arrangement between our Group and our customers, in the event if cargo hijacking or thefts were to occur, the maximum amount that can be claimed by our customers is detailed as follows:

(a) For airport-to-airport trucking services, the maximum claim per any one accident is either between RM1.0 million and RM1.5 million (depending on the agreed amount with our respective customers), based on the value of goods or based on 22 SDR per kg as per the limit of carrier liability in the case of destruction, loss, damage or delay in the carriage of cargo under the Montreal Convention, whichever is lower; and

(b) For point-to-point trucking services and container haulage services, the maximum claim per incident or per truck is either RM0.2 million (depending on the agreed amount with our respective customers), RM5 per kg or based on the value of goods, whichever amount is lower.

Further, the aftermath impact of cargo hijacking or theft includes damaged reputation, reduction in the demand for our services, loss of traffic and revenues, increased security and insurance costs and delays in shipment due to tightened security. All of which may have a spill-over effect negatively impacting the efficiency of our business operations and our financial performance.

9.1.7 Our shipments are subject to delays due to unexpected breakdown of our commercial vehicles or unexpected delays in delivery which are beyond our control

We rely on our fleet of commercial vehicles primarily for the provision of trucking services and container haulage services. These commercial vehicles are subject to unexpected breakdowns as a result of amongst others, accidents, engine failures and flat tyres. While we have an in-house vehicle maintenance team to monitor the usage of our commercial vehicles and scheduled maintenance programmes to ensure that our commercial vehicles are well-maintained, there can be no assurance that our commercial vehicles will not be exposed to unexpected breakdowns which may subsequently lead to delays in customer shipments. Please refer to Section 7.2.5 for further details on our commercial vehicle maintenance and repair activities.

Further, our shipments are also subject to delays due to unexpected delays in delivery caused by, amongst others, delays in flights, delays in customs clearance and delays in cargo loading at customers' premises. Such delays may consequently lead to delays in cargo pick-up by our Group and delays in shipments to the subsequent destinations.

As such, any prolonged delays in customer shipments due to unexpected breakdown of our commercial vehicles or unexpected delays in delivery may lead to disruptions in our affected customers' business operations and, interruptions to our business operations as other shipments may be delayed if the commercial vehicles involved are scheduled for other shipments within a short timeframe and if we do not have stand-by commercial vehicles to fulfil other scheduled shipments. Further, it may also result in a loss of sales if our customers decide to engage other service providers for their shipments. This may consequently affect our relationships with customers, financial performance and industry reputation. For FYE 2020, 2021, 2022 and 2023 and up to LPD, we did not experience any unexpected breakdown of commercial vehicles that led to delays in customer shipments beyond 12 hours as well as any unexpected delays in delivery that have led to major interruptions to our business operations or loss of sales.

9.1.8 Our business operations may face interruptions arising from disruptions to our computer and software systems

We operate our business in a computerised environment and we use various computer and software systems such as vehicle tracking and fleet management system, haulage management system, warehouse management system, express delivery management system as well as inventory management system to assist in ensuring smooth operations of our business. Please refer to Section 7.6 for details of the software used in our business.

However, our computer and software systems may be vulnerable to damage or disruptions caused by circumstances beyond our control, such as catastrophic events, power outages, slowdown in internet speed, natural disasters, computer system or network failures, computer viruses and cyber-attacks. Any damage or disruption to our computer and software systems may compromise our operations as well as cause transaction errors, loss of data, processing inefficiencies or downtime. Although we have not encountered any material risk of disruptions to our computer and software systems during the FYE 2020, 2021, 2022 and 2023 and up to LPD, we are not able to assure that disruptions to our computer and software systems will not occur in the future. A significant computer and software system disruption may affect our business, which may consequently lead to economic losses to us and damage to our reputation, and may result in our business operations and financial performance being adversely affected.

9.1.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in the course of our business operations

We maintain insurance that are customary in our industry to protect against various losses and liabilities. As at LPD, our Group has obtained insurance policies in regard to the protection against various losses and liabilities such as those listed below:

Insurance type	Sum insured (RM'000)
Burglary	2,250
Fidelity guarantee	250
Fire risk	36,171
Machine and equipment	2,090
Integrated transit liability[(1)]	3,500
Money	120
Public liability	1,000
Workmen's compensation	1,000
Total	**46,381**

Note:

(1) Integrated transit liability insurance which includes bailee and warehousemen legal liability insurance as well as third party liability.

However, while we regularly review and ensure adequate insurance coverage for our business, our insurance may not be adequate to cover all potential losses or indemnify us against all possible liabilities arising from our operations as a result of any unforeseen circumstances. We also cannot guarantee that we will be able to receive the full claimed amount based on all our claims submitted to the respective insurers. Moreover, we will be subject to the risk that we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant loss or liability for which we were not fully insured or our claims were not successful, our business and financial performance may be adversely affected. For FYE 2020, 2021, 2022 and 2023, there were no insurance claims made by our Group for the insurance types listed above.

9.1.10 The lack of long-term agreements with service obligations may result in the fluctuation of our Group's performance

While we have entered into agreements with 23 cargo and/or passenger airlines and general sales agent of airlines as at LPD, such agreements only outline the general terms of engagement and all shipments for our customers are still based on specific bookings and are subject to quotations. The lack of long-term agreements with service obligations is due to prevailing customer practices where the demand for our services is subject to our customers' needs, which depend on the logistics needs of their customers.

The absence of long-term agreements with service obligations may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance. While we seek to maintain and strengthen business relationships with our existing customers and establish relationships with new customers to expand our client base, there can be no assurance that our customers will continue to engage our services to support their logistics needs. In such circumstances, our Group's result of operations and financial performance will be adversely affected if we are unable to timely replace any loss of sales.

9.1.11 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

For FYE 2020, 2021, 2022 and 2023, our sales from local customers were the largest contributor to our Group's revenue at approximately 60.6%, 51.8%, 58.1% and 54.1% respectively. Our customers are primarily based in Malaysia, with our remaining customers based in overseas countries or regions such as Singapore, Middle East, Europe, PRC, Asia, Australia, Türkiye and USA. Revenue generated from overseas customers were denominated in RM, EUR, USD, SGD and RMB; while revenue generated from local customers were mainly denominated in RM.

For FYE 2020, 2021, 2022 and 2023, our purchases for supplies and services primarily comprise diesel costs, maintenance expenses, toll and parking charges, insurance and road tax, handling charges as well as subcontracted drivers. Some of the supplies and services were purchased from overseas suppliers and were mainly denominated in SGD, USD, EUR and THB, while the remaining purchases from local suppliers were mainly denominated in RM. The purchases for supplies and services from our overseas suppliers for FYE 2020, 2021, 2022 and 2023 include purchase of spare parts for commercial vehicles, road tax as well as handling charges.

The breakdown of our revenue and purchases by currencies for FYE 2020, 2021, 2022 and 2023 are as follows:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue								
RM	41,825	97.1	51,067	97.7	56,159	99.0	51,262	98.6
EUR	353	0.8	874	1.7	337	0.6	258	0.5
USD	664	1.5	305	0.6	155	0.3	206	0.4
SGD	147	0.3	10	*	92	0.1	258	0.5
RMB	82	0.3	-	-	-	-	-	-
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**
Purchases								
RM	13,925	96.2	16,999	96.7	16,447	98.0	14,730	98.5
SGD	493	3.4	461	2.6	187	1.1	73	0.5
USD	13	0.1	6	*	145	0.9	-	-
EUR	47	0.3	-	-	1	*	-	-
THB	-	-	119	0.7	-	-	155	1.0
Total purchases	**14,478**	**100.0**	**17,585**	**100.0**	**16,780**	**100.0**	**14,958**	**100.0**

Note:

* Representing less than 0.1%.

Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. Further, as at LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact.

A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. In the event that we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from the higher cost of supplies.

9.1.12 We are subject to interest rate fluctuations

Our total outstanding loans and borrowings as at 31 December 2023 stood at RM54.8 million (excluding RM17.8 million which are fixed interest rate), and they are subject to floating interest rates. The floating interest rates for the abovementioned loan and borrowings as at FYE 2023 fall within a range of 4.86% to 8.20% per annum.

As such, we are susceptible to the interest rate fluctuations for loans and borrowings. Any significant increase in interest rates on our loans and borrowings will increase our finance cost and affect our financial performance. A change in 1% of interest rate would have increased / (decreased) our Group's profit before tax by RM548,485 for FYE 2023 (FYE 2022: RM337,457, FYE 2021: RM342,195 and FYE 2020: RM341,573), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings.

Please refer to Section 12.11 (b) for further details on the impact of interest rates on our Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are exposed to the risk of shortage of drivers

Our Group employs drivers to operate commercial vehicles to carry out trucking, container haulage, express delivery and cargo escort services. There is a risk that we may face a shortage of drivers, whereby the number of suitable drivers may be insufficient to meet our needs. This may affect service delivery to customers and/or increase drivers' wages and benefits which will in turn result in an increase in operating costs for our Group. As at LPD, we employ a total of 103 drivers in Malaysia to support the provision of our trucking, container haulage, express delivery and cargo escort services. In addition, as at LPD, we also engaged 19 local freelance drivers as licensed drivers for our Group.

Whilst we did not experience any shortage of drivers for our operations for FYE 2020, 2021, 2022 and 2023 and up to LPD, there can be no assurance that we will be successful in continuously maintaining sufficient drivers for our business which may result in material disruptions to our business operations and financial performance in the future.

9.2.2 Our operations and delivery schedule may be affected by road accidents, traffic interruptions and congestion, and road closure due to adverse weather conditions and environmental factors

Our business operations mainly consist of the provision of trucking services and container haulage services which expose us to the risk of road accidents that may lead to damage of cargoes and containers and/or disrupt our delivery schedules. For FYE 2020, 2021, 2022 and 2023, there were 9, 15, 17 and 16 reported road accidents respectively involving our commercial vehicles. Further, occurrence of road accidents not involving our commercial vehicles may lead to traffic interruptions and congestion, which may subsequently disrupt our delivery schedule. Unexpected traffic interruptions and congestion may also occur due to other factors such as construction of roads which lead to closure of several lanes and setup of roadblocks, all of which may lead to delays in our delivery schedule.

Our operations are also susceptible to road closure due to adverse weather conditions and environmental factors such as flood and landslides. All of which may disrupt our business operations. Our delivery schedule for our trucking services experienced a slight delay in December 2021 whereby 2 shipments were delayed for few hours and 3 shipments were delayed for a day due to a serious flood causing road closure at Shah Alam, Selangor which in turn obstructed the road access to Port Klang, Selangor. Despite the slight delay in delivery, there was no claims against us by our affected customers.

Moving forward, any delay in our delivery schedule without prior notice to our customers may create adverse impacts to our reputation, business and results of operations.

9.2.3 We face competition risk due to the competitive and fragmented nature of the logistics and warehousing industry

We operate in a competitive and fragmented logistics and warehousing industry in Malaysia due to the large number of industry players including public listed companies, large private companies as well as small to medium enterprises. Larger industry players such as public listed companies and large private companies typically offer integrated logistics services including transportation, warehousing, customs clearance and freight forwarding which cover multiple states in Malaysia and/or cross-border services; as well as other related activities such as break-bulking, palletising and labelling that constitute a total logistics service package.

On the other hand, smaller industry players such as small to medium enterprises may only focus on certain logistics services. We compete with trucking service providers who are involved in the provision of airport-to-airport road feeder services as well as integrated logistics service providers who are involved in the provision of similar services as our Group. Please refer to Section 8 for further information on the competitive landscape of the logistics and warehousing industry and trucking industry in Malaysia.

Apart from the existing industry players, we may also face competition from new entrants. If we fail to remain competitive in the industry, our financial performance will be adversely impacted and it may also affect the sustainability of our business.

9.2.4 We are exposed to the risk of fluctuation in global fuel prices

Diesel is one of our major purchases as it is used to operate our fleet of commercial vehicles as set out under Section 7.10. Diesel costs accounted for approximately 31.6%, 33.0%, 32.9% and 34.2% of our total purchases of supplies and services respectively for FYE 2020, 2021, 2022 and 2023.

Diesel is a commodity where its price fluctuates with the movement in global crude oil prices, global demand and supply conditions as well as economy and government policies. According to the IMR Report, in early 2022, global crude oil prices increased significantly primarily due to the uncertainty and conflicts between Russia and Ukraine as well as between the USA and Russia. Russia is one of the world's largest producers of crude oil as well as a major exporter of natural gas. With its conflict and uncertainty with Ukraine, there were market fears that it may obstruct or limit the supply of crude oil in the market. The USA had also announced implementing sanctions against Russia which had led to an increase in demand for crude oil due to fears of supply disruptions. In the third quarter of 2022, prices of crude oil began to weaken due to concerns about global economic conditions, reduced expectations of petroleum demand growth and pressure from the strong USD. However, average crude oil prices in 2022 and 2023 were still higher than in 2021.

Further, as diesel in Malaysia is subsidised by the Government, in the event the Government decides to cancel or reduce the subsidy for diesel, we are susceptible to an increase in diesel prices which will increase our operating costs and have an adverse impact on our profitability, if we are unable to pass on the increase to our customers through corresponding increases in our rates. Notwithstanding that we may be able to pass on part of any increases in diesel prices to some of our customers, we may not be able to pass on the full effect of diesel price increase to our customers.

9.2.5 Our operations may be affected by disruption of transportation gateways, i.e. airports and seaports

Our provision of trucking services and container haulage services involve carrying cargo or container to and/or from transportation gateways comprising airports and/or seaports in Peninsular Malaysia, Singapore and/or Thailand. Please refer to Sections 7.2.1.1 and 7.2.1.2 for further details of the airports and seaports in which we cover for our trucking and container haulage services.

We may face business interruptions or disruptions from a number of disruptive events taking place at these airports and seaports such as upgrading works, ad-hoc repair and maintenance, accidents, fire, natural phenomena / adverse weather conditions (e.g. flood or storm), disruptions to their computer and software systems, industrial actions or strikes by employees of the gateways or terrorist attacks, all of which are beyond our control.

Any disruptive events at the gateway may result in closure of gateways or their facilities (including support facilities such as container depots, control tower, transport link or other distributive facilities), and any damage to the gateways or their facilities arising thereon may take considerable time to repair and may result in prolonged closure of such gateway or facilities. This may adversely affect our business operations and consequently affect our financial performance. For FYE 2020, 2021, 2022 and 2023 and up to LPD, we have not encountered any such event that has material impact to our business.

9.2.6 We are exposed to risks relating to the economic, political, legal and regulatory environments in the countries where we have service routes to and countries where our customers are based

Our Group operates in Malaysia and our service routes cover Peninsular Malaysia, Singapore and Thailand. Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and/or uncertainties in the economic, political, legal and regulatory environments that are beyond our control in the countries where our service routes cover and countries where our customers are based. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrests, methods of taxation, inflation and foreign exchange controls. Any of these unfavourable changes may cause a decline in the demand for our Group's services, and consequently lead to a material adverse impact on our business and financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop or continue be developed upon or subsequent to our Listing.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occur:

(a) the selected investors fail to subscribe for their portion of our IPO Shares;

(b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and

(c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after our IPO

Our Promoters will collectively hold approximately 74.5% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have a deciding vote on the outcome of (i.e. to approve or reject) certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2020 to 2023 and up to LPD:

					Transaction value									
					FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to LPD	
Related party	**Transacting company in our Group**	**Interested person**	**Nature of relationship**	**Nature of transaction**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Lille Property Sdn Bhd	SKL	• Alan Ong Lay Wooi • Angeline Ong Lay Shee • Adeline Ong Lay Suen	Alan Ong Lay Wooi and Angeline Ong Lay Shee are the directors and shareholders of Lille Property Sdn Bhd. Adeline Ong Lay Suen is the director of Lille Property Sdn Bhd. Alan Ong Lay Wooi, Angeline Ong Lay Shee and Adeline Ong Lay Suen are our Promoters, substantial shareholders and Directors.	Disposal of a piece of freehold land held under No. Hakmilik GM 5855, Lot No. 1942, Mukim Klang, Daerah Klang, Negeri Selangor(1)	-	-	4,800	(2)11.4	-	-	-	-	-	-
				Disposal of a piece of leasehold land held under No. Hakmilik PM 3203, Lot No. 5991, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Negeri Selangor(1)	-	-	520	(2)1.2	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
				Disposal of all that portion of 17/32 undivided shares of all that 1 piece of a freehold land held under No. Hakmilik GM 22372, Lot No. 15846, Mukim Klang, Daerah Klang, Negeri Selangor(1)	-	-	1,594	(2)3.8	-	-	-	-	-	-
				Disposal of all that portion of 17/32 undivided shares of all that 1 piece of a freehold land held under No. Hakmilik GM 22371, Lot No. 15841, Mukim Klang, Daerah Klang, Negeri Selangor(1)	-	-	1,806	(2)4.3	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2020 %	FYE 2021 RM'000	FYE 2021 %	FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	1 January 2024 up to LPD RM'000	1 January 2024 up to LPD %
Angeline Ong Lay Shee	SKL	Angeline Ong Lay Shee	Angeline Ong Lay Shee is our Promoter, substantial shareholder and Director.	Provision of advances to SKL for working capital purposes(3)	1,560	(2)5.6	210	(2)0.5	-	-	-	-	-	-
				Repayment to Angeline Ong Lay Shee(3)	973	(2)3.5	3,555	(2)8.4	-	-	-	-	-	-
Alan Ong Lay Wooi	SKL	Alan Ong Lay Wooi	Alan Ong Lay Wooi is our Promoter, substantial shareholder and Director.	Provision of advances to SKL for working capital purposes(3)	-	-	208	(2)0.5	-	-	-	-	-	-
				Repayment to Alan Ong Lay Wooi(3)	82	(2)0.3	3,866	(2)9.1	208	(2)0.5	-	-	-	-
Forecom HR Sdn Bhd	SKL	• Alan Ong Lay Wooi • Ong Yit Hwa	Alan Ong Lay Wooi and his uncle, Ong Yit Hwa were directors of Forecom HR Sdn Bhd. Alan Ong Lay Wooi is our Promoter, substantial shareholder and Director.	Provision of drivers to SK(4)	5,241	(5)21.7	2,762	(5)9.9	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

					Transaction value									
					FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 January 2024 up to LPD	
Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
			Ong Yit Hwa is our Deputy General Manager (Northern Region).											
Sepang Airport Services Sdn Bhd	SKL	• Alan Ong Lay Wooi • Angeline Ong Lay Shee	Alan Ong Lay Wooi was, and Angeline Ong Lay Shee is an indirect shareholder of Sepang Airport Services Sdn Bhd through Prefered Advantage. Both of them are presently directors of Sepang Airport Services Sdn Bhd. Alan Ong Lay Wooi and Angeline Ong Lay Shee are our Promoters, substantial shareholders and Directors.	Provision of handling services to SKL(4)	622	(5)2.6	515	(5)1.8	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

(1) The market prices of the lands which were appraised by an independent property valuer are as follows:

(i) a piece of freehold land held under No. Hakmilik GM 5855, Lot No. 1942: RM4.8 million;
(ii) a piece of leasehold land held under No. Hakmilik PM 3203, Lot No. 5991: RM0.5 million;
(iii) all that portion of 17/32 undivided shares of all that 1 piece of a freehold land held under No. Hakmilik GM 22372, Lot No. 15846: RM1.6 million; and
(iv) of all that portion of 17/32 undivided shares of all that 1 piece of a freehold land held under No. Hakmilik GM 22371, Lot No. 15841: RM1.8 million.

(2) Calculated based on our Group's NA attributable to the owners of our Company for each of the FYE.

(3) The advances were made by the related party for the working capital of SKL. The advances given were not conducted on arm's length basis as they were interest free. As at LPD, the advances from the related party have been fully settled. Moving forward, our Group will no longer receive any advances from the related party.

(4) The arrangements have ceased since June 2021 and October 2021 for Forecom HR Sdn Bhd and Sepang Airport Services Sdn Bhd respectively. Our Group has since ceased conducting such related party transactions, and the contracts of drivers under Forecom HR Sdn Bhd were not renewed. Instead, SK Fleet Management employed these contract drivers and assumed the role of supplying drivers to our Group. Forecom HR Sdn Bhd has been struck off on 2 May 2023. For avoidance of doubt, the ground handling services by Sepang Airport Services Sdn Bhd refers to the servicing of aircrafts in the airport, and is not part of the Group's principal activities.

(5) Calculated based on our Group's total cost of sales for each of the FYE.

Saved as disclosed in Note (3) above, our Board is of the view that all our related party transactions were conducted on an arm's length basis, as they are based on competitive commercial terms not more favourable to the related parties than those generally available to third parties and accordingly were not detrimental or unfavourable to our non-interested shareholders. The disposal of properties set out in the table above were transacted at market prices, as appraised by property valuer.

Our Directors have also confirmed that there are no material related party transactions that we had entered into with related parties but not yet effected up to LPD.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products / services and/or quantities; or

(ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2020 to 2023 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/or balances

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

As at LPD, our Promoters, substantial shareholders and/or Directors, namely Lille Management, Alan Ong Lay Wooi and Angeline Ong Lay Shee have jointly and/or severally provided corporate guarantee and personal guarantees for the banking and hire purchase facilities extended by the following 11 financial and non-financial institutions:

Banking facilities

(i) Affin Bank Berhad ("**Affin**");
(ii) Alliance Bank Malaysia Berhad ("**Alliance**");
(iii) AmBank Islamic Berhad ("**AmBank Islamic**");
(iv) RHB Bank Berhad ("**RHB**");
(v) Hong Leong Bank Berhad ("**HLBB**"); and
(vi) Hong Leong Islamic Bank Berhad.

Hire purchase facilities

(i) Affin;
(ii) BMW Credit (Malaysia) Sdn Bhd;
(iii) Mitsubishi HC Capital Malaysia Sdn Bhd (formally known as Hitachi Capital Malaysia Sdn Bhd);
(iv) ORIX Credit Malaysia Sdn Bhd;
(v) Public Bank Berhad;
(vi) SMFL Hire Purchase Sdn Bhd; and
(vii) HLBB.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Further, Prefered Advantage, a related party, had lent its financial strength together with our Promoters to provide its corporate guarantee to obtain banking facilities extended by the following financial institutions to our Group ("**Third-party Guarantees**"):

(i) Alliance;
(ii) AmBank Islamic; and
(iii) RHB.

(All institutions above are collectively referred to as the "**Financiers**").

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

The details of the facilities are set out as follows:

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantors
		RM'000	RM'000	
Banking facilities				
Affin	• 3 term loans	18,159	18,730	• Lille Management • Alan Ong Lay Wooi • Angeline Ong Lay Shee
Alliance	• 4 term loans • 1 bank guarantee	19,953	27,000	• Prefered Advantage • Lille Management • Alan Ong Lay Wooi • Angeline Ong Lay Shee
AmBank Islamic	• 2 term financing to SKL	2,713	6,200	• Prefered Advantage • Alan Ong Lay Wooi • Angeline Ong Lay Shee
AmBank Islamic	• 2 term financing to SK Property Management	6,083	7,240	• SKL • Prefered Advantage • Alan Ong Lay Wooi • Angeline Ong Lay Shee
RHB	• 1 term loan	325	2,500	• Prefered Advantage • Alan Ong Lay Wooi • Angeline Ong Lay Shee
HLBB	• 1 trade facility • 1 forward exchange contract facility	-	5,000	• Alan Ong Lay Wooi • Angeline Ong Lay Shee

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Financiers	Type of facilities	Outstanding balance as at LPD RM'000	Facility limit RM'000	Guarantors
Hong Leong Islamic Bank Berhad	• 5 term financing	6,970	118,285	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
	Sub-total	54,203	184,955	
Hire purchase facilities				
Affin	• 2 hire purchase facilities	862	1,120	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
BMW Credit (Malaysia) Sdn Bhd	• 33 hire purchase facilities	3,639	6,413	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
Mitsubishi HC Capital Malaysia Sdn Bhd	• 28 hire purchase facilities	4,957	6,538	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
ORIX Credit (Malaysia) Sdn Bhd	• 15 hire purchase facilities	1,781	2,878	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
Public Bank Berhad	• 3 hire purchase facilities	22	379	Angeline Ong Lay Shee
SMFL Hire Purchase (Malaysia) Sdn Bhd	• 52 hire purchase facilities	2,083	5,298	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
HLBB	• 12 hire purchase facilities	2,445	2,568	• Alan Ong Lay Wooi • Angeline Ong Lay Shee
	Sub-total	15,789	25,194	
	Total	**69,992**	**210,149**	

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of all the corporate and/or personal guarantees as well as the Third-party Guarantees.

As at LPD, we have received conditional and unconditional approvals from all the Financiers to discharge the above guarantees. The approvals from the Financiers are subject to, amongst others:

(i) the successful listing of our Company;

(ii) Alan Ong Lay Wooi or/and Angeline Ong Lay Shee or/and Adeline Ong Lay Suen or/and Ameline Ong Lay Ling or/and Alex Ong Lay Ming to remain as main shareholders throughout the facility granted by Hong Leong Islamic Bank Berhad and HLBB (collectively, minimum of 51% direct and indirect shareholding) upon the successful listing of our Company. In the event of any changes, the main shareholders should only be replaced with family members of the said shareholders. The shareholders (including Alan Ong Lay Wooi) should hold the management control in our Company; and

(iii) there being no adverse findings on our Company based on the Central Credit Reference Information System and Credit Tip-Off Service searches at the time of our request for final approval upon Listing.

In the unlikely event where there are adverse findings on our Company based on the Central Credit Reference Information System and Credit Tip-Off Service searches at the time of our request for final approval upon Listing, the Financier, in particular, Affin, is entitled to withdraw the conditional consent to discharge the guarantees provided by Lille Management, Alan Ong Lay Wooi and Angeline Ong Lay Shee. In this event, the guarantees will remain intact, and our Group may be required to repay the total outstanding amount under the facilities or refinance such facilities from other financier. We do not foresee this to have any material adverse impact to our Group's operation and financials as our Group is able to obtain replacement for the facilities currently extended by Affin.

10.2.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Placement Agent and Underwriter for our Listing:

(a) Agreement dated 27 July 2021 between SKL and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor and Placement Agent for our Listing; and

(b) Underwriting Agreement dated 1 April 2024 entered into between our Company and M&A Securities for the underwriting of 105,000,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in:

(a) other businesses and corporations which are carrying on a similar trade as our Group; and

(b) the business of our customers and suppliers.

It is our Director's fiduciary duty to avoid conflict and in order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating and Remuneration Committee and our Board, their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating and Remuneration Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating and Remuneration Committee will then:

(a) immediately inform our Audit and Risk Management Committee and our Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

(i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

(ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating and Remuneration Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating and Remuneration Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;

(b) Rosli Dahlan Saravana Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;

(c) UHY has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and

(d) Smith Zander International Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 2020 to 2023 has been prepared in accordance with MFRS and IFRS. The following selected financial information is not intended to predict our Group's financial position, results and cash flows. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

12.1.1 Historical audited statements of profit or loss and other comprehensive income

The following table sets out a summary of our audited statements of profit or loss and other comprehensive income for FYE 2020 to 2023 which have been extracted from the Accountants' Report.

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	43,071	52,256	56,743	51,984
Cost of sales	(24,113)	(27,776)	(28,699)	(27,955)
GP	**18,958**	**24,480**	**28,044**	**24,029**
Other income	143	3,714	112	247
Administrative expenses	(6,723)	(8,423)	(10,276)	(10,967)
Profit from operations	**12,378**	**19,771**	**17,880**	**13,309**
Finance costs	(2,104)	(2,267)	(2,657)	(3,628)
PBT	**10,274**	**17,504**	**15,223**	**9,681**
Taxation	(886)	(3,000)	(2,880)	(3,274)
PAT	**9,388**	**14,504**	**12,343**	**6,407**
Other comprehensive income / (loss)				
Exchange translation differences of foreign operations	*	(14)	(6)	(6)
Total comprehensive income	**9,388**	**14,490**	**12,337**	**6,401**
PAT attributable to:				
Owners of our Company	9,385	14,496	12,339	6,418
Non-controlling interests	3	8	4	(11)
PAT	**9,388**	**14,504**	**12,343**	**6,407**
Total comprehensive income attributable to:				
Owners of our Company	9,385	14,482	12,333	6,412
Non-controlling interests	3	8	4	(11)
Total comprehensive income for the financial years	**9,388**	**14,490**	**12,337**	**6,401**
EBIT(1)	12,378	19,771	17,880	13,309
EBITDA(1)	14,748	22,742	21,269	18,061
GP margin (%)(2)	44.0	46.8	49.4	46.2
PBT margin (%)(3)	23.9	33.5	26.8	18.6
PAT margin (%)(3)	21.8	27.8	21.8	12.3
Effective tax rate (%)(4)	8.6	17.1	18.9	33.8
EPS (sen)(5)	0.8	1.2	1.0	0.5

Notes:

* Less than RM1,000.

(1) EBIT and EBITDA are calculated as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PAT	9,388	14,504	12,343	6,407
Add:				
Finance costs	2,104	2,267	2,657	3,628
Taxation	886	3,000	2,880	3,274
EBIT	**12,378**	**19,771**	**17,880**	**13,309**
Add:				
Depreciation of property, plant and equipment	903	896	886	1,025
Amortisation of right-of-use assets	1,467	2,075	2,503	3,727
EBITDA	**14,748**	**22,742**	**21,269**	**18,061**

(2) GP margin is calculated based on GP over revenue.

(3) PBT or PAT margin is calculated based on PBT or PAT over revenue.

(4) Effective tax rate is calculated based on tax expense divided by PBT.

(5) Calculated based on PAT attributable to owners of our Company over enlarged share capital of 1,200,000,000 Shares upon Listing.

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12.1.2 Historical audited statements of financial position

The following table sets out the audited statements of financial position as at 31 December 2020, 2021, 2022 and 2023 which have been extracted from the Accountants' Report.

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
ASSETS	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets				
Property, plant and equipment	46,397	42,559	46,344	59,751
Investment properties	14,467	14,467	12,625	12,625
Right-of-use assets	9,625	13,513	21,757	40,348
Other investments	5	5	5	5
Total non-current assets	**70,494**	**70,544**	**80,731**	**112,729**
Current assets				
Inventories	-	3,078	3,105	2,918
Trade receivables	6,939	8,399	7,022	7,986
Other receivables	1,816	1,569	3,667	3,925
Amount due from:				
• former holding company	44	-	-	-
• former related companies	667	-	-	-
Tax recoverable	6	4	274	612
Cash and bank balances	5,684	9,461	15,809	10,149
Total current assets	**15,156**	**22,511**	**29,877**	**25,590**
Total assets	**85,650**	**93,055**	**110,608**	**138,319**
EQUITY				
Share capital	8,000	8,000	8,000	8,000
Reserves	19,792	34,257	45,791	52,203
Equity attributable to the owners of our Company	27,792	42,257	53,791	60,203
Non-controlling interests	(78)	73	76	65
Total equity	**27,714**	**42,330**	**53,867**	**60,268**
LIABILITIES				
Non-current liabilities				
Lease liabilities	5,471	7,198	12,572	12,062
Loans and borrowings	31,681	31,078	29,802	49,727
Deferred tax liabilities	1,316	2,260	2,797	3,828
Total non-current liabilities	**38,468**	**40,536**	**45,171**	**65,617**
Current liabilities				
Trade payables	904	1,139	538	186
Other payables	8,954	1,442	1,589	1,379
Dividends payable	4,000	-	-	-
Amount due to former related companies	656	51	-	-
Tax payable	140	220	4	28
Lease liabilities	2,337	4,195	5,495	5,720
Loan and borrowings	2,477	3,142	3,944	5,121
Total current liabilities	**19,468**	**10,189**	**11,570**	**12,434**
Total liabilities	**57,936**	**50,725**	**56,741**	**78,051**
Total equity and liabilities	**85,650**	**93,055**	**110,608**	**138,319**

12. FINANCIAL INFORMATION *(Cont'd)*

12.1.3 Historical audited statements of cash flows

The following table sets out the audited statements of cash flows for FYE 2020 to 2023 which have been extracted from the Accountants' Report.

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flow from operating activities				
PBT	10,274	17,504	15,223	9,681
Adjustments for:				
Amortisation of rights-of-use assets	1,467	2,075	2,503	3,727
Bad debts written off	-	4	-	-
Depreciation of property, plant and equipment	903	896	886	1,025
Finance costs	2,104	2,267	2,657	3,628
(Gain) / Loss on disposal of property, plant and equipment	-	(2,505)	(3)	*
Gain on modification of lease term	-	-	(9)	(*)
Gain on stuck off of investment in a subsidiary company	(22)	-	-	-
Interest income	-	-	*	(6)
(Gain) / Loss on disposal of investment in subsidiary companies	-	(926)	12	-
(Gain) / Loss on disposal of right-of-use assets	-	(88)	27	49
Property, plant, and equipment written off	-	178	*	-
Right-of-use assets written off	-	-	-	63
Unrealised (gain) / loss on foreign exchange	(21)	(101)	32	(49)
Operating profit before working capital changes	14,705	19,304	21,328	18,118
Change in working capital:				
Inventories	-	(3,078)	(28)	187
Trade receivables	(2,794)	(1,466)	1,384	(965)
Other receivables	227	737	(928)	(2,384)
Trade payables	125	235	(601)	(351)
Other payables	(3,311)	322	363	(211)
Former related companies	636	(656)	-	-
Cash generated from operations	9,588	15,398	21,518	14,394
Tax paid	(933)	(1,977)	(2,826)	(2,558)
Tax refunded	-	-	-	1
Net cash from operating activities	**8,655**	**13,421**	**18,692**	**11,837**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Cash flow from investing activities				
Acquisition of property, plant and equipment	(398)	(3,011)	(2,830)	(5,535)
Acquisition of investment properties	(352)	-	-	-
Acquisition of right-of-use assets	-	-	-	(2,379)
Deposits paid for acquiring property, plant and equipment and right-of-use assets	-	(572)	(1,626)	(18)
Decrease in ownership interests in a subsidiary company	-	68	-	-
Increase in ownership interests in a subsidiary company	-	(20)	-	-
Interest received	-	-	*	6
Proceeds from disposal of property, plant and equipment	-	8,281	3	*
Proceeds from disposal of right-of-use assets	-	696	324	238
Proceeds from disposal of subsidiary companies, net of cash	-	725	425	-
Net cash (used in) / from investing activities	**(750)**	**6,167**	**(3,704)**	**(7,688)**
Cash flow from financing activities				
Dividends paid	-	(4,000)	(800)	-
Interest paid	(2,021)	(2,272)	(2,654)	(3,634)
Payments of lease liabilities	(2,284)	(2,987)	(4,414)	(5,721)
Proceeds from term loans	2,500	3,000	3,000	3,880
Repayment of term loans	(1,647)	(3,042)	(3,477)	(4,381)
Advance from / (Repayment to):				
• directors	505	(7,361)	(208)	-
• former holding company	(20)	44	-	-
• former related companies	(652)	718	(51)	-
Net cash used in financing activities	**(3,619)**	**(15,900)**	**(8,604)**	**(9,856)**
Net increase / (decrease) in cash and cash equivalents	**4,286**	**3,688**	**6,384**	**(5,707)**
Cash and cash equivalents at the beginning of the financial year	**1,395**	**5,684**	**9,461**	**15,809**
Effect of exchange translation differences on cash and bank balances	3	89	(36)	47
Cash and cash equivalents at the end of the financial year	**5,684**	**9,461**	**15,809**	**10,149**

Note:

* Less than RM1,000.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis of our audited financial statements for FYE 2020 to 2023 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

We are an integrated logistics service provider principally involved in the provision of trucking services with a focus on airport-to-airport road feeder services. Additionally, we also provide container haulage services, warehousing and distribution services as well as other logistics-related services to our customers.

Our core business activities are as follows:

(i) Provision of trucking services

Our trucking services entail domestic and cross-border road transportation of domestic, import and export cargoes between two locations using our own fleet of commercial vehicles. Our domestic trucking services cover service routes within Peninsular Malaysia whereas our cross-border trucking services cover countries, namely Peninsular Malaysia, Singapore and Thailand. Further, our trucking services can be segmented into airport-to-airport road feeder services and point-to-point trucking services. Further details of the segmentation of our provision of trucking services are as follows:

(aa) Airport-to-airport road feeder services

Airport-to-airport road feeder service is a road transportation service on a FTL and LTL basis involving the transportation of customers' export and import cargo between two airports. We provide both domestic and cross-border airport-to-airport road feeder services.

(bb) Point-to-point trucking services

We provide point-to-point trucking services on a FTL and LTL to customers who require transportation services for their domestic, import and/or export cargo from one or multiple designated pick-up point(s) to one or multiple designated drop-off point(s). We provide both domestic and cross-border point-to-point trucking services.

(ii) Provision of container haulage services

Our container haulage services refer to the services of transporting containers between Port Klang, Selangor (i.e. Northport and Westport) and the customer's specified location (e.g. warehouse, distribution centre and factory) in Peninsular Malaysia or our Group's warehouse. We provide inbound and outbound container movements where inbound container movement involves the delivery of laden containers from Port Klang, Selangor to our customer's specified location or our Group's warehouse; while outbound container movement involves the delivery of laden containers from our customer's specified location or our Group's warehouse to Port Klang, Selangor.

(iii) Provision of warehousing and distribution services

We provide warehousing and distribution services to support our customers in terms of storage and distribution needs. Our customers for our warehousing and distribution services mainly comprise manufacturers, wholesalers, traders, and local and international freight forwarders.

We offer storage services and handling services (i.e. loading and unloading of goods into/ from commercial vehicles) for bonded and non-bonded goods, which include pharmaceutical products, personal protective equipment, electrical and electronic products, large, odd-size and/or heavy equipment or machinery, other general cargo and bulk cargo. The bonded and non-bonded goods may either be stored under ambient temperature or temperature-controlled environment (i.e. cold room facilities comprising chilled, freezer and/or air-conditioned room).

(iv) Provision of other logistics-related services

We also provide other logistics-related services, including licensed brokerage and forwarding services, express delivery services as well as cargo escort services.

For further details, please refer to Section 7.2 for our Group's detailed business overview.

(b) Revenue

Our revenue is generated mainly from the provision of trucking services, container haulage services as well as warehousing and distribution services which collectively contributed 97.1%, 97.2%, 95.9% and 97.5% of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FYE 2023.

Revenue from the provision of trucking, container haulage, warehousing (other than rental) and distribution and other logistics-related services are recognised when our Group satisfies a performance obligation ("**PO**") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Revenue from rendering of services such as licensed brokerage and forwarding as well as cargo escort services are recognised in the reporting period in which the services are rendered to the customer, wherein our Group has a present right to payment for the services.

Rental income from the provision of warehousing and distribution services is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Cost of sales

Our cost of sales comprises mainly manpower costs for drivers, diesel costs, maintenance expenses, toll and parking charges, direct labour costs, handling charges, amortisation of right-of-use assets, and insurance and road tax.

(d) Other income

Other income comprises mainly gain on strike off of investment in a subsidiary, gain on disposal of property, plant and equipment, gain on disposal of subsidiaries and insurance compensation.

(e) Administrative expenses

Administrative expenses comprise mainly overheads incurred to maintain our operations such as the depreciation of property, plant and equipment, amortisation of right-of-use assets, directors' remuneration and employee-related costs.

(f) Finance costs

Finance costs comprise interest expenses on our loans and borrowings as well as lease liabilities.

(g) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2020 to 2023. In addition, the audited financial statements of our Group for FYE 2020 to 2023 were not subject to any audit qualifications.

(h) Significant factors affecting our business

Section 9 sets out the risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect our revenues and profits include, but are not limited to, the following:

(i) Our growth may be affected by any changes in the performance of the air freight industry

The performance of our Group may be affected by any changes in the performance of the air freight industry as our provision of trucking services focuses on airport-to-airport road feeder services. Our airport-to-airport road feeder services enable airlines to have extensive network coverage to support the logistics needs of their customers. Thus, our financial performance theoretically moves in tandem with the performance of the air freight industry.

Any future global events similar to the outbreak of the COVID-19 pandemic which may impact the global aviation industry and subsequently the air freight industry, may in turn affect the demand for our airport-to-airport road feeder services. Consequently, this may have a material adverse impact on our business operations and financial performance.

(ii) We may not be able to renew or obtain approvals, licences and permits required to carry on our business in countries which we have service routes to

Our Group operates in Malaysia and our service routes cover Peninsular Malaysia, Singapore and Thailand. The logistics industries in Malaysia, Singapore and Thailand are regulated by specific legislations requiring companies undertaking logistics business to have various approvals, licences and permits from relevant government authorities.

In the event of non-compliance, these approvals, licences or permits may be revoked or may not be renewed upon expiry. Further, the relevant government authorities may take actions by issuing warnings, imposing penalties, suspending the approvals, licences or permits, shortening the validity periods, imposing additional conditions or restrictions, and/or revoking the approvals, licences or permits, for any breach or non-compliance. Any revocation or failure to obtain, maintain or renew any of these approvals, licences and permits may adversely affect our ability to continue operations and hence affect our financial performance.

(iii) We are dependent on 2 of our major customers who contributed substantially to our revenue

For FYE 2020, 2021, 2022 and 2023, our largest major customer was Customer A who contributed 20.6%, 22.8%, 19.5% and 16.9% of our Group's total revenue respectively, where we provided trucking, licensed brokerage and forwarding as well as cargo escort services. Further, our Group's other major customer, Customer C, contributed 11.2%, 11.7%, 12.7% and 12.7% of our Group's total revenue for FYE 2020, 2021, 2022 and 2023 respectively, where we provided trucking, container haulage, warehousing and distribution, licensed brokerage and forwarding as well as express delivery services. In view that Customer A and Customer C have each contributed more than 10.0% of our Group's revenue in the respective FYE 2020, 2021, 2022 and 2023, we are dependent on them.

Our Group's sales with Customer A and Customer C are based on bookings. As at LPD, our Group has enjoyed a 11-year and 13-year long term working relationships with Customer A and Customer C respectively, which is expected to continue in the future. Nonetheless, in the event of a termination or loss of Customer A and/or Customer C, as well as our inability to replace Customer A and/or Customer C with new customers or with additional sales from existing customers in a timely manner, this could result in a loss of revenue which may have an adverse impact on our financial performance. Moreover, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance may be adversely affected.

(iv) The lack of long-term agreements with service obligations may result in the fluctuation of our Group's performance

While we have entered into agreements with 23 cargo and/or passenger airlines and general sales agent of airlines as at LPD, such agreements only outline the general terms of engagement and all shipments for our customers are still based on specific bookings and are subject to quotations. The lack of long-term agreements with service obligations is due to prevailing customer practices where the demand for our services is subject to our customers' needs, which depend on the logistics needs of their customers.

The absence of long-term agreements with service obligations may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance. While we seek to maintain and strengthen business relationships with our existing customers and establish relationships with new customers to expand our client base, there can be no assurance that our customers will continue to engage our services to support their logistics needs. In such circumstances, our Group's result of operations and financial performance will be adversely affected if we are unable to timely replace any loss of sales.

(v) We are exposed to the risk of fluctuation in global fuel prices

Diesel is one of our major purchases as it is used to operate our fleet of commercial vehicles. Diesel accounted for approximately 31.6%, 33.0%, 32.9% and 34.2% of our total purchases of supplies and services respectively for FYE 2020, 2021, 2022 and 2023.

As diesel in Malaysia is subsidised by the Government, in the event the Government decides to cancel or reduce the subsidy for diesel, we are susceptible to an increase in diesel prices which will increase our operating costs and have an adverse impact on our profitability, if we are unable to pass on the increase to our customers through corresponding increases in our rates. Notwithstanding that we may be able to pass on part of any increases in diesel prices to some of our customers, we may not be able to pass on the full effect of diesel price increase to our customers.

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12.2.2 Review of our results of operations

(a) Revenue

Revenue by business segment

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trucking services								
- Airport-to-airport road feeder services	24,543	57.0	32,593	62.4	28,739	50.6	27,022	52.0
- Point-to-point trucking services	10,332	24.0	10,953	21.0	14,469	25.5	10,553	20.3
	34,875	81.0	43,546	83.4	43,208	76.1	37,575	72.3
Container haulage services	4,164	9.7	3,470	6.6	4,399	7.8	4,940	9.5
Warehousing and distribution services	2,777	6.4	3,775	7.2	6,828	12.0	8,178	15.7
Other logistics-related services[(1)]	1,255	2.9	1,465	2.8	2,308	4.1	1,291	2.5
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Note:

(1) Comprises licensed brokerage and forwarding services, express delivery services as well as cargo escort services.

Revenue by customer type

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Airlines	23,157	53.8	28,458	54.5	26,369	46.5	19,811	38.1
Local and international freight forwarders	15,038	34.9	15,333	29.3	22,701	40.0	19,941	38.4
General sales agents of airlines[(1)]	1,071	2.5	4,235	8.1	2,643	4.6	7,528	14.5
Others[(2)]	3,805	8.8	4,230	8.1	5,030	8.9	4,704	9.0
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Notes:

(1) General sales agents of airlines refer to companies that are appointed by airlines to handle cargo sales and logistics for the airlines.

(2) Others include customers such as manufacturers, traders and online retailers.

The Group has a total of 89, 93, 99 and 126 customers for FYE 2020, 2021, 2022 and 2023 respectively.

The table below sets forth the breakdown of our Group's revenue by volume for FYE 2020 to 2023:

	Unit	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Trucking services					
- Airport-to-airport road feeder services					
• Service A[(1)]	Chargeable weight ('000 kg)	23,216	30,320	25,365	25,723
• Service B[(2)]	Number of trips	4,957	6,004	4,225	1,312
- Point-to-point trucking services	Number of trips	33,683	33,079	29,781	21,912
Container haulage services	TEU	7,236	5,740	9,992	11,352
Warehousing and distribution services	Annual available capacity (Number of pallets)	[(3)]42,160	[(3)]41,760	[(4)]86,303	[(5)]133,140
	Utilisation rate (%)[(6)]	92.4	91.7	75.8	75.3

Notes:

(1) Airport-to-airport road feeder service A comprises airport-to-airport road feeder, custom brokerage and escort services.

(2) Airport-to-airport road feeder service B comprises solely airport-to-airport road feeder services and excludes custom brokerage and escort services.

(3) Consists of the total annual available capacity of 5 units of rented Penang Island warehouse and our Shah Alam Warehouse but excludes our Shah Alam Warehouse's cold room facility which can store up to 16,824 pallets as the floor and air-conditioning were under repair and maintenance and hence, was not in use during FYE 2020 and FYE 2021. We resumed the provision of cold room warehousing services at our Shah Alam Warehouse during FYE 2022. The decrease in the annual available capacity during FYE 2021 was mainly attributable to the termination of 2 units of rented Penang Island warehouse in June 2020.

(4) Consists of the total annual available capacity of (i) our Shah Alam Warehouse (including cold room facility); (ii) 3 units of rented Penang Island warehouse, which ceased operations upon the expiration of its tenancy in March 2022; (iii) our Bukit Mertajam Warehouse which commenced operations in March 2022; (iv) a newly rented Butterworth Warehouse which commenced operations in March 2022; and (v) a newly rented Bukit Minyak Warehouse which commenced operations in December 2022.

(5) Consists of the total annual available capacity of (i) our Shah Alam Warehouse (including cold room facility); (ii) our Bukit Mertajam Warehouse; (iii) rented Butterworth Warehouse; (iv) rented Bukit Minyak Warehouse; and (v) Port Klang Warehouse which commenced operations in November 2023.

(6) Utilisation rate is computed by dividing the actual pallet space utilised over the annual available capacity.

Comparison between FYE 2020 and FYE 2021

Our revenue increased by RM9.2 million or 21.3% for FYE 2021 from RM43.1 million in FYE 2020 to RM52.3 million in FYE 2021. The increase was mainly contributed by our revenue from the trucking services segment which increased by RM8.6 million or 24.6% to RM43.5 million for FYE 2021 (FYE 2020: RM34.9 million).

The trucking services segment was our largest revenue contributor, contributing RM43.5 million or 83.4% of our total revenue for FYE 2021 (FYE 2020: RM34.9 million or 81.0%).

Trucking services

Our airport-to-airport road feeder services contributed RM32.6 million or 74.9% of our revenue for the trucking services segment for FYE 2021 (FYE 2020: RM24.6 million or 70.5%). Our point-to-point trucking services contributed RM10.9 million or 25.1% of our revenue for the trucking services segment for FYE 2021 (FYE 2020: RM10.3 million or 29.5%).

Revenue from the trucking services segment increased by RM8.6 million or 24.6% to RM43.5 million for FYE 2021 (FYE 2020: RM34.9 million), mainly attributable to revenue from our airport-to-airport road feeder services which increased by RM8.0 million or 32.5% to RM32.6 million for FYE 2021 (FYE 2020: RM24.6 million). The increase in revenue from our airport-to-airport road feeder services was mainly due to:

(i) higher demand for air freight services arising from growth in demand for e-commerce cargo and the global shipping container shortage during the COVID-19 pandemic; and

(ii) higher demands for transporting pharmaceutical goods such as vaccines, gloves and masks during the COVID-19 pandemic.

Thus, our truckload for airport-to-airport road feeder services A increased to 30,320 tonnes for FYE 2021 (FYE 2020: 23,216 tonnes), and the number of trips for airport-to-airport road feeder services B had also increased from 4,957 trips for FYE 2020 to 6,004 trips for FYE 2021.

Revenue from our point-to-point road trucking services increased by RM0.6 million or 5.8% to RM10.9 million for FYE 2021 (FYE 2020: RM10.3 million) despite the decrease in number of trips from 33,683 trips for FYE 2020 to 33,079 trips for FYE 2021, mainly attributable to the following:

(i) the resumption of business operations resulting from the relaxation of the movement controls implemented by the Government;

(ii) higher demand for the bigger trucks leading to fewer trips but overall higher revenue per trip during FYE 2021, which customers were mainly retailers and manufacturers who were increasing their inventory levels in anticipation of the global supply chain disruption resulting from the COVID-19 pandemic; and

(iii) higher demand for our point-to-point trucking services for air freight deliveries to/from factories, warehouses and airports, being deliveries that were diverted from sea freight to air freight services as a result of global shipping container shortage during the COVID-19 pandemic as majority of our customers from airlines as well as general sales agents of airlines use our point-to-point services for air freight deliveries requiring deliveries beyond airport-to-airport routes.

Container haulage services

Revenue from the container haulage services segment decreased by RM0.7 million or 16.7% to RM3.5 million for FYE 2021 (FYE 2020: RM4.2 million). The said decrease was mainly attributable to lower demand for our container haulage services resulting from the global supply chain disruption and shipping container shortage arising from the COVID-19 pandemic, lockdowns and movement restrictions imposed globally. This has led to our customers not being able to secure containers for the shipment of their goods. Thus, our sales volume has decreased from 7,236 TEU of containers for FYE 2020 to 5,740 TEU of containers for FYE 2021.

Warehousing and distribution services

Our warehouse storage services contributed RM2.5 million or 65.8% of our revenue for the warehousing and distribution services segment for FYE 2021 (FYE 2020: RM1.9 million or 67.9%). Our handling services contributed RM1.3 million or 34.2% of our revenue for the warehousing and distribution services segment for FYE 2021 (FYE 2020: RM0.9 million or 32.1%).

Revenue from the warehousing and distribution services segment increased by RM1.0 million or 35.7%, to RM3.8 million in FYE 2021 (FYE 2020: RM2.8 million). The said increase was mainly attributable to the increase in our warehouse storage revenue arising from extended storage periods due to delays in customers' exports resulting from the global shipping container shortage during the COVID-19 pandemic.

Revenue from warehouse handling charges increased by RM0.4 million or 44.4% to RM1.3 million for FYE 2021 (FYE 2020: RM0.9 million). Following the resumption of business operations due to further relaxation of the movement controls implemented by the Government, there were more pallet movements during FYE 2021 which contributed to the higher revenue from handling charges.

Other logistics-related services

Revenue from other logistics-related services increased by RM0.3 million or 25.0% to RM1.5 million in FYE 2021 (FYE 2020: RM1.2 million), mainly due to the increase in demand for our cargo escort services which resulted in an increase of RM0.15 million to RM0.17 million for FYE 2021 (FYE 2020: RM0.02 million).

Comparison between FYE 2021 and FYE 2022

Our revenue improved further by RM4.4 million or 8.4% to RM56.7 million for FYE 2022 from RM52.3 million in FYE 2021. The increase was mainly contributed by revenue from our warehousing and distribution services segment which increased by RM3.0 million or 78.9% to RM6.8 million for FYE 2022 (FYE 2021: RM3.8 million).

The trucking services segment remained as our largest revenue contributor, contributing RM43.2 million or 76.1% of our total revenue for FYE 2022 (FYE 2021: RM43.5 million or 83.4%).

Trucking services

Our airport-to-airport road feeder services contributed RM28.7 million or 66.4% of our revenue for the trucking services segment for FYE 2022 (FYE 2021: RM32.6 million or 74.9%). Our point-to-point trucking services contributed RM14.5 million or 33.6% of our revenue for the trucking services segment for FYE 2022 (FYE 2021: RM10.9 million or 25.1%).

Revenue from our trucking services segment decreased by RM0.3 million or 0.7% to RM43.2 million for FYE 2022 (FYE 2021: RM43.5 million). The decrease was mainly attributable to the decrease in revenue from our airport-to-airport road feeder services by RM3.9 million or 12.0% to RM28.7 million for FYE 2022 (FYE 2021: RM32.6 million) arising from the lower demand from cargo airlines and logistic companies which was primarily due to the following:

(i) Russian-Ukraine war which led to flights having to re-route to longer routes, which resulted in higher fuel consumption and fuel capacity requirements per aircraft, that reduced its cargo capacity; and

(ii) prolonged closure of the PRC due to COVID-19 which affected the e-commerce business from the PRC to Malaysia and Singapore.

Thus, our truckload for airport-to-airport road feeder services A decreased by 16.3% from 30,320 tonnes for FYE 2021 to 25,365 tonnes for FYE 2022, and the number of trips for airport-to-airport road feeder services B also decreased by 29.6% from 6,004 trips for FYE 2021 to 4,225 trips for FYE 2022, which decreased at a rate higher than the decrease in revenue of 0.7%, mainly because (i) we charged a minimum truckload (tonnes) rate per shipment to our customers whose shipments were below a certain truckload; and (ii) more long haul trips were made.

The above decrease in revenue from our airport-to-airport road feeder services was partially offset by the increase in revenue from our point-to-point trucking services by RM3.6 million or 33.0% to RM14.5 million for FYE 2022 (FYE 2021: RM10.9 million), despite the number of trips decreased from 33,079 trips for FYE 2021 to 29,781 trips for FYE 2022. This was mainly attributable to the following:

(i) more ad hoc and project-based deliveries which are generally charged at a higher rate than our usual point-to-point trucking services were secured, whereby bigger trucks are usually being used; and

(ii) higher demands for bigger trucks which led to less demand for smaller trucks and fewer trips during FYE 2022.

Container haulage services

Revenue from the container haulage services segment increased by RM0.9 million or 25.7% to RM4.4 million for FYE 2022 (FYE 2021: RM3.5 million), mainly driven by the volume of TEU for our container haulage which increased by 4,252 TEU or 74.1% from 5,740 TEU for FYE 2021 to 9,992 TEU for FYE 2022. The said increase was mainly attributable to higher demand for non-refrigerated container haulage services during FYE 2022, which increased by RM0.7 million or 31.8% to RM2.9 million for FYE 2022 (FYE 2021: RM2.2 million), and is generally charged at a lower rate than refrigerated container haulage services. There were also higher demand for 40-ft container trailers of which the rate charged is similar to 20-ft container trailers and hence, despite higher TEU in FYE 2022, revenue did not increase at the same rate. To be more competitive, our Group charges similar rate for both 20-ft and 40-ft container trailers as both container trailers have the same operation costs such as manpower costs for drivers, diesel costs as well as toll and parking charges. In addition, the same type of commercial vehicles such as prime movers and trailers are used to transport the containers.

Warehousing and distribution services

Our warehouse storage services contributed RM4.9 million or 72.1% of our revenue for the warehousing and distribution services segment for FYE 2022 (FYE 2021: RM2.5 million or 65.8%). Our handling services contributed RM1.9 million or 27.9% of our revenue for the warehousing and distribution services segment for FYE 2022 (FYE 2021: RM1.3 million or 34.2%).

Revenue from the warehousing and distribution services segment increased by RM3.0 million or 78.9%, to RM6.8 million in FYE 2022 (FYE 2021: RM3.8 million). The said increase was mainly attributable to increased revenue from warehouse storage which grew by RM2.4 million or 96.0% to RM4.9 million for FYE 2022 (FYE 2021: RM2.5 million) in tandem with the increase in our annual available capacity to 86,303 pallets (FYE 2021: 41,760 pallets) following the resumption of our cold room facility at Shah Alam Warehouse and commencement of operations at our Bukit Mertajam Warehouse, Butterworth Warehouse and Bukit Minyak Warehouse during FYE 2022. The total number of pallets stored at our warehouses increased from 38,287 pallets for FYE 2021 to 65,391 pallets for FYE 2022. The utilisation rate decreased to 75.8% for FYE 2022 (FYE 2021: 91.7%), mainly due to the doubling up of our annual available capacity, despite the increase in the number of pallets stored at our warehouse.

Revenue from warehouse handling charges increased by RM0.6 million or 46.2% to RM1.9 million for FYE 2022 (FYE 2021: RM1.3 million). The said increase was mainly attributable to more pallets handled during FYE 2022 in line with our higher transaction volume, contributing to the higher revenue from handling charges.

Other logistics-related services

Revenue from the other logistics-related services increased by RM0.8 million or 53.3% to RM2.3 million in FYE 2022 (FYE 2021: RM1.5 million). The said increase was mainly attributable to higher demands for our licensed brokerage and forwarding services, which increased by RM0.7 million or 58.3% to RM1.9 million for FYE 2022 (FYE 2021: RM1.2 million), which increased in tandem with the demand for our bonded warehouse storage and handling services.

Comparison between FYE 2022 and FYE 2023

Our revenue decreased by RM4.7 million or 8.3% to RM52.0 million for FYE 2023 from RM56.7 million in FYE 2022. The decrease was mainly attributed to the following:

(i) lower revenue from our trucking services segment, which decreased by RM5.6 million or 13.0% to RM37.6 million for FYE 2023 (FYE 2022: RM43.2 million); and

(ii) our revenue from other logistics-related services segment decreased by RM1.0 million or 43.5% to RM1.3 million for FYE 2023 (FYE 2022: RM2.3 million).

The decreases mentioned above were partially offset by the increase in revenue from the provision of warehousing and distribution services, which rose by RM1.4 million or 20.6% to RM8.2 million for FYE 2023 (FYE 2022: RM6.8 million).

The trucking services segment remained as our largest revenue contributor, contributing RM37.6 million or 72.3% of our total revenue for FYE 2023 (FYE 2022: RM43.2 million or 76.1%).

Trucking services

Our airport-to-airport road feeder services contributed RM27.0 million or 71.8% of our revenue for the trucking services segment for FYE 2023 (FYE 2022: RM28.7 million or 66.4%). Our point-to-point trucking services contributed RM10.6 million or 28.2% of our revenue for the trucking services segment for FYE 2023 (FYE 2022: RM14.5 million or 33.6%).

Revenue from our trucking services segment decreased by RM5.6 million or 13.0% to RM37.6 million for FYE 2023 (FYE 2022: RM43.2 million). The decrease was mainly attributable to the decrease in revenue from our point-to-point trucking services, which decreased by RM3.9 million or 26.9% to RM10.6 million for FYE 2023 (FYE 2022: RM14.5 million). This decrease was mainly attributable to the following:

(i) less ad hoc and project-based deliveries secured during FYE 2023 which are generally charged at a higher rate than our usual point-to-point trucking services; and

(ii) generally less demand from end customers for FYE 2023 as compared to FYE 2022.

Thus, our number of trips decreased by 26.4% from 29,781 trips for FYE 2022 to 21,912 trips for FYE 2023.

Revenue from our airport-to-airport road feeder services decreased by RM1.7 million or 5.9% to RM27.0 million for FYE 2023 (FYE 2022: RM28.7 million) due to lower demand from passenger and cargo airlines which was primarily due to the following:

(i) resumption of passenger flights from other airlines that are not our customers. This led to more competition to our customers, leading to less demand for cargo flights and passenger airlines that we served, which in turn, led to less demand for our trucking services; and

(ii) less exports from Malaysia to USA and Europe Union countries were observed, as both countries have been implementing various restrictive policies, such as monetary interventions, fiscal adjustments and exchange rate management, to mitigate the inflation impacts. Central banks in US and European Union countries have been implementing continuous tightening of monetary supply measures such as increase in interest rates as well as unwinding of pandemic-related fiscal supports in order to mitigate the impact of high inflation. This has impacted financing conditions, domestic demand and economy growth, resulting in less exports from Malaysia to USA and Europe Union countries during the FYE 2023.

The lower demand from passenger and cargo airlines mentioned above was partially offset by the higher demand from general sales agents of airlines arising from overall resumption of passenger flights as well as the new passenger airline customers we secured since the resumption of passenger flights.

Our number of trips for airport-to-airport road feeder services B decreased by 68.9% from 4,225 trips for FYE 2022 to 1,312 trips for FYE 2023. The significant decrease in the number of trips for airport-to-airport road feeders services B was mainly due to lower demand from Customer B, a cargo airline, for short distance trips during FYE 2023, which were generally charged at a lower rate as compared to other airport-to-airport road feeder services.

Container haulage services

Revenue from the container haulage services segment increased by RM0.5 million or 11.4% to RM4.9 million for FYE 2023 (FYE 2022: RM4.4 million), mainly driven by the volume of TEU for our container haulage which increased by 1,360 TEU or 13.6% from 9,992 TEU for FYE 2022 to 11,352 TEU for FYE 2023. The said increase was mainly attributable to higher demand for non-refrigerated container haulage services during FYE 2023, which increased by RM0.5 million or 17.2% to RM3.4 million for FYE 2023 (FYE 2022: RM2.9 million).

Warehousing and distribution services

Our warehouse storage services contributed RM6.5 million or 79.3% of our revenue for the warehousing and distribution services segment for FYE 2023 (FYE 2022: RM4.9 million or 72.1%). Our handling services contributed RM1.7 million or 20.7% of our revenue for the warehousing and distribution services segment for FYE 2023 (FYE 2022: RM1.9 million or 27.9%).

Revenue from the warehousing and distribution services segment increased by RM1.4 million or 20.6% to RM8.2 million for FYE 2023 (FYE 2022: RM6.8 million). The said increase was mainly attributable to increased revenue from warehouse storage which grew by RM1.6 million or 32.7% to RM6.5 million for FYE 2023 (FYE 2022: RM4.9 million) in tandem with the increase in our annual available capacity to 133,140 pallets (FYE 2022: 86,303 pallets) following the commencement of operations at our Bukit Mertajam Warehouse in March 2022, Butterworth Warehouse in March 2022, Bukit Minyak Warehouse in December 2022 and Port Klang Warehouse in November 2023. The total number of pallets utilised increased from 65,391 pallets for FYE 2022 to 100,221 pallets for FYE 2023. The utilisation rate decreased marginally from 75.8% for FYE 2022 to 75.3% for FYE 2023, mainly due to the increase in of our annual available capacity as explained above, despite the increase in the number of pallets stored at our warehouse.

Other logistics-related services

Revenue from the other logistics-related services segment decreased by RM1.0 million or 43.5% to RM1.3 million in FYE 2023 (FYE 2022: RM2.3 million). The said decrease was mainly attributable to less demand for our licensed brokerage and forwarding services, which decreased by RM1.0 million or 52.6% to RM0.9 million for FYE 2023 (FYE 2022: RM1.9 million). This was mainly due to the cessation of our provision of sea freight services during FYE 2023 and less movement for bonded cargo stored at our Shah Alam Warehouse. Our Group provided sea freight services during COVID-19 pandemic to take advantage of the high sea freight charges. For reference, sea freight services contributed RM0.8 million (1.7%), RM0.5 million (0.9%), RM0.6 million (1.1%) and RM0.01 million (<0.1%) to our Group's revenue for FYE 2020 to 2023 respectively.

Revenue by geographical location[(1)]

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	**26,117**	**60.6**	**27,047**	**51.8**	**32,941**	**58.1**	**28,117**	**54.1**
Overseas								
- Singapore	9,367	21.7	15,246	29.2	12,789	22.5	14,173	27.3
- Middle East	3,420	7.9	4,718	9.0	3,685	6.5	3,186	6.1
- Europe	1,106	2.6	2,115	4.0	3,657	6.4	4,160	8.0
- PRC	2,200	5.1	1,940	3.7	1,385	2.4	1,457	2.8
- Asia[(2)]	318	0.7	1,126	2.2	1,333	2.4	332	0.6
- Others[(3)]	543	1.4	64	0.1	953	1.7	559	1.1
Sub-total	**16,954**	**39.4**	**25,209**	**48.2**	**23,802**	**41.9**	**23,867**	**45.9**
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**

Notes:

(1) Revenue by the geographical location is based on the place of domicile of our customers.

(2) Comprises Japan, Korea, Sri Lanka, Taiwan and Vietnam excluding Singapore and PRC.

(3) Comprises Australia, Türkiye and USA.

Comparison between FYE 2020 and FYE 2021

Our Group's revenue was predominantly generated from our customers in Malaysia, recording RM27.1 million or 51.8% of our total revenue for FYE 2021 (FYE 2020: RM26.1 million or 60.6%). Revenue from overseas customers contributed RM25.2 million or 48.2% of our total revenue for FYE 2021 (FYE 2020: RM17.0 million or 39.4%), mainly from Singapore, the Middle East and Europe which collectively contributed RM22.1 million or 42.2% to our total revenue for FYE 2021 (FYE 2020: RM13.9 million or 32.2%).

Our revenue from Malaysia contributed RM27.1 million for FYE 2021 (FYE 2020: RM26.1 million) mainly from the following major customers:

(i) Customer B, a cargo airline, which contributed RM6.2 million to our revenue for FYE 2021 (FYE 2020: RM6.8 million) for our trucking services as well as licensed brokerage and forwarding services; and

(ii) Customer C, an international freight forwarder, increased to RM6.1 million for FYE 2021 (FYE 2020: RM4.8 million), mainly for our trucking, container haulage, warehousing and distribution, licensed brokerage and forwarding as well as express delivery services.

Our revenue from overseas customers contributed RM25.2 million for FYE 2021 (FYE 2020: RM17.0 million) mainly from the revenue for our trucking services from the following overseas customers:

(i) Customer A, a passenger and cargo airline from Singapore, increased to RM11.9 million for FYE 2021 (FYE 2020: RM8.9 million);

(ii) Customer E, a passenger and cargo airline from Middle East, increased to RM4.6 million for FYE 2021 (FYE 2020: RM3.0 million); and

(iii) Customer F, a general sales agent of airline from Singapore, increased to RM3.3 million for FYE 2021 (FYE 2020: RM0.3 million).

Our revenue from Singapore increased by RM5.9 million or 62.8% to RM15.3 million for FYE 2021 (FYE 2020: RM9.4 million), mainly attributable to the increase in revenue for our trucking services. The increase was primarily attributed to higher demands for our airport-to-airport road feeder services from Customer A, a passenger and cargo airline, and Customer F, a general sales agent of airline, mainly due to the higher demand for air freight services arising from growth in demand for e-commerce cargo and the global shipping container shortage during the COVID-19 pandemic and higher demands for transporting pharmaceutical goods such as vaccines, gloves and masks during the COVID-19 pandemic.

Our revenue from PRC decreased by RM0.3 million or 13.6% to RM1.9 million for FYE 2021 (FYE 2020: RM2.2 million), mainly attributable to the decrease in revenue from trucking services, largely attributed to lower demand from an existing customer (not a major customer), an international freight forwarder as this customer no longer used our airport-to-airport road feeder services in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's revenue continued to be predominantly generated from our customers in Malaysia, recording RM32.9 million or 58.1% of our total revenue for FYE 2022 (FYE 2021: RM27.1 million or 51.8%). Revenue from overseas customers contributed RM23.8 million or 41.9% of our total revenue for FYE 2022 (FYE 2021: RM25.2 million or 48.2%), mainly from Singapore, Middle East and Europe which collectively contributed RM20.1 million or 35.4% to our total revenue for FYE 2021 (FYE 2020: RM22.1 million or 42.2%).

Our revenue from Malaysia contributed RM32.9 million for FYE 2022 (FYE 2021: RM27.1 million) mainly from the following major customers:

(i) Customer B, a cargo airline, contributed RM4.5 million to our revenue for FYE 2022 (FYE 2021: RM6.2 million) for our trucking services as well as licensed brokerage and forwarding services; and

(ii) Customer C, an international freight forwarder, further increased to RM7.2 million for FYE 2022 (FYE 2021: RM6.1 million), mainly for our trucking, container haulage, warehousing and distribution as well as licensed brokerage and forwarding services.

Our revenue from Malaysia increased by RM5.9 million or 21.9% to RM32.9 million for FYE 2022 (FYE 2021: RM27.0 million), mainly attributable to the following:

(i) increase in revenue from warehousing and distribution services, mainly attributed to higher demands from Customer G and Customer C, both being international freight forwarders, together with the increased warehousing capacity of our Group as explained above; and

(ii) increase in revenue from trucking services, mainly attributed to higher demands for our point-to-point trucking services from an existing customer (not a major customer), a local freight forwarder, primarily due to more ad hoc and project-based deliveries which are generally charged at a higher rate than our usual point-to-point trucking services were secured.

Our revenue from overseas customers contributed RM23.8 million for FYE 2022 (FYE 2021: RM25.2 million) mainly from our trucking services from the following overseas customers:

(i) Customer A, a passenger and cargo airline from Singapore, decreased to RM11.1 million for FYE 2022 (FYE 2021: RM11.9 million);

(ii) Customer E, a passenger and cargo airline from the Middle East, decreased to RM3.0 million for FYE 2022 (FYE 2021: RM4.6 million); and

(iii) an existing customer, a cargo airline from Europe, increased to RM1.8 million for FYE 2022 (FYE 2021: RM0.2 million).

Our revenue from PRC decreased by RM0.5 million or 26.3% to RM1.4 million for FYE 2022 (FYE 2021: RM1.9 million), mainly attributable to the decrease in revenue from trucking services. The decrease was primarily attributed to lower demands for our airport-to-airport road feeder services from an existing customer (not a major customer), a passenger and cargo airline, largely due to the reasons for the prolonged closure of the PRC due to COVID-19 which affected the e-commerce business from the PRC to Malaysia and Singapore.

Comparison between FYE 2022 and FYE 2023

Our Group's revenue was predominantly generated from our customers in Malaysia, recording RM28.1 million or 54.1% of our total revenue for FYE 2023 (FYE 2022: RM32.9 million or 58.1%). Revenue from overseas customers contributed RM23.9 million or 45.9% of our total revenue for FYE 2023 (FYE 2022: RM23.8 million or 41.9%), mainly from Singapore, Middle East and Europe, which collectively contributed RM21.5 million or 41.4% to our total revenue for FYE 2023 (FYE 2022: RM20.1 million or 35.4%).

Our revenue from Malaysia contributed RM28.1 million for FYE 2023 (FYE 2022: RM32.9 million), mainly from the following major customers:

(i) Customer C, an international freight forwarder, contributed RM6.6 million to our revenue for FYE 2023 (FYE 2022: RM7.2 million), mainly for our trucking, container haulage, warehousing and distribution as well as licensed brokerage and forwarding services; and

(ii) Customer D, an international freight forwarder, contributed RM3.0 million to our revenue for FYE 2023 (FYE 2022: RM3.7 million), mainly for our trucking services.

Our revenue from Malaysia decreased by RM4.8 million or 14.6% to RM28.1 million for FYE 2023 (FYE 2022: RM32.9 million), mainly attributable to the following:

(i) decrease in revenue from trucking services, mainly attributed to lower demands for our airport-to-airport trucking services from Customer B, a cargo airline, primarily due to resumption of passenger flights from other airlines that are not our customers. This led to more competition to our customers, leading to less demand for cargo flights and passenger airlines that we served, which in turn, led to less demand for our trucking services. In addition, the decrease was also due to lower demand for short distance trips during FYE 2023, which were generally charged at a lower rate as compared to other airport-to-airport road feeder services; and

(ii) decrease in revenue from trucking services, mainly attributed to lower demands for our point-to-point trucking services from an existing customer (not a major customer), a local freight forwarder, primarily due to less ad hoc and project-based deliveries secured during FYE 2023 which are generally charged at a higher rate than our usual point-to-point trucking services.

Our revenue from overseas customers contributed RM23.9 million for FYE 2023 (FYE 2022: RM23.8 million), mainly from our trucking services from the following overseas customers:

(i) Customer A, a passenger and cargo airline from Singapore, contributed RM8.8 million for FYE 2023 (FYE 2022: RM11.1 million);

(ii) Customer F, a general sales agent of an airline from Singapore, contributed RM5.1 million for FYE 2023 (FYE 2022: RM1.6 million); and

(iii) Customer E, a passenger and cargo airline from the Middle East, contributed RM1.8 million for FYE 2023 (FYE 2022: RM3.0 million).

(b) Cost of sales

Cost of sales by cost component

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manpower costs for drivers	5,748	23.8	5,840	21.0	6,319	22.0	5,816	20.8
Diesel costs	4,569	18.9	5,811	20.9	5,516	19.2	5,108	18.3
Maintenance expenses[(1)]	3,074	12.7	3,784	13.6	3,757	13.1	2,991	10.7
Toll and parking charges	2,076	8.6	2,295	8.3	2,068	7.2	1,924	6.9
Direct labour costs[(2)]	1,639	6.8	1,810	6.5	2,399	8.4	2,946	10.5
Handling charges[(3)]	1,255	5.2	1,773	6.4	1,360	4.7	1,036	3.7
Amortisation of right-of-use assets	1,030	4.3	1,520	5.5	2,061	7.2	3,321	11.9
Insurance and road tax	1,130	4.7	1,332	4.8	1,996	7.0	1,336	4.8
Subcontracted drivers	724	3.0	869	3.1	95	0.3	-	-
Duties and levies[(4)]	785	3.3	652	2.3	773	2.7	441	1.6
Depreciation of property, plant and equipment	433	1.8	369	1.3	367	1.3	473	1.7
Others[(5)]	1,650	6.9	1,721	6.3	1,988	6.9	2,563	9.1
	24,113	**100.0**	**27,776**	**100.0**	**28,699**	**100.0**	**27,955**	**100.0**

Notes:

(1) Maintenance expenses incurred for commercial vehicles, motor vehicles, warehouses and machinery.

(2) Direct labour costs mainly comprise staff-related costs such as salaries and contributions for staff involved in warehouse, freight forwarding and transport departments.

(3) Handling charges comprise handling charges for custom's documentation and clearance.

(4) Duties and levies comprise depot gate charges for container haulage services and goods vehicle levies imposed on vehicles carrying goods from Malaysia to Singapore and vice versa.

(5) Others mainly comprise security escort charges, security guard charges, subscription of GPS, rental of forklifts and trucks, permit and license fees and utilities.

Our manpower costs for drivers, diesel costs, maintenance expenses (including replacement of tyres and spare parts for our commercial vehicles), toll and parking charges, handling charges, insurance and road tax, subcontracted drivers, and duties and levies, are variable costs and fluctuate in correlation to the movement in our revenue.

Comparison between FYE 2020 and FYE 2021

Our cost of sales comprises mainly manpower costs for drivers, diesel costs, maintenance expenses, direct labour costs and tolls and parking charges, collectively contributing RM19.5 million or 70.3% of our total cost of sales for FYE 2021 (FYE 2020: RM17.1 million or 70.8%).

Our cost of sales increased by RM3.7 million or 15.4% to RM27.8 million for FYE 2021 (FYE 2020: RM24.1 million) mainly attributable to the following expenses which increased in tandem with the increase in our revenue and number of trips:

(i) the increase in our diesel costs by RM1.2 million or 26.1% to RM5.8 million for FYE 2021 (FYE 2020: RM4.6 million);

(ii) the increase in our handling charges by RM0.5 million or 38.5% to RM1.8 million for FYE 2021 (FYE 2020: RM1.3 million);

(iii) the increase in our toll and parking charges by RM0.2 million or 9.5% to RM2.3 million for FYE 2021 (FYE 2020: RM2.1 million); and

(iv) the increase in our maintenance expenses by RM0.7 million or 22.6% to RM3.8 million for FYE 2021 (FYE 2020: RM3.1 million).

In addition, our amortisation of right-of-use assets increased by RM0.5 million or 50.0% to RM1.5 million for FYE 2021 (FYE 2020: RM1.0 million), mainly attributable from the purchase 18 units of commercial vehicles via hire purchase arrangements during FYE 2021 (FYE 2020: 7 units). Due to the said additions of commercial vehicles, our insurance and road tax also increased by RM0.2 million or 18.2% to RM1.3 million for FYE 2021 (FYE 2020: RM1.1 million).

Comparison between FYE 2021 and FYE 2022

Our cost of sales mainly comprises manpower costs for drivers, diesel costs, maintenance expenses, direct labour costs and tolls and parking charges, collectively contributing RM20.1 million or 69.9% of our total cost of sales for FYE 2022 (FYE 2021: RM19.5 million or 70.3%).

Our cost of sales further increased by RM0.9 million or 3.2% to RM28.7 million for FYE 2022 (FYE 2021: RM27.8 million) mainly attributable to the following:

(i) the increase in insurance and road tax by RM0.7 million or 53.8% to RM2.0 million for FYE 2022 (FYE 2021: RM1.3 million) mainly due to additional 51 units of commercial vehicles acquired during FYE 2022;

(ii) the increase in direct labour costs by RM0.6 million or 33.3% to RM2.4 million for FYE 2022 (FYE 2021: RM1.8 million) mainly due to annual salary increment and increase in employee headcount to 75 (comprising 35 staff from warehouse department, 14 staff from freight forwarding department and 26 staff from transport department) for FYE 2022 (FYE 2021: 63);

(iii) our amortisation of right-of-use assets increased by RM0.6 million or 40.0% to RM2.1 million for FYE 2022 (FYE 2021: RM1.5 million), mainly resulting from (a) the purchase 43 units of commercial vehicles via hire purchase arrangements during FYE 2022 (FYE 2021: 18 units); (b) rental of Bukit Minyak Warehouse in the last quarter of FYE 2022; and (c) full year impact on the rental of Butterworth Warehouse which commenced in the last quarter of FYE 2021; and

(iv) our manpower costs for drivers increased by RM0.5 million or 8.6% to RM6.3 million for FYE 2022 (FYE 2021: RM5.8 million), mainly due to (a) the increase in the basic salary of drivers which is in line with the implementation of minimum wage; (b) increase in drivers' trips claims and allowances as more trips were made by our drivers following the termination of a subcontractor, Sarjuna Enterprise, in February 2022 for the sourcing of drivers for our trucking services segment; and (c) increase in casual wages as additional headcounts required for the project-based deliveries as well as the relocation from Penang Island warehouse to Bukit Mertajam Warehouse and Butterworth Warehouse.

The above increases were partially offset by lower subcontracted costs for drivers by RM0.8 million or 88.9% to RM0.1 million for FYE 2022 (FYE 2021: RM0.9 million) due to the cessation of business relationship with Sarjuna Enterprise in February 2022 for the sourcing of drivers for our trucking services segment.

The above increases were also partially offset by the following expenses which decreased in tandem with the decreased number of trips:

(i) the decrease in our handling charges by RM0.4 million or 22.2% to RM1.4 million for FYE 2022 (FYE 2021: RM1.8 million);

(ii) the decrease in diesel costs incurred for FYE 2022 which decreased by RM0.3 million or 5.2% to RM5.5 million for FYE 2022 (FYE 2021: RM5.8 million); and

(iii) the decrease in our toll and parking charges by RM0.2 million or 8.7% to RM2.1 million for FYE 2022 (FYE 2021: RM2.3 million).

Comparison between FYE 2022 and FYE 2023

Our cost of sales mainly comprises manpower costs for drivers, diesel costs, maintenance expenses, direct labour costs and tolls and parking charges, collectively contributing RM18.8 million or 67.2% of our total cost of sales for FYE 2023 (FYE 2022: RM20.1 million or 69.9%).

Our cost of sales decreased by RM0.7 million or 2.4% to RM28.0 million for FYE 2023 (FYE 2022: RM28.7 million), mainly attributable to the following expenses which decreased in tandem with the decrease in our revenue and number of trips:

(i) the decrease in our maintenance expenses by RM0.8 million or 21.1% to RM3.0 million for FYE 2023 (FYE 2022: RM3.8 million);

(ii) the decrease in our manpower costs for drivers by RM0.5 million or 7.9% to RM5.8 million for FYE 2023 (FYE 2022: RM6.3 million);

(iii) the decrease in our diesel costs by RM0.4 million or 7.3% to RM5.1 million for FYE 2023 (FYE 2022: RM5.5 million);

(iv) the decrease in our duties and levies by RM0.4 million or 50.0% to RM0.4 million for FYE 2023 (FYE 2022: RM0.8 million);

(v) the decrease in our handling charges by RM0.4 million or 28.6% to RM1.0 million for FYE 2023 (FYE 2022: RM1.4 million); and

(vi) the decrease in our toll and parking charges by RM0.2 million or 9.5% to RM1.9 million for FYE 2023 (FYE 2022: RM2.1 million).

In addition, our insurance and road tax decreased by RM0.7 million or 35.0% to RM1.3 million for FYE 2023 (FYE 2022: RM2.0 million), mainly due to insurance expenses was expensed off over the insurance cover period instead of expensed off when incurred during FYE 2023.

The above decreases were partially offset by the following:

(i) the increase in amortisation of right-of-use assets by RM1.2 million or 57.1% to RM3.3 million for FYE 2023 (FYE 2022: RM2.1 million), mainly resulting from full year impact on (a) the purchase 43 units of commercial vehicles via hire purchase arrangements in FYE 2022; and (b) rental of Bukit Minyak Warehouse in the last quarter of FYE 2022;

(ii) the increase in direct labours costs by RM0.5 million or 20.8% to RM2.9 million for FYE 2023 (FYE 2022: RM2.4 million), mainly due to annual salary increment; and

(iii) the increase in other cost of sales items by RM0.6 million or 30.0% to RM2.6 million for FYE 2023 (FYE 2022: RM2.0 million) was mainly attributable to the increase in utilities of RM0.2 million and security guard charges of RM0.2 million. These increases were mainly resulting from the commencement of operations at Bukit Mertajam Warehouse in March 2022, Butterworth Warehouse in March 2022, Bukit Minyak Warehouse in December 2022 and Port Klang Warehouse in November 2023.

(c) Cost of sales, GP and GP margin by business segment

Cost of sales

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Trucking services	19,542	81.0	23,090	83.1	21,523	75.0	18,977	67.9
Container haulage services	2,379	9.9	2,082	7.5	2,922	10.2	3,112	11.1
Warehousing and distribution services	1,303	5.4	1,804	6.5	3,190	11.1	5,041	18.0
Other logistics-related services[(1)]	889	3.7	800	2.9	1,064	3.7	825	3.0
	24,113	**100.0**	**27,776**	**100.0**	**28,699**	**100.0**	**27,955**	**100.0**

GP and GP margin

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	GP	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**	**GP**	**GP margin**
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Trucking services	15,333	44.0	20,456	47.0	21,685	50.2	18,598	49.5
Container haulage services	1,785	42.9	1,388	40.0	1,477	33.6	1,828	37.0
Warehousing and distribution services	1,474	53.1	1,971	52.2	3,638	53.3	3,137	38.4
Other logistics-related services[(1)]	366	29.2	665	45.4	1,244	53.9	466	36.1
	18,958	**44.0**	**24,480**	**46.8**	**28,044**	**49.4**	**24,029**	**46.2**

Note:

(1) Comprises licensed brokerage and forwarding, express delivery as well as cargo escort services.

Comparison between FYE 2020 and FYE 2021

Our cost of sales from the trucking service segment was the main contributor for FYE 2021, contributing RM23.1 million or 83.1% of our total cost of sales for FYE 2021 (FYE 2020: RM19.5 million or 81.0%).

Our cost of sales increased by RM3.7 million or 15.4% to RM27.8 million for FYE 2021 (FYE 2020: RM24.1 million), mainly attributable to growth in our revenue during FYE 2021. Our cost of sales grew at a rate lower than the revenue growth of 21.3% for FYE 2021 which was mainly due to certain expenses, i.e., direct labour costs, depreciation of property, plant and equipment and amortisation of right-of-use assets being fixed in nature. These expenses collectively contributed RM3.7 million or 13.3% of our total cost of sales for FYE 2021 (FYE 2020: RM3.1 million or 12.9%).

The GP from our trucking services segment was the main contributor to our GP for FYE 2021, contributing RM20.5 million or 83.7% of our GP for FYE 2021 (FYE 2020: RM15.3 million or 80.5%).

Our GP increased by RM5.5 million or 28.9% to RM24.5 million for FYE 2021 (FYE 2020: RM19.0 million), which was in tandem with the increase in our revenue for FYE 2021. Our overall GP margin improved from 44.0% for FYE 2020 to 46.8% for FYE 2021, mainly attributable to our revenue growth and improved GP margin from our trucking services segment.

Trucking services

The cost of sales for our trucking services segment increased by RM3.6 million or 18.5% to RM23.1 million for FYE 2021 (FYE 2020: RM19.5 million), which increased in tandem with our revenue growth for FYE 2021.

The GP from our trucking service segment increased by RM5.2 million or 34.0% to RM20.5 million for FYE 2021 (FYE 2020: RM15.3 million), which was in tandem with the increase in our revenue for FYE 2021, mainly attributable to the growth in revenue from our airport-to-airport road feeder services as explained above. Our airport-to-airport road feeder services generally yield a better rate and GP margin as we provide value-added services such as customs brokerage and cargo escort services as compared to our point-to-point trucking services. On the contrary, the revenue contribution from our point-to-point trucking services increased to RM10.9 million or 25.1% of our total revenue for the trucking services segment for FYE 2021 (FYE 2020: RM10.3 million or 29.5%). Overall, the foregoing factors resulted in the improvement of our GP margin for our trucking services segment from 44.0% for FYE 2020 to 47.0% for FYE 2021.

Container haulage services

The cost of sales for our container haulage services decreased by RM0.3 million or 12.5% to RM2.1 million for FYE 2021 (FYE 2020: RM2.4 million), which dropped at a rate lower than the decrease in revenue of 16.7% for FYE 2021, mainly attributable to the direct labour costs which are relatively fixed-in-nature decreased by 1.3% for FYE 2021.

We recorded a lower GP from the container haulage services segment for FYE 2021, which decreased by RM0.4 million or 22.2% to RM1.4 million for FYE 2021 (FYE 2020: RM1.8 million), mainly attributable by the decline in our revenue as explained in Section 12.2.2(a). Thus, our GP margin for the container haulage services segment decreased from 42.9% for FYE 2020 to 40.0% for FYE 2021.

Warehousing and distribution services

The cost of sales for our warehousing and distribution services segment increased by RM0.5 million or 38.5% to RM1.8 million for FYE 2021 (FYE 2020: RM1.3 million), which grew at a rate higher than the revenue growth of 35.7% for FYE 2021, mainly attributable to the increase in amortisation of right-of-use assets resulting from the purchase of plant and machinery (racking system, refrigeration system, forklifts, scrubbers and sweepers) during FYE 2021.

Our GP for the warehousing and distribution services segment increased by RM0.5 million or 33.3% to RM2.0 million for FYE 2021 (FYE 2020: RM1.5 million), mainly attributable to higher revenue as explained in Section 12.2.2(a). Our GP margin of 52.2% for FYE 2021 was relatively stable with a marginal decrease compared to 53.1% for FYE 2020 as costs of sales increased at a higher rate than revenue.

Other logistics-related services

The cost of sales for our other logistics-related services segment decreased by RM0.1 million or 11.1% to RM0.8 million for FYE 2021 (FYE 2020: RM0.9 million), despite the revenue growth of 25.0% mainly for our cargo escort services. The lower cost of sales is mainly attributable to lower handling charges for FYE 2021 which are not required for our cargo escort services. Hence, our GP for other logistics-related services segment increased by RM0.3 million or 75.0% to RM0.7 million for FYE 2021 (FYE 2020: RM0.4 million), and our GP margin improved from 29.2% for FYE 2020 to 45.4% for FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our cost of sales from the trucking services segment has remained the main contributor for FYE 2022, contributing RM21.5 million or 75.0% of our total cost of sales for FYE 2022 (FYE 2021: RM23.1 million or 83.1%).

Our cost of sales further grew by RM0.9 million or 3.2% to RM28.7 million for FYE 2022 (FYE 2021: RM27.8 million), mainly attributable to growth in our revenue during FYE 2022. Our cost of sales grew at a rate lower than the revenue growth of 8.4% for FYE 2022, as certain expenses, i.e., direct labour costs, depreciation of property, plant and equipment and amortisation of right-of-use assets are fixed in nature. These expenses collectively contributed RM4.8 million or 16.9% of our total cost of sales for FYE 2022 (FYE 2021: RM3.7 million or 13.3%).

The GP from our trucking services segment continued as the main contributor to our GP for FYE 2022, contributing RM21.7 million or 77.5% of our GP for FYE 2022 (FYE 2021: RM20.5 million or 83.7%).

Our GP increased by RM3.5 million or 14.3% to RM28.0 million for FYE 2022 (FYE 2021: RM24.5 million), which was in tandem with the increase in our revenue for FYE 2022. Our overall GP margin improved from 46.8% for FYE 2021 to 49.4% for FYE 2022, attributable to improved GP margin from all business segments other than the container haulage services segment.

Trucking services

The cost of sales for our trucking services segment decreased by RM1.6 million or 6.9% to RM21.5 million for FYE 2022 (FYE 2021: RM23.1 million), which dropped at a rate higher than the decrease in revenue of 0.7% for FYE 2022, mainly attributable to the cessation of business with our subcontractor, Sarjuna Enterprise in February 2022 for the sourcing of drivers for our trucking services segment.

The GP from our trucking services segment increased by RM1.2 million or 5.9% to RM21.7 million for FYE 2022 (FYE 2021: RM20.5 million), mainly attributable to cost of sales having decreased at a higher rate than the decrease in revenue and more ad hoc and project based deliveries for point-to-point trucking services which are generally charged at a higher rate were secured in FYE 2022. Hence, our GP margin for the trucking services segment improved from 47.0% for FYE 2021 to 50.2% for FYE 2022.

Container haulage services

The cost of sales for our container haulage services increased by RM0.8 million or 38.1% to RM2.9 million for FYE 2022 (FYE 2021: RM2.1 million), which grew at a rate higher than the increase in revenue of 25.7% for FYE 2022, mainly attributable to the following expenses which collectively grew by RM0.5 million or 35.7% to RM1.9 million for FYE 2022 (FYE 2021: RM1.4 million):

(i) higher diesel costs in line with our revenue growth;

(ii) higher maintenance costs arising from the increase in the price of spare parts, lubricants and tyres; and

(iii) higher manpower costs for drivers as explained in Section 12.2.2(b).

We recorded a marginal increase of RM0.1 million or 7.1% to RM1.5 million for FYE 2022 (FYE 2021: RM1.4 million) in GP from our container haulage services segment for FYE 2022, mainly attributable to higher cost of sales incurred for FYE 2022 by RM0.8 million as opposed to the increase in revenue by RM0.9 million. Accordingly, our GP margin decreased from 40.0% for FYE 2021 to 33.6% for FYE 2022.

Warehousing and distribution services

The cost of sales for our warehousing and distribution services segment increased by RM1.4 million or 77.8% to RM3.2 million for FYE 2022 (FYE 2021: RM1.8 million), which grew at a rate lower than the revenue growth of 78.9% for FYE 2022, mainly attributable to our direct labour costs being fixed-in-nature, which increased at a rate lower than our revenue growth for this segment. The increase in costs of sale was mainly due to our annual available capacity during FYE 2022 following the resumption of our Shah Alam Warehouse's cold room and commencement of operations at Bukit Mertajam Warehouse, Butterworth Warehouse and Bukit Minyak Warehouse have resulted in the increase in amortisation of right-of-use assets (warehouses), direct labour costs, utilities, maintenance expenses and security charges, which collectively increased by RM1.4 million to RM3.0 million for FYE 2022 (FYE 2021: RM1.6 million).

Our GP for the warehousing and distribution services segment increased by RM1.6 million or 80.0% to RM3.6 million for FYE 2022 (FYE 2021: RM2.0 million) in tandem with the increase in our revenue for this segment. Our GP margin of 53.3% for FYE 2022 was a marginal increase compared to 52.2% for FYE 2021 as cost of sales increased at a marginal lower rate than revenue growth.

Other logistics-related services

The cost of sales for our other logistics-related services segment increased by RM0.3 million or 37.5% to RM1.1 million for FYE 2022 (FYE 2021: RM0.8 million), which increased at a rate lower than the increase in revenue of 53.3% for FYE 2022. Such increase in our cost of sales was mainly attributable to the increase in direct labour costs for this segment.

Our GP for other logistics-related services segment increased by RM0.5 million or 71.4% to RM1.2 million for FYE 2022 (FYE 2021: RM0.7 million), mainly contributed by our revenue growth for the licensed brokerage and forwarding services in FYE 2022. As a result, our GP margin improved from 45.4% for FYE 2021 to 53.9% for FYE 2022, mainly due to cost of sales increasing at a lower rate than the increase in revenue.

Comparison between FYE 2022 and FYE 2023

Our cost of sales from the trucking services segment has remained the main contributor for FYE 2023, contributing RM19.0 million or 67.9% of our total cost of sales for FYE 2023 (FYE 2022: RM21.5 million or 75.0%).

Our cost of sales decreased by RM0.7 million or 2.4% to RM28.0 million for FYE 2023 (FYE 2022: RM28.7 million), in line with the lower revenue recorded for FYE 2023. Our cost of sales decreased at a rate lower than the decrease in revenue of 8.3% for FYE 2023, as certain expenses, i.e., direct labour costs, depreciation of property, plant and equipment and amortisation of right-of-use assets are fixed in nature. These expenses collectively contributed RM6.7 million or 24.1% of our total cost of sales for FYE 2023 (FYE 2022: RM4.8 million or 16.9%).

The GP from our trucking services segment continued as the main contributor to our GP for FYE 2023, contributing RM18.6 million or 77.4% of our GP for FYE 2023 (FYE 2022: RM21.7 million or 77.5%).

Our GP decreased by RM4.0 million or 14.3% to RM24.0 million for FYE 2023 (FYE 2022: RM28.0 million), which was in tandem with the decrease in our revenue for FYE 2023. Our overall GP margin decreased from 49.4% for FYE 2022 to 46.2% for FYE 2023, attributable to decrease in GP margin from all business segments other than the container haulage services segment.

Trucking services

The cost of sales for our trucking services segment decreased by RM2.5 million or 11.6% to RM19.0 million for FYE 2023 (FYE 2022: RM21.5 million), which dropped at a rate lower than the decrease in revenue of 13.0% for FYE 2023, mainly attributable to our direct labour costs, depreciation of property, plant and equipment and amortisation of right-of-use assets, which are relatively fixed in nature, collectively increased by 28.9%.

The GP from our trucking services segment decreased by RM3.1 million or 14.3% to RM18.6 million for FYE 2023 (FYE 2022: RM21.7 million), mainly attributable to lower revenue recorded for FYE 2023 which decreased at a rate higher than the decrease in cost of sales as explained above. Hence, our GP margin for the trucking services segment decreased from 50.2% for FYE 2022 to 49.5% for FYE 2023.

Container haulage services

The cost of sales for our container haulage services increased by RM0.2 million or 6.9% to RM3.1 million for FYE 2023 (FYE 2022: RM2.9 million), which grew at a rate lower than the increase in revenue of 11.4% for FYE 2023, mainly because our direct labour costs which are relatively fixed-in-nature increased by 10.1% for FYE 2023.

We recorded an increase in our GP of RM0.3 million or 20.0% to RM1.8 million for FYE 2023 (FYE 2022: RM1.5 million) from the container haulage services segment for FYE 2023, mainly attributable to higher revenue recorded for FYE 2023 which increased at a rate higher than the increase in cost of sales as explained above. Hence, our GP margin for the container haulage services segment increased from 33.6% for FYE 2022 to 37.0% for FYE 2023.

Warehousing and distribution services

The cost of sales for our warehousing and distribution services segment increased by RM1.8 million or 56.3% to RM5.0 million for FYE 2023 (FYE 2022: RM3.2 million), which grew at a rate higher than the revenue growth of 20.6% for FYE 2023. This was mainly attributable to the increase in our annual available capacity during FYE 2023 following the commencement of operations at our Bukit Mertajam Warehouse in March 2022, Butterworth Warehouse in March 2022, Bukit Minyak Warehouse in December 2022 and Port Klang Warehouse in November 2023 which had resulted in the increase in amortisation of right-of-use assets for warehouses, direct labour costs, utilities, maintenance expenses and security guard charges, which collectively increased by RM1.7 million to RM4.7 million for FYE 2023 (FYE 2022: RM3.0 million).

Premised on the above, our GP for the warehousing and distribution services segment decreased by RM0.5 million or 13.9% to RM3.1 million for FYE 2023 (FYE 2022: RM3.6 million). Correspondingly, our GP margin for the warehousing and distribution services segment decreased from 53.3% for FYE 2022 to 38.4% for FYE 2023.

Other logistics-related services

The cost of sales for our other logistics-related services segment decreased by RM0.3 million or 27.3% to RM0.8 million for FYE 2023 (FYE 2022: RM1.1 million), which decreased at a rate lower than the decrease in revenue of 43.5% for FYE 2023, mainly attributable to our direct labour costs being fixed in nature, which decreased by 11.1%.

Hence, our GP for other logistics-related services segment decreased by RM0.7 million or 58.3% to RM0.5 million for FYE 2023 (FYE 2022: RM1.2 million) and our GP margin for this segment decreased from 53.9% for FYE 2022 to 36.1% for FYE 2023.

(d) Other income

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Gain on disposal of property, plant and equipment	-	-	2,505	67.4	3	2.7	-	-
Gain on disposal of subsidiary company	-	-	926	24.9	-	-	-	-
Gain on modification of lease term	-	-	-	-	9	8.0	1	0.4
Unrealised gain on foreign exchange	21	14.7	101	2.7	-	-	49	19.8
Gain on disposal of right-of-use assets	-	-	88	2.4	-	-	-	-
Income from selling fresh fruit bunches(1)	15	10.5	61	1.6	56	50.0	37	15.0
Insurance compensation	77	53.8	25	0.7	17	15.2	132	53.4
Gain on struck off of investment in a subsidiary company(2)	22	15.4	-	-	-	-	-	-
Realised gain on foreign exchange	-	-	6	0.2	*	*	-	-
Sales of scrap(3)	-	-	-	-	20	17.9	15	6.1
Others(4)	8	5.6	2	0.1	7	6.2	13	5.3
	143	**100.0**	**3,714**	**100.0**	**112**	**100.0**	**247**	**100.0**

Notes:

* Less than RM1,000 and 0.1%

[(1)] Comprises income from selling fresh fruit bunches from 2 freehold vacant lands, both located in the District of Sepang, Selangor (as detailed in Sections 6.8.1(e) and 6.8.1(f)) which are currently oil palm estates.

[(2)] Comprises gain on struck off of investment in Sin-Kung Air Cargo Sdn Bhd during FYE 2020.

[(3)] Comprises sales of used lubricants and scrap.

[(4)] Comprises primarily third-party compensations for truck repair and maintenance costs caused by accidents, provision of repair and maintenance for third party trucks during the movement restrictions implemented by the Government, receipt from a customer for warehouse's lighting installation upon customer's request, interest income from bank and income from a third party in relation to 2 vending machines placed at our Shah Alam Office and Warehouse.

Comparison between FYE 2020 and FYE 2021

Our other income increased by RM3.6 million from RM0.1 million in FYE 2020 to RM3.7 million in FYE 2021 mainly attributable to the following:

(i) gain on disposal of property, plant and equipment of RM2.5 million for FYE 2021 (FYE 2020: Nil), mainly due to the disposal of 2 freehold lands located at District of Klang, Selangor of RM2.4 million to Lille Property Sdn Bhd, a related party, for a total consideration of RM8.2 million;

(ii) gain on disposal of a subsidiary company, Forecom Sdn Bhd, of RM0.9 million to a non-related party; and

(iii) net gain on disposal of right-of-use assets of RM0.1 million for FYE 2021 (FYE 2020: Nil), mainly due to the disposal of a leasehold land located at District Kuala Langat, Selangor to Lille Property Sdn Bhd, a related party, for a total consideration of RM0.5 million.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM3.6 million from RM3.7 million in FYE 2021 to RM0.1 million in FYE 2022 as there was no material gain on disposal of property, plant and equipment as well as subsidiary company which are non-recurrent in nature in FYE 2022 (FYE 2021: RM2.5 million and RM0.9 million respectively).

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.1 million or 100.0% to RM0.2 million for FYE 2023 (FYE 2022: RM0.1 million) mainly in relation to insurance compensation of RM0.1 million for commercial vehicles involved in an accident.

12. FINANCIAL INFORMATION *(Cont'd)*

(e) Administrative expenses

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Depreciation of property, plant and equipment	470	7.0	527	6.3	519	5.1	552	5.0
Amortisation of right-of-use assets	437	6.5	555	6.6	442	4.3	406	3.7
Directors' remuneration	506	7.5	566	6.7	1,351	13.2	2,252	20.5
Property, plant and equipment written-off	-	-	178	2.1	*	*	-	-
Insurance and road tax	138	2.1	143	1.7	200	1.9	105	1.0
Legal and professional fees	244	3.6	762	9.1	1,408	13.7	726	6.6
Office supplies	173	2.6	240	2.9	226	2.2	209	1.9
Rental expenses	22	0.3	110	1.3	127	1.2	129	1.2
Employee-related costs(1)	3,633	54.0	4,264	50.6	4,626	45.0	4,900	44.7
Travelling expenses	73	1.1	78	0.9	77	0.7	121	1.1
Upkeep and maintenance	427	6.4	405	4.8	531	5.2	641	5.9
Utilities	279	4.1	271	3.2	263	2.6	254	2.3
Others(2)	321	4.8	324	3.8	506	4.9	671	6.1
	6,723	**100.0**	**8,423**	**100.0**	**10,276**	**100.0**	**10,966**	**100.0**

Notes:

* Less than RM1,000 and 0.1%

(1) Comprises mainly salaries, statutory contributions, red packets, bonuses, staff refreshments and trainings.

(2) Comprises mainly assessment and quit rent, bank charges, business licensing fee, realised and unrealised loss on foreign exchange, donation and gifts, subscription fees, right-of-use assets written off and stamp duty mainly in relation to the purchase of motor and commercial vehicles as well as plant and machinery via hire purchase arrangements.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses increased by RM1.7 million or 25.4%, from RM6.7 million in FYE 2020 to RM8.4 million in FYE 2021, mainly attributable to the following:

(i) the increase in legal and professional fees by RM0.6 million to RM0.8 million for FYE 2021 (FYE 2020: RM0.2 million), mainly due to professional fees incurred for our Listing and legal fees incurred for a new term loan facility for our Group's working capital purposes;

(ii) the increase in employee-related costs by RM0.7 million to RM4.3 million for FYE 2021 (FYE 2020: RM3.6 million), mainly due to annual salary increment and additional bonuses paid to our employees for Chinese New Year;

(iii) there were write-off of property, plant and equipment of RM0.2 million for FYE 2021 (FYE 2020: Nil) in relation to damaged commercial vehicles due to accidents; and

(iv) the increase in amortisation of right-of-use assets by RM0.2 million to RM0.6 million for FYE 2021 (FYE 2020: RM0.4 million) mainly due to (a) additions of 5 units of motor vehicles and 2 sets of new servers via hire purchase arrangements; and (b) rental of Penang International Airport Office and Butterworth Warehouse in the last quarter of FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM1.9 million or 22.6%, from RM8.4 million in FYE 2021 to RM10.3 million in FYE 2022, mainly attributable to the following:

(i) the increase in legal and professional fees of RM0.6 million to RM1.4 million for FYE 2022 (FYE 2021: RM0.8 million) mainly due to fees in relation to outsourced services sought for verification of drivers' claims which include, among others, claims for trips, overtime, diesel, toll and parking as well consultation fees incurred for the survey of the e-commerce cargo market in the PRC and professional fee on tax audit;

(ii) the increase in employee-related costs of RM0.3 million to RM4.6 million for FYE 2022 (FYE 2021: RM4.3 million) mainly due to the annual salary increment and increase in staff bonuses; and

(iii) the increase in directors' remuneration of RM0.8 million to RM1.4 million for FYE 2022 (FYE 2021: RM0.6 million) mainly due to annual salary increment and bonuses as well as appointment of new directors during FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM0.7 million or 6.8% to RM11.0 million for FYE 2023 (FYE 2022: RM10.3 million), mainly attributable to the following:

(i) the increase in directors' remuneration of RM0.9 million to RM2.3 million for FYE 2023 (FYE 2022: RM1.4 million) mainly due to annual salary increments, increase in directors' fees as well as the appointment of new directors in the second half of FYE 2022;

(ii) the increase in employee-related costs of RM0.3 million to RM4.9 million for FYE 2023 (FYE 2022: RM4.6 million) mainly due to annual salary increments; and

(iii) the increase in other administrative expenses of RM0.2 million to RM0.7 million for FYE 2023 (FYE 2022: RM0.5 million) mainly due to there was right-of-use assets written off of RM0.1 million in relation to a commercial vehicle that was total loss from an accident.

The above increases were partially offset by the decrease in legal and professional fees of RM0.7 million to RM0.7 million for FYE 2023 (FYE 2022: RM1.4 million) mainly due to professional fees incurred for our Listing being recognised as prepayment instead of being expensed off in FYE 2023 as well as consultation fees incurred for the survey of the e-commerce cargo market in the PRC and professional fee for tax audit in FYE 2022.

(f) Finance costs

	Audited							
	FYE 2020		**FYE 2021**		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Term loans	1,582	75.2	1,791	79.0	1,902	71.6	2,568	70.8
Lease liabilities	522	24.8	472	20.8	754	28.4	1,056	29.1
Interest on overdue payment	*	*	4	0.2	1	*	4	0.1
	2,104	**100.0**	**2,267**	**100.0**	**2,657**	**100.0**	**3,628**	**100.0**

Note:

* Less than RM1,000 and 0.1%.

Comparison between FYE 2020 and FYE 2021

Our finance costs increased by RM0.2 million or 9.5%, from RM2.1 million in FYE 2020 to RM2.3 million in FYE 2021, mainly attributable to the increase of term loan interests by RM0.2 million to RM1.8 million for FYE 2021 (FYE 2020: RM1.6 million) arising from the drawdown of new term loan amounting to RM3.0 million for our Group's working capital purposes.

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.4 million or 17.4% to RM2.7 million for FYE 2022 (FYE 2021: RM2.3 million), mainly attributable to the following:

(i) increase in lease liabilities interests by RM0.3 million to RM0.8 million for FYE 2022 (FYE 2021: RM0.5 million), mainly due to the (a) purchase of 43 units of commercial vehicles, a motor vehicle, and 12 units of plant and machinery (forklift, reach trucks, powered pallet trucks and racking system) via hire purchase arrangements; (b) newly acquired Bukit Minyak Office and Warehouse; and (c) an apartment in Shah Alam as accommodation for foreign workers; and

(ii) increase in term loan interest by RM0.1 million to RM1.9 million for FYE 2022 (FYE 2021: RM1.8 million), mainly due to the drawdown of a new term loan amounting to RM3.0 million for our Group's working capital purposes.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.9 million or 33.3% to RM3.6 million for FYE 2023 (FYE 2022: RM2.7 million), mainly attributable to the following:

(i) increase in term loan interest by RM0.7 million to RM2.6 million for FYE 2023 (FYE 2022: RM1.9 million), mainly due to drawdown of a term loan of RM14.8 million for the acquisition of Port Klang Office and Warehouse, partial drawdown of a term loan of RM6.8 million for the acquisition of Valdor Office and Warehouse and drawdown of new term loans of RM3.9 million for our Group's working capital purposes and to finance the Credit Level Term Assurance ("**CLTA**"); and

(ii) increase in lease liabilities interests by RM0.3 million to RM1.1 million for FYE 2023 (FYE 2022: RM0.8 million), primarily due to full year impact on the (a) purchase of 43 units of commercial vehicles, a motor vehicle, and 12 units of plant and machinery (forklift, reach trucks, powered pallet trucks and racking system) via hire purchase arrangements in FYE 2022; and (b) rental of Bukit Minyak Office and Warehouse since December 2022.

(g) PBT and PBT margin

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
PBT (RM'000)	10,274	17,504	15,223	9,681
PBT margin (%)	23.9	33.5	26.8	18.6

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM7.2 million or 69.9% for FYE 2021. Our PBT margin improved from 23.9% for FYE 2020 to 33.5% for FYE 2021. The improvement was due to higher GP and GP margin as well as other income for FYE 2021, as explained in Sections 12.2.2(c) and 12.2.2(d) above.

Comparison between FYE 2021 and FYE 2022

Despite the increase in GP and GP margin as explained in Section 12.2.2(c) above, we recorded a decrease in PBT of RM2.3 million or 13.0% for FYE 2022 mainly due to decrease in other income and increased administrative expenses as explained in Sections 12.2.2(d) and 12.2.2(e) above. Thus, our PBT margin decreased from 33.5% for FYE 2021 to 26.8% for FYE 2022.

Comparison between FYE 2022 and FYE 2023

We recorded a decrease in PBT of RM5.5 million or 36.4% for FYE 2023. Our PBT margin decreased from 26.8% for FYE 2022 to 18.6% for FYE 2023. Such decrease was mainly due to lower GP and GP margin as explained in Section 12.2.2(c) above as well as higher administrative expenses and higher finance costs, as explained in Sections 12.2.2(e) and 12.2.2(f) above.

(h) Tax expenses

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Tax expenses (RM'000)	886	3,000	2,880	3,274
Statutory tax rate (%)	24.0	24.0	24.0	24.0
Effective tax rate (%)	8.6	17.1	18.9	33.8

Tax expenses comprise the respective financial year's income tax payable, deferred tax and RPGT as well as any under or overprovision of income tax, deferred tax and RPGT in the previous financial year.

Our Company was granted tax incentive under the ITA for integrated logistics services as approved by the MIDA on 8 January 2016 for a period of 5 years and was further extended for another 5 years on 14 April 2021. The tax incentive allows us to claim ITA of 60.0% on qualifying capital expenditure incurred for integrated logistics services (for warehousing and distribution services, trucking services, office equipment and information and communication technologies products) for a period of 5 years, which shall be allowable for deduction against up to 70.0% of our Company's statutory income for each year of assessment. Our tax expenses are expected to increase to the statutory tax rate upon the expiration of tax incentive period granted under the ITA.

Comparison between FYE 2020 and FYE 2021

Our tax expenses increased by RM2.1 million or 233.3% from RM0.9 million in FYE 2020 to RM3.0 million in FYE 2021, mainly attributable to the lower utilisation of ITA during FYE 2021.

Our effective tax rate of 8.6% for FYE 2020 was significantly lower than the statutory tax rate, mainly attributable to the net effects of the following:

(i) utilisation of ITA of RM7.3 million;

(ii) overprovision of deferred tax in the prior year of RM0.2 million in relation to accelerated capital allowances;

(iii) underprovision of the prior year's income tax of RM0.2 million; and

(iv) non-deductible expenses of RM0.7 million, primarily attributable to the depreciation of non-qualifying property, plant and equipment of RM0.2 million, comprises mainly motor and commercial vehicles, furniture and fittings, office equipment and renovation, and term loan interests restriction for the tax deduction of RM0.2 million.

Our effective tax rate of 17.1% for FYE 2021 was lower than the statutory tax rate, mainly due to the net effects of the following:

(i) utilisation of ITA of RM4.9 million;

(ii) non-deductible expenses of RM1.2 million primarily attributable to the depreciation of non-qualifying property, plant and equipment of RM0.4 million comprises mainly motor and commercial vehicles, furniture and fittings, office equipment and renovation, plant and machinery, and legal and professional fees of RM0.6 million; and

(iii) there was RPGT of RM0.3 million (FYE 2020: Nil) arising from the gain on disposals of 2 freehold lands located at District of Klang, Selangor and a leasehold land located at District Kuala Langat, Selangor during FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our tax expenses decreased by RM0.1 million or 3.3% from RM3.0 million in FYE 2021 to RM2.9 million in FYE 2022 mainly attributable to the utilisation of higher ITA during FYE 2022.

Our effective tax rate of 18.9% for FYE 2021 was lower than the statutory tax rate, mainly due to the net effects of the following:

(i) utilisation of ITA of RM6.1 million;

(ii) overprovision of deferred tax in the prior year of RM0.2 million, which is in relation to accelerated capital allowances;

(iii) non-deductible expenses of RM2.2 million, primarily attributable to the depreciation of property, plant and equipment for non-qualifying assets of RM0.4 million, comprises mainly motor and commercial vehicles, furniture and fittings, office equipment and renovation, plant and machinery, legal and professional fees of RM0.7 million, term loan interests restriction for the tax deduction of RM0.4 million, and the restriction on tax-deductible interest expense of RM0.5 million due to insufficient rental income for the deduction of interest expense incurred for investment properties; and

(iv) underprovision of prior year's income tax of RM0.3 million.

Comparison between FYE 2022 and FYE 2023

Our tax expenses increased by RM0.4 million or 13.8% from RM2.9 million in FYE 2022 to RM3.3 million in FYE 2023, mainly attributable to the underprovision of income tax for FYE 2022 of RM1.6 million, which was partially offset by lower income tax as a result of lower PBT for FYE 2023. The underprovision of income tax for FYE 2022 of RM1.6 million arose as we excluded the tax incentive under the ITA for integrated logistics services in our income tax return for FYE 2022 in view that we have yet to receive approval to claim the tax incentive under the ITA from the relevant authorities.

Our effective tax rate of 33.8% for FYE 2023 was higher than the statutory tax rate, mainly attributable to the net effects of the following:

(i) underprovision of income tax of RM1.6 million for FYE 2022 as mentioned above;

(ii) non-deductible expenses of RM2.2 million, primarily attributable to the amortisation of right-of-use assets of RM0.5 million, comprises mainly buildings, depreciation of property, plant and equipment for non-qualifying assets of RM0.4 million, comprising mainly motor and commercial vehicles, furniture and fittings, office equipment and renovation, plant and machinery, term loan interests restriction for the tax deduction of RM0.4 million, and the restriction on tax-deductible interest expense of RM0.5 million due to insufficient rental income for the deduction of such interest expenses incurred for investment properties; and

(iii) utilisation of ITA of RM4.9 million.

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12.2.3 Review of financial position

(a) Assets

	Audited			
	31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current assets				
Property, plant and equipment	46,397	42,559	46,344	59,751
Investment properties	14,467	14,467	12,625	12,625
Right-of-use assets	9,625	13,513	21,757	40,348
Other investment	5	5	5	5
Total non-current assets	70,494	70,544	80,731	112,729
Current assets				
Inventories	-	3,078	3,105	2,918
Trade receivables	6,939	8,399	7,022	7,986
Other receivables	1,816	1,569	3,667	3,925
Amount due from:				
• former holding company	44	-	-	-
• former related companies	667	-	-	-
Tax recoverable	6	4	274	612
Cash and bank balances	5,684	9,461	15,809	10,149
Total current assets	15,156	22,511	29,877	25,590
Total assets	**85,650**	**93,055**	**110,608**	**138,319**

Comparison between 31 December 2020 and 31 December 2021

Our total assets increased by RM7.4 million or 8.6%, from RM85.7 million as at 31 December 2020 to RM93.1 million as at 31 December 2021, mainly attributable to the increase in current assets by RM7.3 million as at 31 December 2021. The increase in current assets was primarily due to the following:

(i) increase in cash and bank balances of RM3.8 million to RM9.5 million as at 31 December 2021 mainly due to the drawdown of a term loan of RM3.0 million for our Group's working capital purposes and cash generated from our business operations;

(ii) there being inventories of RM3.1 million as at 31 December 2021 (31 December 2020: RM Nil) as our Group started to maintain inventories for commercial vehicle's spare parts in anticipation of a shortage resulting from the interruption in the global supply chain during the COVID-19 pandemic; and

(iii) increase in trade receivables of RM1.5 million to RM8.4 million as at 31 December 2021 mainly due to higher revenue generated in the last quarter of FYE 2021.

The above increases were partially offset by the following:

(i) decrease in the amount due from former related companies, Dyna Auto Manufacturing Sdn Bhd, Ekspress Masyhur Semenanjung Sdn Bhd and Sepang Airport Sdn Bhd by RM0.7 million as the sum which was fully collected during the year; and

(ii) decrease in other receivables of RM0.2 million to RM1.6 million as at 31 December 2021 mainly due to full repayment from related parties, Berjasa Logistics Sdn Bhd, Carta Creatif Sdn Bhd, Dyna Auto Industrial Machinery Sdn Bhd, Fundamental Merge Sdn Bhd, Platinum Star Coach Sdn Bhd, Sasita Transport Sdn Bhd, Sin-Kung Cheras Transportation Sdn Bhd, Sin-Kung Logistics (Penang) Sdn Bhd and Amalan Bahagia Sdn Bhd totalling RM0.2 million.

Comparison between 31 December 2021 and 31 December 2022

Our total assets increased by RM17.5 million or 18.8%, from RM93.1 million as at 31 December 2021 to RM110.6 million as at 31 December 2022, mainly attributable to the increase in non-current and current assets by RM10.2 million and RM7.4 million respectively as at 31 December 2022.

The increase in non-current assets was mainly attributable to the following:

(i) increase in right-of-use assets by RM8.2 million to RM21.8 million as at 31 December 2022 mainly due to the net effects of (a) the additional motor and commercial vehicles as well as plant and machinery (forklift, reach trucks, powered pallet trucks and racking system) acquired via hire purchase arrangements totalling RM9.3 million; (b) the newly acquired Bukit Minyak Office and Warehouse and apartment in Shah Alam as accommodation for foreign workers totalling RM1.9 million; (c) the termination of 3 units of rented Penang Island warehouse in March 2022 of RM0.1 million; (d) disposal of motor and commercial vehicles of RM0.4 million and (e) amortisation expenses of RM2.5 million; and

(ii) increase in property, plant and equipment by RM3.7 million to RM46.3 million as at 31 December 2022 mainly due to the net effects of (a) the additional renovation cost of RM1.0 million for Bukit Mertajam Office and Warehouse and other fixed assets (mainly plant and machinery such as sprinkler system, air conditioning, cold room panels, refrigeration system and plastic pallets, office equipment such as closed-circuit television and air conditioning, and commercial vehicles such as box trucks and box trailers) totalling RM1.8 million; (b) reclassification of freehold land located at Bukit Mertajam, Penang of RM9.3 million from investment properties to property, plant and equipment due to the change in the intended use of the land as parking lot for our commercial vehicles during FYE 2022; (c) reclassification of freehold land located in the District of Sepang, Selangor of RM7.5 million from property, plant and equipment to investment properties during FYE 2022; and (d) depreciation expenses of RM0.9 million.

The above increases were partially offset by the decrease in investment properties of RM1.8 million to RM12.6 million as at 31 December 2022, mainly attributable to the net effects of reclassification of 2 freehold lands to/(from) investment properties to property, plant and equipment as mentioned above.

The increase in current assets was mainly attributable to the following:

(i) increase in cash and bank balances of RM6.3 million to RM15.8 million as at 31 December 2022 mainly due to drawdown of a term loan of RM3.0 million for our Group's working capital purposes and cash generated from our business operations;

(ii) increase in other receivables of RM2.1 million to RM3.7 million as at 31 December 2022 mainly due to the net effects of the following:

- deposit of RM1.2 million paid for the acquisition of Port Klang Office and Warehouse, for our expansion of warehousing and distribution services;

- booking fee of RM0.3 million paid for the acquisition of Valdor Office and Warehouse for our expansion of warehousing and distribution services;

- additional rental deposit of RM0.2 million, mainly due to rental of Bukit Minyak Office and Warehouse and an apartment in Shah Alam as accommodation for our foreign workers; and

- increase in prepayment for new hire purchase arrangements of RM0.2 million.

The above increases were partially offset by the decrease in trade receivables of RM1.4 million to RM7.0 million as at 31 December 2022, mainly due to lower revenue from airport-to-airport road feeder services in the last quarter of FYE 2022.

Comparison between 31 December 2022 and 31 December 2023

Our total assets increased by RM27.7 million or 25.0% from RM110.6 million as at 31 December 2022 to RM138.3 million as at 31 December 2023, mainly attributable to the increase in non-current assets by RM32.0 million and partially offset by the decrease in current assets by RM4.3 million as at 31 December 2023.

The increase in non-current assets was mainly attributable to the following:

(i) increase in right-of-use assets by RM18.6 million to RM40.3 million as at 31 December 2023, primarily due to the net effects of (a) the additional motor and commercial vehicles as well as plant and machinery (forklifts and racking system) acquired via hire purchase arrangements totalling RM5.5 million; (b) the newly acquired Port Klang Office and Warehouse of RM18.5 million; (c) renewal of rental of Penang International Airport Office and Butterworth Warehouse of RM0.4 million upon lease expiration; (d) disposal of motor vehicles of RM0.3 million; (e) transfer of motor and commercial vehicles of totalling RM1.8 million from right-of-use assets to property, plant and equipment upon settlement of hire purchase arrangements; and (f) amortisation expenses of RM3.7 million; and

(ii) increase in property, plant and equipment by RM13.4 million to RM59.8 million as at 31 December 2023, primarily due to the net effects of (a) capital work-in-progress in relation to our Valdor Office and Warehouse of RM10.8 million which is under construction; (b) the capitalisation of license fee incurred in relation to TBP issued by MBSA for our Shah Alam Office and Warehouse as well as Shah Alam Workshop of RM0.6 million; (c) the additional renovation cost of RM0.6 million for our Bukit Mertajam Office and Warehouse and Shah Alam Office and Warehouse; (d) other fixed assets totalling RM0.6 million (mainly furniture and fittings for our Port Klang Office and Warehouse, office equipment, and commercial vehicles equipment); (e) transfer of motor and commercial vehicles of totalling RM1.8 million from right-of-use assets to property, plant and equipment upon settlement of hire purchase arrangements; and (f) depreciation of RM1.0 million.

Such increases were partially offset by the decrease in current assets was mainly attributable to the net effects of the following:

(i) decrease in cash and bank balances of RM5.7 million to RM10.1 million as at 31 December 2023, mainly due to partial payments of purchase consideration of RM3.7 million for the acquisition of our Valdor Office and Warehouse and payment of balance purchase consideration of RM1.9 million for the acquisition of our Port Klang Office and Warehouse;

(ii) increase in trade receivables of RM1.0 million to RM8.0 million as at 31 December 2023, mainly due to receivables primarily from new customers for our warehousing and distribution services as well as point-to-point trucking services; and

(iii) increase in tax recoverable of RM0.3 million to RM0.6 million as at 31 December 2023, mainly due to higher tax instalments paid for FYE 2023 as a result of overestimation of tax for year of assessment 2023 following higher profit in FYE 2022.

(b) Liabilities

	Audited			
	31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities				
Lease liabilities	5,471	7,198	12,572	12,062
Loans and borrowings	31,681	31,078	29,802	49,727
Deferred tax liabilities	1,316	2,260	2,797	3,828
Total non-current liabilities	38,468	40,536	45,171	65,617
Current liabilities				
Trade payables	904	1,139	538	186
Other payables	8,954	1,442	1,589	1,379
Dividends payables	4,000	-	-	-
Amount due to former related companies	656	51	-	-
Tax payable	140	220	4	28
Lease liabilities	2,337	4,195	5,495	5,720
Loans and borrowings	2,477	3,142	3,944	5,121
Total current liabilities	19,468	10,189	11,570	12,434
Total liabilities	**57,936**	**50,725**	**56,741**	**78,051**

Comparison between 31 December 2020 and 31 December 2021

Our total liabilities decreased by RM7.2 million or 12.4%, from RM57.9 million as at 31 December 2020 to RM50.7 million as at 31 December 2021, mainly attributable to:

(i) decrease in other payables by RM7.6 million to RM1.4 million as at 31 December 2021 mainly due to net repayment of advances from directors of RM7.4 million and settlement of advances from related parties, Alunan Restu Sdn Bhd, Forecom HR Sdn Bhd and Sasita Express (M) Sdn Bhd of RM0.2 million;

(ii) payments of dividend of RM4.0 million; and

(iii) repayment of the amount due to former related companies, Dyna Auto Manufacturing Sdn Bhd, Ekspress Masyhur Semenanjung Sdn Bhd and Sepang Airport Sdn Bhd of RM0.7 million.

The said decreases were partially offset by the following:

(i) increase in lease liabilities by RM3.6 million to RM11.4 million as at 31 December 2021 mainly due to the net effects of the following:

- additional lease liabilities of RM6.6 million arising from the drawdown of hire purchase arrangements of RM6.2 million for the purchase of motor and commercial vehicles, computer software and equipment, plant and machinery (racking system, refrigeration system, forklifts, scrubbers and sweepers) as well as the rental of Penang International Airport Office and Butterworth Warehouse amounting to RM0.4 million; and

- scheduled repayment of lease liabilities of RM3.0 million; and

(ii) increase in deferred tax liabilities by RM1.0 million to RM2.3 million mainly due to accelerated capital allowance and utilisation of reinvestment allowance.

Comparison between 31 December 2021 and 31 December 2022

Our total liabilities increased by RM6.0 million or 11.8%, from RM50.7 million as at 31 December 2021 to RM56.7 million as at 31 December 2022 mainly due to:

(i) increase in lease liabilities by RM6.7 million to RM18.1 million as at 31 December 2022 mainly due to the net effects of the following:

- additional lease liabilities of RM11.2 million arising from the drawdown of hire purchase arrangements of RM9.3 million for the purchase of motor and commercial vehicles, plant and machinery (forklift, reach trucks, powered pallet trucks and racking system) as well as the rental of Bukit Minyak Office and Warehouse and an apartment in Shah Alam as accommodation for our foreign workers amounting to RM1.9 million; and

- scheduled repayment of lease liabilities of RM4.4 million; and

(ii) increase in deferred tax liabilities by RM0.5 million to RM2.8 million as at 31 December 2022, mainly due to accelerated capital allowance.

The said increases were partially offset by the following:

(i) decrease in trade payables of RM0.6 million to RM0.5 million as at 31 December 2022, mainly due to fewer spare parts purchased towards the end of FYE 2022; and

(ii) decrease in loans and borrowings by RM0.5 million to RM33.7 million as at 31 December 2022, mainly due to net effects of the drawdown of a term loans of RM3.0 million for our Group's working capital purposes, offset by scheduled repayment of term loans of RM3.5 million.

Comparison between 31 December 2022 and 31 December 2023

Our total liabilities increased by RM21.4 million or 37.7% from RM56.7 million as at 31 December 2022 to RM78.1 million as at 31 December 2023, mainly attributable to the following:

(i) increase in loans and borrowings by RM21.1 million to RM54.8 million as at 31 December 2023, primarily due to net effects of the drawdown of a term loan of RM14.8 million for the acquisition of Port Klang Office and Warehouse, partial drawdown of a term loan of RM6.8 million for the acquisition of Valdor Office and Warehouse, drawdown of term loans of RM3.9 million for our Group's working capital purposes and to finance the CLTA, and scheduled repayment of term loans of RM4.4 million; and

(ii) increase in deferred tax liabilities by RM1.0 million to RM3.8 million as at 31 December 2023, mainly due to accelerated capital allowances.

12.2.4 Review of cash flows

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	8,655	13,421	18,692	11,837
Net cash (used in) / from investing activities	(750)	6,167	(3,704)	(7,688)
Net cash used in financing activities	(3,619)	(15,900)	(8,604)	(9,856)
Net increase / (decrease) in cash and cash equivalents	4,286	3,688	6,384	(5,707)
Cash and cash equivalents at the beginning of the financial year	1,395	5,684	9,461	15,809
Effect of exchange translation differences on cash and bank balances	3	89	(36)	47
Cash and cash equivalents at the end of the financial year comprising cash and bank balances	**5,684**	**9,461**	**15,809**	**10,149**

FYE 2020

Net cash generated from operating activities

For FYE 2020, our Group recorded a net cash inflow from operating activities of RM8.7 million, from the collections of RM36.6 million from our customers and other income of RM0.1 million which comprises mainly insurance compensation of RM0.07 million and income from selling fresh fruit bunches of RM0.01 million.

The above collections were partially offset by cash payments of RM28.0 million in respect of the following:

(a) purchase of, amongst others, diesel, toll, subscription of GPS, insurance and spare parts as well as payments for subcontracted drivers totaling RM8.4 million;

(b) employee-related costs and other operating expenses of RM18.7 million; and

(c) income tax of RM0.9 million.

Net cash used in investing activities

For FYE 2020, our Group recorded a net cash outflow of RM0.8 million from investing activities, mainly attributable to the following:

(a) payments of balance purchase consideration of RM0.1 million for the acquisition of Bukit Mertajam Office and Warehouse, and other fixed assets of RM0.3 million (mainly office equipment such as computer equipment, closed-circuit television and mobile phones) for our business operations; and

(b) payment of balance purchase consideration of RM0.4 million for the acquisition of a freehold land located at Bukit Mertajam, Penang (investment property).

Net cash used in financing activities

For FYE 2020, our Group recorded a net cash outflow of RM3.6 million from financing activities mainly attributable to:

(a) scheduled repayments of lease liabilities of RM2.3 million;

(b) scheduled repayments of term loans of RM1.6 million;

(c) interests paid for the abovementioned term loans and lease liabilities of RM2.0 million; and

(d) advances to former related companies, Dyna Auto Manufacturing Sdn Bhd, Ekspress Masyhur Semenanjung Sdn Bhd and Sepang Airport Sdn Bhd of RM0.7 million.

The above outflows were offset via net advances from directors of RM0.5 million and drawdown of a term loan of RM2.5 million, both of which were for our Group's working capital purposes.

FYE 2021

Net cash generated from operating activities

For FYE 2021, our Group recorded a net cash inflow from operating activities of RM13.4 million, from the collections of RM51.2 million from our customers and other income of RM0.1 million, which comprises mainly insurance compensation of RM0.03 million and income from selling fresh fruit bunches of RM0.1 million.

The above collections were partially offset by payments of RM37.9 million in respect of the following:

(a) purchase of, among others, diesel, toll, subscription of GPS, insurance and spare parts as well as payments for subcontracted drivers totaling RM14.2 million;

(b) employee-related costs and other operating expenses of RM21.7 million; and

(c) income tax of RM2.0 million.

Net cash from investing activities

For FYE 2021, our Group recorded a net cash inflow of RM6.2 million from investing activities mainly attributable to the following:

(a) proceeds from the disposal of property, plant and equipment which comprises mainly RM8.2 million from the disposal of 2 freehold lands located at District of Klang, Selangor as well as motor and commercial vehicles of RM0.1 million;

(b) proceed from the disposal of right-of-use-assets involving a leasehold land of RM0.5 million located in the District of Kuala Langat, Selangor and commercial vehicles of RM0.2 million;

(c) proceed (net of cash) of RM0.7 million from the disposal of Forecom Sdn Bhd; and

(d) proceed of RM0.1 million from the disposal of 30.0% equity interest in SK Bonded Warehouse to Datuk Md Hassim Bin Pardi, a Bumiputera non-controlling interest who is our Non-Independent and Non-Executive Director, in anticipation of such requirement for the application of new bonded warehouse license(s) in the future, if required.

The above inflow was partially offset by the following:

(a) renovation cost of RM1.9 million for Bukit Mertajam Office and Warehouse as well as the purchase of other fixed assets of RM1.1 million (mainly plant and machinery such as wooden timber pallets, roller shutter for warehouse and storage racks, office equipment such as computer, computer software, accounting software, air-conditioning and mobile phones, and commercial vehicles such as equipment of box trailers) for our business operation;

(b) deposit paid for the acquisition of a Port Klang Office and Warehouse of RM0.5 million as well as the purchase of other assets of RM0.1 million, which comprises mainly plant and machinery, for our business operations; and

(c) purchase consideration of RM0.02 million for the acquisition of 25.0% equity interest in SK Ecommerce Logistics from a third party shareholder.

Net cash used in financing activities

For FYE 2021, our Group recorded a net cash outflow of RM15.9 million from financing activities mainly attributable to:

(a) scheduled repayments of lease liabilities of RM3.0 million;

(b) scheduled repayments of term loans of RM3.0 million;

(c) net repayment on advances from directors of RM7.4 million;

(d) payments of dividend of RM4.0 million; and

(e) interest paid for the abovementioned term loans and lease liabilities of RM2.3 million.

The above outflow was partially offset via the following:

(a) advances from former related company, Sepang Airport Sdn Bhd of RM0.1 million for our Group's working capital purposes which was fully settled in FYE 2022;

(b) drawdown of a term loan of RM3.0 million for our Group's working capital purposes; and

(c) repayment from former related companies, Dyna Auto Manufacturing Sdn Bhd, Ekspress Masyhur Semenanjung Sdn Bhd and Sepang Airport Sdn Bhd of RM0.7 million.

FYE 2022

Net cash generated from operating activities

For FYE 2022, our Group recorded a net cash inflow from operating activities of RM18.7 million, from the collections of RM58.8 million from our customers and other income of RM0.1 million, which comprises mainly insurance compensation of RM0.02 million, income from selling fresh fruit bunches of RM0.1 million and income from sales of used lubricants of RM0.02 million.

The above collections were partially offset by payments of RM40.2 million in respect of the following:

(a) purchase of, among others, diesel, toll, subscription of GPS, insurance and spare parts totaling RM15.5 million;

(b) employee-related costs and other operating expenses of RM21.9 million; and

(c) income tax of RM2.8 million.

Net cash used in investing activities

For FYE 2022, our Group recorded a net cash outflow of RM3.7 million from investing activities mainly attributable to the following:

(a) renovation cost of RM1.0 million for Bukit Mertajam Office and Warehouse as well as the purchase of other fixed assets of RM1.8 million (mainly plant and machinery such as sprinkler system, air conditioning, cold room panels, refrigeration system and plastic pallets, office equipment such as closed-circuit television and air conditioning, and commercial vehicles such as box trucks and box trailers) for our business operation;

(b) booking fee paid of RM0.3 million for the acquisition of Valdor Office and Warehouse; and

(c) deposits paid for the purchase of Port Klang Office and Warehouse of RM1.2 million as well as the purchase of other fixed assets of RM0.1 million, which comprise mainly motor vehicle and computer software and equipment, for our business operations.

The above outflow was partially offset by the following:

(a) proceed from the disposal of right-of-use-assets involving motor and commercial vehicles of RM0.3 million; and

(b) proceed (net of cash) of RM0.4 million from the disposal of a subsidiary company, Pengangkutan Ikatan Jerneh Sdn Bhd.

Net cash used in financing activities

For FYE 2022, our Group recorded a net cash outflow of RM8.6 million from financing activities mainly attributable to:

(a) scheduled repayments of lease liabilities of RM4.4 million;

(b) scheduled repayments of term loans of RM3.5 million;

(c) net repayment on advances from directors of RM0.2 million;

(d) payments of dividend of RM0.8 million;

(e) interest paid for the abovementioned term loans and lease liabilities of RM2.6 million; and

(f) repayment of advance from former related company, Sepang Airport Sdn Bhd of RM0.1 million.

The above outflow was partially offset via the drawdown of a term loan of RM3.0 million for our Group's working capital purposes.

FYE 2023

Net cash generated from operating activities

For FYE 2023, our Group recorded a net cash inflow from operating activities of RM11.8 million, from the collections of RM51.4 million from our customers and other income of RM0.2 million, which comprises mainly insurance compensation of RM0.1 million, income from selling fresh fruit bunches and income from sales of used lubricants totalling RM0.1 million.

The above collections were partially offset by payments of RM39.8 million in respect of the following:

(a) purchase of, among others, diesel, toll, subscription of GPS, insurance and spare parts totalling RM14.1 million;

(b) employee-related costs and other operating expenses of RM23.1 million; and

(c) income tax payments of RM2.6 million.

Net cash used in investing activities

For FYE 2023, our Group recorded a net cash outflow of RM7.7 million from investing activities mainly attributable to the following:

(a) license fees incurred in relation to the TBP issued by MBSA for our Shah Alam Office and Warehouse as well as Shah Alam Workshop of RM0.6 million, renovation cost of RM0.6 million for our Bukit Mertajam Office and Warehouse and Shah Alam Office and Warehouse as well as the purchase of other fixed assets totaling RM0.6 million (mainly furniture and fittings for our Port Klang Office and Warehouse, office equipment, and commercial vehicles equipment) for our business operation;

(b) partial payments of purchase consideration of RM3.7 million for the acquisition of our Valdor Office and Warehouse (classified as capital work-in-progress under property, plant and equipment);

(c) payment of balance purchase consideration of RM1.9 million for the acquisition of our Port Klang Office and Warehouse (classified under right-of-use assets); and

(d) payment of balance purchase consideration of RM0.5 million for the acquisition of motor and commercial vehicles as well as plant and machinery (forklifts and racking system) acquired via hire purchase arrangement.

The above outflow was partially offset by the proceeds from the disposal of right-of-use assets, being motor vehicles of RM0.2 million.

Net cash used in financing activities

For FYE 2023, our Group recorded a cash outflow of RM9.9 million from financing activities mainly attributable to:

(a) scheduled repayments of lease liabilities of RM5.8 million;

(b) scheduled repayments of term loans of RM4.4 million; and

(c) interest paid for the abovementioned term loans and lease liabilities of RM3.6 million.

The above outflows were partially offset via the drawdown of a term loan of RM3.9 million for our Group's working capital purposes and to finance the CLTA.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by suppliers, finance leases and borrowings from financial and non-financial institutions as well as existing cash and bank balances.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board is of the view that we have sufficient funds for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus after taking into consideration the following:

(a) our cash and cash equivalent of RM9.4 million as at LPD;

(b) our expected future cash flows from operations;

(c) our banking facilities of RM185.0 million (excluding lease liabilities) as at LPD, of which RM68.3 million have been utilised; and

(d) our pro forma gearing level of 1.4 times, computed based on our pro forma statements of financial position as at 31 December 2023 after the IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our Account and Finance Department personnel will monitor the collection of outstanding balances on a daily basis. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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12.4 BORROWINGS AND INDEBTEDNESS

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 December 2023 stood at RM72.6 million, details of which are set out below:

	Purpose	Security	Tenure of the facility	Effective interest rate	As at 31 December 2023
				%	RM'000
Interest bearing short-term borrowings which are payable within 1 year:					
Term loans	Refinancing of term loan, purchase of properties and working capital purposes as well as to finance CLTA(1)	The term loans are secured by: (a) First party legal charge over the freehold and leasehold lands and buildings; (b) Existing Deed of Assignment over the rights, titles and interests over the capital work-in-progress (Valdor Office and Warehouse); (c) Joint and several guarantee by 2 directors of our Company; (d) Corporate guarantee by the former holding company, Prefered Advantage; (e) Corporate guarantee by a shareholder of the Company, Lille Management; (f) 70% guarantee of the loan amount by the Government under the Working Capital Guarantee Scheme; (g) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM2,400,000 under Pemulih Government Guarantee Scheme; and (h) CLTA without Money Back Protector (MBP) of total premium not exceeding of RM380,000 to cover insured a director for 15 year and insurance policy is to be assigned to the financial institution.	5 to 18 years	4.9 to 8.2	5,121

	Purpose	Security	Tenure of the facility	Effective interest rate	As at 31 December 2023
				%	RM'000
Lease liabilities	To purchase motor and commercial vehicles, computer software and equipment, plant and machinery via hire purchase arrangements	The hire purchase payables are secured by: (a) assets purchased through the hire purchase arrangements; and (b) individual or joint and several guarantee by 2 directors of our Company.	3 to 5 years	3.8 to 7.7	4,812
	Rental of branch offices and warehouses, and an apartment as accommodation for foreign workers		Initial lease of 24 to 36 months with option to renew for another 12 to 24 months	6.2	908
					10,841
Interest bearing long-term borrowings which are payable after 1 year:					
Term loans	Refinancing of term loan, purchase of properties and working capital purposes as well as to finance the CLTA[(1)]	The term loans are secured by: (a) First party legal charge over the freehold and leasehold lands and buildings; (b) Existing Deed of Assignment over the rights, titles and interests over the capital work-in-progress (Valdor Office and Warehouse); (c) Joint and several guarantee by 2 directors of our Company; (d) Corporate guarantee by the former holding company, Prefered Advantage; (e) Corporate guarantee by a shareholder of the Company, Lille Management; (f) 70% guarantee of the loan amount by the Government under the Working Capital Guarantee Scheme;	5 to 18 years	4.9 to 8.2	49,727

	Purpose	Security	Tenure of the facility	Effective interest rate	As at 31 December 2023
				%	RM'000
		(g) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM2,400,000 under Pemulih Government Guarantee Scheme; and (h) CLTA without Money Back Protector (MBP) of total premium not exceeding of RM380,000 to cover insured a director for 15 year and insurance policy is to be assigned to the financial institution.			
Lease liabilities	To purchase motor and commercial vehicles, computer software and equipment, plant and machinery via hire purchase arrangements	The hire purchase payables are secured by: (a) assets purchased through the hire purchase arrangements; (b) individual or joint and several guarantee by 2 directors of our Company.	3 to 5 years	3.8 to 7.7	11,378
	Rental of branch offices and warehouses, and apartment as accommodation for foreign workers		Initial lease of 24 to 36 months with option to renew for another 12 to 24 months	6.2	684
					61,789
Total borrowings					**72,630**

Gearing (times)

Before IPO and utilisation of proceeds[(2)]	1.2
After IPO and utilisation of proceeds[(3)]	1.4

Notes:

(1) The CLTA is designed to pay off the outstanding loan balance in the event of the assured's (in our case, Angeline Ong Lay Shee, as the director of our Group) death, total and permanent disability as well as terminal illness during the tenure of the term loans. Such insurance policy is taken up as required by the financier as additional security for the term loans on top of the directors' guarantee.

As the said insurance policy is independent of the directors' personal guarantee, it will not be withdrawn upon the release of the directors' personal guarantee for the said term loans upon completion of the Listing. Both securities should be viewed separately.

(2) Computed based on our pro forma total equity of RM60.3 million and pro forma borrowings (including lease liabilities) of RM73.3 million in the pro forma statements of financial position before IPO and utilisation of proceeds.

(3) Computed based on our pro forma total equity of RM83.8 million and pro forma borrowings (including lease liabilities) of RM121.1 million in the pro forma statements of financial position after the IPO and utilisation of proceeds.

Our total bank guarantees as at 31 December 2023 stood at RM0.4 million, details as set out below. All our bank guarantees are secured, interest-bearing and denominated in RM.

	Purpose	Security	Tenure	Interest rate	As at 31 December 2023
				% per month	RM'000
Bank guarantees	For issuance of tender, performance and payment guarantee in favour of Government / semi-government bodies, utility corporations and private corporations acceptable to the bank in relation to our normal business operations.	(a) First party legal charge over the freehold land and buildings; (b) Joint and several guarantee by 2 directors of our Company; and (c) Corporate guarantee by the former holding company, Prefered Advantage.	1 - 2 years	0.15%, subject to a minimum sum of RM100 per issuance	390

The liabilities in respect of the bank guarantees will only crystallise and become payable following a call by the Government / semi-government bodies, utility corporations and private corporations of the tender, performance and payment guarantee in accordance with the terms and conditions of such contracts. During FYE 2020 to 2023, we did not experience any call of the tender, performance or payment guarantees issued to our trade suppliers, government authorities and port operators.

12. FINANCIAL INFORMATION *(Cont'd)*

As at LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the FYE 2020 to 2023 and up to LPD.

As at LPD, our Group is not in breach of any terms, conditions or covenants associated with the credit arrangement or bank loans, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the FYE 2020 to 2023, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

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12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

Save as disclosed in Section 12.4, we do not have nor utilise any other financial instruments. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of funds which mainly comprise hire purchases and borrowings. The principal usages of these facilities are for working capital as well as the purchase of property, plant and equipment, investment properties and right-of-use assets.

Save for our hire purchase which carry fixed interest rates, other borrowings bear variable interest rates based on the bank's base lending rate plus or minus a rate, which varies depending on the different types of bank facilities.

12.6 MATERIAL CAPITAL COMMITMENTS

Save as disclosed below, we do not have any other material capital commitments as at LPD.

	To be funded from Public Issue	To be funded internally or via bank borrowings	As at LPD
	RM'000	RM'000	RM'000
Approved and contracted for:			
Purchase of Valdor Office and Warehouse(1)	-	57,460	57,460
Purchase of commercial vehicles	878	-	878
Purchase of plant and equipment	-	245	245
	878	**57,705**	**58,583**
Approved and not contracted for:			
Purchase of commercial vehicles	1,122	-	1,122
	1,122	**-**	**1,122**

Note:

(1) We had on 27 June 2023 entered into a sale and purchase agreement in relation to the purchase of the Valdor Office and Warehouse for a total consideration of RM67.6 million (excluding the incidental expenses), which will be used for our warehousing and distribution services catering to customers located in the northern region of Peninsular Malaysia.

The purchase of warehouses, commercial vehicles and plant and equipment for the expansion of our businesses are expected to be funded via combination of proceeds from our Public Issue, bank borrowings and/or internally generated funds.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which may materially or adversely affect our financial position or results.

As at LPD, saved for the bank guarantees as disclosed in Section 12.4, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our financial position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the FYE 2020 to 2023 are as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
Trade receivables turnover (days)(1)	47	54	50	53
Trade payables turnover (days)(2)	36	37	31	16
Inventory turnover (days)(3)	N/A	110	113	131
Current ratio (times)(4)	0.8	2.2	2.6	2.1
Gearing ratio (times)(5)	1.5	1.1	1.0	1.2

Notes:

(1) Computed based on the average trade receivables over total revenue multiplied by 365/366 days.

(2) Computed based on the average trade payables as at year-end over cost of sales (excludes manpower costs for drivers, diesel costs, toll and parking charges, direct labour costs, amortisation of right-of-use assets and depreciation of property, plant and equipment) multiplied by 365/366 days.

(3) Computed based on inventory as at year-end over cost of sales for FYE 2021 multiplied by 365 days, and average inventory as at year-end over cost of sales for FYE 2022 and 2023 multiplied by 365 days. For avoidance of doubt, the cost of sales excludes manpower costs for drivers, diesel costs, toll and parking charges, direct labour costs, amortisation of right-of-use assets, and depreciation of property, plant and equipment.

(4) Computed based on current assets over current liabilities.

(5) Computed based on total borrowings (including lease liabilities) over total equity.

12.8.1 Trade receivables turnover

Our trade receivables' turnover period for the FYE 2020 to 2023 is stated as below:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	4,135	6,939	8,399	7,022
Closing trade receivables	6,939	8,399	7,022	7,986
Average trade receivables	5,537	7,669	7,771	7,504
Revenue	43,071	52,256	56,743	51,984
Trade receivables turnover period (days)	47	54	50	53

Trade receivables are non-interest bearing, and the normal credit term typically granted to our customers ranges between 7 days and 90 days on a case-by-case basis by considering various factors such as the background and creditworthiness of the customer, our business relationship with our customers and the customers' credit history. Our Group has adopted a policy of only dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit ratings. The exposure of credit risk is monitored on an ongoing basis, and action will be taken for long outstanding debts.

Our trade receivables turnover period for FYE 2020, 2021, 2022 and 2023 was 47 days, 54 days, 50 days and 53 days, respectively, which are within our credit term period.

Our trade receivables turnover period increased from 47 days for FYE 2020 to 54 days for FYE 2021, mainly attributable to higher sales made towards the last quarter of FYE 2021 amounting to RM14.3 million (last quarter of FYE 2020: RM11.0 million). Our trade receivables turnover period for FYE 2022 decreased to 50 days, mainly attributable to lower sales in the last quarter of FYE 2022, amounting to RM12.3 million (last quarter of FYE 2021: RM14.3 million). Our trade receivables turnover period for FYE 2023 increased to 53 days, mainly attributable to amounts receivables primarily from new customers for our warehousing and distribution services as well as point-to-point trucking services.

Our Group has major concentration of credit risk related to the amount owed by a customer, who is our major customer (Customer C), as at 31 December 2023 (as at 31 December 2022: 3 customers; as at 31 December 2021: 2 customers; and as at 31 December 2020: 3 customers), which constituted approximately 11.4% as at 31 December 2023 (as at 31 December 2022: 44.7%; as at 31 December 2021: 39.4%; and as at 31 December 2020: 47.9%) of our trade receivables as at the end of each of the FYE 2020 to 2023.

At each reporting date, our Group assesses whether any of the receivables are credit impaired. The gross carrying amount of credit-impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when our Group 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.

Allowance for ECLs are recognised in two stages. For credit exposures for which, there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, our Group applies a simplified approach to calculating ECLs. Therefore, our Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Our Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. A significant portion of trade receivables represents regular customers of our Group. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

There was no impairment loss recognised under the ECLs for the FYE 2020 to 2023 after the assessment was performed based on its historical credit loss experience. Our trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with our Group. Trade receivables that were past due but not impaired are related to a number of independent customers with whom there is no recent history of default.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:

	Trade receivables as at 31 December 2023		Collection from 1 January 2024 to LPD	Balance trade receivables as at LPD
	RM'000	Percentage of trade receivables	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	6,243	78.2	5,390	853
Past due but not impaired:				
- less than 30 days	1,582	19.8	1,565	17
- 31 to 60 days	128	1.6	128	-
- over 60 days	33	0.4	33	-
	1,743	21.8	1,726	17
	7,986	**100.0**	**7,116**	**870**

As at 31 December 2023, our Group's trade receivables amounted to approximately RM8.0 million, of which RM1.7 million or 21.8% of our trade receivables exceeded the normal credit period. As at LPD, we have collected RM7.1 million or 89.1% of our total outstanding trade receivables as at 31 December 2023. The outstanding past due receivable of RM0.9 million was mainly due to slow payment from 2 customers for our warehousing and distribution services and trucking services.

Our Group has not encountered any major disputes with our trade receivables.

12.8.2 Trade payables turnover

Our trade payables' turnover period for the FYE 2020 to 2023 is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	780	904	1,139	538
Closing trade payables	904	1,139	538	186
Average trade payables	842	1,022	839	362
Cost of sales(1)	8,618	10,131	9,968	8,367
Average trade payables turnover period (days)	36	37	31	16

Note:

(1) Comprises cost of sales but excludes manpower costs for drivers, diesel costs, toll and parking charges, direct labour costs, amortisation of right-of-use assets and depreciation of property, plant and equipment.

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to our Group for trade purchases typically ranges from 3 to 120 days. However, we maintain a minimal balance of trade payables as our trade purchases are not a significant amount (less than RM1.1 million over the FYE 2020 to 2023). Nonetheless, it is our practice to make prompt payment to our suppliers in order to maintain good relationship and safeguard the continuity of supplies at more favourable terms and pricing.

Our trade payables turnover period for FYE 2020, 2021, 2022 and 2023 was 36 days, 37 days, 31 days and 16 days, respectively, which were within the normal credit terms granted by our suppliers.

The ageing analysis of our trade payables as at 31 December 2023 is as follows:

	Trade payables as at 31 December 2023		**Payment from 1 January 2024 to LPD**	**Balance trade payables as at LPD**
	RM'000	**Percentage of trade payables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Within credit period	155	83.3	141	14
Exceeding credit period:				
- 1 to 30 days	31	16.7	31	-
- 31 to 60 days	-	-	-	*
- More than 60 days	-	-	-	-
	31	16.7	31	-
	186	**100.0**	**172**	**14**

Note:

* Less than RM1,000.

As at 31 December 2023, our total trade payables stood at RM0.2 million, with RM0.03 million or 16.7% of our trade payables exceeding the normal credit period.

As at LPD, we have insignificant outstanding trade payables.

As at LPD, we do not have any material disputes in respect of our trade payables, and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

12.8.3 Inventory turnover

Our inventory turnover period for the FYE 2020 to 2023 is set out below:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventories	-	-	3,078	3,106
Closing inventories	-	3,078	3,106	2,918
Average inventories	N/A	(2)3,078	3,092	3,012
Cost of sales(1)	8,618	10,131	9,968	8,367
Average inventory turnover period (days)	N/A	110	113	131

Notes:

(1) Comprises cost of sales but excludes manpower costs for drivers, diesel costs, toll and parking charges, direct labour costs, amortisation of right-of-use assets and depreciation of property, plant and equipment.

(2) No average inventories computed as the opening balance does not apply, since we only began maintaining stock in FYE 2021.

During FYE 2021, we commenced maintaining inventories for commercial vehicle's spare parts for our in-house commercial vehicle maintenance services in anticipation of the shortage of commercial vehicle's spare parts resulting from the interruption in the global supply chain during the COVID-19 pandemic.

Our inventories comprise spare parts and consumables goods, including but not limited to filters, air valves, electrical parts and engine parts that we purchased from our suppliers. We constantly endeavour to maintain a sufficient inventory level to ensure sufficient supply in supporting the repair and maintenance works for our fleet of commercial vehicles.

The process of replenishing our inventories involves monitoring and restocking when the inventory quantities fall below predetermined levels which vary depending on the brand and model of the commercial vehicles.

From time to time, our storekeeper will assess the inventory levels of the commercial vehicles spare parts. If the inventory level is insufficient, the storekeeper notifies the Managing Director, who then determines the order quantity. We do not keep stock for all spare parts as some are readily available for purchase, and some are rarely used parts and hence, such spare parts are purchased only when needed.

Our inventory turnover for FYE 2021 and 2022 was 110 days and 113 days, respectively which were relatively consistent.

We did not record any material changes in our average inventories for FYE 2023 as we continued to maintain a sufficient level of inventory. However, we recorded a decrease in our cost of sales for FYE 2023 as explained in Section 12.2.2(b) above. This resulted in our inventory turnover increasing to 131 days (FYE 2022: 113 days).

12.8.4 Current ratio

Our current ratio throughout the FYE 2020 to 2023 is as follows:

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	15,156	22,511	29,877	25,590
Current liabilities	19,468	10,189	11,570	12,434
Net current (liabilities) / assets	**(4,312)**	**12,322**	**18,307**	**13,156**
Current ratio (times)	0.8	2.2	2.6	2.1

We recorded a lower current ratio of 0.8 times for FYE 2020, mainly attributable to the amount due to directors of RM7.6 million, dividend payable of RM4.0 million and there being no inventories maintained by our Group as at 31 December 2020 as compared to 31 December 2021 and 2022.

For FYE 2021, our current ratio increased to 2.2 times (FYE 2020: 0.8 times) mainly attributable to the net effects of the following:

(a) increase in cash and bank balances of RM3.8 million to RM9.5 million as at 31 December 2021 was mainly due to the drawdown of a term loan of RM3.0 million for our Group's working capital purposes and cash generated from our business operations;

(b) there being inventories of RM3.1 million as at 31 December 2021 (31 December 2020: RM Nil) as our Group started to maintain inventories for commercial vehicle's spare parts for in anticipation of a shortage resulting from the interruption in the global supply chain during the COVID-19 pandemic;

(c) decrease in other payables by RM7.6 million to RM1.4 million as at 31 December 2021 mainly due to net repayment of advances from directors of RM7.4 million and the settlement of advances from related parties, Alunan Restu Sdn Bhd, Forecom HR Sdn Bhd and Sasita Express (M) Sdn Bhd of RM0.2 million;

(d) payments for dividend of RM4.0 million; and

(e) increase in short-term lease liabilities by RM1.8 million to RM4.2 million as at 31 December 2021 mainly due to the drawdown of hire purchase arrangements of RM6.2 million for the purchase of motor and commercial vehicles, computer software and equipment and plant and machinery (racking system, refrigeration system, forklifts, scrubbers and sweepers) as well as the rental of Penang International Airport Office and Butterworth Warehouse amounting to RM0.4 million, after offset with the scheduled repayment of lease liabilities of RM3.0 million.

For FYE 2022, our current ratio increased to 2.6 times (FYE 2021: 2.2 times) mainly due to the net effects of the following:

(a) increase in cash and bank balances of RM6.3 million to RM15.8 million as at 31 December 2022 was mainly due to the drawdown of a term loan of RM3.0 million for our Group's working capital purposes and cash generated from our business operations;

(b) increase in other receivables of RM2.1 million to RM3.7 million as at 31 December 2022 mainly due to the net effects of the following:

- deposit of RM1.2 million paid for the acquisition of Port Klang Office and Warehouse, for our expansion of warehousing and distribution services;

- booking fee of RM0.3 million paid for the acquisition of Valdor Office and Warehouse, for our expansion of warehousing and distribution services;

- additional rental deposit of RM0.2 million, mainly due to rental of Bukit Minyak Office and Warehouse and an apartment in Shah Alam as accommodation for our foreign workers; and

- increase in prepayment for new hire purchase arrangements of RM0.2 million.

(c) increase in short-term lease liabilities by RM1.3 million to RM5.5 million as at 31 December 2022 mainly due to the drawdown of hire purchase arrangements of RM9.3 million for the purchase of motor and commercial vehicles and plant and machinery (forklift, reach trucks, powered pallet trucks and racking system) as well as the rental of Bukit Minyak Office and Warehouse and an apartment in Shah Alam as accommodation for our foreign workers amounting to RM1.9 million, after offset with the scheduled repayment of lease liabilities of RM4.4 million.

For FYE 2023, our current ratio decreased to 2.1 times (FYE 2022: 2.6 times) mainly due to the net effects of the following:

(a) decrease in cash and bank balances of RM5.7 million to RM10.1 million as at 31 December 2023, mainly due to partial payment of purchase consideration of RM3.7 million for the acquisition of our Valdor Office and Warehouse and payment of balance purchase consideration of RM1.9 million for the acquisition of our Port Klang Office and Warehouse;

(b) increase in trade receivables of RM1.0 million to RM8.0 million as at 31 December 2023, mainly due to receivables primarily from new customers for our warehousing and distribution services as well as point-to-point trucking services; and

(c) increase in short-term loans and borrowings by RM1.2 million to RM5.1 million as at 31 December 2023, mainly due to the drawdown of a term loan of RM14.8 million for the acquisition of Port Klang Office and Warehouse, partial drawdown of a term loan of RM6.8 million for the acquisition of Valdor Office and Warehouse, drawdown of term loans of RM3.9 million for our Group's working capital purposes and the directors' insurance policy relating to the directors' guarantees for our banking facilities, and scheduled repayment of term loans of RM4.4 million.

Our current ratio of 2.2 times, 2.6 times and 2.1 times for FYE 2021, 2022 and 2023 indicates that our Group can meet our current obligations as our current assets, such as trade receivables which can be readily converted into cash, together with our cash and bank balances, are sufficient to meet immediate current liabilities.

12.8.5 Gearing ratio

Our gearing ratio throughout the FYE 2020 to 2023 is as follows:

	Audited			
	As at 31 December			
	2020	**2021**	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings[(1)]	41,966	45,613	51,813	72,630
Total equity	27,714	42,330	53,867	60,268
Gearing ratio (times)	1.5	1.1	1.0	1.2

Note:

(1) Computed based on total interest-bearing borrowings (including lease liabilities).

Our gearing ratios for the FYE 2020 to 2023 range from 1.0 time to 1.5 times.

Our gearing ratio decreased to 1.1 times for FYE 2021 (FYE 2020: 1.5 times) mainly due to the increase in our total equity as a result of the increase in our Group's retained earnings arising from PAT of RM14.5 million in FYE 2021.

Our gearing ratio decreased to 1.0 times for FYE 2022 mainly due to the increase in our total equity as a result of the increase in our Group's retained earnings arising from PAT of RM12.3 million in FYE 2022.

Our gearing ratio increased to 1.2 times for FYE 2023 mainly due to the increase in our total borrowings of RM20.8 million as a result of the drawdown of a term loan of RM14.8 million for the acquisition of Port Klang Office and Warehouse, partial drawdown of a term loan of RM6.8 million for the acquisition of Valdor Office and Warehouse, drawdown of term loans of RM3.9 million for our Group's working capital purposes and the directors' insurance policy relating to the directors' guarantees for our banking facilities, and scheduled repayment of term loans of RM4.4 million. Such increase was partially offset by the increase in total equity as a result of the increase in our Group's retained earnings arising from PAT of RM6.4 million in FYE 2023.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Save for policies in relation to COVID-19 pandemic, there were no government, economic, fiscal or monetary policies or factors which materially affected our operations during the FYE 2020 to 2023.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

During FYE 2020 to 2023, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in future inflation affecting our costs in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS

(a) Impact of foreign exchange rates

Our proportion of sales and purchases denominated in local and foreign currencies are as follows:

	Audited							
	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:								
(i) RM	41,825	97.1	51,067	97.7	56,159	99.0	51,262	98.6
(ii) EUR	353	0.8	874	1.7	337	0.6	258	0.5
(iii) USD	664	1.5	305	0.6	155	0.3	206	0.4
(iv) SGD	147	0.3	10	*	92	0.1	258	0.5
(v) RMB	82	0.3	-	-	-	-	-	-
Total revenue	**43,071**	**100.0**	**52,256**	**100.0**	**56,743**	**100.0**	**51,984**	**100.0**
Purchases denominated in:								
(i) RM	13,925	96.2	16,999	96.7	16,447	98.0	14,730	98.5
(ii) SGD	493	3.4	461	2.6	187	1.1	73	0.5
(iii) USD	13	0.1	6	*	145	0.9	-	-
(iv) EUR	47	0.3	-	-	1	*	-	-
(v) THB	-	-	119	0.7	-	-	155	1.0
Total purchases	**14,478**	**100.0**	**17,585**	**100.0**	**16,780**	**100.0**	**14,958**	**100.0**

Note:

* Less than 0.1%.

We are exposed to transactional currency exposure as 2.9%, 2.3%, 1.0% and 1.4% of our total revenue were denominated in foreign currencies for FYE 2020, 2021, 2022 and 2023 respectively.

Any significant change in foreign exchange rates may affect our financial performance.

For the FYE 2020 to 2023, our losses and gains from foreign exchange fluctuations are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Realised (loss) / gain on foreign exchange	(20)	6	*	*
Unrealised gain / (loss) on foreign exchange	21	101	(32)	49
Net gain / (loss)	**1**	**107**	**(32)**	**49**

Note:

* Less than RM1,000.

We maintain foreign currency accounts to receive the sales proceeds in foreign currencies. We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. Further, as at LPD, we have not entered into any forward foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for our revenue and purchases denominated in foreign currencies which we transact. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion and vice versa.

(b) Impact of interest rates

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. Our interest coverage ratio for FYE 2020 to 2023 is as follows:

	Audited			
	FYE 2020	**FYE 2021**	**FYE 2022**	**FYE 2023**
EBIT	12,378	19,771	17,880	13,309
Finance cost	2,104	2,267	2,657	3,628
Interest coverage ratio (times)(1)	5.9	8.7	6.7	3.7

Note:

(1) Computed based on EBIT over finance costs for FYE 2020 to 2023.

Our interest coverage ratios range from 3.7 times to 8.7 times from FYE 2020 to 2023, indicating that our Group was able to generate sufficient profits from operations to meet our interest serving obligations.

Our financial results for FYE 2020 to 2023 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs which may have an adverse effect on the performance of our Group. A change in 1% of interest rate would have increased / (decreased) our Group's profit before tax by RM548,485 for FYE 2023 (FYE 2022: RM337,457; FYE 2021: RM342,195 and FYE 2020: RM341,573), arising mainly as a result of lower / higher interest expense on floating rate loans and borrowings.

(c) Impact of commodity prices

Diesel is one of our major purchases to operate our fleet of commercial vehicles. Diesel accounted for approximately RM4.6 million or 18.9%, RM5.8 million or 20.9%, RM5.5 million or 19.2% and RM5.1 million or 18.3% of our total cost of sales, respectively, for FYE 2020 to 2023.

As diesel in Malaysia is subsidised by the Government, in the event the Government decides to cancel or reduce the subsidy for diesel, we are susceptible to an increase in diesel prices which will increase our operating costs and have an adverse impact on our profitability, if we are unable to pass on the increase to our customers through corresponding increases in our rates. Notwithstanding that we may be able to pass on part of any increases in diesel prices to some of our customers, we may not be able to pass on the full effect of a diesel price increase to our customers.

12.12 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FYE 2023 and up to LPD.

12.13 ORDER BOOK

We do not enter into long-term contracts with our customers. Our sales from trucking services, container haulage services and warehousing and distribution services are made based on purchase orders from our customers on an ongoing basis. Sales from other logistics-related services are sold to customers on ad-hoc basis. Due to the nature of our business, we do not maintain an order book.

12.14 DIRECTORS' DECLARATION ON OUR FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) Our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the logistics and warehousing industry in Malaysia and trucking industry in Malaysia and Singapore as set out in the IMR Report;

(b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our future plans and business strategies as stated in Section 7.15; and

(c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

As at LPD, our financial performance, position and operations are not affected by any of the following:

(a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favorable or unfavorable impact on our financial performance, position and operations, save as disclosed in Sections 7.8, 12.9, 12.10 and 12.11;

(b) Material commitments for capital expenditure as disclosed in Section 12.6;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in Sections 7.8 and 9;

(d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 12.2 and 12.11; and

(e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2, 12.9 and 12.11.

Our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.14, the outlook of the logistics and warehousing industry in Malaysia and trucking industry in Malaysia and Singapore as set out in the IMR Report in Section 8 and our business strategies and future plans as set out in Section 7.15.

12.16 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to shareholders' approval. We will require financiers' consent as set out in the respective facility agreements to pay dividends to our shareholders in the future. However, our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) the level of cash and level of indebtedness;

(b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(c) our expected results of operations and future level of operations;

(d) our projected levels of capital expenditure and other investment plans; and

(e) the prior consent from our lenders, if any.

There is no assurance as to whether the dividend distribution will occur, the amount of dividend payment or timing of such payment.

Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than its liabilities.

For the FYE 2020 to 2023 and up to LPD, we have declared and paid the following dividends:

	Audited				Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of our Company	9,385	14,496	12,339	6,418	N/A
Dividends declared	(1)4,000	-	(2)800	-	-
Dividend paid	-	4,000	800	-	-

Notes:

N/A Not applicable as we did not prepare financial statements from 1 January 2024 up to LPD.

(1) During FYE 2020, an interim dividend of RM4.0 million was declared on 15 October 2020 and paid over the course of FYE 2021.

(2) During FYE 2022, an interim dividend of RM0.8 million was declared on 18 May 2022 and paid on 9 June 2022.

The dividends above were funded by internal funds sourced from the cash and bank balances of our Company. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirements for our operations and our expansion plans.

Subsequent to LPD, no dividend was declared, made or paid by our Group. Our Group does not intend to declare any dividend prior to the IPO.

No influence should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness based on the latest unaudited financial information of our Group as at 1 March 2024 and after adjusting for the effects of the IPO and utilisation of proceeds.

	Unaudited	**I**	**II**
	As at 1 March 2024	**After our IPO[(1)]**	**After I and utilisation of proceeds[(2)]**
	RM'000	**RM'000**	**RM'000**
Capitalisation			
Total equity	59,212	85,212	82,769
Total capitalisation	**59,212**	**85,212**	**82,769**
Indebtedness			
Current			
Secured			
Term loans	5,095	5,095	3,875
Lease liabilities[(3)]	4,765	4,765	4,765
Unsecured			
Lease liabilities[(4)]	908	908	908
Non-current			
Secured			
Term loans	49,108	49,108	98,158
Lease liabilities[(3)]	11,024	11,024	11,024
Unsecured			
Lease liabilities[(4)]	536	536	536
Contingent liabilities[(5)]	370	370	370
Total indebtedness	**71,806**	**71,806**	**119,636**
Total capitalisation and indebtedness	**131,018**	**157,018**	**202,405**
Gearing ratio (times)[(6)]	**1.2**	**0.8**	**1.4**

Notes:

(1) After the Public Issue of RM26.0 million.

(2) After the drawdown of RM57.5 million term loans financing for acquisition of Valdor Office and Warehouse and utilisation of proceeds for the following events:

(i) RM9.6 million repayment of term loans; and
(ii) RM2.4 million payment of estimated listing expenses.

(3) Lease liabilities in respect of leases via hire purchase arrangements.

(4) Lease liabilities in respect of tenancies for buildings.

(5) Utilised bank guarantees out of the facility limit of RM0.5 million primarily issued to trade suppliers, government authorities, airport terminal operator and port operators.

(6) Calculated based on total indebtedness (excluding contingent liabilities) divided by total capitalisation.

SIN-KUNG LOGISTICS BERHAD

[Registration No.: 199401035432 (321115-P)]

(Incorporated in Malaysia)

ACCOUNTANTS' REPORT

Registered office and
principal place of business:
Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor Darul Ehsan, Malaysia

SIN-KUNG LOGISTICS BERHAD

(Incorporated in Malaysia)

ACCOUNTANTS' REPORT

Contents

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UHY

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Date: 1 April 2024

The Board of Directors
Sin-Kung Logistics Berhad
Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor Darul Ehsan, Malaysia

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF SIN-KUNG LOGISTICS BERHAD ("THE COMPANY")

Opinion

We have audited the consolidated financial statements of the Company and its subsidiary companies (collectively known as "the Group"), which comprises the consolidated statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 of the Group, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years then ended, and notes to the consolidated financial statements, including material accounting policy information, as set out on pages 5 to 102.

These historical consolidated financial statements have been prepared for inclusion in the prospectus of Sin-Kung Logistics Berhad in connection with the listing of and quotation for its entire enlarged issued share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). This report is required by the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying the Chapter 10, Part II Division 1: Equity of Prospectus Guidelines and for no other purposes.

In our opinion, the accompanying consolidated financial statements of the Group contained in the Accountants' Report give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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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 *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 consolidated financial statements of the Group.

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Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

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 consolidated financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the consolidated financial statements 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 accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements and of represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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.

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Reporting Accountants' Responsibilities for the Audit of the Consolidated 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.

Restriction on Distribution and Use

This report will be used solely for the purpose of inclusion in the prospectus of the Company in connection with the listing of and quotation for its entire issued share capital of the Company on the ACE Market of Bursa Securities and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 03355/02/2026 J
Chartered Accountant

KUALA LUMPUR

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		<- - - - - - - - - - - - - - - - Audited		- - - - - - - - - - - - - - - ->	
		2023	**2022**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	4	59,750,531	46,343,898	42,559,169	46,397,495
Investment properties	5	12,625,277	12,625,277	14,466,639	14,466,639
Right-of-use assets	6	40,348,048	21,756,557	13,512,878	9,624,719
Other investments	7	5,000	5,000	5,000	5,000
Total non-current assets		112,728,856	80,730,732	70,543,686	70,493,853
Current assets					
Inventories	8	2,918,596	3,105,695	3,077,916	-
Trade receivables	9	7,985,947	7,021,619	8,399,036	6,938,807
Other receivables	10	3,925,130	3,667,158	1,569,315	1,816,037
Amount due from:					
- former holding company	11	-	-	-	43,809
- former related companies	12	-	-	-	667,004
Tax recoverable		612,087	273,970	4,312	6,058
Cash and bank balances		10,148,700	15,808,853	9,460,652	5,683,932
Total current assets		25,590,460	29,877,295	22,511,231	15,155,647
Total assets		138,319,316	110,608,027	93,054,917	85,649,500

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	<---------- Audited			---------->
		2023	2022	2021	2020
		RM	RM	RM	RM
EQUITY					
Share capital	13	8,000,000	8,000,000	8,000,000	8,000,000
Reserves	14	52,202,954	45,791,085	34,257,650	19,792,287
Equity attributable to owners of the parent		60,202,954	53,791,085	42,257,650	27,792,287
Non-controlling interests		65,350	76,205	72,771	(77,904)
Total equity		60,268,304	53,867,290	42,330,421	27,714,383
LIABILITIES					
Non-current liabilities					
Lease liabilities	15	12,061,338	12,572,269	7,197,746	5,471,274
Loans and borrowings	16	49,727,306	29,801,475	31,078,181	31,681,107
Deferred tax liabilities	17	3,828,098	2,796,947	2,260,340	1,315,643
Total non-current liabilities		65,616,742	45,170,691	40,536,267	38,468,024
Current liabilities					
Trade payables	18	186,381	538,013	1,138,750	904,221
Other payables	19	1,379,015	1,589,156	1,441,881	8,953,220
Dividends payable		-	-	-	4,000,000
Amount due to former related companies	12	-	-	51,479	656,082
Tax payable		27,967	3,752	219,757	140,162
Lease liabilities	15	5,719,694	5,494,900	4,195,014	2,337,197
Loans and borrowings	16	5,121,213	3,944,225	3,141,348	2,476,211
Total current liabilities		12,434,270	11,570,046	10,188,229	19,467,093
Total liabilities		78,051,012	56,740,737	50,724,496	57,935,117
Total equity and liabilities		138,319,316	110,608,027	93,054,917	85,649,500

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

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<- - - - - - -	Audited	- - - - - - ->	
		2023	**2022**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	20	51,983,788	56,742,795	52,255,926	43,070,728
Cost of sales		(27,955,267)	(28,698,769)	(27,776,173)	(24,113,093)
Gross profit		24,028,521	28,044,026	24,479,753	18,957,635
Other income		247,356	111,778	3,714,575	143,350
Administrative expenses		(10,966,485)	(10,275,883)	(8,423,435)	(6,722,817)
Profit from operations		13,309,392	17,879,921	19,770,893	12,378,168
Finance costs	21	(3,628,144)	(2,656,846)	(2,266,751)	(2,104,053)
Profit before tax	22	9,681,248	15,223,075	17,504,142	10,274,115
Taxation	23	(3,274,175)	(2,880,280)	(3,000,133)	(885,902)
Profit for the financial year		6,407,073	12,342,795	14,504,009	9,388,213
Other comprehensive (loss)/income					
Item that will not be reclassified subsequently to profit or loss					
Exchange translation differences of foreign operations		(6,059)	(5,926)	(13,662)	97
Total comprehensive income for the financial year		6,401,014	12,336,869	14,490,347	9,388,310

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Audited			
		2023	**2022**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		6,417,928	12,339,361	14,495,667	9,384,660
Non-controlling interests		(10,855)	3,434	8,342	3,553
		6,407,073	12,342,795	14,504,009	9,388,213
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		6,411,869	12,333,435	14,482,005	9,384,757
Non-controlling interests		(10,855)	3,434	8,342	3,553
		6,401,014	12,336,869	14,490,347	9,388,310

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

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent					
		Non-distributable		Distributable			
Audited	**Note**	**Share capital RM**	**Foreign currency translation reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2023		8,000,000	(18,552)	45,809,637	53,791,085	76,205	53,867,290
Profit/(Loss) for the financial year		-	-	6,417,928	6,417,928	(10,855)	6,407,073
Other comprehensive loss for the financial year:							
Foreign exchange translation reserve		-	(6,059)	-	(6,059)	-	(6,059)
Total comprehensive (loss)/income for the financial year		-	(6,059)	6,417,928	6,411,869	(10,855)	6,401,014
At 31 December 2023		8,000,000	(24,611)	52,227,565	60,202,954	65,350	60,268,304

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the parent					
		Non-distributable		Distributable			
Audited (Cont'd)	**Note**	**Share capital RM**	**Foreign currency translation reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2022		8,000,000	(12,626)	34,270,276	42,257,650	72,771	42,330,421
Profit for the financial year		-	-	12,339,361	12,339,361	3,434	12,342,795
Other comprehensive loss for the financial year:							
Foreign exchange translation reserve		-	(5,926)	-	(5,926)	-	(5,926)
Total comprehensive (loss)/income for the financial year		-	(5,926)	12,339,361	12,333,435	3,434	12,336,869
Transaction with owners:							
Dividends to owners of the Company	24	-	-	(800,000)	(800,000)	-	(800,000)
At 31 December 2022		8,000,000	(18,552)	45,809,637	53,791,085	76,205	53,867,290

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the parent					
		Non-distributable		Distributable			
Audited (Cont'd)	**Note**	**Share capital RM**	**Foreign currency translation reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2021		8,000,000	1,036	19,791,251	27,792,287	(77,904)	27,714,383
Profit for the financial year		-	-	14,495,667	14,495,667	8,342	14,504,009
Other comprehensive loss for the financial year:							
Foreign exchange translation reserve		-	(13,662)	-	(13,662)	-	(13,662)
Total comprehensive (loss)/income for the financial year		-	(13,662)	14,495,667	14,482,005	8,342	14,490,347
Transactions with owners:							
Changes in ownership interests in subsidiary companies	32	-	-	(16,642)	(16,642)	64,830	48,188
Disposal of subsidiary companies	32	-	-	-	-	77,503	77,503
		-	-	(16,642)	(16,642)	142,333	125,691
At 31 December 2021		8,000,000	(12,626)	34,270,276	42,257,650	72,771	42,330,421

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the parent					
		Non-distributable		Distributable			
Audited (Cont'd)	**Note**	**Share capital RM**	**Foreign currency translation reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2020		8,000,000	939	14,406,591	22,407,530	(89,104)	22,318,426
Profit for the financial year		-	-	9,384,660	9,384,660	3,553	9,388,213
Other comprehensive income for the financial year:							
Foreign exchange translation reserve		-	97	-	97	-	97
Total comprehensive income for the financial year		-	97	9,384,660	9,384,757	3,553	9,388,310
Transactions with owners:							
Dividends to owners of the Company	24	-	-	(4,000,000)	(4,000,000)	-	(4,000,000)
Strike off of a subsidiary company		-	-	-	-	7,647	7,647
		-	-	(4,000,000)	(4,000,000)	7,647	(3,992,353)
At 31 December 2020		8,000,000	1,036	19,791,251	27,792,287	(77,904)	27,714,383

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

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2023 RM	2022 RM	2021 RM	2020 RM
		<- - - - - - - -	Audited	- - - - - - - - ->	
Cash flows from operating activities					
Profit before tax		9,681,248	15,223,075	17,504,142	10,274,115
Adjustments for:					
Amortisation of right-of-use assets		3,727,112	2,503,226	2,074,526	1,467,460
Bad debts written off		-	-	3,700	-
Depreciation of property, plant and equipment		1,025,309	886,451	896,162	902,678
Finance costs		3,628,144	2,656,846	2,266,751	2,104,053
Gain on modification of lease terms		(930)	(9,167)	-	-
Gain on struck off of investment in a subsidiary company		-	-	-	(22,487)
Interest income		(6,053)	(131)	-	-
Loss/(Gain) on disposal of property, plant and equipment		800	(2,999)	(2,504,875)	-
Loss/(Gain) on disposal of investment in subsidiary companies		-	12,225	(926,324)	-
Loss/(Gain) on disposal of right-of-use assets		48,744	26,808	(87,646)	-
Property, plant and equipment written off		-	1	177,883	-
Right-of-use assets written off		63,000	-	-	-
Unrealised (gain)/loss on foreign exchange		(49,020)	31,506	(101,063)	(21,038)
Operating profit before working capital changes		18,118,354	21,327,841	19,303,256	14,704,781

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		<- - - - - - - - - - Audited	- - - - - - - - - -	- - - - - - - - - -	- - - - - - - - - ->
		2023	**2022**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Cash flows from operating activities (Cont'd)					
Changes in working capital:					
Inventories		187,099	(27,779)	(3,077,916)	-
Trade receivables		(964,772)	1,383,507	(1,466,211)	(2,794,011)
Other receivables		(2,384,415)	(928,331)	737,978	226,472
Trade payables		(351,632)	(600,737)	234,529	125,407
Other payables		(210,752)	362,983	321,986	(3,311,081)
Former related companies		-	-	(656,082)	636,382
Cash generated from operations		14,393,882	21,517,484	15,397,540	9,587,950
Tax paid		(2,558,155)	(2,825,803)	(1,977,074)	(932,986)
Tax refunded		1,116	-	-	-
Net cash from operating activities		11,836,843	18,691,681	13,420,466	8,654,964

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	<- - - - - - - - Audited	- - - - - - - -	- - - - - - - -	- - - - - - - ->
		2023	**2022**	**2021**	**2020**
		RM	**RM**	**RM**	**RM**
Cash flows from investing activities					
Acquisition of property, plant and equipment	4(b)	(5,534,927)	(2,829,688)	(3,010,773)	(398,579)
Acquisition of investment properties	5(a)	-	-	-	(351,905)
Acquisition of right-of-use assets	6(b)	(2,378,677)	-	-	-
Deposits paid for acquiring property, plant and equipment and right-of-use assets		(18,370)	(1,626,030)	(571,860)	-
Decrease in ownership interests in a subsidiary company	32(b)	-	-	68,188	-
Increase in ownership interests in a subsidiary company	32(b)	-	-	(20,000)	-
Interest received		6,053	131	-	-
Proceeds from disposal of property, plant and equipment		624	3,000	8,280,800	-
Proceeds from disposal of right-of-use assets		237,690	323,690	696,200	-
Proceeds from disposal of subsidiary companies, net of cash	32(c)	-	424,878	724,605	-
Net cash (used in)/from investing activities		(7,687,607)	(3,704,019)	6,167,160	(750,484)

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		<- - - - - - - - Audited		- - - - - - - - ->
		2023	**2022**	**2021**	**2020**
		RM	**RM**	**RM**	**RM**
Cash flows from financing activities					
Dividends paid	27	-	(800,000)	(4,000,000)	-
Interest paid		(3,633,770)	(2,654,254)	(2,272,200)	(2,020,386)
Payments of lease liabilities	27	(5,721,123)	(4,413,827)	(2,986,950)	(2,283,572)
Proceeds from term loans	27	3,880,000	3,000,000	3,000,000	2,500,000
Repayment of term loans	27	(4,381,555)	(3,476,421)	(3,042,228)	(1,647,379)
(Repayment to)/Advances from:					
- directors	27	-	(207,782)	(7,360,792)	504,901
- former holding company	27	-	-	43,809	(20,044)
- former related companies	27	-	(51,479)	718,483	(652,141)
Net cash used in financing activities		(9,856,448)	(8,603,763)	(15,899,878)	(3,618,621)
Net (decrease)/increase in cash and cash equivalents		(5,707,212)	6,383,899	3,687,748	4,285,859
Cash and cash equivalents at the beginning of the financial year		15,808,853	9,460,652	5,683,932	1,395,472
Effect of exchange translation differences on cash and bank balances		47,059	(35,698)	88,972	2,601
Cash and cash equivalents at the end of the financial year		10,148,700	15,808,853	9,460,652	5,683,932
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances		10,148,700	15,808,853	9,460,652	5,683,932

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

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Sin-Kung Logistics Berhad ("the Company") was incorporated and domiciled in Malaysia under the Companies Act 1965 as a private limited liability company on 25 October 1994 under the name of Sin-Kung Logistics Sdn. Bhd.. On 1 August 2022, the Company was converted into a public limited liability company and assumed its present name of Sin-Kung Logistics Berhad.

The registered office and principal place of business of the Company is located at Lot 1928, Jalan Bukit Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company consist of providing lorry transport services, hiring of trucks and warehousing/maintenance services. The principal activities of its subsidiary companies are disclosed in Note 32 to the consolidated financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

The Accountants' Report comprises the audited consolidated financial statements of the Company and its subsidiary companies (collectively known as "the Group") for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and are prepared solely for the purpose of inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and for no other purpose.

The consolidated financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The consolidated financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group has adopted the following new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new and amendments to MFRSs did not have any significant impact on the consolidated financial statements of the Group, except for:

<u>Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies*</u>

The Group adopted Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group has not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group intends to adopt the above amendments to MFRSs when they become effective.

The initial application of the above-mentioned amendments to MFRSs are not expected to have any significant impacts on the consolidated financial statements of the Group.

(b) Functional and presentation currency

These consolidated financial statements of the Group are presented in Ringgit Malaysia ("RM") which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Use of estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2. Basis of Preparation (Cont'd)

(c) Use of estimates and judgements (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

2. Basis of Preparation (Cont'd)

(c) Use of estimates and judgements (Cont'd)

Judgements (Cont'd)

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements: (Cont'd)

Determining the lease term of contracts with renewal and termination options - Group as lessee (Cont'd)

The Group includes the renewal period as part of the lease term for leases of buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives/depreciation of property, plant and equipment and investment properties and amortisation of right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and ROU assets would increase the recorded depreciation/amortisation and decrease the value of property, plant and equipment, investment properties and ROU assets.

The carrying amounts at the reporting date for property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively.

2. Basis of Preparation (Cont'd)

(c) Use of estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would has to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group has tax recoverable of RM612,087 (2022: RM273,970; 2021: RM4,312; 2020: RM6,058) and tax payable of RM27,967 (2022: RM3,752; 2021: RM219,757; 2020: RM140,162).

3. Material Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3. Material Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. Material Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(k) to the consolidated financial statements on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. Material Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. 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.

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Goodwill and fair value adjustment which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, 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 that foreign operations 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 company that includes a foreign operation, 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 or joint venture 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.

3. Material Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k) to the consolidated financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Capital work-in-progress consists of buildings under construction. The amount is stated at cost related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

3. **Material Accounting Policies (Cont'd)**

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land and capital work-in-progress are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated annual depreciation rates of the assets as follows:

Freehold building	1%
Plant and machinery	10%
Furniture, fittings, office equipment and renovation	10% - 20%
Motor/Commercial vehicles	10%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

(d) **Leases**

As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k) to the consolidated financial statements.

3. Material Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated annual depreciation rates of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and building	Over the remaining lease period
Leasehold land	Over the remaining lease period
Buildings	Over the remaining lease term
Computer software and equipment	10%
Motor/Commercial vehicles	10%
Plant and machinery	10%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of computer software and equipment that are considered to be low value.

3. Material Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its consolidated statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of MFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Material Accounting Policies (Cont'd)

(e) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land is not depreciated.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k) to the consolidated financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3. Material Accounting Policies (Cont'd)

(f) Financial assets

Financial assets are recognised in the consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include trade and other receivables, amount due from former holding company, amount due from former related companies, cash and bank balances and other investments.

(a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

3. Material Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income ("FVOCI") (Cont'd)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group has not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

3. Material Accounting Policies (Cont'd)

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Inventories

Spare parts and consumables inventories are stated at the lower of cost and net realisable value.

Cost of spare parts and consumables inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

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.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. **Material Accounting Policies (Cont'd)**

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, 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 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 a cash-generating unit or a 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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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 (group of cash-generating units) on a pro rata basis.

3. Material Accounting Policies (Cont'd)

(k) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has performed its assessment based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. Material Accounting Policies (Cont'd)

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses, fees and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligation.

3. **Material Accounting Policies (Cont'd)**

(n) Revenue and other income recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from rendering of services.

Revenue from services are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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.

3. Material Accounting Policies (Cont'd)

(o) Borrowing costs (Cont'd)

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.

(p) Income taxes

Tax expense in profit or loss 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 financial 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.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. 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 liabilities and assets 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.

3. Material Accounting Policies (Cont'd)

(q) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Property, Plant and Equipment

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Capital work-in-progress RM	Total RM
Audited							
2023							
Cost							
At 1 January 2023	14,652,526	29,816,218	3,628,621	5,699,685	28,277,758	-	82,074,808
Control transfer	-	-	-	-	501,315	-	501,315
Additions	-	941,047	36,950	780,128	119,611	10,750,891	12,628,627
Disposals	-	-	-	(52,815)	-	-	(52,815)
Transfer from right-of-use assets (Note 6)	-	-	-	-	5,159,894	-	5,159,894
Foreign currency translation differences	-	-	-	474	-	-	474
At 31 December 2023	14,652,526	30,757,265	3,665,571	6,427,472	34,058,578	10,750,891	100,312,303

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Capital work-in-progress RM	Total RM
Audited							
2023 (Cont'd)							
Accumulated depreciation							
At 1 January 2023	-	1,890,557	2,533,313	4,533,289	26,773,751	-	35,730,910
Control transfer	-	-	-	-	501,315	-	501,315
Charge for the financial year	-	305,029	136,567	243,690	340,023	-	1,025,309
Disposals	-	-	-	(51,391)	-	-	(51,391)
Transfer from right-of-use assets (Note 6)	-	-	-	-	3,355,338	-	3,355,338
Foreign currency translation differences	-	-	-	291	-	-	291
At 31 December 2023	-	2,195,586	2,669,880	4,725,879	30,970,427	-	40,561,772
Carrying amount							
At 31 December 2023	14,652,526	28,561,679	995,691	1,701,593	3,088,151	10,750,891	59,750,531

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Total RM
Audited						
2022						
Cost						
At 1 January 2022	12,811,164	28,789,088	2,885,248	5,419,805	33,748,076	83,653,381
Control transfer	-	-	-	-	222,330	222,330
Additions	-	1,027,130	813,373	280,544	709,001	2,830,048
Disposals	-	-	-	-	(70,338)	(70,338)
Disposal of subsidiary companies (Note 32)	-	-	-	-	(6,305,235)	(6,305,235)
Transfer from investment properties (Note 5)	9,344,000	-	-	-	-	9,344,000
Transfer to investment properties (Note 5)	(7,502,638)	-	-	-	-	(7,502,638)
Written off	-	-	(70,000)	-	(26,076)	(96,076)
Foreign currency translation differences	-	-	-	(664)	-	(664)
At 31 December 2022	14,652,526	29,816,218	3,628,621	5,699,685	28,277,758	82,074,808

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Total RM
Audited						
2022 (Cont'd)						
Accumulated depreciation						
At 1 January 2022	-	1,594,648	2,498,812	4,311,043	32,689,709	41,094,212
Control transfer	-	-	-	-	222,330	222,330
Charge for the financial year	-	295,909	104,500	222,682	263,360	886,451
Disposals	-	-	-	-	(70,337)	(70,337)
Disposal of subsidiary companies (Note 32)	-	-	-	-	(6,305,235)	(6,305,235)
Written off	-	-	(69,999)	-	(26,076)	(96,075)
Foreign currency translation differences	-	-	-	(436)	-	(436)
At 31 December 2022	-	1,890,557	2,533,313	4,533,289	26,773,751	35,730,910
Carrying amount						
At 31 December 2022	14,652,526	27,925,661	1,095,308	1,166,396	1,504,007	46,343,898

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Total RM
Audited						
2021						
Cost						
At 1 January 2021	18,567,460	26,884,561	2,602,458	5,204,595	45,743,063	99,002,137
Control transfer	-	-	-	-	(1,168,214)	(1,168,214)
Additions	-	1,904,527	282,790	498,446	325,010	3,010,773
Disposals	(5,756,296)	-	-	-	(4,032,002)	(9,788,298)
Disposal of subsidiary companies (Note 32)	-	-	-	(268,686)	(4,594,016)	(4,862,702)
Written off	-	-	-	(15,858)	(2,525,765)	(2,541,623)
Foreign currency translation differences	-	-	-	1,308	-	1,308
At 31 December 2021	12,811,164	28,789,088	2,885,248	5,419,805	33,748,076	83,653,381

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Total RM
Audited						
2021 (Cont'd)						
Accumulated depreciation						
At 1 January 2021	-	1,306,910	2,361,128	4,345,974	44,590,630	52,604,642
Control transfer	-	-	-	-	(1,168,214)	(1,168,214)
Charge for the financial year	-	287,738	137,684	239,359	231,381	896,162
Disposals	-	-	-	-	(4,012,373)	(4,012,373)
Disposal of subsidiary companies (Note 32)	-	-	-	(268,686)	(4,594,016)	(4,862,702)
Written off	-	-	-	(6,041)	(2,357,699)	(2,363,740)
Foreign currency translation differences	-	-	-	437	-	437
At 31 December 2021	-	1,594,648	2,498,812	4,311,043	32,689,709	41,094,212
Carrying amount						
At 31 December 2021	12,811,164	27,194,440	386,436	1,108,762	1,058,367	42,559,169

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Freehold building RM	Plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Motor/ Commercial vehicles RM	Total RM
Audited						
2020						
Cost						
At 1 January 2020	18,555,580	14,875,027	2,550,658	4,976,407	45,707,413	86,665,085
Additions	11,880	12,009,534	51,800	227,965	35,650	12,336,829
Foreign currency translation differences	-	-	-	223	-	223
At 31 December 2020	18,567,460	26,884,561	2,602,458	5,204,595	45,743,063	99,002,137
Accumulated depreciation						
At 1 January 2020	-	1,038,064	2,247,988	4,147,974	44,267,924	51,701,950
Charge for the financial year	-	268,846	113,140	197,986	322,706	902,678
Foreign currency translation differences	-	-	-	14	-	14
At 31 December 2020	-	1,306,910	2,361,128	4,345,974	44,590,630	52,604,642
Carrying amount						
At 31 December 2020	18,567,460	25,577,651	241,330	858,621	1,152,433	46,397,495

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for loans and borrowings as disclosed in Note 16 to the consolidated financial statements are as follows:

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Freehold land	14,652,526	14,652,526	12,811,164	18,567,460
Freehold building	28,561,679	27,925,661	27,194,440	25,577,651
Capital work-in-progress	10,750,891	-	-	-
	53,965,096	42,578,187	40,005,604	44,145,111

(b) Acquisition of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group acquired under loan financing, deposits paid and cash payments are as follows:

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cost of property, plant and equipment acquired	12,628,627	2,830,048	3,010,773	12,336,829
Less: Loan financing	(6,760,000)	-	-	(9,000,000)
Less: Deposits paid	(333,700)	(360)	-	(2,938,250)
Cash payments	5,534,927	2,829,688	3,010,773	398,579

5. Investment Properties

	Audited 2023 RM	2022 RM	2021 RM	2020 RM
Freehold land				
At cost				
At 1 January	12,625,277	14,466,639	14,466,639	5,114,734
Additions	-	-	-	9,351,905
Transfer from property, plant and equipment (Note 4)	-	7,502,638	-	-
Transfer to property, plant and equipment (Note 4)	-	(9,344,000)	-	-
At 31 December	12,625,277	12,625,277	14,466,639	14,466,639
Fair value of investment properties	12,750,000	12,750,000	18,882,314	17,996,498

Fair value of investment properties was estimated by Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(a) Acquisition of investment properties

The aggregate costs for the investment properties of the Group acquired under loan financing and cash payments are as follows:

	Audited 2023 RM	2022 RM	2021 RM	2020 RM
Aggregate costs	-	-	-	9,351,905
Less: Loan financing	-	-	-	(9,000,000)
Cash payments	-	-	-	351,905

(b) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM12,625,277 (2022: RM12,625,277; 2021: RM14,466,639; 2020: RM14,466,639) are pledged as securities for loans and borrowings as disclosed in Note 16 to the consolidated financial statements.

6. Right-of-Use Assets

	Leasehold land and building RM	Buildings RM	Computer software and equipment RM	Motor/ Commercial vehicles RM	Plant and machinery RM	Total RM
Audited						
2023						
Cost						
At 1 January 2023	-	2,581,972	318,010	23,163,255	3,214,928	29,278,165
Additions	18,518,423	447,725	-	2,874,689	2,646,405	24,487,242
Derecognition arising from lease expiration	-	(362,603)	-	-	-	(362,603)
Disposals	-	-	-	(731,321)	-	(731,321)
Modification of lease terms	-	(82,365)	-	-	-	(82,365)
Transfer to property, plant and equipment (Note 4)	-	-	-	(5,159,894)	-	(5,159,894)
Written off	-	-	-	(180,000)	-	(180,000)
At 31 December 2023	18,518,423	2,584,729	318,010	19,966,729	5,861,333	47,249,224

6. Right-of-Use Assets (Cont'd)

	Leasehold land and building RM	Buildings RM	Computer software and equipment RM	Motor/ Commercial vehicles RM	Plant and machinery RM	Total RM
Audited						
2023 (Cont'd)						
Accumulated amortisation						
At 1 January 2023	-	591,687	63,602	6,463,292	403,027	7,521,608
Charge for the financial year	115,758	882,397	31,801	2,296,967	400,189	3,727,112
Derecognition arising from lease expiration	-	(362,603)	-	-	-	(362,603)
Disposals	-	-	-	(444,887)	-	(444,887)
Modification of lease terms	-	(67,716)	-	-	-	(67,716)
Transfer to property, plant and equipment (Note 4)	-	-	-	(3,355,338)	-	(3,355,338)
Written off	-	-	-	(117,000)	-	(117,000)
At 31 December 2023	115,758	1,043,765	95,403	4,843,034	803,216	6,901,176
Carrying amount						
At 31 December 2023	18,402,665	1,540,964	222,607	15,123,695	5,058,117	40,348,048

6. Right-of-Use Assets (Cont'd)

	Buildings RM	Computer software and equipment RM	Motor/ Commercial vehicles RM	Plant and machinery RM	Total RM
Audited					
2022					
Cost					
At 1 January 2022	1,214,305	318,010	16,066,441	1,731,220	19,329,976
Additions	1,921,117	-	7,822,579	1,483,708	11,227,404
Disposals	-	-	(725,765)	-	(725,765)
Modification of lease terms	(553,450)	-	-	-	(553,450)
At 31 December 2022	2,581,972	318,010	23,163,255	3,214,928	29,278,165
Accumulated amortisation					
At 1 January 2022	567,431	31,801	5,044,744	173,122	5,817,098
Charge for the financial year	447,705	31,801	1,793,815	229,905	2,503,226
Disposals	-	-	(375,267)	-	(375,267)
Modification of lease terms	(423,449)	-	-	-	(423,449)
At 31 December 2022	591,687	63,602	6,463,292	403,027	7,521,608
Carrying amount					
At 31 December 2022	1,990,285	254,408	16,699,963	2,811,901	21,756,557

6. Right-of-Use Assets (Cont'd)

	Leasehold land RM	Buildings RM	Computer software and equipment RM	Motor/ Commercial vehicles RM	Plant and machinery RM	Total RM
Audited						
2021						
Cost						
At 1 January 2021	433,270	851,701	-	12,277,303	-	13,562,274
Additions	-	362,604	318,010	4,159,405	1,731,220	6,571,239
Disposals	(433,270)	-	-	(370,267)	-	(803,537)
31 December 2021	-	1,214,305	318,010	16,066,441	1,731,220	19,329,976
Accumulated amortisation						
At 1 January 2021	55,905	304,472	-	3,577,178	-	3,937,555
Charge for the financial year	-	262,959	31,801	1,606,644	173,122	2,074,526
Disposals	(55,905)	-	-	(139,078)	-	(194,983)
31 December 2021	-	567,431	31,801	5,044,744	173,122	5,817,098
Carrying amount						
At 31 December 2021	-	646,874	286,209	11,021,697	1,558,098	13,512,878

6. Right-of-Use Assets (Cont'd)

	Leasehold land RM	Buildings RM	Motor/ Commercial vehicles RM	Total RM
Audited				
2020				
Cost				
At 1 January 2020	433,270	655,061	11,015,053	12,103,384
Additions	-	196,640	1,262,250	1,458,890
31 December 2020	433,270	851,701	12,277,303	13,562,274
Accumulated amortisation				
At 1 January 2020	48,917	71,730	2,349,448	2,470,095
Charge for the financial year	6,988	232,742	1,227,730	1,467,460
At 31 December 2020	55,905	304,472	3,577,178	3,937,555
Carrying amount				
At 31 December 2020	377,365	547,229	8,700,125	9,624,719

6. Right-of-Use Assets (Cont'd)

(a) The right-of-use assets of the Group pledged as securities for the related lease liabilities as disclosed in Note 15 to the consolidated financial statements are as follows:

	<---------------- Audited ---------------->			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Computer software and equipment	222,607	254,408	286,209	-
Motor/Commercial vehicles	15,123,695	16,469,089	10,697,926	8,246,126
Plant and machinery	5,058,117	2,811,901	1,558,098	-
	20,404,419	19,535,398	12,542,233	8,246,126

(b) Acquisition of right-of-use assets

The aggregate cost for the right-of-use assets of the Group acquired under lease financing, loan financing, deposits paid and cash payments are as follows:

	<---------------- Audited ---------------->			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cost of right-of-use assets acquired	24,487,242	11,227,404	6,571,239	1,458,890
Less: Lease financing	(5,450,565)	(11,227,404)	(6,571,239)	(1,458,890)
Less: Loan financing	(14,850,000)	-	-	-
Less: Deposits paid	(1,808,000)	-	-	-
Cash payments	2,378,677	-	-	-

6. Right-of-Use Assets (Cont'd)

(c) Assets pledged as securities to financial institutions

The carrying amount of right-of-use assets of the Group pledged as securities for loans and borrowings as disclosed in Note 16 to the consolidated financial statements are as follows:

	<------ Audited	------>		
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Leasehold land and building	18,402,665	-	-	-
Leasehold land	-	-	-	377,365
	18,402,665	-	-	377,365

(d) The remaining period of the lease term of the right-of-use assets are as follow:

	<------ Audited	------>		
	2023	**2022**	**2021**	**2020**
Leasehold land and building	93 years	-	-	-
Leasehold land	-	-	-	55 years

7. Other Investments

	<------ Audited	------>		
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-current				
Financial assets measured at fair value through profit or loss				
Quoted shares in Malaysia	5,000	5,000	5,000	5,000

The quoted shares above are classified as Level 1 and the fair value measurement are derived from quoted prices (unadjusted) in active market for identical assets.

8. Inventories

	<------- Audited	-------	-------	------->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Spare parts and consumables	2,918,596	3,105,695	3,077,916	-
Recognised in profit or loss:				
Inventories recognised as cost of sales	683,315	975,836	536,143	-

9. Trade Receivables

	<------- Audited	-------	-------	------->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Trade receivables:				
- Third parties	7,985,947	7,021,619	8,399,036	6,938,807

Trade receivables are non-interest bearing and the normal credit terms are ranged from 7 to 90 days (2022: 14 to 90 days; 2021: 14 to 90 days; 2020: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The aging analysis of trade receivables as at the end of each reporting period are as follows:

	<------- Audited	-------	-------	------->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	6,243,479	4,351,051	5,779,683	4,937,265
Past due but not impaired:				
Less than 30 days	1,581,694	2,367,994	2,087,202	1,853,866
31 to 60 days	127,616	221,663	524,574	133,118
More than 60 days	33,158	80,911	7,577	14,558
	1,742,468	2,670,568	2,619,353	2,001,542
	7,985,947	7,021,619	8,399,036	6,938,807

9. Trade Receivables (Cont'd)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2023, trade receivables of RM1,742,468 (2022: RM2,670,568; 2021: RM2,619,353; 2020: RM2,001,542) were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default.

10. Other Receivables

	< - - - - Audited			- - - - >
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Other receivables	340,277	114,780	18,416	1,040,576
Amount due from related parties	-	-	-	200,531
Deposits	671,674	2,764,963	918,043	287,753
Prepayments	2,913,179	787,415	632,856	287,177
	3,925,130	3,667,158	1,569,315	1,816,037

Included in the deposits is RM74,200 (2022: RM2,197,530; 2021: RM571,860; 2020: Nil) paid for the acquisition of property, plant and equipment and right-of-use assets.

The amount due from related parties are non-interest bearing, unsecured and repayable on demand.

11. Amount Due From Former Holding Company

	< - - - - Audited			- - - - >
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Amount due from former holding company				
Non-trade related	-	-	-	43,809

The amount due from former holding company is non-interest bearing, unsecured and repayable on demand.

On 24 January 2022, Prefered Advantage Sdn. Bhd., the holding company of the Company has disposed its shareholdings in Sin-Kung Logistics Berhad. Following the disposal of the shareholdings in Sin-Kung Logistics Berhad, Prefered Advantage Sdn. Bhd. ceased to be the holding company of the Company.

12. Amount Due From/(To) Former Related Companies

		<- - - Audited - - -			->
		2023	**2022**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Amount due from former related companies					
Non-trade related	(a)	-	-	-	667,004
Amount due to former related companies					
Trade related	(b)	-	-	-	656,082
Non-trade related	(a)	-	-	51,479	-
		-	-	51,479	656,082

(a) The amount due from/(to) former related companies are non-interest bearing, unsecured and repayable on demand.

(b) The amount due to former related companies are non-interest bearing and the normal credit terms granted to the Group is 30 days for the financial year ended 31 December 2020.

Following the cessation of Prefered Advantage Sdn. Bhd. as the holding company of the Company on 24 January 2022, the subsidiary company and associates of Prefered Advantage Sdn. Bhd. also ceased to be the related companies of the Company.

13. Share Capital

	< - - - - - - -	- - - Audited	- - -	- - - - - - - >
		Number of shares		
	2023	**2022**	**2021**	**2020**
	Units	**Units**	**Units**	**Units**
Ordinary shares issued and fully paid:				
At 1 January	1,000,000,000	8,000,000	8,000,000	8,000,000
Issuance of bonus shares	-	992,000,000	-	-
At 31 December	1,000,000,000	1,000,000,000	8,000,000	8,000,000

		Amount		
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Ordinary shares issued and fully paid:				
At 1 January/ 31 December	8,000,000	8,000,000	8,000,000	8,000,000

During the financial year ended 31 December 2022, the Company has allotted and issued 992,000,000 bonus shares by way of a bonus issue to the shareholders of the Company on the basis of 124 bonus shares for every 1 existing share held by the shareholders.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. Reserves

The nature of reserves of the Group is as follows:

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Translation reserve is not available for distribution to shareholders.

(b) Retained earnings

The entire retained earnings of the Group is available for distribution as single-tier dividends. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

15. Lease Liabilities

	<- - - - - - - - Audited			- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At 1 January	18,067,169	11,392,760	7,808,471	8,633,153
Additions	5,450,565	11,227,404	6,571,239	1,458,890
Modification of lease terms	(15,579)	(139,168)	-	-
Payments	(5,721,123)	(4,413,827)	(2,986,950)	(2,283,572)
At 31 December	17,781,032	18,067,169	11,392,760	7,808,471
Presented as:				
Non-current	12,061,338	12,572,269	7,197,746	5,471,274
Current	5,719,694	5,494,900	4,195,014	2,337,197
	17,781,032	18,067,169	11,392,760	7,808,471

15. Lease Liabilities (Cont'd)

	<- - - - - - - - Audited	- - - - - - - -	- - - - - - - -	- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
The maturity analysis of lease liabilities of the Group at the end of the reporting period:				
Minimum lease payments:				
Within one year	6,669,953	6,446,156	4,778,831	2,753,239
Later than one year and not later than two years	5,477,247	5,201,493	3,233,890	3,170,410
Later than two years and not later than five years	7,687,903	8,646,586	4,652,146	2,720,055
	19,835,103	20,294,235	12,664,867	8,643,704
Less: Future finance charges	(2,054,071)	(2,227,066)	(1,272,107)	(835,233)
Present value of minimum lease payments	17,781,032	18,067,169	11,392,760	7,808,471
Present value of minimum lease payments:				
Within one year	5,719,694	5,494,900	4,195,014	2,337,197
Later than one year and not later than two years	4,863,667	4,548,563	2,878,205	2,904,478
Later than two years and not later than five years	7,197,671	8,023,706	4,319,541	2,566,796
	17,781,032	18,067,169	11,392,760	7,808,471

The Group leases various buildings, computer software and equipment, motor/commercial vehicles and plant and machinery. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

As at 31 December 2023, the carrying amount of RM16,189,255 (2022: RM16,048,467; 2021: RM10,721,808; 2020: RM7,240,226) is under hire purchase arrangement and is secured by computer software and equipment, motor/commercial vehicles and plant and machinery as disclosed in Note 6 to the consolidated financial statements.

15. Lease Liabilities (Cont'd)

The average effective interest rates per annum are as follows:

	Audited			
	2023	**2022**	**2021**	**2020**
	%	**%**	**%**	**%**
Lease liabilities	3.80 - 7.65	3.80 - 7.65	3.80 - 7.30	4.97 - 7.30

16. Loans and Borrowings

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Secured				
Term loans	54,848,519	33,745,700	34,219,529	34,157,318
Analysed as:				
Non-current				
Term loans	49,727,306	29,801,475	31,078,181	31,681,107
Current				
Term loans	5,121,213	3,944,225	3,141,348	2,476,211
	54,848,519	33,745,700	34,219,529	34,157,318

The term loans are secured by the following:

(i) First party legal charge over the freehold and leasehold lands and buildings as disclosed in Notes 4, 5 and 6 to the consolidated financial statements;

(ii) Existing Deed of Assignment over the rights, titles and interests over the capital work-in-progress as disclosed in Note 4 to the consolidated financial statements;

(iii) Joint and several guarantee by certain Directors;

(iv) Corporate guarantee by the former holding company, Prefered Advantage Sdn. Bhd.;

(v) Corporate guarantee by a shareholder of the Company, Lille Management Sdn. Bhd.;

(vi) 70% guarantee coverage by the Government of Malaysia;

16. Loans and Borrowings (Cont'd)

The term loans are secured by the following: (Cont'd)

(vii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad for RM2,400,000 under Pemulih Government Guarantee Scheme; and

(viii) Credit Level Term Assurance (CLTA) without Money Back Protector (MBP) of total premium not exceeding of RM380,000 to cover insured a director for 15 years and insurance policy is to be assigned to the financial institution.

The average effective interest rates per annum are as follows:

	<- - - - - - - - Audited			- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	%	**%**	**%**	**%**
Term loans	4.86 - 8.20	5.17 - 7.95	6.42 - 6.95	6.45 - 6.95

17. Deferred Tax Liabilities

	<- - - - - - - - Audited			- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At 1 January	2,796,947	2,260,340	1,315,643	1,213,846
Recognised in profit or loss	1,104,250	733,868	935,476	278,495
(Over)/Under provision in prior years	(73,099)	(197,261)	9,221	(176,698)
At 31 December	3,828,098	2,796,947	2,260,340	1,315,643

The net deferred tax liabilities and assets shown on the consolidated statements of financial position after appropriate offsetting are as follows:

	<- - - - - - - - Audited			- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities	3,828,098	2,796,947	2,260,340	1,723,825
Deferred tax assets	-	-	-	(408,182)
	3,828,098	2,796,947	2,260,340	1,315,643

17. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Property, plant and equipment RM	Right-of-use assets RM	Lease liabilities RM	Total RM
Audited				
Deferred tax liabilities				
At 1 January 2023	2,804,653	508,632	(516,338)	2,796,947
Recognised in profit or loss	1,109,625	(107,837)	102,462	1,104,250
(Over)/Under provision in prior years	(73,986)	(30,963)	31,850	(73,099)
At 31 December 2023	3,840,292	369,832	(382,026)	3,828,098
At 1 January 2022	2,260,340	-	-	2,260,340
Recognised in profit or loss	735,793	353,382	(355,307)	733,868
(Over)/Under provision in prior years	(191,480)	155,250	(161,031)	(197,261)
At 31 December 2022	2,804,653	508,632	(516,338)	2,796,947
At 1 January 2021	1,723,825	-	-	1,723,825
Recognised in profit or loss	633,653	-	-	633,653
Over provision in prior years	(97,138)	-	-	(97,138)
At 31 December 2021	2,260,340	-	-	2,260,340
At 1 January 2020	1,213,846	-	-	1,213,846
Recognised in profit or loss	686,677	-	-	686,677
Over provision in prior years	(176,698)	-	-	(176,698)
At 31 December 2020	1,723,825	-	-	1,723,825

17. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised reinvestment allowance RM
Audited	
Deferred tax assets	
At 1 January 2021	(408,182)
Recognised in profit or loss	301,823
Over provision in prior years	106,359
At 31 December 2021	-
At 1 January 2020	-
Recognised in profit or loss	(408,182)
At 31 December 2020	(408,182)

The amounts of temporary differences for which no deferred tax assets have been recognised are as follow:

	<- - - - - - - - - - - - - - - - Audited			- - - - - - - - - - - - - - - ->
	2023 RM	**2022 RM**	**2021 RM**	**2020 RM**
Unutilised tax losses	72,782	249	-	-

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

18. Trade Payables

	<- - - - - - - - - - - - - - - - Audited			- - - - - - - - - - - - - - - ->
	2023 RM	**2022 RM**	**2021 RM**	**2020 RM**
Trade payables:				
- Third parties	186,381	538,013	1,138,750	615,495
- Related parties	-	-	-	288,726
	186,381	538,013	1,138,750	904,221

18. Trade Payables (Cont'd)

Trade payables are non-interests bearing and the normal credit terms granted to the Group ranged from 3 to 120 days (2022: 3 to 120 days; 2021: 30 to 90 days; 2020: 30 to 90 days), depending on the term of contracts.

19. Other Payables

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Amount due to directors	-	-	207,782	7,568,574
Amount due to related parties	-	-	2,600	154,729
Other payables	138,297	534,769	137,329	143,387
Deposits received	95,650	90,650	85,650	95,650
Accruals	1,145,068	963,737	1,008,520	990,880
	1,379,015	1,589,156	1,441,881	8,953,220

The amount due to directors and related parties are non-interest bearing, unsecured and repayable on demand.

20. Revenue

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers:				
Rendering of services	43,805,740	49,914,295	48,480,936	40,293,307
Revenue from other sources:				
Warehouse income	8,178,048	6,828,500	3,774,990	2,777,421
	51,983,788	56,742,795	52,255,926	43,070,728

The timing of revenue recognition is at a point in time for the revenue from contracts with customers.

21. Finance Costs

	<- Audited ->			
	2023	2022	2021	2020
	RM	RM	RM	RM
Interest expenses of financial liabilities not at fair value through profit or loss:				
- Term loans	2,568,730	1,902,313	1,791,179	1,581,907
- Lease liabilities	1,055,816	753,807	472,035	522,133
- Others	3,598	726	3,537	13
	3,628,144	2,656,846	2,266,751	2,104,053

22. Profit Before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	<- Audited ->			
	2023	2022	2021	2020
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits				
- UHY	43,500	43,500	43,500	46,500
- other auditors	9,549	8,989	8,033	7,774
- other services				
- UHY	-	110,300	76,300	3,900
Amortisation of right-of-use assets	3,727,112	2,503,226	2,074,526	1,467,460
Bad debts written off	-	-	3,700	-
Depreciation of property, plant and equipment	1,025,309	886,451	896,162	902,678
(Gain)/Loss on foreign exchange:				
- realised	(193)	(599)	(6,449)	20,133
- unrealised	(49,020)	31,506	(101,063)	(21,038)
Gain on modification of lease terms	(930)	(9,167)	-	-
Gain on struck off of investment in a subsidiary company	-	-	-	(22,487)

22. Profit Before Tax (Cont'd)

Profit before tax is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Audited 2023 RM	2022 RM	2021 RM	2020 RM
Interest income	(6,053)	(131)	-	-
Lease expenses relating to low value assets:				
- computer software and equipment	126,886	116,312	-	-
Lease expenses relating to short-term leases:				
- buildings	1,962	11,150	109,960	21,609
- motor vehicles	112,030	98,430	17,610	130,800
Loss/(Gain) on disposal of property, plant and equipment	800	(2,999)	(2,504,875)	-
Loss/(Gain) on disposal of investment in subsidiary companies	-	12,225	(926,324)	-
Loss/(Gain) on disposal of right-of-use assets	48,744	26,808	(87,646)	-
Non-executive Directors' remunerations:				
- fees	180,000	69,194	-	-
- other emoluments	88,023	66,393	5,000	-
Property, plant and equipment written off	-	1	177,883	-
Rental income	(4,500)	-	-	-
Right-of-use assets written off	63,000	-	-	-

23. Taxation

	<- - - - - - - Audited	- - - - - - -	- - - - - - -	- - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Tax expenses recognised in profit or loss:				
Current tax				
- Current financial year	645,678	1,980,993	1,747,622	605,519
- Under provision in prior years	1,597,346	328,680	46,214	178,586
	2,243,024	2,309,673	1,793,836	784,105
Deferred tax				
- Origination and reversal of temporary differences	1,104,250	733,868	935,476	278,495
- (Over)/Under provision in prior years	(73,099)	(197,261)	9,221	(176,698)
	1,031,151	536,607	944,697	101,797
Real property gains tax				
- Current financial year	-	-	261,600	-
- Under provision in prior years	-	34,000	-	-
	-	34,000	261,600	-
	3,274,175	2,880,280	3,000,133	885,902

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%; 2021: 24%; 2020: 24%) of the estimated assessable profits for the financial year.

23. Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	<- - - - - - - - - - - - - - - - Audited		- - - - - - - - - - - - - - - ->	
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit before tax	9,681,248	15,223,075	17,504,142	10,274,115
At Malaysian statutory tax rate of 24% (2022: 24%; 2021: 24%; 2020: 24%)	2,323,500	3,653,538	4,200,994	2,465,788
Expenses not deductible for tax purposes	538,396	519,930	296,265	178,953
Income not subject to tax	(9,808)	(720)	(640,094)	(3,491)
Investment tax allowance	(1,174,693)	(1,457,887)	(1,174,067)	(1,755,100)
Deferred tax assets not recognised	72,533	-	-	-
Utilisation of previously unrecognised deferred tax assets	-	-	-	(2,136)
Real property gains tax	-	-	261,600	-
	1,749,928	2,714,861	2,944,698	884,014
Under provision of income tax expense in prior years	1,597,346	328,680	46,214	178,586
(Over)/Under provision of deferred tax in prior years	(73,099)	(197,261)	9,221	(176,698)
Under provision of real property gains tax in prior years	-	34,000	-	-
	3,274,175	2,880,280	3,000,133	885,902

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendments to Section 44(5F) of Income Tax Act 1967, the time limit of the carried forward unutilised tax losses has been extended to maximum of 10 consecutive years of assessment. This amendment is deemed to have effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

23. Taxation (Cont'd)

The Group has estimated unutilised tax losses carried forward, available to set-off against future taxable profit as follows:

	<- - - - - - -	- - - Audited - - -	- - - - - - -	- - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses, expiring on:				
- year assesment 2032	1,038	1,038	-	-
- year assesment 2033	302,222	-	-	-
	303,260	1,038	-	-

24. Dividends

	<- - - - - - -	- - - Audited - - -	- - - - - - -	- - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Dividends recognised as distribution to ordinary shareholders of the Company:				
- A single tier dividend of RM0.10 per ordinary share in respect of financial year ended 31 December 2022	-	800,000	-	-
- A single tier dividend of RM0.50 per ordinary share in respect of financial year ended 31 December 2020	-	-	-	4,000,000
	-	800,000	-	4,000,000

25. Staff Costs

	<----------- Audited	-----------	-----------	----------->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Salaries, wages and other emoluments	14,152,329	13,155,672	8,927,264	5,756,128
Defined contribution plans	1,219,131	992,746	591,489	438,948
Social security contribution	129,772	111,117	73,877	54,947
	15,501,232	14,259,535	9,592,630	6,250,023

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group as below:

	<----------- Audited	-----------	-----------	----------->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and other emoluments	1,806,900	1,121,800	501,000	456,000
Defined contribution plans	234,897	146,084	58,500	48,360
Social security contribution	4,588	3,453	1,847	1,847
	2,046,385	1,271,337	561,347	506,207
Estimated value of benefit-in-kind	59,600	52,513	47,900	47,900
	2,105,985	1,323,850	609,247	554,107

26. Commitments

(a) Capital expenditure

	Audited 2023 RM
Authorised and contracted for:	
Freehold land and building	57,460,000
Authorised but not contracted for:	
Plant and machinery	245,000
Motor/Commercial vehicles	1,307,130
	59,012,130

26. Commitments (Cont'd)

(a) Capital expenditure (Cont'd)

	Audited 2022 RM
Authorised and contracted for:	
Leasehold land and building	15,840,000
Authorised but not contracted for:	
Freehold land and building	67,300,000
Plant and machinery	2,144,965
Motor/Commercial vehicles	4,653,060
	89,938,025

(b) Investment in subsidiary companies

In the Articles of Association of its subsidiary company, Shanghai Shuntong International Freight Forwarding Co. Ltd., Sin-Kung Logistics (HK) Limited, a subsidiary company of the Company, has committed to contribute RMB3,000,000 (equivalent to HKD3,297,147; which also equivalent to RM1,937,400) as the registered capital into Shanghai Shuntong International Freight Forwarding Co. Ltd. within 30 years from the date of incorporation on 16 November 2017, i.e. not later than 15 November 2047. No contribution has been made up to the date of this report.

27. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

			Non-cash changes			
	At 1 January 2023 RM	Financing cash flows (i) RM	Modification of lease terms (Note 15) RM	New lease (Note 15) RM	Other changes (ii) RM	At 31 December 2023 RM
Audited						
Lease liabilities (Note 15)	18,067,169	(5,721,123)	(15,579)	5,450,565	-	17,781,032
Term loans (Note 16)	33,745,700	(501,555)	-	-	21,604,374	54,848,519
	51,812,869	(6,222,678)	(15,579)	5,450,565	21,604,374	72,629,551

			Non-cash changes			
	At 1 January 2022 RM	Financing cash flows (i) RM	Modification of lease terms (Note 15) RM	New lease (Note 15) RM	Other changes (ii) RM	At 31 December 2022 RM
Audited						
Amount due to directors (Note 19)	207,782	(207,782)	-	-	-	-
Amount due to former related companies (Note 12)	51,479	(51,479)	-	-	-	-
Dividends payable	-	(800,000)	-	-	800,000	-
Lease liabilities (Note 15)	11,392,760	(4,413,827)	(139,168)	11,227,404	-	18,067,169
Term loans (Note 16)	34,219,529	(476,421)	-	-	2,592	33,745,700
	45,871,550	(5,949,509)	(139,168)	11,227,404	802,592	51,812,869

27. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

			Non-cash changes		
	At 1 January 2021	Financing cash flows (i)	New lease (Note 15)	Other changes (ii)	At 31 December 2021
	RM	RM	RM	RM	RM
Audited					
Amount due to directors (Note 19)	7,568,574	(7,360,792)	-	-	207,782
Amount due from former holding company (Note 11)	(43,809)	43,809	-	-	-
Amount due from former related companies (Note 12)	(667,004)	667,004	-	-	-
Amount due to former related companies (Note 12)	-	51,479	-	-	51,479
Dividends payable	4,000,000	(4,000,000)	-	-	-
Lease liabilities (Note 15)	7,808,471	(2,986,950)	6,571,239	-	11,392,760
Term loans (Note 16)	34,157,318	(42,228)	-	104,439	34,219,529
	52,823,550	(13,627,678)	6,571,239	104,439	45,871,550

27. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

			Non-cash changes		
	At 1 January 2020 RM	Financing cash flows (i) RM	New lease (Note 15) RM	Other changes (ii) RM	At 31 December 2020 RM
Audited					
Amount due to directors (Note 19)	7,063,673	504,901	-	-	7,568,574
Amount due from former holding company (Note 11)	(23,765)	(20,044)	-	-	(43,809)
Amount due from former related companies (Note 12)	(14,863)	(652,141)	-	-	(667,004)
Dividends payable	-	-	-	4,000,000	4,000,000
Lease liabilities (Note 15)	8,633,153	(2,283,572)	1,458,890	-	7,808,471
Term loans (Note 16)	15,304,697	852,621	-	18,000,000	34,157,318
	30,962,895	(1,598,235)	1,458,890	22,000,000	52,823,550

Note:

(i) The financing cash flows from amount due to directors, amount due from former holding company, amount due from former related companies, amount due to former related companies, dividends payable, lease liabilities and term loans make up the net amount of proceeds from or repayments or payment of borrowings in the consolidated statements of cash flows.

(ii) Other changes include dividends payable to owners of the Group, interest payable and loan financing for acquisition of property, plant and equipment, investment properties and right-of-use assets.

28. Related Party Disclosures

(a) Identified related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the consolidated financial statements, the significant related party transactions of the Group are as follows:

	<- - - - - - - - - - - - - - Audited			- - - - - - - - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
(i) Transactions with former related companies				
- Hiring of trucks paid and payable	-	-	-	14,400
- Upkeep of motor vehicles received and receivable	-	-	-	3,510
- Ground handling service paid and payable	-	-	514,827	621,982

28. Related Party Disclosures (Cont'd)

(b) Significant related party transactions (Cont'd)

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the consolidated financial statements, the significant related party transactions of the Group are as follows: (Cont'd)

	<- - - - - - - -	Audited	- - - - - - - ->	
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
(ii) Transactions with related parties				
- Hiring of trucks paid and payable	-	-	-	116,400
- Manpower supply paid and payable	-	-	2,762,171	5,241,301
- Disposals of property, plant and equipment	-	-	8,200,000	-
- Disposals of right-of-use assets	-	-	520,000	-

(c) Compensation of key management personnel

The total compensation of the Group's Executive Directors and other key management personnel compensation for the financial year are as follow:

	<- - - - - - - -	Audited	- - - - - - - ->	
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Salaries and other emoluments	1,806,900	1,121,800	501,000	456,000
Defined contribution plans	234,897	146,084	58,500	48,360
Social security contribution	4,588	3,453	1,847	1,847
	2,046,385	1,271,337	561,347	506,207
Estimated value of benefit-in-kind	59,600	52,513	47,900	47,900
	2,105,985	1,323,850	609,247	554,107

29. Segmental Information

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The principal businesses of the Group are carrying on the business of providing lorry transport services, hiring of trucks and warehousing/maintenance services which are substantially within a single business segment. As such, segmental reporting by business segment is deemed not necessary.

(b) Geographical segment

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

(c) Major customers

Revenue from major customers with revenue equal or more than 10% of the Group's revenue are as follows:

	<- - - - - - - - - - - - - - - -	Audited	- - - - - - - - - - - - - - - ->	
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Customer A	8,781,908	11,062,980	11,911,799	8,860,078
Customer B	1,749,341	4,479,840	6,184,727	6,809,341
Customer C	6,578,022	7,231,573	6,116,717	4,819,788
	17,109,271	22,774,393	24,213,243	20,489,207

30. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

30. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the consolidated statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Audited			
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Financial assets				
Financial assets at fair value through profit or loss:				
Other investments	5,000	5,000	5,000	5,000
Financial assets at amortised cost:				
Trade receivables	7,985,947	7,021,619	8,399,036	6,938,807
Other receivables (excluding prepayments)	1,011,951	2,879,743	936,459	1,528,860
Amount due from:				
- former holding company	-	-	-	43,809
- former related companies	-	-	-	667,004
Cash and bank balances	10,148,700	15,808,853	9,460,652	5,683,932
	19,151,598	25,715,215	18,801,147	14,867,412
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	186,381	538,013	1,138,750	904,221
Other payables	1,379,015	1,589,156	1,441,881	8,953,220
Dividends payable	-	-	-	4,000,000
Amount due to former related companies	-	-	51,479	656,082
Lease liabilities	17,781,032	18,067,169	11,392,760	7,808,471
Loans and borrowings	54,848,519	33,745,700	34,219,529	34,157,318
	74,194,947	53,940,038	48,244,399	56,479,312

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group 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, other receivables, loans and advances to former holding company and former related companies and deposits with banks and financial institutions. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Group provides unsecured loans and advances to former holding company and former related companies. The Group monitors on an ongoing basis the results of the former holding company and former related companies and repayments made by the former holding company and former related companies.

At each reporting date, the Group assesses whether any if the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group 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.

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the consolidated statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk in relation to financial assets.

There are no significant changes as compared to previous financial years.

The Group's major concentration of credit risk related to the amount owing by 1 customer (2022: 3 customers; 2021: 2 customers; 2020: 3 customers) which constituted approximately 11% (2022: 45%; 2021: 39%; 2020: 48%) of its trade receivables as at the end of reporting date.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
2023						
Financial liabilities						
Trade payables	186,381	-	-	-	186,381	186,381
Other payables	1,379,015	-	-	-	1,379,015	1,379,015
Lease liabilities	6,669,953	5,477,247	7,687,903	-	19,835,103	17,781,032
Loans and borrowings	7,903,473	7,470,972	17,318,163	39,092,986	71,785,594	54,848,519
	16,138,822	12,948,219	25,006,066	39,092,986	93,186,093	74,194,947

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
2022						
Financial liabilities						
Trade payables	538,013	-	-	-	538,013	538,013
Other payables	1,589,156	-	-	-	1,589,156	1,589,156
Lease liabilities	6,446,156	5,201,493	8,646,586	-	20,294,235	18,067,169
Loans and borrowings	5,978,774	5,806,063	14,186,048	18,860,497	44,831,382	33,745,700
	14,552,099	11,007,556	22,832,634	18,860,497	67,252,786	53,940,038

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
2021						
Financial liabilities						
Trade payables	1,138,750	-	-	-	1,138,750	1,138,750
Other payables	1,441,881	-	-	-	1,441,881	1,441,881
Amount due to former related companies	51,479	-	-	-	51,479	51,479
Lease liabilities	4,778,831	3,233,890	4,652,146	-	12,664,867	11,392,760
Loans and borrowings	5,303,282	5,303,282	14,202,570	24,105,567	48,914,701	34,219,529
	12,714,223	8,537,172	18,854,716	24,105,567	64,211,678	48,244,399

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Audited						
2020						
Financial liabilities						
Trade payables	904,221	-	-	-	904,221	904,221
Other payables	8,953,220	-	-	-	8,953,220	8,953,220
Dividends payable	4,000,000	-	-	-	4,000,000	4,000,000
Amount due to former related companies	656,082	-	-	-	656,082	656,082
Lease liabilities	2,753,239	3,170,410	2,720,055	-	8,643,704	7,808,471
Loans and borrowings	4,665,092	4,084,100	13,272,333	28,567,467	50,588,992	34,157,318
	21,931,854	7,254,510	15,992,388	28,567,467	73,746,219	56,479,312

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Euro ("EUR") and Thai Baht ("THB").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in						
	USD RM	**SGD RM**	**RMB RM**	**HKD RM**	**EUR RM**	**THB RM**	**Total RM**
Audited							
2023							
Trade receivables	45,774	5,671	-	-	39,959	-	91,404
Cash and bank balances	192,561	23,621	2,351	4,752	51,309	2,008	276,602
	238,335	29,292	2,351	4,752	91,268	2,008	368,006

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows: (Cont'd)

	Denominated in						
	USD	**SGD**	**RMB**	**HKD**	**EUR**	**THB**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Audited							
2022							
Trade receivables	37,069	-	-	-	24,753	-	61,822
Cash and bank balances	18,510	1,712	2,309	4,532	105,335	141	132,539
	55,579	1,712	2,309	4,532	130,088	141	194,361

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows: (Cont'd)

	Denominated in					
	USD RM	**SGD RM**	**RMB RM**	**HKD RM**	**EUR RM**	**Total RM**
Audited						
2021						
Trade receivables	-	-	-	-	42,730	42,730
Cash and bank balances	75,321	75,059	2,384	538	609,051	762,353
	75,321	75,059	2,384	538	651,781	805,083
Audited						
2020						
Trade receivables	9,648	-	-	-	126,348	135,996
Cash and bank balances	44,462	28,260	3,945	5	20,893	97,565
	54,110	28,260	3,945	5	147,241	233,561

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of the Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, SGD, RMB, HKD, EUR and THB exchange rates against RM, with all other variables held constant.

		<- - - - - - - - - - - Audited - - - - - - - - - - - ->			
		Effect on profit before tax			
		2023	**2022**	**2021**	**2020**
		RM	**RM**	**RM**	**RM**
	Change in currency rate				
USD	Strengthened 10%	23,834	5,558	7,532	5,411
	Weakened 10%	(23,834)	(5,558)	(7,532)	(5,411)
SGD	Strengthened 10%	2,929	171	7,506	2,826
	Weakened 10%	(2,929)	(171)	(7,506)	(2,826)
RMB	Strengthened 10%	235	231	238	395
	Weakened 10%	(235)	(231)	(238)	(395)
HKD	Strengthened 10%	475	453	54	1
	Weakened 10%	(475)	(453)	(54)	(1)
EUR	Strengthened 10%	9,127	13,009	65,178	14,724
	Weakened 10%	(9,127)	(13,009)	(65,178)	(14,724)
THB	Strengthened 10%	201	14	-	-
	Weakened 10%	(201)	(14)	-	-

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's fixed rate borrowings 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.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	<- - - - - - - - - - - - - - - Audited - - - - - - - - - - - - - - ->			
	2023 RM	**2022 RM**	**2021 RM**	**2020 RM**
Fixed rate instruments				
<u>Financial liabilities</u>				
Lease liabilities	17,781,032	18,067,169	11,392,760	7,808,471
Floating rate instruments				
<u>Financial liabilities</u>				
Loans and borrowings	54,848,519	33,745,700	34,219,529	34,157,318

30. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' profit before tax by RM548,485 (2022: RM337,457; 2021: RM342,195; 2020: RM341,573), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amounts of the long term borrowings at the reporting date reasonably approximate their fair values.

30. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the consolidated statements of financial position.

	Fair value of financial instruments carried at fair value				**Total fair value**	**Carrying amount**
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**RM**	**RM**
Audited						
2023						
Financial assets						
Other investments	5,000	-	-	5,000	5,000	5,000
Audited						
2022						
Financial assets						
Other investments	5,000	-	-	5,000	5,000	5,000
Audited						
2021						
Financial assets						
Other investments	5,000	-	-	5,000	5,000	5,000
Audited						
2020						
Financial assets						
Other investments	5,000	-	-	5,000	5,000	5,000

30. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

31. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<- - - - - - - - Audited			- - - - - - - ->
	2023	**2022**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Lease liabilities (Note 15)	17,781,032	18,067,169	11,392,760	7,808,471
Loans and borrowings (Note 16)	54,848,519	33,745,700	34,219,529	34,157,318
Total debts	72,629,551	51,812,869	45,612,289	41,965,789
Total equity	60,268,304	53,867,290	42,330,421	27,714,383
Gearing ratio (times)	1.21	0.96	1.08	1.51

There were no changes in the Group's approach to capital management during the financial year.

32. Subsidiary Companies

Details of the subsidiary companies are as follow:

Name of company	Place of business/ Country of incorporation	Effective interest 2023 %	2022 %	2021 %	2020 %	Principal activities
Pengangkutan Ikatan Jerneh Sdn. Bhd.	Malaysia	-	-	100	100	Hiring of motor trucks and lorry transport services and provision of human resources for client business
Bayan Berjasa Sdn. Bhd.	Malaysia	100	100	100	100	Provision of trucking and land transportation services
Sin-Kung Bonded Warehouse Sdn. Bhd.	Malaysia	70	70	70	100	Provision of trucking, land transportation and warehouse services
Forecom Sdn. Bhd.	Malaysia	-	-	-	70	Dormant
Sin Kung Ecommerce Logistics Sdn. Bhd.	Malaysia	90	90	90	65	Courier services, line haul transportation, land transportation and transportation agent
Sin-Kung Logistics (HK) Limited #	Hong Kong	100	100	100	100	Investment holding

32. Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follow: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest 2023 %	2022 %	2021 %	2020 %	Principal activities
Sin-Kung Property Management Sdn. Bhd.	Malaysia	100	100	100	100	Investment holding
Sin-Kung Fleet Management Sdn. Bhd.	Malaysia	100	100	100	-	Provision of drivers
Held through Forecom Sdn. Bhd.						
Penang Lorry Transport Company, Sdn. Berhad	Malaysia	-	-	-	70	Transport and forwarding agent and rental of motor vehicles
Held through Sin-Kung Logistics (HK) Limited						
Shanghai Shuntong International Freight Forwarding Co. Ltd. * #	Shanghai/ People's Republic of China	100	100	100	100	Logistics and freight forwarding

\# *Subsidiary companies not audited by Messrs. UHY.*

* *Management accounts had been used for the purpose of consolidation. These subsidiary companies are currently dormant or inactive.*

32. Subsidiary Companies (Cont'd)

(a) Acquisition of subsidiary companies

In the previous financial year

On 8 December 2021, Sin-Kung Logistics Berhad subscribed 1 ordinary share in total cash consideration of RM1 representing 100% of the total issued and paid up capital of Sin-Kung Fleet Management Sdn. Bhd..

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

Fair value of identifiable assets acquired and liabilities assumed

	RM
Cash and bank balances, represent total identifiable assets and liabilities	1

Net cash outflow arising from acquisition of subsidiary companies

	RM
Purchase consideration settled in cash	(1)
Cash and cash equivalents acquired	1
	-

Business combination

	RM
Fair value of consideration transferred	(1)
Fair value of identifiable assets acquired and liabilities assumed	1
	-

32. Subsidiary Companies (Cont'd)

(b) Changes in ownership interests in subsidiary companies without change of control

<u>In the previous financial year</u>

(i) On 1 October 2021, Sin-Kung Logistics Berhad acquired additional 25% equity interest in Sin Kung Ecommerce Logistics Sdn. Bhd. for cash consideration of RM20,000, increasing its ownership from 65% to 90%. The carrying amount of Sin Kung Ecommerce Logistics Sdn. Bhd.'s net assets in the Group's consolidated financial statements on the date of acquisition was RM24,645. The Group recognised a decrease in non-controlling interest of RM6,161.

The effect of changes in the equity interest in Sin Kung Ecommerce Logistics Sdn. Bhd. that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest acquired	6,161
Consideration paid to non-controlling interest	(20,000)
Decrease in parent's equity	(13,839)

(ii) On 18 October 2021, Sin-Kung Logistics Berhad disposed 30% equity interest in Sin-Kung Bonded Warehouse Sdn. Bhd. for cash consideration of RM68,188, decreasing its ownership from 100% to 70%. The carrying amount of Sin-Kung Bonded Warehouse Sdn. Bhd.'s net assets in the Group's consolidated financial statements on the date of disposal was RM236,638. The Group recognised an increase in non-controlling interest of RM70,991.

The effect of changes in the equity interest in Sin-Kung Bonded Warehouse Sdn. Bhd. that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest disposed	(70,991)
Consideration received from non-controlling interest	68,188
Decrease in parent's equity	(2,803)

(iii) On 15 July 2020, Sin Kung Air Cargo Sdn. Bhd. had been de-registered from Suruhanjaya Syarikat Malaysia. As a result, Sin Kung Air Cargo Sdn. Bhd. was derecognised as subsidiary company of the Company.

32. Subsidiary Companies (Cont'd)

(c) Disposal of subsidiary companies

In the previous financial year

(i) On 24 January 2022, Sin-Kung Logistics Berhad disposed its 100% equity interest in Pengangkutan Ikatan Jerneh Sdn. Bhd. for cash consideration of RM434,000 which had resulted a loss of RM12,225.

The effect of the disposal of a subsidiary company on the financial position of the Group as the date of disposal was as follows:

	RM
Cost of property, plant and equipment (Note 4)	6,305,235
Accumulated depreciation of property, plant and equipment (Note 4)	(6,305,235)
Other receivables	460,196
Cash and bank balances	9,122
Other payables	(19,670)
Tax payable	(3,423)
Total net assets disposed	446,225
Loss on disposal of a subsidiary company	(12,225)
Proceeds from disposal	434,000
Less: Cash and cash equivalents disposed	(9,122)
Net cash inflows from disposal	424,878

32. Subsidiary Companies (Cont'd)

(c) Disposal of subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

(ii) On 12 August 2021, Sin-Kung Logistics Berhad disposed its 70% equity interest in Forecom Sdn. Bhd. and Penang Lorry Transport Company, Sdn. Berhad for cash consideration of RM740,734 which had resulted a gain of RM926,324.

The effect of the disposals of subsidiary companies on the financial position of the Group as the date of disposals was as follows:

	RM
Cost of property, plant and equipment (Note 4)	4,862,702
Accumulated depreciation of property, plant and equipment (Note 4)	(4,862,702)
Other receivables	80,604
Tax recoverable	2,998
Cash and bank balances	16,129
Other payables	(362,824)
	(263,093)
Less: Non-controlling interests	77,503
Total net assets disposed	(185,590)
Gain on disposals of subsidiary companies	926,324
Proceeds from disposals	740,734
Less: Cash and cash equivalents disposed	(16,129)
Net cash inflows from disposals	724,605

33. Date of Authorisation for Issue

The consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 1 April 2024.

SIN-KUNG LOGISTICS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, ALAN ONG LAY WOOI and ANGELINE ONG LAY SHEE the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the consolidated financial statements set out on pages 5 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Prospectus Guidelines issued by the Security Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 and of its financial performance and cash flows for the financial years then ended on those dates.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 1 April 2024.

ALAN ONG LAY WOOI	ANGELINE ONG LAY SHEE

PENANG

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

1 April 2024

The Board of Directors
Sin-Kung Logistics Berhad
Lot 1928, Jalan Bukit Kemuning
40460 Shah Alam
Selangor Darul Ehsan, Malaysia

Dear Sirs/Madams,

SIN-KUNG LOGISTICS BERHAD
REPORTING ACCOUNTANTS' REPORT ON COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Sin-Kung Logistics Berhad ("SKL" or "the Company") and its subsidiary companies (collectively referred as "the Group") as at 31 December 2023, together with the accompanying notes thereon in Appendix A of the Pro Forma Consolidated Statements of Financial Position, which have been prepared by the management of the Company, for which we have stamped for the purpose of identification, for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position of the Group are described in the notes to the Appendix A of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirement of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board Directors to illustrate the impact of transactions described in Note 2 to the Appendix A of the Pro Forma Consolidated Statements of Financial Position had the transactions been effected on 31 December 2023. As part of this process, information about the consolidated financial position of the Group has been extracted by the Board of Directors from the Group's audited consolidated financial statements for the financial year ended 31 December 2023.

Reporting Accountants' Independence and Quality Control

We are independent of the Group 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.

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Board of Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position of the Group on the basis described in Note 1 to the Appendix A of the Pro Forma Consolidated Statements of Financial Position and in accordance to the requirement of the Prospectus Guidelines.

Reporting Accountants' Responsibilities for the Pro Forma Consolidated Statements of Financial Position

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors on the basis described in Note 1 to the Appendix A of the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board, as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance on whether the Board of Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the accompanying notes in the Appendix A of the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- The related Pro Forma Consolidated Statements of Financial Position adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position, which has been compiled by the Board of Directors for inclusion in the Prospectus in connection with the Listing only, has been properly compiled on the basis described in the accompanying notes in the Appendix A to the Pro Forma Consolidated Statements of Financial Position, and such basis is consistent, in all material respects, with the accounting policies adopted by the Group, unless otherwise stated.

Other Matters

This report has been prepared for inclusion in the Prospectus of the Company in connection to the Listing and should not be relied upon for any other purposes.

Yours faithfully,

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 03355/02/2026 J
Chartered Accountant

Kuala Lumpur

Appendix A

SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

The Pro Forma Consolidated Statements of Financial Position of Sin-Kung Logistics Berhad ("SKL" or "the Company") and its subsidiaries ("the Group") as at 31 December 2023 as set out below have been prepared for illustrative purposes only to show the impact of transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position had these transactions been effected on 31 December 2023 and should be read in conjunction with the notes thereon.

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Non-current assets								
Property, plant and equipment	4.1	59,750,531	-	59,750,531	-	59,750,531	67,746,789	127,497,320
Investment properties		12,625,277	-	12,625,277	-	12,625,277	-	12,625,277
Right-of-use assets	4.2	40,348,048	429,450	40,777,498	-	40,777,498	-	40,777,498
Other investments		5,000	-	5,000	-	5,000	-	5,000
		112,728,856	429,450	113,158,306	-	113,158,306	67,746,789	180,905,095

Appendix A

SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Current assets								
Inventories		2,918,596	-	2,918,596	-	2,918,596	-	2,918,596
Trade receivables		7,985,947	-	7,985,947	-	7,985,947	-	7,985,947
Other receivables	4.3	3,925,130	214,214	4,139,344	-	4,139,344	(823,766)	3,315,578
Tax recoverable		612,087	-	612,087	-	612,087	-	612,087
Cash and bank balances	4.4	10,148,700	-	10,148,700	26,000,000	36,148,700	(21,545,821)	14,602,879
		25,590,460	214,214	25,804,674	26,000,000	51,804,674	(22,369,587)	29,435,087
Total assets		138,319,316	643,664	138,962,980	26,000,000	164,962,980	45,377,202	210,340,182

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SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Equity								
Share capital	4.5	8,000,000	-	8,000,000	26,000,000	34,000,000	(1,250,603)	32,749,397
Reserves	4.6	52,202,954	-	52,202,954	-	52,202,954	(1,202,195)	51,000,759
Equity attributable to owners of the parent		60,202,954	-	60,202,954	26,000,000	86,202,954	(2,452,798)	83,750,156
Non-controlling interests		65,350	-	65,350	-	65,350	-	65,350
Total equity		60,268,304	-	60,268,304	26,000,000	86,268,304	(2,452,798)	83,815,506

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SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Non-current liabilities								
Lease liabilities	4.7	12,061,338	360,015	12,421,353	-	12,421,353	-	12,421,353
Loans and borrowings	4.8	49,727,306	171,763	49,899,069	-	49,899,069	49,050,000	98,949,069
Deferred tax liabilities		3,828,098	-	3,828,098	-	3,828,098	-	3,828,098
		65,616,742	531,778	66,148,520	-	66,148,520	49,050,000	115,198,520

Appendix A

SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Current liabilities								
Trade payables		186,381	-	186,381	-	186,381	-	186,381
Other payables		1,379,015	-	1,379,015	-	1,379,015	-	1,379,015
Tax payable		27,967	-	27,967	-	27,967	-	27,967
Lease liabilities	4.7	5,719,694	69,435	5,789,129	-	5,789,129	-	5,789,129
Loans and borrowings	4.8	5,121,213	42,451	5,163,664	-	5,163,664	(1,220,000)	3,943,664
		12,434,270	111,886	12,546,156	-	12,546,156	(1,220,000)	11,326,156
Total liabilities		78,051,012	643,664	78,694,676	-	78,694,676	47,830,000	126,524,676
Total equity and liabilities		138,319,316	643,664	138,962,980	26,000,000	164,962,980	45,377,202	210,340,182

Appendix A

SIN-KUNG LOGISTICS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Audited as at 31.12.2023 RM	Adjustment for subsequent events RM	Pro Forma I After subsequent events RM	Adjustment for IPO RM	Pro Forma II After Pro Forma I and IPO RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Supplementary information								
Number of ordinary shares (unit)		1,000,000,000		1,000,000,000		1,200,000,000		1,200,000,000
Net assets attributable to owners of the parent per share		0.06		0.06		0.07		0.07
Lease liabilities		17,781,032		18,210,482		18,210,482		18,210,482
Loans and borrowings		54,848,519		55,062,733		55,062,733		102,892,733
Total debts		72,629,551		73,273,215		73,273,215		121,103,215
Gearing ratio (times)[1]		1.21		1.22		0.85		1.44

Notes:

[1] Computed based on total debts divided by total equity.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

1. Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023 together with the notes thereon of which the Board of Directors of the Company is solely responsible, has been prepared for illustrative purposes only, to show the impact of the transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the Consolidated Statements of Financial Position of the Group as at 31 December 2023 had the transactions been effected on 31 December 2023, and should be read in conjunction with the accompanying notes thereon. Due to its nature, the Pro Forma Consolidated Statements of Financial Position is not necessarily indicative of the financial position of the Group that would have been attained had the impact of the transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023 has been compiled based on the audited consolidated statements of financial position of the Group as at 31 December 2023, which were prepared by the Board of Directors in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements specified in Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The audited consolidated statements of financial position of the Group as at 31 December 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023 have been prepared for inclusion in the prospectus of the Company ("Prospectus") in conjunction with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Listing") and for no other purposes.

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SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position

The subsequent events and initial public offering ("IPO") exercise as disclosed in Notes 2.1 and 2.2 respectively to the Pro Forma Consolidated Statements of Financial Position are included in the Pro Forma Consolidated Statements of Financial Position to show the effects of the transactions on the audited consolidated financial position of the Group as at 31 December 2023 had the transactions been effected on 31 December 2023 in accordance with the Prospectus Guidelines.

2.1 Subsequent events

2.1.1 Drawdown of loans and borrowings

The Group has drawdown a term loan of RM214,214 to finance business takaful as part of the requirement of the loan.

2.1.2 Acquisition of right-of-use assets under lease financing

The Group purchased 2 units of commercial vehicles under lease financing for a total consideration of RM429,450.

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SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.2 IPO

In conjunction with the Listing, the Company will undertake the followings:

2.2.1 Public Issue

The public issue of 200,000,000 new ordinary shares in the Company ("Public Issue"), representing approximately 16.7% of the enlarged share capital of the Company, at an IPO price of RM0.13 per share.

2.2.2 Offer for Sale

The offer for sale of 103,500,000 existing ordinary shares in the Company ("Offer for Sale"), representing 8.6% of the enlarged share capital of the Company, at an IPO price of RM0.13 per share, will be made available by ways of private placement to Bumiputera investors approved by MITI for 55,000,000 existing shares and private placement to selected investors for 48,500,000 existing shares.

No impact will be illustrated in the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023 as the effects of this transaction does not affect the total number of new ordinary shares to be issued and the Company will not receive any proceeds from the Offer for Sale.

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SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds

The gross proceeds from the Public Issue of RM26.0 million are expected to be utilised in the following manner:

Details of utilisation of proceeds	**Amount of proceeds**		**Estimated timeframe for utilisation from the Listing date**
	RM	**%**	
Expansion of warehousing and distribution services(1)	10,020,000	38.6	Within 36 months
Repayment of bank borrowings(2)	9,630,000	37.0	Within 12 months
Purchase of commercial vehicles(3)	2,000,000	7.7	Within 24 months
Working capital(4)	1,050,000	4.0	Within 12 months
Estimated listing expenses(5)	3,300,000	12.7	Within 1 month
	26,000,000	100.0	

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SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds (Cont'd)

Notes:

(1) Expansion of warehousing and distribution services

As part of its business strategy, the Group has entered into a sale and purchase agreement for the purchase of an office and warehouse located at Valdor, Seberang Perai Selatan, Penang with the property developer, Oriental Max Group. The purchase price of the industrial property has been partially settled via cash payment of RM4.0 million and loan financing of RM6.8 million as at 31 December 2023.

The total purchase consideration of the office and warehouse is RM70.6 million (including incidental expenses such as legal costs, stamp duty and memorandum of transfer of RM3.0 million) whereby the Group intends to allocate RM3.0 million from the proceeds to defray the incidental expenses. The balance purchase price will be funded from internally generated fund and/or bank borrowings.

In addition, the Group also intends to purchase the racking systems amounting to RM7.0 million to furnish the property which will be fully funded by the proceeds from Public Issue.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds (Cont'd)

Notes: (Cont'd)

(2) Repayment of bank borrowings

The Group has allocated RM9.6 million to fully repay its term loans which were mainly drawn down to finance the purchase of 2 vacant lands located at Sepang, Selangor and to refinance the term loan used for the acquisition of Shah Alam Workshop and for working capital purposes as well as to partially repay its term loan which was obtained for the purchase of Bukit Mertajam Office and Warehouse.

(3) Purchase of commercial vehicles

The Group intends to purchase 100 commercial vehicles by 2025 based on the Group's estimated requirements. Details of the 100 commercial vehicles are as follows:

Commercial vehicles	**Units**
<u>Provision of trucking services</u>	
Prime mover	8
Low loader trailer	2
<u>Provision of container haulage services</u>	
Prime mover	15
20-feet container trailer	25
40-feet container trailer	48
Sidelifter	2
Total	100

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds (Cont'd)

Notes: (Cont'd)

(3) Purchase of commercial vehicles (Cont'd)

The total cost of the 100 commercial vehicles is estimated to be RM8.0 million which was arrived based on quotations by suppliers. The Group intends to allocate RM2.0 million of the proceeds for the purchase of commercial vehicles and the balance of RM6.0 million will be funded from internally-generated funds and/or bank borrowings.

As at the latest practicable date of the prospectus, the utilisation of proceeds for 94 units of commercial vehicles is not factually supported by purchase orders or contractual binding agreements. Hence, the Group reflected 6 units of commercial vehicles amounting to RM0.9 million in the pro forma consolidated statements of financial position and has not illustrated the utilisation of proceeds for the remaining 94 units in the pro forma consolidated statements of financial position.

(4) Working capital

The Group's working capital requirements are expected to increase in line with the growth in its business operations and have allocated RM1.1 million to be used to supplement its working capital requirements mainly used for day-to-day operations of its logistics services business as well as warehousing including but not limited to maintenance expenses for commercial vehicles, motor vehicles, warehouses and machinery and payroll and administrative expenses.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds (Cont'd)

Notes: (Cont'd)

(5) Estimated listing expenses

An amount of RM3.3 million is allocated to meet the estimated cost of Listing. The following summarises the estimated expenses incidental to Listing to be borne by the Group:

	RM
Professional fees[(i)]	2,149,765
Fees payable to authorities	95,000
Underwriting, placement and brokerage fees	816,200
Printing, advertising fees and contingencies[(ii)]	239,035
	3,300,000
Listing expenses paid and expensed off as at 31 December 2023	(847,202)
Prepaid listing expenses as at 31 December 2023	(823,766)
	1,629,032

Notes:

(i) Includes advisory fees for, amongst others, the adviser, solicitors, reporting accountants, independent market researcher, independent internal control review consultant and issuing house.

(ii) Other incidental or related expenses in connection with the IPO.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)

2.3 Utilisation of Proceeds (Cont'd)

Notes: (Cont'd)

(5) Estimated listing expenses (Cont'd)

A total of RM1,250,603 of the estimated listing expenses is assumed to be directly attributable to the Public Issue and as such, will be debited against the share capital of the Company and the remaining estimated listing expenses of RM2,049,397 is expensed off.

If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for its general working capital requirements. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for its general working capital requirements.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

3. Effects of Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position

3.1 Pro Forma I

Pro Forma I incorporates the effects of the subsequent events as set out in Note 2.1 to the Pro Forma Consolidated Statements of Financial Position.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and IPO as set out in Note 2.2 to the Pro Forma Consolidated Statements of Financial Position.

3.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds as set out in Note 2.3 to the Pro Forma Consolidated Statements of Financial Position.

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

4. Detailed Effects on the Pro Forma Consolidated Statements of Financial Position

4.1 Property, plant and equipment

	RM
As at 31 December 2023/As per Pro Forma I and II	59,750,531
Pursuant to the acquisition of property, plant and equipment under loan financing	57,460,000
Pursuant to the acquisition of property, plant and equipment by cash payment	10,286,789
As per Pro Forma III	127,497,320

4.2 Right-of-Use Assets

	RM
As at 31 December 2023	40,348,048
Pursuant to the acquisition of right-of-use assets under lease financing	429,450
As per Pro Forma I, II and III	40,777,498

4.3 Other Receivables

	RM
As at 31 December 2023	3,925,130
Pursuant to the prepayment of business takaful under loan financing	214,214
As per Pro Forma I and II	4,139,344
Pursuant to utilisation of prepaid listing expenses in relation to the Listing	(823,766)
As per Pro Forma III	3,315,578

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

4. Detailed Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)

4.4 Cash and Bank Balances

	RM
As at 31 December 2023/As per Pro Forma I	10,148,700
Proceeds from issuance of new ordinary shares through Public Issue	26,000,000
As per Pro Forma II	36,148,700
Pursuant to defrayment of estimated listing expenses in relation to the Listing	(1,629,032)
Pursuant to defrayment for acquisition of property, plant and equipment by cash payment	(10,286,789)
Pursuant to defrayment for repayment of bank borrowings	(9,630,000)
As per Pro Forma III	14,602,879

4.5 Share Capital

	RM
As at 31 December 2023/As per Pro Forma I	8,000,000
Pursuant to issuance of new ordinary shares through Public Issue	26,000,000
As per Pro Forma II	34,000,000
Pursuant to defrayment of estimated listing expenses in relation to the Public Issue	(1,250,603)
As per Pro Forma III	32,749,397

Appendix A

SIN-KUNG LOGISTICS BERHAD
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

4. Detailed Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)

4.6 Reserves

	RM
As at 31 December 2023/As per Pro Forma I and II	52,202,954
Pursuant to defrayment of estimated listing expenses in relation to the IPO	(1,202,195)
As per Pro Forma III	51,000,759

4.7 Lease Liabilities

	RM
As at 31 December 2023	17,781,032
Pursuant to the acquisition of right-of-use assets under lease financing	429,450
As per Pro Forma I, II and III	18,210,482

4.8 Loans and Borrowings

	RM
As at 31 December 2023	54,848,519
Pursuant to the prepayment of business takaful under loan financing	214,214
As per Pro Forma I and II	55,062,733
Pursuant to the acquisition of property, plant and equipment under loan financing	57,460,000
Pursuant to defrayment for repayment of bank borrowings	(9,630,000)
As per Pro Forma III	102,892,733

SIN-KUNG LOGISTICS BERHAD
STATEMENT BY THE BOARD OF DIRECTORS FOR THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

We, ALAN ONG LAY WOOI and ANGELINE ONG LAY SHEE the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Board of Directors, the Pro Forma Consolidated Statements of Financial Position, together with the accompanying notes thereon, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2023.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 1 April 2024.

ALAN ONG LAY WOOI	ANGELINE ONG LAY SHEE

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.2,

(i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares to be issued for the Public Issue as disclosed in Section 4.3.1 and the bonus issue of Shares as disclosed in Section 6.1, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

15.2.1 Bayan Berjasa

Bayan Berjasa's share capital as at LPD is RM250,000 comprising 250,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
6 July 1994	2	RM2 / Cash	2
30 August 1994	1	RM1 / Cash	3
14 March 1995	99,997	RM99,997 / Cash	100,000
6 June 2013	150,000	RM150,000 / Cash	250,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Bayan Berjasa. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 SK Bonded Warehouse

SK Bonded Warehouse's share capital as at LPD is RM250,000 comprising 250,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
31 January 1983	2	RM2 / Cash	2
7 April 1983	24,998	RM24,998 / Cash	25,000
30 August 1990	40,000	RM40,000 / Cash	65,000
14 May 1992	85,000	RM85,000 / Cash	150,000
6 June 2013	100,000	RM100,000 / Cash	250,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SK Bonded Warehouse. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.3 SK Ecommerce Logistics

SK Ecommerce Logistics's share capital as at LPD is RM2,500 comprising 2,500 ordinary shares. The share capital since incorporation is as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
3 June 2014	2,500	RM2,500 / Cash	2,500

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SK Ecommerce Logistics. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.4 SK Fleet Management

SK Fleet Management's share capital as at LPD is RM1 comprising 1 ordinary share. The share capital since incorporation is as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
8 December 2021	1	RM1 / Cash	1

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SK Fleet Management. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.5 SK Property Management

SK Property Management's share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			RM
29 August 2018	1	RM1 / Cash	1
26 March 2019	99,999	RM99,999 / Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SK Property Management. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.6 SK Logistics HK

SK Logistics HK's share capital as at LPD is HKD10,000 (equivalent to approximately RM6,000) comprising 10,000 ordinary shares. The share capital since incorporation is as follows:

Date of allotment	No. of shares allotted	Consideration / Type of issue	Cumulative share capital
			HKD
13 October 2017	10,000	HKD10,000 / Cash	10,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SK Logistics HK. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.7 Shanghai Shuntong International

In PRC, the legal concepts used in determining a company's share capital are the concepts of "total investment" and "registered capital", which are typically provided for in the company's Articles of Association ("**AOA**"). Registered capital refers to the amount of capital that is committed to be invested in a company whereas, total investment is a figure that is calculated based on the registered capital pursuant to the statutory formula. The main function of total investment is to determine the maximum amount of foreign currency debt available to the foreign invested enterprise which is the difference between the total investment and the registered capital.

According to Shanghai Shuntong International's AOA, the total investment and registered capital of Shanghai Shuntong International is RMB4,280,000 (equivalent to approximately RM2.9 million) and RMB3,000,000 (equivalent to approximately RM2.1 million) respectively. Pursuant to Shanghai Shuntong International's AOA, the registered capital shall be fully paid within 30 years from the date of establishment of Shanghai Shuntong International by SK Logistics HK. As at LPD, no registered capital has been paid.

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined or the context otherwise requires.

(a) Share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

<u>Clause 9 – Power to issue shares with special rights</u>

Subject to the Act and this Constitution, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

<u>Clause 10 – Allotment of Shares</u>

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

(i) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;

(ii) every issue of shares or options to employees and/or Directors shall be approved by members in general meeting and in respect of issuance of shares or options to Directors, such approval shall specifically detail the amount of shares or options to be issued to such Directors;

(iii) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholder, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution.

In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, Major Shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements;

(iv) subject to the Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and

(v) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Clause 11 – Issuance of preference capital

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and / or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

Clause 12 – Repayment of preference capital

Notwithstanding Clause 11, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from not less than 75% of the total voting rights of the preference shareholders within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 13 – Modification of class rights

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than 75% of the total voting rights of the shareholders of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll. For adjourned meeting, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 14 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Clause 15 – Commission on subscription of Shares

The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company PROVIDED THAT (i) the rate in percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, that such commission shall not exceed the rate of ten per cent (10%) of the price at which such shares are issued, or an amount equivalent to such percentage of that price, whichever is the lesser, and (ii) the requirements of Section 80 of the Act shall be observed. Such commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Clause 16 – Interest on share capital during construction

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of the plant construction of any works or buildings or the provision of any plant.

Clause 17 – Trusts not to be recognised

Except as required by this Constitution or by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.

Clause 18 – Issue of Securities

The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where they are specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event they shall so similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Bursa Depository of the names of the allottees and all such particulars required by the Bursa Depository, to enable the Bursa Depository to make the appropriate entries in the Securities Accounts of such allottees. The Company must not cause or authorise its Registrar to cause the Securities Accounts of the allottees to be credited with the additional securities until after the Company has filed with the Exchange an application for listing of such additional securities and has been notified by the Exchange that they have been authorised for listing.

Clause 19 – Timing for allotment of securities

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within the period as may be prescribed by the Exchange and deliver to the Bursa Depository the appropriate certificates in such denominations as may be specified by the Bursa Depository and registered in the name of the Bursa Depository or its nominee company.

Clause 20 – Issue of Share certificates

The certificate of title to share, stock, debentures, debenture stock, notes and other securities of the Company shall be issued under the Seal and bear the signatures or the autographic signatures of one Director and the Secretary or a second Director or such other person as may be authorised by the Board, and shall specify the shares to which it relates, and the amount paid up thereon provided that the Board may by resolution determine that such signatures, or either of them, shall be dispensed with or shall be affixed by such other person as may be authorised by the Board or some method or system of mechanical signature.

Clause 58 – Power to increase capital

The Company may from time to time, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special, limited or conditional voting rights for the time being attached to any existing class of shares) to carry such preferential rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, directs.

Clause 59 – Issue of new securities to members

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

Clause 60 – New Shares to rank with original Shares

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 61 – Power to alter capital

The Company may by ordinary resolution:

(a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or

(b) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

(c) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or

(d) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

(e) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 62 – Share buy back

Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the Listing Requirements of the Exchange and any other relevant authority.

Clause 63 – Power to reduce capital

The Company may reduce its share capital by:-

(a) a special resolution and confirmation by the Court in accordance with Section 116 of the Act; or

(b) a special resolution supported by a solvency statement in accordance with Section 117 of the Act.

Clause 80 – Votes of members

Subject to any rights or restrictions for the time being attached to any class of shares at meetings of members or classes of members and Clause 67, Clause 68 and Clause 69 above, each member shall be entitled to be present and to vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Company have been paid, and may vote in person or by proxy or by attorney or by duly authorised representative for a corporation, and on a resolution to be decided on a show of hands, each holder of an ordinary share or, each holder of a preference share who is personally present and entitled to vote, shall be entitled to one (1) vote and on a poll, every such member present in person or by proxy or attorney or representative for a corporation shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting. In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the member's shareholdings represented by such proxy. A proxy may only vote as directed in the proxy form. However, if the appointor or representative attend and vote on a resolution, the proxy or attorney must not vote.

Clause 133 – Restriction on voting

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he and/or person connected has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Clause 162 – Payment of dividends

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

(b) Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 104 – Directors' remuneration

The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

(a) fee payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by shareholders in a general meeting;

(b) remuneration and other emoluments (including bonus, benefits or any other elements) payable to Executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;

(c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) the fees and/or benefits payable to Non-Executive Directors who is also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities.

Clause 105 – Reimbursement of expenses

(1) The Directors shall be paid for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise.

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of Non-Executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Clause 139 – Remuneration of Director holding executive office

The remuneration of a Director holding an executive office pursuant to this Constitution shall, subject to Clause 104, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

(c) Voting and borrowing powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:-

Clause 108 – Limitation on Directors' powers

The Directors shall not without the prior approval of the Company in general meeting:

(i) exercise any power of the Company to issue shares unless otherwise permitted under the Act;

(ii) arrange or enter or carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or controlling interest in the Company's undertaking or property (includes the whole or substantially the whole of the rights, including developmental rights and benefits);

(iii) subject to Sections 228(2) and 229 of the Act, enter or carry into effect any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding company, or its subsidiary or with a person connected with such a Director or substantial shareholder to acquire from or dispose to such Director or substantial shareholder or person connected with such a Director any shares or non-cash assets of the requisite value as stated in the Act; or

(iv) issue any securities on such terms and subject to such conditions which confer a right to subscribe for new shares of the Company.

Clause 109 – Directors' borrowing power

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 110 – Restriction on borrowing powers

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Clause 111 – Power to maintain funds

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option / incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and / or transfer shares or securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Clause subject only, where the Act requires, for proper disclosure to the members and the approval of the Company in general meeting.

Clause 118 – Director may hold other office

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

Clause 129 – Votes by majority and Chairman to have casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall however not have a second or casting vote where two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.

Clause 131 – Disclosure of interest

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director.

Clause 133 – Restriction on voting

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he and/or person connected has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Clause 135 – Relaxation of restriction on voting

A Director may vote in respect of:-

(a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

Clause 136 – Directors may become Directors of other corporation

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(d) Transfer of securities

The provisions in our Constitution dealing with the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

Clause 32 – Transferor's right

The instrument of transfer of any securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed securities or class of listed securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

Clause 33 – Suspension registration

Subject to the Rules and Listing Requirements, the transfer of any securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 34 – Refusal to register transfer

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 35 – Renunciation

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Clause 36 – Indemnity

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of securities apparently made by a member or any person entitled to the securities by reason of death, bankruptcy or insanity of a member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Clause 37 – Reasonable diligence

Where by the exercise of reasonable diligence, the Company is unable to discover the whereabouts of a member for a period of not less than ten (10) years, the Company may cause an advertisement to be published in a newspaper circulating in the place shown in the Register or the Record of Depositors as the address of the member stating that the Company, after expiration of thirty (30) days from the date of the advertisement, intends to transfer the shares to the Minister charged with the responsibility for finance.

Clause 38 – Transfer of shares to Minister charged with responsibility for finance

If after the expiration of thirty (30) days from the date of the advertisement the whereabouts of the member remains unknown, the Company may transfer the shares held by the member to the Minister charged with the responsibility for finance and for that purpose may execute for and on behalf of such member, a transfer of those shares to the Minister charged with the responsibility for finance.

Clause 39 – Recognition of persons on death

In the case of the death of a member, the legal representative(s), the executors or administrators of the deceased shall be the only person(s) recognised by the Company and/or Bursa Depository as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been held by him.

Clause 40 – Share of deceased or bankrupt member

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Rules and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors and/ or Bursa Depository shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the shares may be carried out by the person becoming so entitled.

Clause 41 – Notice of election

If any person so becoming entitled to a share in consequence of the death or bankruptcy of a member elects to register himself as the holder of the share, he shall deliver or send to the Company, a notice in writing signed by him and stating that he so elects, provided that where the share is a Deposited Security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered, he shall evidence his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer is a transfer signed by that member.

15.4 POLICIES ON FOREIGN INVESTMENTS, TAXATION AND FOREIGN EXCHANGE

The relevant policies on foreign investments, taxation and foreign exchange controls in Hong Kong and PRC in relation to the distribution of dividends, repatriation of capital and remittance of profits by or to our Group are set out below.

15.4.1 Hong Kong

(a) Exchange control

There are currently no foreign exchange controls in Hong Kong. Hence, there is limited restriction on the repatriation of profits, whether in the form of dividends or interest, or capital (meaning funds in general) by SK Logistics HK to SKL. In general, repatriation of profits is entirely dependent on the ability of SK Logistics HK to pay dividends to SKL.

In 2002, the Hong Kong Legislative Council approved anti-money laundering and enacted a new anti-terrorism law allowing their Secretary for Security to freeze funds and financial assets reasonably believed to belong to terrorist, as required by Security Council of United Nations in its Resolutions 1373. On 10 September 2002, following passage of the new laws, the Hong Kong Monetary Authority issued a circular to banks and ordered banks to submit reports outlining the approach they had adopted in the fight against terrorist financing. On 1 April 2012, Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) came into operation to enhance the anti-money laundering regulatory regime.

(b) Dividend distribution

SK Logistics HK can only declare dividend from its distributable profits (that is, accumulated realised profits less its accumulated realised losses). Dividends cannot be paid:

(i) out of SK Logistics HK's share capital; and

(ii) in advance of the generation of distributable profits.

Dividends must be paid in accordance with the procedures or requirements specified in SK Logistics HK's articles and association.

(c) Withholding tax

Dividends paid by SK Logistics HK are not subject to profits tax in Hong Kong nor is any tax required to be withheld from it.

15.4.2 PRC

(a) Exchange controls

Pursuant to the Regulations of the PRC on Foreign Exchange Administration promulgated on 5 August 2008 and various regulations issued by the State Administration of Foreign Exchange ("**SAFE**") and other relevant PRC governmental authorities, RMB is freely convertible only to the extent of current account items such as trade-related receipts and payments after the relevant transactions are verified as genuine transactions by the local banks or (in certain circumstances) SAFE. Capital account items, such as direct equity investments, loans and repatriation of investments, require the prior approval of the SAFE or its local counterpart for conversion of RMB into a foreign currency such as USD and remittance of the foreign currency outside the PRC.

(b) Dividend distribution

The principal laws governing dividend distributions by a PRC company include the PRC's Company Law. Dividend distribution by a wholly foreign-owned enterprise ("**WFOE**") is further governed by the Foreign Investment Law.

PRC companies may pay dividends only out of their accumulated profits, if any, which are determined in accordance with the PRC accounting standards. In addition, PRC companies are required to set aside each year at least 10% of their after-tax profit based on the PRC accounting standards to their statutory general reserve fund until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash dividends.

(c) Capital contribution repatriation

No PRC laws and regulations prohibit a PRC company from repatriating the capital contribution to its foreign shareholder(s). A PRC company can repatriate capital contribution through various methods, such as registered capital decrease, equity transfer, and early dissolution and liquidation, following the requirements of the PRC's Company Law and relevant SAFE regulations and rules.

(d) Withholding tax

Pursuant to Corporate Income Tax Law of the PRC (promulgated in 2007 and amended in 2018) and the Implementation Regulations for the Corporate Income Tax Law of the PRC (promulgated in 2007 and amended in 2019), a foreign entity shall be subject to the corporate income tax in China for the income derived from or accruing in China, for example, the dividends received by the foreign shareholders and the equity transfer income of the foreign shareholders. The tax rate for a foreign entity which does not have an office or premises in China is generally 10%. The payer of the income shall undertake the responsibility of tax reporting and withholding.

15.5 GENERAL INFORMATION

(a) Save for the dividends paid to our shareholders in FYE 2020 to 2022, Directors' remuneration and key senior management's remuneration as disclosed in Sections 12.16, 5.2.4 and 5.3.5 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.

(b) Save as disclosed in Section 10.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.6 CONSENTS

(a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution;

(b) Audited financial statements of:

(i) SKL, Bayan Berjasa, SK Bonded Warehouse, SK Ecommerce Logistics, SK Logistics HK and SK Property Management for FYE 2020 to 2023; and

(ii) SK Fleet Management from the date of incorporation up to 31 December 2022 and FYE 2023;

The audited financial statements of Shanghai Shuntong International are not made available for inspection as the company has been dormant and is not required to conduct an audit;

(c) Accountants' Report as set out in Section 13;

(d) Reporting Accountants' Report relating to our pro forma consolidated financial information as set out in Section 14;

(e) IMR Report as set out in Section 8;

(f) Material contracts as set out in Section 6.4; and

(g) Letters of consent as set out in Section 15.6.

15.8 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 18 April 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 2 May 2024

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

16.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The **FULL** amount payable is RM0.13 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 761"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

So as to arrive not later than 5.00 p.m. on 2 May 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within one market day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25.0% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or eligible Directors and employees of our Group, subject to the clawback and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and Depository Rules.

(d) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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