KGW GROUP BERHAD

(Registration No. 202201009353 (1455050-D))
(Incorporated in Malaysia under the Companies Act 2016)

D11-10-1, Block D11, Dana 1 Commercial Centre,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor, Malaysia

Tel: +603 7842 8899   Fax: +603 7842 9899
Email: corporate@kgwlogistics.com

www.kgwlogistics.com

Ocean Freight | Air Freight | Warehouse & Distribution | Local Delivery | Customizable Solutions

KGW GROUP BERHAD (Registration No. 202201009353 (1455050-D))

Annual Report 2023

KGW LOGISTICS

KGW GROUP BERHAD

(Registration No. 202201009353 (1455050-D))
(Incorporated in Malaysia under the Companies Act 2016)

ANNUAL REPORT 2023

2023
COMPANY LISTING

WHAT'S INSIDE

ABOUT KGW

BUSINESS OVERVIEW

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

OTHER INFORMATION

OUR VISION

To be a leading provider of integrated logistics solutions across Southeast Asia, making global logistics easy for all, and further making a positive impact on the nations' economy, one shipment at a time.

OUR MISSION

Deliver seamless cost-efficient logistics solutions and provide professional, reliable long-term partnership with our clients.

OUR CORE VALUES

Supportive & Helpful
Support company ideas, directions & beliefs and sincere in helping each other.

Responsible & Accountable
Committed and responsible in their work.

Openness & Honesty
Listen to others' viewpoints and accept new ideas.

Knowledge & Experience Sharing
Contribute ideas and be generous in knowledge & experience sharing.

Be Positive
Think positive, encourage a friendly environment and see good in every situation.

Motivation & Encouragement
Encourage members to excel in their job and a promise must be fulfilled.

AWARDS AND RECOGNITIONS

Golden Bull Award 2017: Outstanding SME Award

SME100 Awards 2017: Malaysia's Fast Moving Companies

SME & Entrepreneurship Business Award 2018

Export Excellence Awards 2019: Gold Award in the "Services" Category (SMEs)

Prominent Business Best Brands Award

KiLAT Excellence Awards: Logistics Company of the Year

Export Excellence Awards 2023: Most Promising Category

CORPORATE PROFILE

Established in 2005, **KGW Group Berhad** ("KGW" or "the Company") and its subsidiaries ("KGW Group" or "the Group") stands as an award-winning Malaysian-based logistics service provider with a global presence today. Over the years, we have transitioned from a traditional freight forwarding company into an extensive logistics and distribution services solution provider, facilitating the movement of parts, materials and finished products across the supply chain.

Specialising in ocean and air freight as well as freight forwarding, we are now a major player in Malaysia and we handle shipments for the Asia Pacific region as well as those to and from Africa, Europe, Oceania, North America and South America. As an international logistics company, our core expertise lies in international sea and air transportation, with a specific focus on trans-Pacific trade between Malaysia and United States of America ("USA") or Canada. To this end, our service contracts and volume commitments with leading steamship lines enable us to offer competitive rates and space guarantees for the trade route.

Our success is rooted in our commitment to excellence, supported by a combination of experienced professionals, competitive pricing, robust operations infrastructure, strategic geographic location and financial stability. By collaborating with committed worldwide partners, we also strive to serve our customers with a high quality, efficient and comprehensive logistics service globally.

In March 2022, we have expanded our footprint by tapping into the business of warehousing and distribution of healthcare-related products and devices. Further in August 2023, KGW achieved a successful listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Staying ahead, we remain dedicated to our legacy of providing top-notch logistics services for freight movements while we continue to grow our warehousing and distribution of healthcare-related products and devices.

CORPORATE STRUCTURE

KGW GROUP BERHAD
(Registration No. 202201009353 (1455050-D))

- 100% **KGW Logistics (M) Sdn Bhd** *[200501027644 (709778-V)]*
  Logistics services
  - 51% **Annexon Logistics Sdn Bhd** *[202301040773 (1534692-H)]*
    Dormant
- 100% **Mattroy Logistics (Malaysia) Sdn Bhd** *[201401031317 (1107401-M)]*
  Logistics services
- 100% **KGW Medica Sdn Bhd** *[202101022342 (1422642-W)]*
  Warehousing and distribution of healthcare-related products and devices

CORPORATE INFORMATION

BOARD OF DIRECTORS

TENGKU FAIZWA BINTI TENGKU RAZIF
INDEPENDENT NON-EXECUTIVE CHAIRMAN

DATO' ROGER WONG KEN HONG
MANAGING DIRECTOR

CHEOK HUI YEN
EXECUTIVE DIRECTOR

LIM JOO SENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

LEAN SZE YAU
INDEPENDENT NON-EXECUTIVE DIRECTOR

LEE LI CHOON
INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD COMMITTEES

Audit and Risk Management Committee

Chairman
Lim Joo Seng

Members
Lean Sze Yau
Lee Li Choon

Nomination Committee

Chairman
Lee Li Choon

Members
Lim Joo Seng
Lean Sze Yau

Remuneration Committee

Chairman
Lean Sze Yau

Members
Lim Joo Seng
Lee Li Choon

HEAD OFFICE

D11-10-1 Block D11,
Dana 1 Commercial Centre,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor, Malaysia
Tel. : +603-7842 8899
Email : corporate@kgwlogistics.com
Website : www.kgwlogistics.com

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur, Malaysia
Tel. : 603-6201 1120
Fax : 603-6201 3121
Email : cosec@shareworks.com.my

COMPANY SECRETARIES

Thong Pui Yee
(MAICSA 7067416)
(SSM PC No. 202008000510)

Chang Ngee Chuang
(MAICSA 7077854)
(SSM PC No. 201908001421)

AUDITORS

Ecovis Malaysia PLT
[201404001750 (LLP0003185-LCA) & AF 001825]
Chartered Accountants
No. 9-3, Jalan 109F, Plaza Danau 2,
Taman Danau Desa, 58100 Kuala Lumpur, Malaysia
Tel. : 603-7981 1799

SPONSOR

TA Securities Holdings Berhad
[197301001467 (14948-M)]
29th Floor, Menara TA One
22, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia.
Tel. : 603-2072 1277

SHARE REGISTRAR

ShareWorks Sdn Bhd
[199101019611 (229948-U)]
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur, Malaysia
Tel. : 603-6201 1120
Fax : 603-6201 3121
Email : ir@shareworks.com.my

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia Securities Berhad
Stock Code: 0282
Stock Name: KGW

PROFILE OF BOARD OF DIRECTORS

TENGKU FAIZWA BINTI TENGKU RAZIF

Independent Non-Executive Chairman

Gender	Female
Nationality	Malaysian
Age	43

Tengku Faizwa Binti Tengku Razif was appointed to the Board of Directors ("Board") as the Independent Non-Executive Chairman on 24 September 2022.

She graduated with a Bachelor of Management (Honours) in Marketing from Universiti Sains Malaysia ("USM") in 2002. After her graduation, she started to pursue her passion in mental literacy development, where she provided team training management in local schools and organised the World Memory Championship in Kuala Lumpur on a freelance basis in 2003. In the subsequent year, she founded The Switch Sdn Bhd, a company specialising in training and consultation of personal development and human resource.

In 2010, she founded Ideaspark Sdn Bhd, a company specialising in strategic thinking consultancy, and developing training programmes in accelerated learning, memory skills, creativity enhancement and creative entrepreneurship. Tengku Faizwa was mainly in charge of conceptualising and managing events and programmes of the company. She was also the Founding President of Malaysia Young Female Entrepreneur Network ("MYFREN"), a non-government organisation registered under the Registrar of Youth Societies, Ministry of Youth and Sports, Malaysia with an objective to encourage young Malaysian females to become entrepreneurs.

Between 2010 and 2012, she was also involved in promoting and organising entrepreneurship programmes and activities catered towards the development and training of business and entrepreneurship skills amongst young Malaysians.

Since 2018, she focuses on managing her business entities, namely Scanda Management PLT and Scanda Sky PLT, which are involved in management services and chartering flights for tour packages respectively.

Currently, she is also the Independent Non-Executive Chairman of Manforce Group Berhad, a company listed on the LEAP Market of Bursa Securities.

She has attended all three (3) Board meetings held during the financial year ended 31 December 2023 ("FYE 2023").

Profile of Board of Directors (Cont'd)

DATO' ROGER WONG KEN HONG

Managing Director

Gender	Male
Nationality	Malaysian
Age	43

Dato' Roger Wong, a 43-year-old Malaysian male, serves as our founder and Managing Director, bringing extensive expertise and leadership to our organisation. Appointed to our Board on 14 March 2022, he plays a pivotal role in overseeing our Group's business operations, setting strategic direction, and driving our expansion initiatives.

Dato' Roger's journey in the industry began after earning his Bachelor of Arts in International and Strategic Studies from Universiti Malaya in 2003. He embarked on his career in the logistics industry, where he honed his skills as a Management Trainee at a prominent logistics solutions provider company. During his tenure, he received comprehensive training in business development and operations, eventually ascending to the role of Sales Manager in 2004. In this capacity, he excelled in driving sales and marketing efforts for the company's logistics services.

In 2005, Dato' Roger embarked on an entrepreneurial path by founding KGW Logistics (M) Sdn Bhd ("KGW Logistics"), a wholly-owned subsidiary of our Group. As the Managing Director, he assumed responsibility for the company's overall operations and steered its trajectory towards remarkable growth. His visionary leadership and strategic acumen have been instrumental in expanding KGW Logistics' footprint and establishing it as a key player in the industry.

Throughout his career, Dato' Roger has been a driving force behind our Group's expansion strategies, leveraging his expertise to identify opportunities and navigate challenges effectively. His unwavering commitment to excellence and innovation continues to drive our organisation towards new heights of success.

He does not hold directorships in any other public companies and listed corporations.

He has attended all three (3) Board meetings held during FYE 2023.

Profile of Board of Directors (Cont'd)

CHEOK HUI YEN

Executive Director

Gender	Female
Nationality	Malaysian
Age	50

Cheok Hui Yen was appointed to our Board as an Executive Director on 24 September 2022. She is also the Chief Operating Officer ("COO") of our Group, responsible for strategising business plans and managing the development of international markets and the operations of our Group.

Ms. Cheok graduated from Locke Academy, Malaysia with a London Chamber of Commerce & Industry ("LCCI") Group Diploma in Cost Accounting in 1992. She further obtained a Master of Business Administration ("MBA") from Unitar International University in 2023.

In 1996, she began her career in Pan Global Insurance Berhad as a clerk and was subsequently promoted to an executive in the Finance and Treasury Department where she was responsible for performing bank reconciliations, preparing cash flow projections and fund transaction reports.

In 1999, she left Pan Global Insurance Berhad and joined Asian Trend (M) Sdn Bhd, a shipping agency, as an Accounts Executive where she was responsible for managing the overall accounting functions of the company including preparation of management accounts.

Ms. Cheok left Asian Trend (M) Sdn Bhd in 2002 and joined Orient Star Transport Sdn Bhd as an Accounts Officer in 2003. During her tenure, she focused on handling the company's overall operational accounting functions. In 2004, she was promoted to Assistant Manager where she participated in the business operations of the company particularly on business process improvement to enhance efficiency and facilitate business development.

In 2005, she joined KGW Logistics as a Customer Service Manager where she was responsible for the overall coordination of the company's export and import operations. She was subsequently promoted to General Manager in 2016 and was responsible for, among others, development of international markets and operations of the company. In 2021, she was redesignated to her current position of COO.

She does not hold directorships in any other public companies and listed corporations.

She has attended all three (3) Board meetings held during FYE 2023.

Profile of Board of Directors (Cont'd)

LIM JOO SENG

Independent Non-Executive Director

Gender	Female
Nationality	Malaysian
Age	50

Lim Joo Seng was appointed to our Board as an Independent Non-Executive Director on 24 September 2022. She is the Chairman of Audit and Risk Management Committee ("ARMC") and also a member of our Nomination Committee ("NC") and Remuneration Committee ("RC").

She graduated from Macquarie University in Sydney, Australia with a Bachelor of Commerce (Accounting) in 1998. She is a member of Certified Practising Accountants of Australia ("CPA Australia") and the Malaysian Institute of Accountants ("MIA") since January 2023 and September 2003 respectively.

Upon graduation, Ms. Lim began her career as a Tax Assistant in Sekhar & Tan in 1999, where she was involved in the preparation of tax return for clients. She then left in 2000 and joined Deloitte KassimChan as an Audit Senior where she was involved in statutory audits for clients in various industries as well as in special assignments relating to listing and mergers and acquisitions. She subsequently left the firm in end of 2003 and joined Eversafe Engineering Sdn Bhd as Finance Assistant Manager in 2004. During her tenure, she was responsible for the company's financial reporting and accounting matters.

In 2005, she left and joined Deloitte Touche Tohmatsu CPA Ltd as a Manager in the Audit Department and was responsible for leading, managing and coordinating audit engagements with clients from various industries. She was also involved in various assignments relating to listing and financial due diligence.

In 2010, she then joined XinRen Aluminium Holdings Limited as its Chief Financial Officer. During that time, she was responsible for overseeing its restructuring exercise and the preparation for its listing in Singapore. She was also responsible for managing, coordinating and monitoring the company's corporate exercises from acquisitions of strategic companies to external funding exercises.

In 2017, Ms. Lim left XinRen Aluminium Holdings Limited and has since been engaging in financial advisory work on a freelance basis. In the same year, she was appointed as an Independent Non-Executive Director of Nexion Technologies Limited, an investment holding company listed on the Hong Kong Stock Exchange. Ms. Lim is also currently the Finance Director of Nestcon Berhad, an investment holding company listed on the ACE Market of Bursa Securities, where she is responsible for the group's corporate affairs and financial functions, which include financial planning, review and reporting.

She has attended all three (3) Board meetings held during FYE 2023.

Profile of Board of Directors (Cont'd)

LEAN SZE YAU

Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	43

Lean Sze Yau was appointed to our Board as an Independent Non-Executive Director on 24 September 2022. He is the Chairman of RC and also a member of our ARMC and NC.

Mr. Lean graduated with a Bachelor of Laws from the University of Kent, United Kingdom in 2002. He undertook the Bar Vocational Course ("BVC") in BPP Law School, London, United Kingdom and was admitted as a Barrister-at-Law with the Honourable Society of Lincoln's Inn in the subsequent year.

In 2003, he undertook his pupillage with Messrs Amin-Tan & Co and was called to the Malaysian Bar in 2005. During his period of chambering, he was exposed to conveyancing and corporate matters as well as involved in several mergers and acquisitions and other corporate exercises.

In 2005, he joined Messrs William Leong & Co as an Advocate and Solicitor where he was mainly involved in corporate and litigation practice. He was subsequently promoted to a Partner of the firm in 2009 where he was in charge of taking conduct of and preparing general debt-recovery litigation. He was also involved in taking conduct of and preparing matters relating to injunction applications.

Mr. Lean left the firm in end of 2009 and founded Messrs Wilson Leong, Ong & Lean in 2010 together with his partners. As the Managing Partner of the firm, he is in charge of building clientele portfolios in the banking sector in respect of conveyancing practice, as well as heading and managing the litigation and corporate practice departments. He is involved in taking conduct of and acting as leading solicitor and counsel at the High Court and Court of Appeal for commercial litigation and real estate related disputes. He is also involved in providing consultancy and corporate advisory work in relation to commercial, banking and real estate related matters as well as providing regular and follow-up advice on issues arising from the Covid-19 pandemic.

He does not hold directorships in any other public companies and listed corporations.

He has attended all three (3) Board meetings held during FYE 2023.

Profile of Board of Directors (Cont'd)

LEE LI CHOON

Independent Non-Executive Director

Gender	Female
Nationality	Malaysian
Age	51

Notes: -

None of the Directors: -
a. have any family relationships with each other and/or any major shareholder of the Company;
b. have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company and/or its subsidiaries;
c. have been convicted of any offences within the past five (5) years other than traffic offences, if any; and
d. were publicly sanctioned or imposed with penalty by the relevant regulatory bodies during FYE 2023.

Lee Li Choon was appointed to our Board as an Independent Non-Executive Director on 24 September 2022. She is the Chairman of NC and also a member of ARMC and RC.

Ms. Lee obtained her Bachelor of Science (Economics) from the University of London in 1996. She is a Professional Certified Coach ("PCC") credentialed by the International Coaching Federation ("ICF") since 2018 and an Accredited Coaching Supervisor credentialed by the Coaching Supervision Academy ("CSA") since 2022. She was also certified by the Marshall Goldsmith Stakeholder Centered Coaching Programme in 2014. In 1996, she began her career as a Personnel Assistant in International Computers (Malaysia) Sdn Bhd (currently known as Fujitsu Computer Systems (M) Sdn Bhd). She was later promoted to Personnel Executive in 1997 and was further promoted to Human Resource Executive in 1999.

In 2000, she left and joined Orbit Telecommunications Sdn Bhd as a Human Resource Assistant Manager where she was responsible for the overall human resource functions in the company. She was then promoted to Human Resource Manager in the same year and further promoted to Group Senior Manager 2001. During her tenure there, she was responsible to provide strategic human resource counsel and support to senior management as well as to manage and oversee the regional human resource activities in the company.

In 2002, Ms. Lee then joined Huawei Technologies (Malaysia) Sdn Bhd as a Recruitment and Training Manager where she was responsible to establish and maintain the recruitment and training functions. In 2004, she was promoted to Assistant Director where she was entrusted to oversee human resource functions in Asia Pacific. In 2006, she left and joined Deloitte Consulting (SEA) Sdn Bhd as a Regional Human Resource Manager, Southeast Asia, and was responsible for the overall human resource functions.

In 2008, she had a short stint in Alcatel-Lucent Malaysia Sdn Bhd as the Human Resource Director, reporting to the Vice President of Human Resources – South & Southeast Asia and left in the same year. After that, she joined Ericsson (M) Sdn Bhd as the Head of Human Resource and Operation Unit, Malaysia (Country Unit) and had a few promotions within the Human Resource Department. Her last position before she left in 2013 was Human Resource Business Partner, Operation and Sourcing Unit for the Southeast Asia and Oceania region where she engaged in the yearly business planning process to determine the strategic direction of the business and translate it into long and short-term plans for the organisation.

In 2014, she started her leadership coaching practice for business owners and the leadership team of corporations from different industries through Talent Faculty Sdn Bhd. Since 2016, she also served as an Executive Committee on a voluntary basis in the ICF Malaysia Charter Chapter where she practiced her peer leadership. She was elected as the President of ICF Malaysia Charter Chapter in 2020 and served in this position until 2022. She currently serves as an Immediate Past President in the Executive Committee.

Currently, she is also an Independent Non-Executive Director of KYM Holdings Berhad, a company listed on the Main Market of Bursa Securities that provides industries packaging solutions.

She has attended all three (3) Board meetings held during FYE 2023.

PROFILE OF KEY SENIOR MANAGEMENT

Wendy Kam
Chief Financial Officer
Malaysian, Aged 53, Female

Wendy Kam, a Malaysian female aged 53, is our Chief Financial Officer ("CFO"), appointed on 1 December 2021. She is responsible for overseeing the Group's accounting, finance, taxation and corporate exercises. With over 20 years of experience in the field, she holds a professional qualification from the Association of Chartered Certified Accountants ("ACCA"), and a MBA majoring in Accountancy from Universiti Malaya in 2003. She is a member of the MIA and a Fellow member of the ACCA ("FCCA").

Wendy has held various senior roles, including Financial Controller and Head of Internal Audit, contributing her expertise to organisations spanning education, retail, recruitment services, supply of heavy equipment in the quarry industry and renewable energy sector. She joined our Group in her current position in late 2021, bringing a wealth of experience in financial management, listing exercises, financial due diligence and other corporate exercises.

Chow Enn Jie
Sales and Marketing Director
Malaysian, Aged 36, Male

Chow Enn Jie was appointed as the Sales and Marketing Director of the Group on 1 January 2014. He is responsible for the Group's sales and marketing activities as well as the development and implementation of marketing strategies.

Mr. Chow graduated with a Diploma in Business Studies (E-Commerce and Marketing) from Kolej Tunku Abdul Rahman, Malaysia in 2009. In 2023, he further obtained a MBA from Unitar International University.

In 2007, he began his career in GPS Tech Solutions Sdn Bhd as a Customer Service Executive and left as a Customer Service Supervisor in 2008. Subsequently, he joined KGW Logistics as a Sales and Marketing Executive in the same year where he was responsible for promoting the company's logistics services and seeking new business opportunities. He was subsequently promoted to Sales and Marketing Manager in 2012 and further promoted to his current position in 2014.

Teoh Huey Hong
Customer Care Director
Malaysian, Aged 41, Female

Teoh Huey Hong was appointed as the Customer Care Director of the Group on 1 April 2022. She is primarily responsible for managing the daily operations of our Group's customer service department.

Ms. Teoh obtained her Sijil Pelajaran Malaysia from Keat Hwa High School, Kedah in 2000 and subsequently studied for the ACCA Certified Accounting Technician qualification from 2001 to 2004 but did not complete the course.

She began her career in 2005 when she joined TriStar Freight (M) Sdn Bhd as a Customer Service Representative where she was mainly involved in shipment planning and cargo space booking. She left in end of 2005 and joined Sun Express Logistics (M) Sdn Bhd in 2006 as a Customer Service Representative with similar job functions.

In 2008, she joined KGW Logistics as a Customer Service Executive. Later in 2017, she was promoted to Customer Service Manager where she was tasked with managing and guiding the customer service team in their daily operations. Subsequently, she was promoted to her current position in 2022 to head our customer service department.

Notes: -

None of the Key Senior Management: -

a. holds directorships in public companies and listed corporations;
b. has family relationship with any Director and/or major shareholder of the Company;
c. has conflict of interest or potential conflict of interest, including interest in any competing business with the Company and/or its subsidiaries;
d. has been convicted of any offences within the past five (5) years other than traffic offences, if any; and
e. was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during FYE 2023.

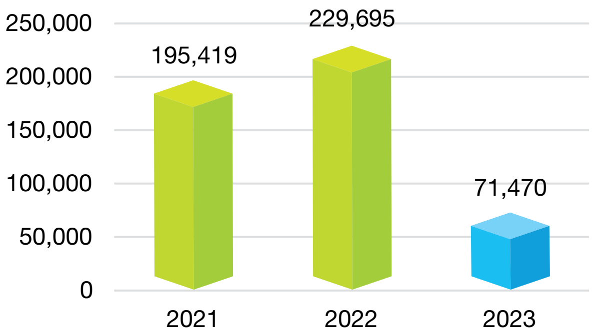
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December ("FYE")	2021	2022	2023
	RM'000	RM'000	RM'000
Revenue	195,419	229,695	71,470
Profit Attributable to Owners of the Company	15,758	16,335	387
Total Assets	49,266	60,245	63,053
Total Equity	11,797	28,430	44,887
Basic Earnings per Share ("EPS") (sen)	1,311.72	1,106.09	0.12
Net Assets per Share (sen) [1]	2.44	5.89	9.30

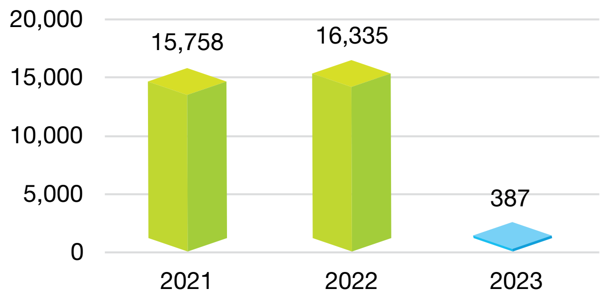
Note:

[1] Calculated based on the Company's share capital of 482,798,567 ordinary shares after the Company was listed on the ACE Market of Bursa Securities on 1 August 2023. The number of ordinary shares used in calculating the comparative figures have been restated to reflect the enlarged number of shares.

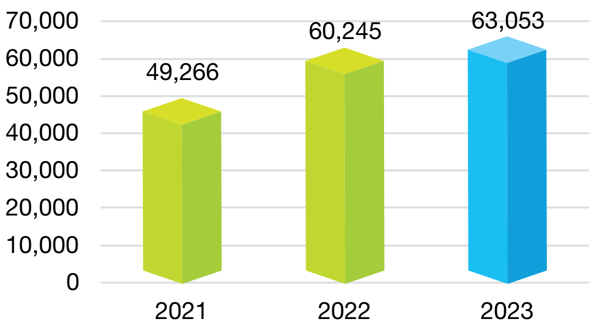
Revenue (RM'000)



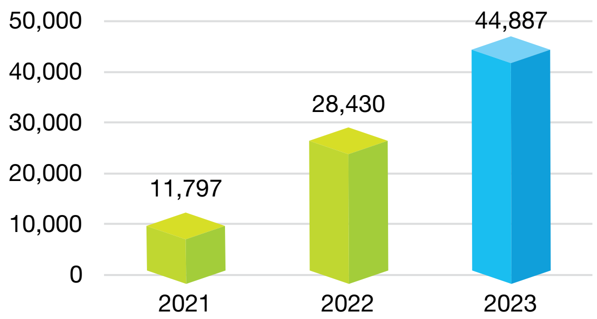
Profit Attributable to Owners of the Company (RM'000)



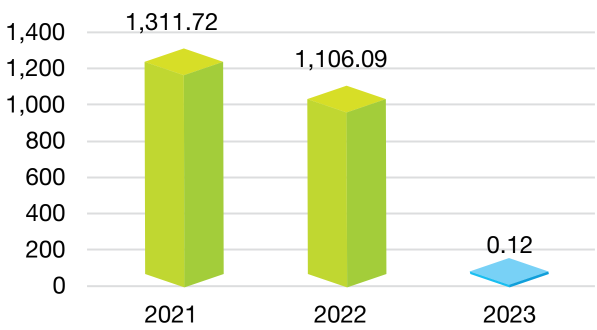
Total Assets (RM'000)



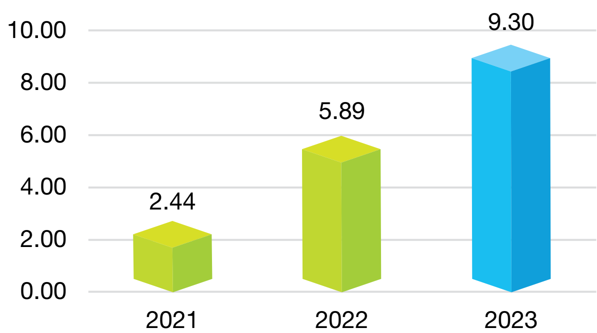
Total Equity (RM'000)



Basic EPS (sen)



Net Assets per Share (sen)



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

KGW Group stands as a prominent player in the logistics services industry, providing comprehensive logistics services across the entire supply chain spectrum. Our registration as a non-vessel operating common carrier ("NVOCC") with the United States Federal Maritime Commission ("FMC") since 2010 reinforces our ability to deliver exceptional services to our clients. This registration strengthens our position in the market as it grants us enhanced control over our ocean freight services for shipments destined to the USA, enabling us to provide more efficient and cost-effective solutions. With predetermined freight costs and contractual cargo space availability, we can better meet the needs of our customers, ensuring seamless and reliable transportation services.

With a robust 18-year track record, we are now a well-established logistics services provider in Malaysia offering mainly ocean and air freight services as well as freight forwarding services for cargo shipments to and from the USA and other countries across North America, Europe, Asia, Africa, Oceania and South America. Currently, our Group's key business activities include: -

Business segment	Principal business activities
Logistics services	Provision of ocean freight, air freight and freight forwarding services
Warehousing and distribution	Warehousing and distribution of healthcare-related products and devices
Investment holding	Activities of holding company

Listing of the Group

2023 was a remarkable year for KGW Group as it took a huge step in elevating to the next phase of growth through its listing on the ACE Market of Bursa Securities on 1 August 2023. The Group has successfully raised RM16.73 million from the initial public offering ("IPO") exercise, which are earmarked for the utilisation as follows: -

Details of Utilisation of Proceeds	RM'000	%
Renovation of property	2,000	12.0
Repayment of bank borrowings	10,000	59.8
Working capital	729	4.3
Estimated listing expenses	4,000	23.9
	16,729	**100.0**

To accommodate our business expansion, we have acquired a freehold 3-storey office building with an annexed 2-storey warehouse located at Hicom Glenmarie Industrial Park, Shah Alam, Selangor during FYE 2022. The total built-up area of this property is approximately 53,400 sq. ft., significantly larger than our current offices in Ara Damansara, Petaling Jaya, Selangor, which only have a total built-up area of approximately 11,300 sq. ft. Our relocation to this property not only enables us to expand our headcount to scale up operations but also allow us to undertake larger volume warehousing orders, which will contribute positively to the overall profitability of our Group.

We have allocated RM10.00 million of the IPO proceeds to repay the term loan obtained for the purchase of the property and also utilised RM2.00 million of the IPO proceeds for its renovation. The property is currently undergoing renovation and is anticipated to be ready for relocation by mid-2024.

Management Discussion and Analysis (Cont'd)

FINANCIAL PERFORMANCE REVIEW

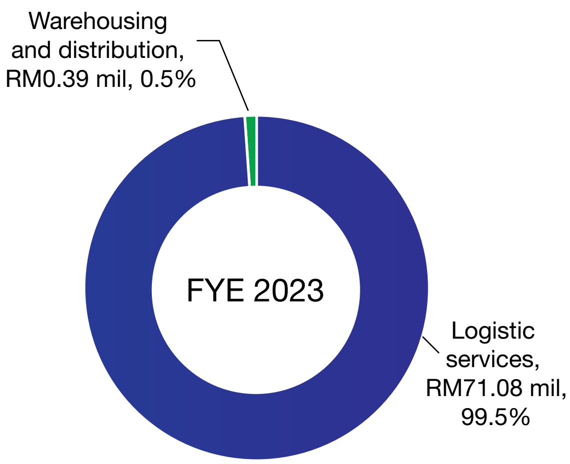
Statement of Comprehensive Income Summary

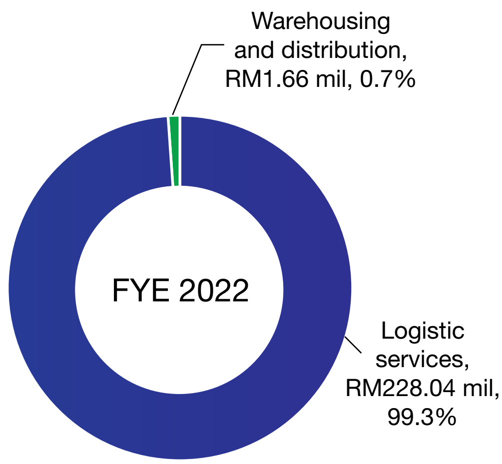
	FYE 2023	FYE 2022	Variance	
	RM'000	RM'000	RM'000	%
Revenue	**71,470**	229,695	(158,225)	(68.9)
Gross profit ("GP")	**11,871**	35,218	(23,347)	(66.3)
Profit before tax ("PBT")	**1,201**	21,871	(20,670)	(94.5)
Profit after tax ("PAT")	**384**	16,335	(15,951)	(97.6)
GP margin (%)	**16.6**	15.3	-	1.3
PBT margin (%)	**1.7**	9.5	-	(7.8)
PAT margin (%)	**0.5**	7.1	-	(6.6)

Revenue

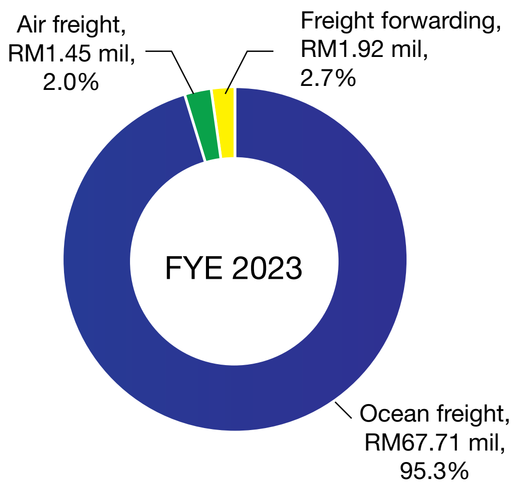
Our Group's revenue was primarily derived from the logistics services segment, accounted for 99.5% and 99.3% of the Group's revenue in FYE 2023 and FYE 2022 respectively. Within the logistics services segment, ocean freight services is our main source of revenue, contributing 95.3% and 98.0% to our Group's logistics services segment revenue for the FYE 2023 and FYE 2022 respectively. The breakdown of our revenue contribution by business segments and revenue contribution within logistics services segment are as follows: -

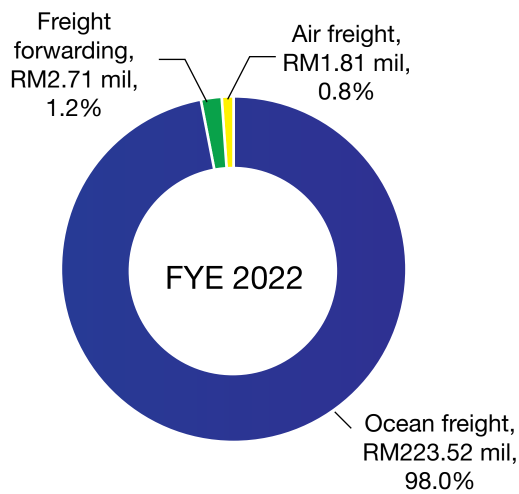
Revenue by Business Segments





Revenue Contribution Within Logistics Services Segment





FINANCIAL PERFORMANCE REVIEW (CONT'D)

Revenue (Cont'd)

The year 2023 presented significant challenges for the logistics industry globally due to geopolitical uncertainties, including conflicts between major nations such as US-China tension, Russia-Ukraine conflict and the ongoing conflicts in the Middle East and the Red Sea region. These geopolitical tensions caused hikes in commodity prices and interest rate, eroding consumer purchasing power in importing countries and eventually dampening global demand.

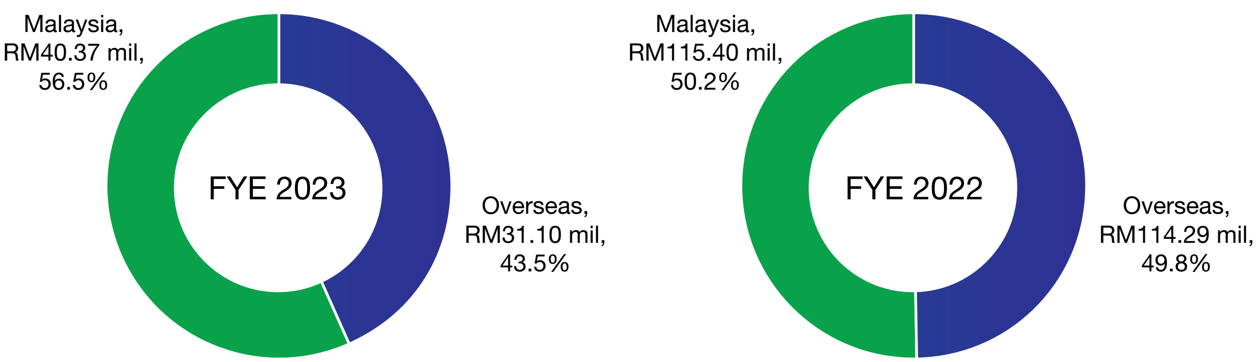
In this challenging environment, our Group recorded revenue of RM71.47 million in FYE 2023, a decrease of RM158.23 million or 68.9% as compared to RM229.70 million in FYE 2022. The overall decrease was mainly contributed by our logistics services segment which recorded a decrease in revenue by RM156.96 million during FYE 2023.

The decrease in revenue from our logistics services segment was mainly due to lower revenue derived from our ocean freight services, which decreased by RM155.81 million or 69.7%, from RM223.52 million in FYE 2022 to RM67.71 million in FYE 2023.

Within the ocean freight services sub-segment, our business volume in terms of twenty-foot equivalent unit ("TEU") has increased by 7.0%, from 14,837 TEU of containers handled in FYE 2022 to 15,871 TEU of containers handled in FYE 2023, mainly attributable to increased orders from our existing customers and new customers secured. Despite the increase in our business volume, our average ocean freight revenue per TEU of container has decreased by 71.2%, from RM14,803 in FYE 2022 to RM4,266 in FYE 2023, mainly attributable to the decrease in ocean freight rates charged by ocean carriers as a result of dampening global demand underpinned by the global economy slowdowns as well as ease of global supply chain disruptions.

In terms of revenue by geographical region of customers, the geographical spread in FYE 2023 remained similar to that of FYE 2022, in which 56.5% of our total revenue in FYE 2023 was contributed by Malaysian customers while the remaining 43.5% was derived from overseas customers. The breakdown of our revenue contribution by geographical region of customers in both FYE 2023 and FYE 2022 are as follows: -

Revenue by Geographical Region of Customers



Management Discussion and Analysis (Cont'd)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

GP and GP Margin

In tandem with the decrease in total revenue, our Group's total GP decreased by RM23.35 million or 66.3% from RM35.22 million in FYE 2022 to RM11.87 million in FYE 2023.

Despite the lower revenue and GP generated in FYE 2023, our Group's GP margin increased by 1.3% from 15.3% in FYE 2022 to 16.6% in FYE 2023. The increase in GP margin was mainly attributable to higher GP margin from our logistics services segment, particularly within the ocean freight services sub-segment, as our Group was able to secure better pricing for our ocean freight services.

PBT and PBT Margin

In line with the significant decrease in our Group's revenue and GP, our Group's PBT decreased by RM20.67 million or 94.5% from RM21.87 million in FYE 2022 to RM1.20 million in FYE 2023.

Our Group's PBT margin decreased by 7.8% from 9.5% in FYE 2022 to 1.7% in FYE 2023 despite an increase in our Group's GP margin by 1.3% in FYE 2023. The decrease in our Group's PBT margin was mainly due to lower rate of decrease in our administrative expenses as compared to the rate of decrease in our revenue and GP.

It is important to highlight that we recorded one-off listing expenses of RM2.13 million in FYE 2023. For illustration purpose, the Group's PBT would be RM3.33 million after adjusting for these one-off listing expenses.

FINANCIAL POSITION AND LIQUIDITY REVIEW

Statement of Financial Position Summary

	FYE 2023	FYE 2022	Variance	
	RM'000	RM'000	RM'000	%
Non-current assets	**25,649**	23,499	2,150	9.1
Current assets	**37,404**	36,746	658	1.8
Total assets	**63,053**	60,245	2,808	4.7
Non-current liabilities	**7,098**	19,024	(11,926)	(62.7)
Current liabilities	**11,068**	12,791	(1,723)	(13.5)
Total liabilities	**18,166**	31,815	(13,649)	(42.9)
Net assets ("NA")	**44,887**	28,430	16,457	57.9
NA per share (sen)	**9.30**	5.89	3.41	57.9
Current ratio (times)	**3.38**	2.87	0.51	17.8
Gearing ratio (times)	**0.19**	0.71	(0.52)	(73.2)

As at 31 December 2023, the Group's total assets stood at RM63.05 million, represents an increase of RM2.80 million or 4.7% from RM60.25 million as at 31 December 2022. The increase was mainly due to increase in capital work-in-progress for the renovation of our new property located at Hicom Glenmarie Industrial Park, Shah Alam, Selangor amounting to RM2.95 million.

FINANCIAL POSITION AND LIQUIDITY REVIEW (CONT'D)

Statement of Financial Position Summary (Cont'd)

The Group's total liabilities decreased by RM13.65 million or 42.9%, from RM31.82 million as at 31 December 2022 to RM18.17 million as at 31 December 2023. The decrease was mainly attributed to decrease in bank borrowings by RM11.19 million, largely due to our repayment of a term loan secured for the acquisition of the new property funds from our IPO proceeds. Additionally, the decrease in total liabilities was also caused by a reduction in tax payable by RM1.39 million.

Overall, the Group concluded the financial year with a healthy financial position, boasting an improved current ratio of 3.38 times and a low gearing ratio of 0.19 times as at 31 December 2023. Furthermore, the Group attained an improved NA position of RM44.89 million as at 31 December 2023, translating to a NA per share of 9.30 sen.

Statement of Cash Flows Summary

	FYE 2023	FYE 2022	Variance	
	RM'000	RM'000	RM'000	%
Net cash (used in)/ from operating activities	**(1,771)**	17,978	(19,749)	> (100.0)
Net cash used in investing activities	**(2,996)**	(21,326)	18,330	86.0
Net cash from financing activities	**4,956**	11,189	(6,233)	(55.7)
Net increase in cash and cash equivalents	**189**	7,841	(7,652)	(97.6)
Effect of exchange rate changes	**555**	147	408	> 100.0
Cash and cash equivalents at the beginning of financial year	**27,494**	19,506	7,988	41.0
Cash and cash equivalents at end of financial year	**28,238**	27,494	744	2.7

In FYE 2023, the Group has recorded a negative operating cash flow of RM1.77 million as compared to a positive operating cash flow of RM17.98 million in FYE 2022. This was primarily driven by the significant decrease in our PBT by RM20.67 million.

The Group's net cash used in investing activities amounting to RM3.00 million in FYE 2023 was primarily attributed to the renovation of our new property located at Hicom Glenmarie Industrial Park, Shah Alam, Selangor.

The Group reported a net cash inflow from financing activities of RM4.96 million in FYE 2023, primarily attributed to net proceeds from issuance of share capital of RM16.07 million in conjunction with the IPO of our Group during the financial year. The net cash inflow from financing activities was partially offset by the repayment of term loans amounting to RM11.19 million.

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE

As at 31 December 2023, the Company's share capital stood at RM28.17 million, consisting of 482,798,567 ordinary shares with a NA per share of 9.30 sen.

The Group finances its operations with cash generated from operations, cash and bank balances, credit extended by trade suppliers and/or financial institutions. Our banking facilities granted by financial institutions include bank overdraft, term loans and finance leases.

During FYE 2023, the Group has allocated a total of RM3.05 million for the following capital expenditure: -

Capital Expenditure	RM'000
Capital work-in-progress	2,950
Motor vehicles	78
Office equipment	13
Computer and software	5
	3,046

Management Discussion and Analysis (Cont'd)

CAPITAL STRUCTURE, RESOURCES AND EXPENDITURE (CONT'D)

As at 31 December 2023, the Group's capital commitment is as follows: -

Capital Commitment	RM'000
Approved and contracted for:	
- Renovation of property	644

ANTICIPATED AND KNOWN RISKS

Risk of Fluctuation in Ocean Freight Rates

As our revenue is mainly derived from our ocean freight services for international shipments, our business operations and financial performance are subjected to the fluctuation in ocean freight rates. Fluctuation of ocean freight rates is an inherent risk of the logistics industry, particularly those with major operations in ocean freight services like our Group.

To response to the fluctuation in ocean freight rates, we monitor closely on the ocean freight rates charged by the ocean carriers and follow suit to adjust the ocean freight rates charged to our customers in order to be in line with the prevailing market rate.

Risk of Fluctuation in Foreign Exchange Rates

The Group's revenue is mainly derived from our ocean freight services for international shipments. As considerable amount of our revenue and purchases are denominated in United State Dollar ("USD"), our financial performance may be materially affected by any major fluctuation in the USD exchange rate against RM.

Presently, we manage our exposure to foreign exchange fluctuations through a natural hedge strategy, which involves maintaining a bank account denominated in USD for both receipts and payments in USD.

Operational Risk

As a logistics services provider, our Group arranges and coordinates ocean or air shipment of cargos for our customers. The Group is exposed to the risks of cargo loss or damage caused by factors beyond our control such as road accidents, water damage, improper stuffing and mishandling during the loading or unloading or transportation process. Cargo loss or damage may result in claims for damages by our customers against us, thereby impacting our financial performance.

To mitigate the potential losses, the Group has maintained marine liability insurance coverage to safeguard the Group against any claims that could adversely affect our financial standing. We periodically review the sum insured, at an interval of three (3) to six (6) months, to ensure adequate insurance coverage for our customers' cargo.

Business Competition Risk

In this competitive and fragmented logistics industry, the Group competes with many local and global industry players, competing in terms of pricing, service quality and network of customers and suppliers. The intense competition from other logistics services providers may negatively affect the Group's profitability and market share.

In our pursuit of competitiveness, we monitor and ensure our NVOCC registrations remained valid. In addition, we established good relationships with our suppliers including ocean carriers, licensed custom agents and other freight forwarders from different regions of the world, so as to enable us to efficiently orchestrate and manage international shipments for our clients, ensuring seamless logistics operations and enhanced service delivery.

ANTICIPATED AND KNOWN RISKS (CONT'D)

Economic and Political Risk

Due to the nature of the logistics industry, our Group's business operation and financial performance are significantly influenced by both local and global economic and political conditions such as economic downturns as well as international trade tensions and restrictions. Any global economy slowdowns or trade restrictions may affect the global demand for products and goods, which will likely lead to a corresponding decrease in the demand for our logistics services.

In response to this risk, we have expanded our business activities into warehousing and distribution of healthcare-related products and devices to reduce the dependency of our revenue from logistics services segment while increase our revenue stream. Moreover, we remain proactive in expanding our customer bases from various industry to secure more business opportunities and become less susceptible to unfavourable market conditions or development in any single industry.

FUTURE OUTLOOK AND PROSPECTS

The prospects of the Malaysia logistics industry are closely aligned with the performance of both local and global economy. According to Bank Negara Malaysia ("BNM"), Malaysia's Gross Domestic Product ("GDP") for 2024 is expected to grow within the range of 4.0% and 5.0%. This encouraging outlook is underpinned by a steadfast expansion in domestic demand.

According to World Trade Organisation, the global trade is projected to rebound with a positive growth of 3.3% in year 2024. This resurgence is expected to be supported by a stronger recovery in China, positive sentiments regarding the stabilisation of monetary policy in major economies and the sustained high levels of commodity prices. Furthermore, Malaysian Industrial Development Finance Berhad ("MIDF") anticipates that Malaysia's external trade will stabilise and regain momentum in year 2024. This comprehensive perspective not only reflects confidence in the national economic trajectory but also acknowledges the interconnected nature of global economic factors influencing Malaysia's logistics industry.

Alongside with economic developments, the Group has embarked on various strategic initiatives, one of which involves relocating to our new property situated at Hicom Glenmarie Industrial Park, Shah Alam, Selangor. This relocation aligns with our business expansion objectives. The larger space offered by this new property enables us to increase our workforce to enhance our logistics services operations, fulfil larger warehousing orders for our logistics services clientele, expand our warehousing and distribution services for healthcare-related products, and venture into e-commerce solutions.

In line with the Government's vision of achieving net-zero greenhouse gas emissions by 2025 and our commitment to Environmental, Social and Governance ("ESG") compliance, the Group plans to equip the new property with solar panels. This will not only align with our environmental responsibility but also reflect our dedication to sustainable practices. The property is currently undergoing renovation and is anticipated to be ready for relocation by mid-2024.

Moving forward, the Group is cautiously optimistic on its long-term prospects. We will continue to seize every opportunity to improve our business performance so as to enhance shareholders' value in the long run.

DIVIDEND

There was no dividend declared or paid in FYE 2023 as the Group focuses on bolstering its operations for long-term growth. The Company currently does not have a formal dividend policy. It is our intention to pay dividends to shareholder in the future, however such payment will depend upon several factors, including financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

SUSTAINABILITY STATEMENT

Dear Valued Stakeholders,

As we embark on this journey of sustainability reporting, we are proud to present herewith our inaugural Sustainability Statement ("Statement") for KGW Group. With a steadfast commitment to our motto, "Your Trust, Our Commitment", we recognise the profound responsibility entrusted to us by our stakeholders. This Statement reflects our unwavering dedication to upholding your trust while fulfilling our commitment to sustainability principles and practices. Through transparent reporting and strategic initiatives, we aim to demonstrate our ongoing efforts to integrate sustainability into every aspect of our operations, encompassing Economic, Environmental, Social and Governance ("EESG") considerations. We invite you to join us in our mission to build a more sustainable future, where trust and commitment pave the way for positive change.

SCOPE AND REPORTING PERIOD

This Statement outlines the sustainability strategies and performance of KGW and all its subsidiaries for the period from 1 January 2023 to 31 December 2023, unless otherwise specified.

MATERIAL MATTERS ASSESSMENT

In conjunction with our first year of listing, we have undertaken our initial assessment to identify and evaluate a range of material matters pertinent to both the Group and our diverse stakeholders, as an integral aspect of our sustainability management. Kindly refer to our Material Matters Assessment section in this Statement for further details.

BASIS OF PREPARATION

This Statement was prepared based on the available internal information, with reference to Bursa Securities ACE Market Listing Requirements ("AMLR") relating to sustainability statements and its Sustainability Reporting Guide 3rd Edition. United Nations Sustainable Development Goals ("UNSDG") has also been referred as a guideline in developing the Group's sustainability strategies.

FEEDBACK

We welcome stakeholders' feedback on this Statement and any other sustainability matters so as to improve our sustainability measures and reporting standards. All feedback, comments and inquiries can be directed to huiyen@kgwlogistics.com.

SUSTAINABILITY GOVERNANCE STRUCTURE

At KGW, we recognise that a robust governance structure is vital for the effective management and execution of our sustainability strategies and initiatives. To this end, our Board played a vital role in supervising the overall sustainability agenda of the Group. Our Board is supported by the ARMC, which in turn is assisted by our Sustainability Working Committee ("SWC").

The detailed roles and responsibilities of our Board, ARMC and SWC in relation to the sustainability governance are as follows: -

The Board

- To steer and supervise the Group's overall sustainability agenda

ARMC

- To oversee the progress of integration of sustainability strategies and initiatives into business operations
- To review the Group's overall risk management, including key EESG issues and sustainability risks and opportunities
- To report/discuss any major sustainability management issues to the Board on periodical basis

Sustainability Working Group ("SWG")

- To perform material matters assessment on annual basis
- To monitor the implementation of sustainability strategies and initiatives in daily operations as directed by the Board and ARMC
- To report /discuss with ARMC on the progress of integration of sustainability strategies and initiatives into business operations on periodical basis

Sustainability Statement (Cont'd)

STAKEHOLDERS' ENGAGEMENT

At KGW, we are in cognisant that stakeholders' engagement is crucial to comprehend the needs and expectations of our stakeholders. This process facilitates us in the development of appropriate sustainability strategies and initiatives that supports the Group's long-term growth. In FYE 2023, we have identified seven (7) primary stakeholder categories and engaged with them through the following channels: -

Stakeholders	Areas of Interest or Concern	Engagement Approaches
Shareholders/ Investors	• Financial and operational performances • Share price performance • Investment risk and returns • Business expansion plan • Corporate governance	• Quarterly financial results • Annual report • General meetings • Company website and social media platform • Bursa announcements
Employees	• Career progression • Remuneration and benefit packages • Occupational health and safety • Training and career development	• Performance appraisal • Company internal meetings • Engagement with Management • Training and development programme
Customers	• Service quality and pricing • Data privacy • Customer satisfaction	• Physical interaction • Email or phone communication • Customer feedback survey • Company website and social media platform
Suppliers/Vendors	• Procurement practices • Suppliers' selection and evaluation • Credit payments terms	• Physical interaction • Email or phone communication • Evaluation on suppliers
Government/ Regulators	• Corporate governance • Regulatory compliance	• Compliance audit • Bursa announcements • Renewal of licenses and permits
Community	• Local employment creation • Local economic support • Community well-being	• Corporate social responsibility programmes • Company website and social media platform • Community engagement
Analyst/ Media	• Share price performance • Financial and operational performances • Business expansion plan • Corporate governance	• Quarterly financial results • Annual report • General meetings • Company website and social media platform • Investor briefing sessions

MATERIAL MATTERS ASSESSMENT

Material Matters Assessment Process

Material matters assessment is crucial for our Group as it facilitates in the identification and prioritisation of the sustainability issues that are most relevant to our Group as well as the stakeholders. For the first year, we have conducted our material matters assessment via a three-step structured approach as follows: -

Identification

Identify material sustainability matters that are relevant to the Group as well as various stakeholders.

Assessment

Assess the importance of the identified sustainability matters from both the Group's and the stakeholders' perspectives.

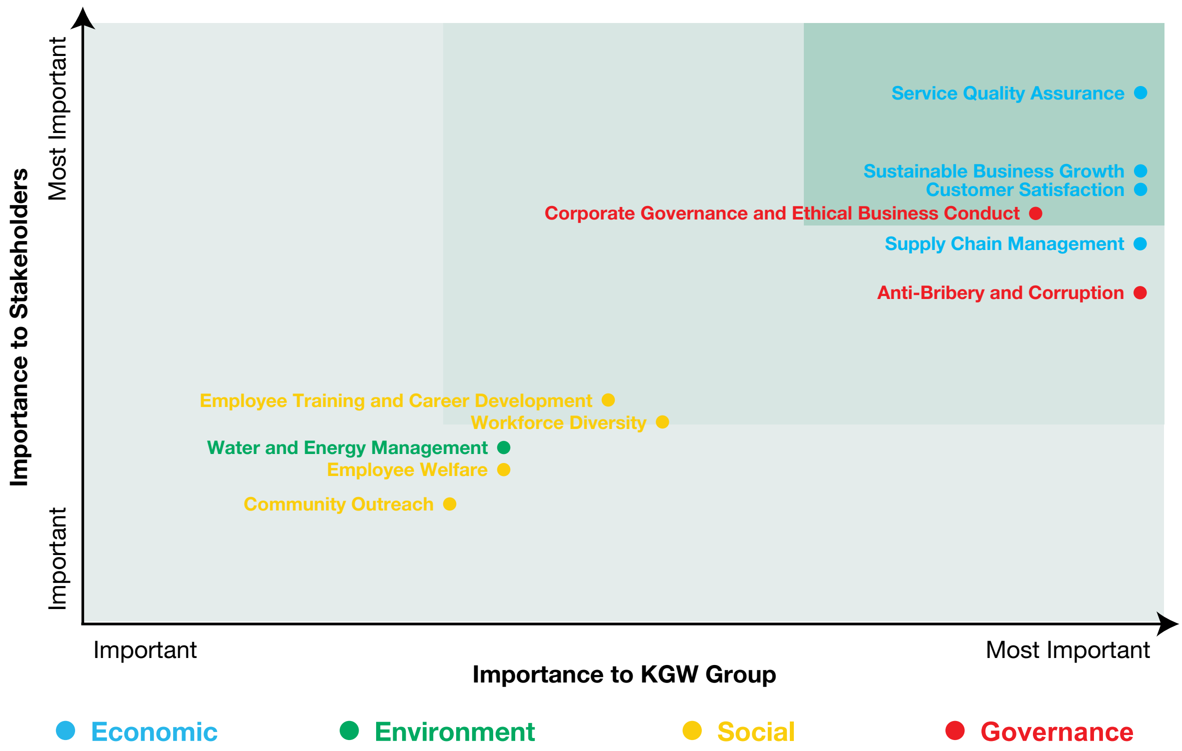
Prioritisation

Prioritise and rank each material matter in accordance with the degree of impacts towards the Group and stakeholders.

Moving forward, material matters assessment will be conducted annually to assess the relevance of the identified material matters and to uncover any potential new material matters.

Material Matters Matrix

Following our first material matters assessment, we have identified eleven (11) material matters for FYE 2023. These identified material matters have been ranked accordingly based on the level of priority to both the Group and stakeholders, ranging from "Important" to "Most Important" in the following Material Matters Matrix: -



Sustainability Statement (Cont'd)

SUSTAINABILITY STRATEGIES

Upon identifying and assessing the Group's sustainability matters, we have considered the 17 UNSDG for the development of our sustainability strategies. This shall ensure that our sustainability strategies and initiatives are well-aligned with global sustainability trend and development objectives, ultimately contributing to a better world for all.

For FYE 2023, we have aligned five (5) relevant UNSDG to our material matters and have formulated appropriate sustainability strategies to address the material matters identified, outlined as follows: -

Materials Matters	Sustainability Strategies	UNSDG Mapping
Economics		
• Sustainable Business Growth • Service Quality Assurance • Customer Satisfaction • Supply Chain Management	• To develop and implement sustainable business expansion plan • To monitor and improve our service quality • To understand customers' needs and expectations and strive to achieve high customer satisfaction level • To source from suppliers that meet our stringent requirements • To maintain good relationship with various ocean carriers	8 DECENT WORK AND ECONOMIC GROWTH
Environment		
• Water and Energy Management	• To ensure efficient use of water and energy • To adopt other green initiatives within our workplace as well as business operations	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Social		
• Workforce Diversity • Employee Training and Career Development • Employee Welfare • Community Outreach	• To establish and maintain a safe, healthy, diverse, and supportive working environment • To provide on-going training and development programs for employees • To take care of employees' interest and wellbeing • To participate and contribute in corporate social responsibilities events	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Governance		
• Corporate Governance and Ethical Business Conduct • Anti-Bribery and Corruption	• To promote and maintain good corporate governance • To comply with all applicable laws and regulations • To prohibit any form of bribery and corruption in all business dealings	16 PEACE AND JUSTICE STRONG INSTITUTIONS

ECONOMIC	ENVIRONMENT	SOCIAL	GOVERNANCE

SUSTAINABLE BUSINESS GROWTH

Established in 2005, we began our humble journey by assisting Malaysian exporters and importers in their ocean cargo shipments to or from overseas. In 2010, our KGW Logistics successfully obtained its registration as a NVOCC with the FMC, which allow us to have better control in the provision of ocean freight services for shipments to the USA given our contractual cargo space availability and pre-determined freight costs.

Fast forward to today, boasting an 18 years track record, we stand as a well-established logistics services provider in Malaysia, offering mainly ocean and air freight services as well as freight forwarding services for cargo shipments to and from the USA and other countries across North America, Europe, Asia, Africa, Oceania and South America. In addition, we are also involved in warehousing and distribution of healthcare-related products and devices.

On 1 August 2023, we reached a momentous milestone in our trajectory as a company, with our Group successfully debuting on the ACE Market of Bursa Securities. This milestone not only reaffirms our dedication to expansion but also heralds a fresh chapter in our corporate journey.

Following our listing, we didn't rest on our laurels; instead, we embarked on a series of strategic planning and initiatives aimed at propelling further business growth and enhance our market presence. These planning and initiatives include: -

1. Relocation to Hicom Glenmarie Industrial Park to Facilitate Business Expansion

Our Group currently operates from our existing offices located at Ara Damansara, Petaling Jaya, Selangor with a total built-up area of approximately 11,300 sq. ft. In order to cater for our business expansion, we will relocate to a 3-storey office building with an annexed 2-storey warehouse located at Hicom Glenmarie Industrial Park, Shah Alam, Selangor.

The new building has a total built-up area of approximately 53,400 sq. ft., made up of approximately 16,500 sq. ft. of office space and approximately 36,900 sq. ft. of warehouse space. This relocation not only enables us to expand our headcount to scale up operations but also allow us to undertake larger volume warehousing orders, which will contribute positively to the overall profitability of our Group.

The new building is currently undergoing renovations and is expected to be ready for relocation by mid-2024.

2. Expansion of Warehousing and Distribution Services for Healthcare-related Products and Devices

We plan to expand on our provision of warehousing and distribution services for healthcare-related products and devices mainly by expanding our customer base upon our relocation to the new building.

As our warehousing and distribution services are catered for commercial purposes, we intend to approach local businesses such as hospital groups, retail pharmacy chains, authorised representatives of international healthcare companies, and small and medium-sized enterprises ("SMEs") involved in manufacturing, retailing, and/or distribution of healthcare-related products and devices, to offer our services.

Sustainability Statement (Cont'd)

ECONOMIC	ENVIRONMENT	SOCIAL	GOVERNANCE

SUSTAINABLE BUSINESS GROWTH (CONT'D)

2. Expansion of Warehousing and Distribution Services for Healthcare-related Products and Devices (Cont'd)

Our warehousing and distribution services can help these businesses to streamline their operations and reduce operating costs as they would not need to incur further ancillary costs of having to own and/or operate their own warehouse or to undertake distribution of goods to their customers on their own. By outsourcing their warehousing and distribution activities to us, these businesses can focus on other business activities such as marketing and formulating business strategies for their products to grow their business. This mutually beneficial approach aligns with SDG Target 8.1, promoting sustainable economic growth and job creation.

3. Development of New Business Opportunities for Our Logistics Services Through Providing E-Commerce Solutions

In consideration of the growth in the e-commerce market globally, there is potential for Malaysian businesses to expand and sell their products to overseas buyers. To facilitate the growth, we intend to offer e-commerce solutions tailored to the needs of Malaysian SMEs and product brand owners that have yet to venture into the e-commerce segment.

Our initiative began with a focus on the USA market through online business-to-consumer marketplaces such as eBay or Amazon. Services to be offered include e-commerce store setup for customers on various online marketplaces, e-commerce consultancy, e-commerce store management, and logistics services to ship their products to overseas buyers.

This includes advising our customers on digital strategy and execution of their e-commerce business, managing the e-commerce store including undertaking content creation, managing the business' social media pages, and handling customer queries and complaints; and offering fulfilment services whereby we can provide inventory storage, as well as picking and packing services in preparation for shipping.

Our business strategy of providing assistance to Malaysian businesses in establishing e-commerce channels is expected to complement our core business of providing logistics services in line with SDG Target 8.2. Increasing the opportunity for Malaysian businesses to reach overseas customers is envisaged to facilitate growth in cross-border trade activities, which will likely create further opportunities for us to offer our logistics services (such as ocean / air freight services) to these Malaysian businesses.

We are pleased to announce the successful launch of our e-commerce solutions in the first quarter of 2024.

Through these initiatives, we are poised to drive sustainable business growth and further establish ourselves as a comprehensive logistics services provider in the global market, focusing on long-term value creation for all stakeholders.

ECONOMIC ENVIRONMENT SOCIAL GOVERNANCE

SERVICE QUALITY ASSURANCE

Service quality is a key factor in determining our competitiveness within the industry especially during the challenging time in this ever-changing business environment. Our Group strives to uphold our commitment to delivering exceptional services. To achieve this, we have instituted quality control measures across critical areas of our business operations. These measures include standardising export and import shipment handling procedures, reviewing customer feedback, and taking corrective action for any non-conforming practices.

The quality management system in both our KGW Logistics and Mattroy Logistics (Malaysia) Sdn Bhd ("Mattroy Logistics") have been accredited with ISO 9001:2015 under the scope of "Provision of Freight Forwarding Services" since April 2022. To ensure effective execution of our quality management system, we have designated employees from various departments to oversee quality control for tasks specific to their department. This is to ensure that operations within each department adhere to the necessary standards.

In addition, we have in place a "Control of Nonconformity and Corrective Action Policy" to ensure that all non-conforming services and work that lead to unintended use or delivery of our services are identified, addressed and prevented. In the event of any deviation from our stringent standards, the responsible personnel or employees from sales and marketing team shall raise Corrective Action Reports ("CAR"). CAR is then addressed by the respective Head of Departments to evaluate the root cause and implement necessary corrective measures. Adherence to this policy underscores our Group's steadfast commitment to resolving issues promptly and upholding the high service quality standards mandated by ISO regulations.

As for KGW Medica, we obtained the Good Distribution Practice for Medical Devices ("GDPMD") certification from Newera International since September 2021. It certifies our compliance with the GDPMD rules in relation to the supply chain of the healthcare-related products and devices that we handle. This includes import and export activities, storage and handling, warehousing and distributions, transportation, documentation as well as the traceability of the healthcare-related products and devices.


Pearl
KGW LOGISTICS (M) SDN BHD
ISO 9001:2015

KGW Logistics (M) Sdn Bhd ISO 9001:2015


Pearl
MATTROY LOGISTICS (MALAYSIA) SDN BHD
ISO 9001:2015

Mattroy Logistics (M) Sdn Bhd ISO 9001:2015


CERTIFICATE OF CONFORMITY

KGW Medica Sdn Bhd GDPMD Certification

ECONOMIC | ENVIRONMENT | SOCIAL | GOVERNANCE

CUSTOMER SATISFACTION

As a logistics services provider, customer satisfaction plays a pivotal role in the long-term viability and success of our business. Our dedication to ensuring customer satisfaction is not merely a business objective; it is a fundamental principle ingrained in our commitment to sustainability.

To gauge and improve customer satisfaction, we conduct annual Customer Satisfaction Surveys, employing a rating system to evaluate aspects such as fulfilment of needs, responsiveness, professionalism and service quality. Our goal of achieving at least 80% customer satisfaction is a testament to our unwavering commitment to provide excellent services. In FYE 2023, our customer satisfaction level surpassed 75%, and we are committed to achieving the 80% milestone by financial year ending 31 December 2024 ("FYE 2024").

We are pleased to highlight that there were no customer complaints received during FYE 2023. Nevertheless, we welcome any feedback, complaints, or comments to be directed to our customer service team at crystal@kgwlogistics.com, as we remain committed to continuous improvement and exceed customer expectations.

SUPPLY CHAIN MANAGEMENT

After experiencing the global supply chain disruption caused by Covid-19 pandemic, our commitment to maintaining uninterrupted operations has further intensified, recognising the pivotal role of supply chain management in sustaining business continuity and ensuring customer satisfaction.

To this end, our accreditation as a NVOCC with FMC has enabled us to have better control over our supply chain for shipments to the USA given our contractual cargo space availability and pre-determined freight costs. Additionally, nurturing strong partnerships with ocean carriers remains pivotal in our supply chain management. Despite the global challenges posed by the Covid-19 pandemic, including shortages in ocean cargo space, our Group has capitalised on our enduring relationships with various ocean carriers to secure cargo space for our customers' shipments, navigating through the challenging times successfully.

To ensure stability and reliability of our supply chain, we conduct annual evaluation on vendors' performance through the Vendor Selection and Evaluation Form. This process utilises a rating system to assess the suitability and quality of our vendors. Vendors are classified into new and existing categories, and the evaluation encompasses criteria such as service quality, cost effectiveness, delivery time, after-sales support, payment terms and responsiveness. Vendors failing to meet our quality standards are subjected to re-assessment in the following year or before the subsequent purchases. If they still do not meet the required standards, they will be removed from the Group's approved vendor list. We are pleased to report that during FYE 2023, all vendors underwent this evaluation and met our stringent requirements.

While we have to source for cargo space from the international ocean carriers, with SDG Target 8.1 in mind, we endeavor to procure the remaining services and supplies, such as local custom and port clearances, and other office and warehouse supplies, from local sources to support the local economy. In FYE 2023, 60% of our supplies were sourced locally, and we aim to increase this percentage whenever feasible.

WATER AND ENERGY MANAGEMENT

In KGW, we recognise that while our shipment arrangement services may not directly impact the environment, the transportation activities associated with our services do contribute to carbon emissions. In our pursuit of sustainability, we prioritise the efficient management of our resources, including water and energy. This entails implementing measures to minimise our environmental footprint throughout our operations, such as optimising transportation routes for our clients and adopting eco-friendly practices in our offices and warehouse facilities. By continually improving our resource management strategies, we aim to reduce our overall environmental impact while delivering reliable logistics solutions to our clients.

Water Management

During FYE 2023, the total water usage of the Group amounted to 415 m^3. We recognise that water preservation is a collective effort, and every employee in our Group plays a pivotal role in our sustainability journey. Therefore, we are dedicated to raising awareness among our workforce with SDG Target 12.2 in mind. To achieve this, we regularly disseminate reminders on the importance of water conservation through various channels such as emails, WhatsApp and other platforms.

TARGET 12·2

SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES

In addition, we conduct routine inspections to promptly identify and repair any water leakage that may occur. In our offices and warehouse, we promote water-saving practices by ensuring that taps are turned off when not in use.

Furthermore, we have implemented eco-friendly solutions such as dual flush toilets, which offer both full and partial flush options to minimise water consumption effectively. Through these efforts, we aim to instil a sense of responsibility for water conservation across our Group and contribute to sustainable resource management practices.

Energy Management

In addition to our focus on water conservation, we remain vigilant about our energy consumption, particularly in light of the growing global concern surrounding climate change, which is largely fuelled by increasing energy consumption.

In FYE 2023, our total energy consumption reached 67,689 kWh. We have implemented measures aimed at managing and reducing our energy usage. Within our office and warehouse spaces, we actively promote energy conservation practices, including diligently turning off lights, air conditioning, and other electrical fixtures when not in use. Moreover, we have transitioned to energy-efficient Light-Emitting Diode ("LED") lighting and systematically replaced worn-out or inefficient office equipment with energy-saving alternatives. We firmly believe that these collective efforts, albeit seemingly minor, play a significant role in curbing our carbon footprint and combatting the adverse effects of climate change.

Sustainability Statement (Cont'd)

OTHER GREEN INITIATIVES

3R – Reduce, Reuse, Recycle

Aligned with SDG Target 12.5, we have implemented the 3R initiatives within our Group. Recycling bins are readily available within our Group's compound to encourage proper waste segregation. Additionally, we repurpose printed documents as scrap paper for drafting and printing purposes, thus minimising unnecessary paper waste generation.

Besides, we have engaged a recycling centre to facilitate the collection of our recycled waste once it reaches a specified quantity. This arrangement ensures that our recycling efforts are effectively managed and contributes to reducing our environmental footprint.

Reduction in Carbon Footprint

At KGW, we cater to customers across the globe. We promote the utilisation of technology among our employees, encouraging them to maximise virtual conference facilities for meetings and discussions. This approach helps minimise the need for physical travel and reduces unnecessary carbon emissions.

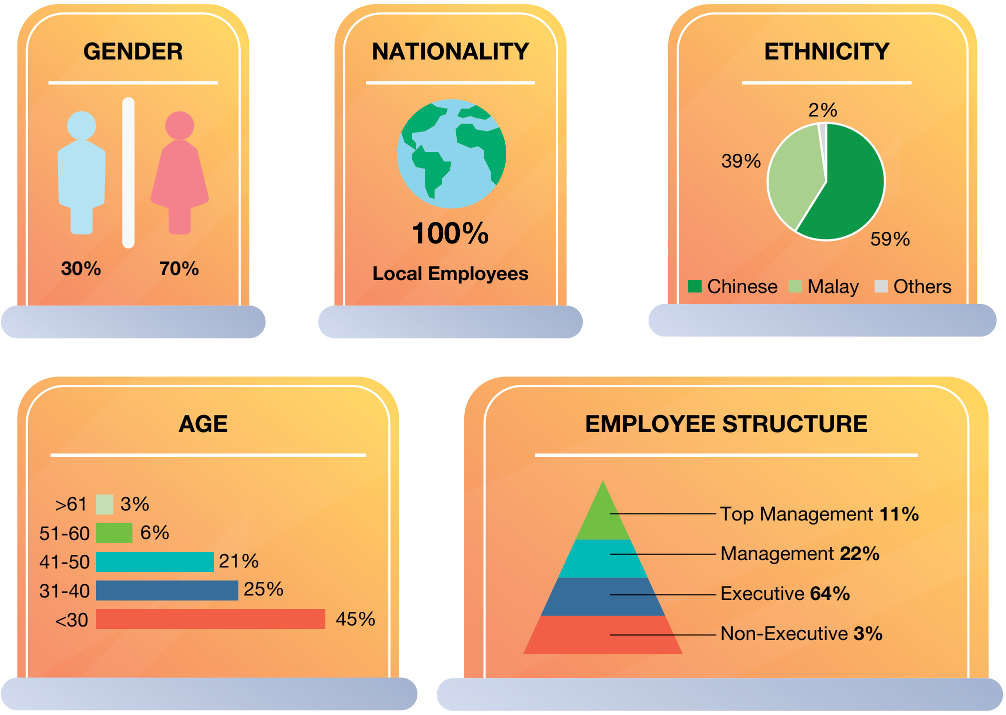
In our ocean and air freight services, we are committed to minimise the environmental impact of the associated transportation. Through meticulous route optimisation planning, we aim to reduce fuel consumption and emissions of the relevant transportation.

Additionally, we offer adaptive solutions tailored to meet the diverse shipping needs of our customers, including varying travel times and cargo sizes. For instance, in addition to providing full container load ("FCL") services, we offer a less than container load ("LCL") option for clients shipping smaller quantities. By consolidating cargo from multiple clients into a single container shipment, we optimise container space utilisation, reducing the number of shipments required and ultimately lowering the carbon footprint associated with transportation. This approach reflects our dedication to sustainable logistics practices while providing efficient and flexible solutions to our customers.

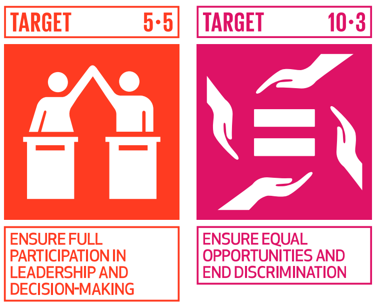
ECONOMIC | ENVIRONMENT | SOCIAL | GOVERNANCE

WORKFORCE DIVERSITY

At KGW Group, we are well aware that diversity in the workplace enriches the Group in broadening perspectives and inspiring creativity and innovation. We strive to bring together a great mix of talents with different age groups and ethnic races while strive to strike a balance between the genders. As at 31 December 2023, the Group has a total of 64 employees with demographics as follows: -



In light of the growing focus on gender diversity globally and locally, we are committed to promoting gender equality and diversity, particularly within our Board and Senior Management positions. Our initiatives align with the principles of SDG Target 5.5 and 10.3, which underscore gender equality and the empowerment of women. Presently, our Board comprises of 67% women representation, including the roles of Independent Non-Executive Chairman, Executive Director cum Chief Operation Officer and two (2) Independent Non-Executive Directors.



As we endeavour to attract and recruit the most suitable talent for our Group, we also recognise the importance of retaining our workforce to ensure the long-term sustainability of our business. High employee turnover not only impedes our operations but also diminishes our employee morale. We understand that the efficacy of our human capital is directly tied to employee loyalty, which is why we set a goal to maintain an annual employee turnover rate of 20% or lower. This year, we did not achieve this target as the employee turnover rate is slightly higher at 22%. Moving forward, we are committed to cultivate a supportive and motivating working environment, with the aim of fostering longer service years and loyalty among our employees to the Group.

Meanwhile, in line with our social responsibility, we are actively involved in addressing the aging population challenge in Malaysia by offering employment opportunities to retirees. As at 31 December 2023, individuals aged 60 and above make up 3% of our total workforce.

Sustainability Statement (Cont'd)

EMPLOYEE TRAINING AND CAREER DEVELOPMENT

As we adapt to the dynamic business landscape, it remains essential for our Group to uphold a resilient and forward-looking talent pool. To ensure the continued excellence of our services and to enhance our operational efficiency, we offer combinations of internal and external training opportunities for our employees.

Throughout the FYE 2023, we prioritised the development of our workforce by organising a series of internal training sessions and facilitating on-the-job training opportunities. These initiatives were meticulously designed to augment the knowledge and capabilities of our employees, with a particular emphasis on enhancing their proficiency in our services provided to customers.

Apart from in-house trainings, our employees also participated in external trainings, including the Leadership Development Coaching Program on a monthly basis and the Champion Leadership Program held from 9 to 10 December 2023.

Champion Leadership Program stands out as the focal point of our employee training and career development efforts for the FYE 2023. This program is crafted to foster leadership attributes through interactive and compelling learning experiences. It is designed to help our employees to master the art of communication and to uncover the ability to lead effectively. Through two full days of training cum team building sessions, our employees gained valuable insights and practical experiences in various leadership concepts.

EMPLOYEE WELFARE

Recognising the significant contribution of our employees' dedication to our business achievements, we offer a variety of incentives designed to nurture and improve the well-being of our employees, motivating them to consistently perform at their best.

Annually, we assess our employees' remuneration package, benchmarking it against prevailing market rates, with the aim of both retaining and inspiring our workforce. We also provide a wide range of benefits to our employees, which are determined based on their job grade and tenure, as below: -

Employee Welfare			
√	Annual Leave	√	Maternity and Paternity Leave
√	Emergency Leave	√	Medical Benefits
√	Medical Leave	√	Performance-based bonuses
√	Hospitalisation Leave	√	Gift and Condolence

In addition to providing benefits to our employees, we prioritise engagement with them to cultivate stronger bonds. Throughout the FYE 2023, we organised various events to promote social connections and foster a positive work-life balance among our staff, including Staff Monthly Lunch and Team Building events as follows: -

Staff Monthly Lunch

Every department within the Company organises a monthly staff lunch, where employees gather for a communal meal. These lunches are designed to promote team cohesion, elevate workplace morale, and provide employees with an opportunity to socialise outside the usual work setting.

Team Building

The SkyTrex Adventure Team-Building event, which took place on 28 August 2023, was a resounding success, achieving its objectives of promoting teamwork, refining skills, and providing an exhilarating experience for all participants. In addition to strengthening professional relationships, the event contributed to the development of a more cohesive and motivated team.

COMMUNITY OUTREACH

Collaboration with Universiti Tun Hussein Onn Malaysia ("UTHM")

We had on 13 August 2023 entered into a Memorandum of Agreement with UTHM to jointly establish an Enterprise Trade Hub in UTHM. This collaboration is designed to empower students with a hands-on learning experience in the world of logistics and e-commerce.

KGW, through this collaboration, stands as a commercial entity that offers an ecosystem for live training. The facilities provided by KGW at UTHM includes specialised rooms such as a warehouse, parcel collection room and more. These spaces allow students to experience the actual workflow and operations of a real-world logistics system.

Beyond theoretical knowledge, this partnership fosters students' practical understanding on the logistics system. We are committed to supporting universities in nurturing students, emphasising hands-on training and live practice. The meticulously crafted learning modules are designed to replicate real-life scenarios, ensuring students are industry-ready upon graduation.

Internship Programmes

At KGW, we understand the potential of young talents in driving innovation and catalysing change. Therefore, we have implemented the KGW Management Trainee Program, which aims to provide these emerging talents with a dynamic and immersive experience within a real professional working environment.

Throughout the FYE 2023, we offered internship opportunities to 37 individuals, granting them exposure to authentic work environments and the opportunity to gain invaluable real-world experience. This initiative not only enhances the interns' skill sets but also allows us to embrace fresh perspectives and creative ideas inspired by their contributions.

Apart from benefitting the young talents, internships often serve as a pathway to secure permanent positions, a practice KGW has adopted in several departments. These departments encompass e-Commerce, warehousing, shipping and logistics, customer service, accounts, and sales and marketing.

COMMUNITY OUTREACH (CONT'D)

Blood Donation

KGW's involvement in blood donation initiatives serve as a means to connect with the local community. Through the coordination and active participation in blood donation events, we demonstrate our commitment to giving back to the community and supporting important public health initiatives. Encouraging our employees to take part in these initiatives not only raise their health awareness but also contributes to a positive workplace culture and employee well-being.

Treat and Trick with Pitter Patter Preschool

The Treat and Trick Charity event is a Halloween-themed program that merges the fun of trick-or-treating with a focus on giving. The event aims to impart valuable lessons to children about the significance of charity, empathy, and community engagement, all within the context of an enjoyable Halloween experience.

CORPORATE GOVERNANCE AND ETHICAL BUSINESS CONDUCT

As an accountable entity, KGW Group is committed to maintain a high standard of corporate governance and comply to all applicable rules and regulations. We believe that proper corporate governance and ethical business dealings are the pathway that leads to long-term business growth and success.

It is the principle of the Group to conduct business in an honest and ethical manner and to act in good faith. We are committed to ethical, transparent, fairness and integrity in all business practices and relationships. To this end, we have put in place a Code of Conduct and Ethics Policy ("the Code") to serve as a guidance to the respective parties.

Apart from the Code, we also ensure compliance to all the relevant laws and regulations, including those related to the environment, labour and industry-specific statutory requirements.

ANTI-BRIBERY AND CORRUPTION

In alignment with SDG Target 16.5, the Group has in place an Anti-Bribery & Corruption Policy ("ABC Policy") to underscore our unwavering stance against any form of bribery and corruption. It serves as a deterrent to bribery and corruption, while fostering a culture of integrity and compliance within the organisation.

In addition, we have put in place a Whistleblowing Policy and Procedures to support the implementation of the Code and the ABC Policy. It serves as an avenue for our employees and stakeholders to voice concerns or report genuine incidents related to fraud, bribery, corruption, or misconduct.

All information received will be handled discreetly while proper investigation will be carried out on any reported cases and appropriate action will be taken accordingly. Whistleblowers reporting in good faith are protected under the Whistleblower Protection Act 2010.

The Code, ABC Policy and Whistleblowing Policy and Procedures are accessible on our Company's website at https://www.kgwlogistics.com/corporate-governance/.

We are delighted to emphasise that no employees of the KGW Group have been subjected to disciplinary action, termination, or public legal proceedings due to breaches of laws and regulations. As a result, no fines, penalties or settlements were incurred during the FYE 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board acknowledges the importance of adopting good corporate governance within the Group as a fundamental part of discharging its duties to protect and enhance shareholders' value and stakeholders' interest. The Board is fully committed to maintaining effective corporate governance practices as recommended in the Malaysian Code on Corporate Governance ("MCCG") throughout the Group. This aligns with the guidelines stipulated in the AMLR of Bursa Securities.

As part of this commitment, the Board is pleased to present this Corporate Governance Overview Statement ("CG Statement"), which provides a concise overview of the application of the following three (3) key corporate governance principles set out in the MCCG throughout the Group during FYE 2023: -

Principle A - Board Leadership and Effectiveness;
Principle B - Effective Audit and Risk Management; and
Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Statement is prepared pursuant to Rule 15.25(1) of the AMLR with guidance from Guidance Note 11 of the AMLR.

Shareholders are encouraged to read this CG Statement alongside the Company's Corporate Governance Report 2023 ("CG Report"), which provides detailed disclosures on the implementation of each corporate governance practice. The CG Report can be accessed on the Bursa Securities' website or the Company's website at www.kgwlogistics.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

1. Board Leadership

The Board assumes full responsibility for the Group's overall performance and guides the Company in achieving its corporate goals and objectives by providing advice and direction to the Management as well as setting corporate strategies for growth and new business development. In order to ensure effective discharge of its function and duties, the key responsibilities of the Board include, among others, the following: -

a. Review and approve corporate plan and strategic initiatives including corporate business restructuring or streamlining and strategic alliances;

b. Oversee the conduct of the Group's business operations;

c. Promote good corporate governance culture within the Group;

d. Assess and identify the principal risks, risk appetite and ensure the implementation of risk management;

e. To have effective Board Committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCCG;

f. Review the adequacy and integrity of the Group's internal control systems and management information systems; and

g. Ensure the integrity of the Company's financial and non-financial reporting.

To enhance the Board's efficiency and effectiveness, the Board has delegated certain responsibilities and authorities to three (3) Board Committees, namely ARMC, NC and RC. All Board Committees operate within their respective clearly defined Terms of Reference. The Terms of Reference of each Board Committees are available on the Company's website at www.kgwlogistics.com/corporate-governance/.

The Board is chaired by Tengku Faizwa Binti Tengku Razif, an Independent Non-Executive Chairman. The Board's Chairman is responsible for instilling good corporate governance practices, providing leadership to the Board and overseeing the overall effectiveness of the Board. The Board's Chairman also plays an active role in facilitating Board meetings, ensuring every Director has the chance to engage in discussions and that all agenda items are comprehensively addressed.

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

PART I: BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership (Cont'd)

In line with Practice 1.3 of MCCG, the positions of the Board's Chairman and Managing Director are held by two (2) different individuals and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote the Board's impartial oversight over management and accountability. Tengku Faizwa Binti Tengku Razif, as the Board's Chairman, focuses on corporate governance, leadership and Board effectiveness. Dato' Roger Wong Ken Hong, as the Managing Director, oversees the daily business operations and implements the approved strategies and policies. The distinct and separate roles of the Board's Chairman and Managing Director are clearly defined in the Boad Charter to ensure a balanced approach to decision-making.

In KGW, the Board's Chairman is not a member of the ARMC, NC and RC, ensuring an effective discharge of Board Committees' functions and responsibilities. However, the Board's Chairman was invited to attend the Board Committees' meetings to offer recommendations or insights on matters raised in the meetings. The Chairman's attendance at the Board Committees' meetings does not compromise the Board's objectivity, as she abstained from participating in decision-making on resolutions, proposals and matters presented for approval during the Board Committees' meetings.

The Board is supported by two (2) qualified and competent Company Secretaries, Mr. Chang Ngee Chuang and Ms. Thong Pui Yee. Both are qualified under Section 235(2)(a) of the Companies Act 2016 and are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries assist the Board by advising on matters related to the Company's administration, governance and meeting procedures to ensure compliance with all relevant legal and corporate governance standards.

To ensure optimal Board attendance, the meetings of the Board and Board Committees are scheduled in advance, allowing Directors ample time to reserve the dates and coordinate their schedule. Notices, agendas and meeting papers containing the relevant reports for each meeting are distributed seven (7) days in advance to provide the Directors with sufficient time for thorough review, thoughtful consideration of agenda items, and when necessary, to obtain additional information from the Management for informed decision-making during the meetings. In addition, the Board have unrestricted access to all information concerning the Group's business and affairs, along with the advice and services of the Company Secretaries and the Management in a timely manner.

According to the Board Charter, the Board shall convene at least four (4) meetings during the financial year, with additional meetings to be convened as and when necessary. Although the Company is newly listed on ACE Market of Bursa Securities on 1 August 2023, the Board conducted a total of three (3) Board meetings during the FYE 2023 and the details of the attendance are as follows:

Directors	Directorship	Meeting attendance
Tengku Faizwa Binti Tengku Razif	Independent Non-Executive Chairman	3/3
Dato' Roger Wong Ken Hong	Managing Director	3/3
Cheok Hui Yen	Executive Director	3/3
Lim Joo Seng	Independent Non-Executive Director	3/3
Lean Sze Yau	Independent Non-Executive Director	3/3
Lee Li Choon	Independent Non-Executive Director	3/3

The Company Secretaries will record all matters, discussions, deliberations, decisions and conclusions made during the Board meetings. Subsequently, the meeting minutes will be circulated to the Board on a timely basis for review and for confirmation at the next meeting.

To enhance the efficiency in carrying out their responsibilities, the Company Secretaries have and will continue to consistently stay informed about the latest regulatory and corporate governance developments through continuous training and industry updates. The Board is satisfied with the performance and competency of the Company Secretaries in discharging their duties and supporting the Board during the FYE 2023.

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

PART I: BOARD RESPONSIBILITIES (CONT'D)

2. Board Charter

The Board has adopted a Board Charter outlining the respective roles and responsibilities of the Board, Board Committees, individual Directors, as well as matters reserved for the Board, the Board's governance and authority. The Board will regularly review the Board Charter as and when required to ensure it is updated in accordance with current legal requirements and to reaffirm its relevance in terms of objectives and responsibilities. The Board Charter is publicly available on the Company's website at www.kgwlogistics.com/corporate-governance/.

3. Business Ethics and Integrity

The Group is committed to conducting its business fairly, impartially and in full compliance with all applicable laws and regulations. Hence, the Group has embraced the Code to uphold exemplary standards of ethics and governance in business. Committed to professionalism, honesty and integrity in all interactions, the Code outlines the policies and procedures for both employee and business conduct.

Furthermore, the Group has adopted the ABC Policy in line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), demonstrating a zero-tolerance stance towards bribery and corruption. The Group is committed to conducting business professionally, fairly and with integrity in all relationships. This ABC Policy serves as a guide by outlining the principles and methods for addressing bribery and corruption related activities and issues when they arise.

As a complement to the Code and ABC Policy, the Group has also established a Whistleblowing Policy and Procedures to reinforce the Group's commitment to ethical and legal business operations. This policy aims to provide a secure channel for individuals with genuine concerns to disclose any suspected wrongdoings, business misconduct or malpractices without fear of discrimination, retaliation or harassment. Whistleblowers may report directly to the Chairman of ARMC via email or the web-form available on the Company's website at www.kgwlogistics.com, as detailed in the Whistleblowing Policy and Procedures.

Pursuant to Rule 15.01A of the AMLR, the Board has in place a Directors' Fit and Proper Policy to ensure that the Board are equipped with individuals of high calibre who possess the right character, experience, expertise, integrity, track record and qualifications. The Board, assisted by the NC, shall assess the candidates seeking for appointment or re-election based on the Directors' Fit and Proper Policy.

The Code, ABC Policy, Whistleblowing Policy and Procedures and Directors' Fit and Proper Policy are publicly available on the Company's website at www.kgwlogistics.com/corporate-governance/.

4. Sustainability Governance

The Board acknowledges the importance of sustainable business practices in generating long term value and enhancing business resilience. As stated in the Board Charter, the Board is responsible for overseeing the Group's sustainability management as well as reviewing and approving strategic initiatives aligned with sustainability principles, covering economic, environment and social considerations.

In addition, the Board recognises the needs for regular stakeholders' engagement in shaping sustainable strategies and priorities. These engagements enable the Group to have better understanding on the needs and expectations of stakeholders, thereby improving the Group's sustainability. A detailed Sustainability Statement in this Annual Report would assist the stakeholders to understand the integration of ESG factors into the Group's operation.

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

PART I: BOARD RESPONSIBILITIES (CONT'D)

4. Sustainability Governance (Cont'd)

The NC is responsible for identifying and recommending sustainability-focused training programs for the Board. To stay updated with the latest sustainability landscape, all Directors have participated in appropriate and relevant training programs. A comprehensive list of Directors' training is available in Section 5 of this CG Statement.

As part of the sustainability initiatives, the Board, through the NC, has developed a Board evaluation to ESG or Sustainability, covering few aspects like overseeing sustainability strategies, ESG context, program development and knowledge on sustainability risks and opportunities. This Board evaluation assesses the Directors and Senior Management based on their knowledge, abilities, experience and effectiveness in addressing the Group's material sustainability.

PART II: BOARD COMPOSITION

5. Board Diversity

The Board presently has six (6) members and comprises one (1) Managing Director, one (1) Executive Director and four (4) Independent Non-Executive Directors including the Board's Chairman, as follows: -

Name	Directorship
Tengku Faizwa Binti Tengku Razif (f)	Independent Non-Executive Chairman
Dato' Roger Wong Ken Hong	Managing Director
Cheok Hui Yen (f)	Executive Director
Lim Joo Seng (f)	Independent Non-Executive Director
Lean Sze Yau	Independent Non-Executive Director
Lee Li Choon (f)	Independent Non-Executive Director

The current Board composition fulfils the prescribed requirement of one-third (1/3) of the Board to be independent as stated under Rule 15.02 of AMLR. In addition, Company also complies with Practice 5.2 of MCCG to have at least half of the Board comprises Independent Non-Executive Directors. The Board currently has four (4) women Directors, constituting 67% female board representation, which exceeds the 30% women directors' recommendation as outlined in the Practice 5.9 of MCCG. Although the Board has yet to formalise and adopt a gender diversity policy, but the Group recognises the importance of diversity in enhancing decision making capability and had incorporated the MCCG's recommendation of achieving 30% women directors into the Company's Board Charter. The Board is endeavour to establish and implement a comprehensive diversity policy for the Board and Senior Management.

The Board members have diverse backgrounds and experiences in various fields. Collectively, the Directors bring a wide range of skills, expertise, experience and knowledge to manage the Group's businesses. The profiles of the Directors are set out in the Profile of Board of Directors section of this Annual Report.

The Board is cognisant that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years as recommended under Practice 5.3 of MCCG. If the Board wishes to retain an Independent Non-Executive Director who has served for a cumulative term of more than nine (9) years, the Board must provide justification and seek annual shareholders' approval through a two-tier voting process at the AGM.

As at the date of this Statement, none of Independent Non-Executive Directors of the Company had served for more than nine (9) years on the Board.

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

PART II: BOARD COMPOSITION (CONT'D)

5. Board Diversity (Cont'd)

The NC is appointed by the Board to review the structure, size and composition of the Board regularly and to undertake the review of the appropriate skills (including but not limited to professional skills, where applicable), experience and characteristics required of Board members through set procedures, in the context of the needs of the Group. The members of the NC comprise exclusively of Independent Non-Executive Directors and the composition of the NC is as follows: -

Position	Name	Directorship
Chairman	Lee Li Choon	Independent Non-Executive Director
Member	Lim Joo Seng	Independent Non-Executive Director
Member	Lean Sze Yau	Independent Non-Executive Director

The NC is governed by its Terms of Reference approved by the Board which is available on the Company's website at www.kgwlogistics.com/corporate-governance/.

The main activities undertaken by the NC for the FYE 2023 were as follows: -

a. Reviewed the composition and effectiveness of the Board and Board Committees;
b. Reviewed the skills, experience and contribution of each individual Director;
c. Assessed the independence of Independent Directors;
d. Reviewed the tenure of each Director and recommended for re-election to the Board to seek shareholders' approval at the forthcoming Annual General Meeting ("AGM")
e. Reviewed the training programmes attended by the Directors and training needs; and
f. Reviewed the term of office and performance of the ARMC; and
g. Reviewed the revised Terms of Reference of the ARMC.

In accordance with the Company's Constitution, one third (1/3) of the Directors of the Company for the time being shall retire by rotation at each AGM, and all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. In this regard, the NC conducted assessment on Dato' Roger Wong Ken Hong and Ms. Lim Joo Seng who would retire by rotation at the forthcoming AGM of the Company in accordance with the Clause 135 of the Company's Constitution. Upon review, the NC, being satisfied with the performance as well as the fit and proper of the retiring Directors and recommended to the Board on their re-election at the forthcoming AGM.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board. As at 31 December 2023, all Directors have attended the Mandatory Accreditation Programme Part 1 and the Directors are committed to the continuous improvement of knowledge and skill sets.

The summary of the training programmes and seminars attended by the Directors are as follows: -

Directors	Date	Training Programme/Seminar
Tengku Faizwa Binti Tengku Razif	12-14/7/2022	Mandatory Accreditation Programme Part 1
Dato' Roger Wong Ken Hong	12-14/7/2022	Mandatory Accreditation Programme Part 1
	30/11/2023	Preparation and Implementation of 'e-Invoice' in Malaysia
Cheok Hui Yen	12-14/7/2022	Mandatory Accreditation Programme Part 1
	3/10/2023	Management of Cyber Risk

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

PART II: BOARD COMPOSITION (CONT'D)

5. Board Diversity (Cont'd)

Directors	Date	Training Programme/Seminar
Lim Joo Seng	7/1/2023	AHAM Capital Investment Forum 2023: A New Beginning is Happening Tomorrow!
	9/3/2023	2023 Malaysia Budget
	10/4/2023	Taxation of Property Developers and Contractors
	13/4/2023	Climate Governance: Corporate Secretaries Setting the Sustainability Agenda
	3/5/2023	Industrial Relations Series – Managing Sexual Harassment in the Workplace
	16/5/2023	Presentation and Disclosure of Information in Financial Statements
	1/6/2023	Transfer Pricing Documentation and Managing Transfer Pricing Audit
	4/9/2023	The Arrival of International Sustainability Standards Board Standards and the Continued Relevance of Integrated Reporting
	3/10/2023	Mastering e-Invoicing Implementation in Malaysia
	26/10/2023	Business Outlook on Budget 2024 and New Industrial Master Plan 2030
	7/11/2023	Conflict of Interest Situations – Unpacking the Obligations of Directors and Key Officers
	15/11/2023	YYC Tax Summit 2023
Lee Li Choon	12-14/7/2022	Mandatory Accreditation Programme Part 1
	25/10/2023	Mapping the Coach's Journey in Supervision
	16-17/11/2023	International Coaching Summit 2023
	1/12/2023	Climate Change & Carbon Footprint - Getting the Right Financial Risk & Reporting Perspectives
	5/12/2023	A Workshop on Strategy and Goal Setting with EOS
Lean Sze Yau	20-22/7/2022	Mandatory Accreditation Programme Part 1

6. Overall Effectiveness of The Board

On 23 February 2024, the Board has, through the NC, undertaken the following formal and objective annual evaluation and the results of the evaluations are assessed by the NC and presented to the Board: -

a. Performance of the Board as a whole;
b. Performance of the Board Committees as a whole;
c. Performance of individual Directors;
d. Board matrix skills; and
e. Independent Non-Executive Directors self-assessment.

Based on the outcome of the abovementioned assessments conducted by the NC, the Board was satisfied that:

a. All individual Directors are able to meet the Board of Directors' expectations in terms of character, experience, integrity, competency and time commitment in discharging their roles as Directors of the Company;

b. All individual Directors have exercised due care and carried out their professional duties proficiently;

c. The Board and Board Committees had been effective in carrying out their functions and duties; and

d. All Independent Directors had been and remained independent from management and free from any business relationship that could materially compromise their independent judgement.

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

PART III: REMUNERATION

7. Remuneration Policy

Guided by the RC's Terms of Reference, the RC will assist the Board to establish a formal and transparent remuneration policy and procedures for approving the remuneration of the Directors, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The RC is also responsible for reviewing and making recommendations to the Board for approval, the remuneration packages and benefits of the Directors are fairly rewarded for their individual contributions to the Company.

Currently, the Company has yet to adopt a formal Remuneration Policy for determining the remuneration for both Directors and Senior Management. In the absence of such policy, the Board Charter of the Company and the RC's Terms of Reference will serve as a guide in determining the remuneration for Directors and Senior Management. The remuneration packages for the Executive Directors and Senior Management are linked to corporate and individual performance. For Independent Non-Executive Directors, they will be paid a basic fee based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not based on commissions or a percentage of profits or turnover.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

8. RC

The Board has established a RC to assist the Board in the development and implementation of the framework and policies on the remuneration of the Directors and Senior Management of the Company. The RC will review and recommend the remuneration packages and annual performance rewards to the Board for approval.

The members of the RC comprise exclusively of Independent Non-Executive Directors and the composition of the RC is as follows: -

Position	Name	Directorship
Chairman	Lean Sze Yau	Independent Non-Executive Director
Member	Lim Joo Seng	Independent Non-Executive Director
Member	Lee Li Choon	Independent Non-Executive Director

The RC is governed by its Terms of Reference approved by the Board which is available on the Company's website at www.kgwlogistics.com/corporate-governance/.

During FYE 2023, the RC reviewed and recommended the remuneration package of the Executive Directors and Independent Non-Executive Directors to the Board for approval.

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

PART III: REMUNERATION (CONT'D)

9. Remuneration of Directors and Senior Management

The details of the remuneration of the Directors on the Company and Group basis for the FYE 2023 are disclosed as follows: -

	Company		Group						
Director	Fees (RM'000)	Allowance (RM'000)	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Company Contributions (RM'000)	Other Emoluments (RM'000)	Benefits-in-Kind (RM'000)
Tengku Faizwa Binti Tengku Razif	30	2	30	2	-	-	-	-	-
Dato' Roger Wong Ken Hong	-	-	-	60	960	-	122.4	1.2	-
Cheok Hui Yen	-	-	-	-	180	-	21.6	1.16	-
Lim Joo Seng	15	2	15	2	-	-	-	-	-
Lean Sze Yau	15	2	15	2	-	-	-	-	-
Lee Li Choon	15	2	15	2	-	-	-	-	-

The Board is of the opinion that the detailed disclosure of remuneration of the Senior Management on a named basis would not be in the best interest of the Company due to the competitive environment, which could lead to talent retention challenges. After due consideration of sensitivity and confidentiality of remuneration details, the Board opted for the disclosure of Senior Management's remuneration received for the FYE 2023 in bands of RM50,000 on an unnamed basis in compliance with the MCCG, as follows: -

Range of Remuneration	Number of Senior Management
RM150,001 to RM200,000	1
RM200,001 – RM250,000	1
RM250.001 – RM300,000	-
RM300,001 – RM350,000	1

The Board will ensure that the remuneration package remains competitive and appealing to attract, retain and incentivise the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I: AUDIT AND RISK MANAGEMENT COMMITTEE

10. Effective and Independent ARMC

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors, as below: -

Position	Name	Directorship
Chairman	Lim Joo Seng	Independent Non-Executive Director
Member	Lean Sze Yau	Independent Non-Executive Director
Member	Lee Li Choon	Independent Non-Executive Director

The ARMC has been entrusted by the Board with responsibility for overseeing the Group's accounting, audit, internal controls and risk management functions. In adherence to Practice 9.1 of the MCCG, the positions of the Board's Chairman and the ARMC's Chairman are held by different individuals, with Tengku Faizwa Binti Tengku Razif as the Board's Chairman and Ms. Lim Joo Seng as the ARMC's Chairman. This segregation of role reinforces the Board's objectivity and independence in evaluating ARMC findings and recommendations.

All members of the ARMC are financially literate and possess the necessary knowledge and expertise to effectively discharge their duties. The ARMC stays updated on accounting and auditing standards, practices, and rules through continuous professional development and updates from both Management and external auditors.

In accordance with the MCCG Practice 9.2, any former partner of the external audit firm of the Company must undergo a cooling-off period of at least three (3) years before being considered for appointment as a member of ARMC. This policy is designed to safeguard the independence and objectivity of the ARMC members. Currently, none of the ARMC members are the former partners of the external audit firm of the Company.

The ARMC shall evaluate to assess the suitability, objectivity and independence of External Auditors based on the following key criteria as set out in the ARMC's Terms of Reference: -

a. performance, suitability, objectivity and independence of External Auditors;

b. adequacy of external auditors' audit arrangements, particularly on the scope and quality of audit;

c. External Auditors' capacity, resources, and ability to meet deadlines and respond to issues in a timely manner, as specified in the Audit Planning Memorandum; and

d. nature and extent of non-audit services rendered by the External Auditors.

The Board, through the ARMC, will conduct an annual performance evaluation of the external auditors to ensure that their performance and independence meet the above criteria. Additionally, the external auditors, Messrs. Ecovis Malaysia PLT, have assured the Board of their independence throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The details of the key activities carried out by the ARMC during the FYE 2023 are set out in Audit and Risk Management Committee Report in this Annual Report.

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

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

11. Effective Risk Management and Internal Control Framework

The Board affirms its duties in ensuring the sufficiency and reliability of the Group's internal controls and risk management system, with the objective of protecting the Group's assets, shareholders' investments, and stakeholders' interests. To fulfil this commitment, the Board has established an Enterprise Risk Management Framework ("ERM Framework") that outlines five (5) key risk management procedures: identify, analyse, respond, monitor, and report potential risks or structural weaknesses that could hinder the Group's business objectives.

Additionally, the Board has established several internal control systems, including company policies and standard operating procedures ("SOPs"), which help ensure the seamless functioning of business operations, aligning with principles of sound governance.

The ARMC assists the Board in scrutinising the adequacy and effectiveness of the Group's risk management and internal control systems to ensure that the risk management process is in place and functioning effectively. Concurrently, the Senior Management supports the Managing Director in executing strategy, culture, people, process, technology, and structures, which are integral components of the ERM Framework.

Further details on the current state of risk management and internal controls within the organisation is set out in the Statement on Risk Management and Internal Control in this Annual Report.

12. Internal Audit Function

To assist the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system, the Board has outsourced its internal audit function to an independent professional firm, Eco Asia Governance Advisory Sdn Bhd ("Eco Asia"). The Internal Auditor is independent and free from any relationships or conflict of interest within the Group, this allows them to perform their internal audit review objectively, impartially, proficiently and with due professional care. The Internal Auditor will conduct internal audit reviews periodically based on the approved internal audit plan, and they will report directly to the ARMC.

During the FYE 2023, the Internal Auditor has conducted internal audit reviews on the operations of KGW Logistics and Mattroy Logistics. The internal audit reviews were performed in accordance with the International Professional Practice Framework ("IPPF").

To facilitate the internal audit process, the Internal Auditor is granted comprehensive and unrestricted access to all information and resources within the Group. This ensures that they have sufficient information and resources to conduct internal audits seamlessly and effectively. Upon completion of each internal audit review, the Internal Auditor will present the audit findings, together with root-cause analysis, potential risks and implications, as well as recommended corrective actions to the ARMC. Follow-up audits will also be conducted by the Internal Auditor to ensure the Management implements the agreed upon recommended corrective action plans within the agreed timeframe.

For the FYE 2023, the Board is of the opinion that the Group's internal control function is operating adequately, and there was no major weakness were noted that might have a material impact on the Group's financial performance or operations requiring separate disclosure in this Annual Report.

Further details on the Group's internal audit function are provided in the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

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

PART I: ENGAGEMENT WITH STAKEHOLDERS

13. Communication between the Company and Stakeholders

The Board acknowledges the significance of prompt, transparent, regular and efficient communication with our shareholders and stakeholders and is committed to providing informative, timely, accurate, consistent and fair disclosure of the Group's business operations and development to the shareholders and the public.

To ensure effective communication with stakeholders, the following communication channels are mainly used by the Company to disseminate information on a timely basis: -

(i) Company's website;
(ii) Corporate announcements made to Bursa Securities;
(iii) Annual Report;
(iv) General meetings; and
(v) Investor Relations.

General public may also reach out to the Company through the "Contact Us" section on our Company's website at https://www.kgwlogistics.com/contact-us/ to send enquiries, suggest improvements or lodge complaints. In addition, the Company has designated several personnel to attend to various matters from the public, amongst others, overseas agent inquiry, sales/marketing department, customer service/operations department, where the respective contact numbers and emails are also available on our Company's website. Through these communication channels, the Board is able to actively engage stakeholders in an effective, transparent and regular manner for their well-informed investment decisions.

While the Company endeavours to provide as much information to the stakeholders on a timely, complete and fair manner, the Board is mindful of the legal and regulations governing the release of material and sensitive information.

PART II: CONDUCT OF GENERAL MEETINGS

14. Effective General Meetings

The AGM serves as the primary platform for direct communication between the Board and shareholders where the Board reports the progress and performance of the Group, while shareholders are given the opportunity to raise questions and seek clarifications regarding the Company's financial performance and the Group's operations and development.

The 2024 AGM, scheduled for 31 May 2024, will be the Company's first AGM following its listing on Bursa Securities on 1 August 2023, presenting the first opportunity for the Company to directly engage with shareholders since its listing on the ACE Market of Bursa Securities. Adhering to MCCG Practice 13.1, the Board will ensure that the notice of the AGM is issued and circulated to shareholders at least twenty-eight (28) days' before the scheduled AGM to allow the shareholders sufficient time to consider the agenda and proposed resolutions that will be discussed and decided at the AGM.

In facilitating greater shareholders' participation at the AGM, the Company has decided to conduct the 2024 AGM virtually, leveraging technology for remote shareholders' participation and electronic voting. The virtual AGM will be held through live streaming using remote participation and voting ("RPV") facilities, which allows remote participation and online voting by all shareholders and their appointed proxies. ShareWorks Sdn Bhd will be appointed as the poll administrator to conduct the polling process to ensure fair and effective proceedings.

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

PART II: CONDUCT OF GENERAL MEETINGS (CONT'D)

14. Effective General Meetings (Cont'd)

The Board will ensure that all Directors, including the chairman of each Board Committee, attend the AGM to effectively address shareholders' questions and concerns. The Board will also invite the CFO and External Auditors to attend the AGM to address shareholders' concerns when needed. The Board Chairman will ensure that shareholders have ample time and opportunity to submit questions via the RPV platform throughout the AGM. Additionally, shareholders will also be able to submit their questions through the RPV platform before the AGM.

Upon completion of the AGM, the Board commits to making the minutes of the AGM available on the Company's website within thirty (30) business days.

COMPLIANCE STATEMENT

The Board is of the view that the Company has complied with the key principles and applied most of the practices of the MCCG throughout FYE 2023, except for the below where explanations on the departure are disclosed in the CG Report for the FYE 2023:

Practice 1.4: The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Practice 5.10: The Board discloses in its annual report the Company's policy on gender diversity for the Board and senior management.

Practice 7.1: The Board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Practice 8.2: The Board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board is committed to maintaining the highest possible standard of corporate governance practices through continuous adoption of the principles and best practices as set out in the MCCG, as well as other applicable laws, where appropriate.

This CG Statement was reviewed and approved by the Board on 26 April 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Pursuant to the Rule 15.15(1) of the AMLR, the Board is pleased to present the following Audit and Risk Management Committee Report which details the insights as to the manner in which the ARMC has discharged their duties and responsibilities during FYE 2023.

COMPOSITION AND MEETINGS

The ARMC is established with the primary objective to support the Board in fulfilling its fiduciary duties and responsibilities pertaining to the oversight of the Group's corporate accounting, financial reporting as well as risk management and internal control system. The ARMC is also entrusted to oversee the independence and quality of both external and internal audit functions within the Group.

In compliance with Rule 15.09(1) of the AMLR and Practice 9.4 of the MCCG, the ARMC was appointed by the Board, amongst its members, with all of them being Independent Non-Executive Directors. The current ARMC composition, together with the meeting attendance of the respective members during FYE 2023, are tabled as follows: -

Designation	Name	Directorship	Meeting Attendance
Chairman	Lim Joo Seng	Independent Non-Executive Director	3/3
Member	Lean Sze Yau	Independent Non-Executive Director	3/3
Member	Lee Li Choon	Independent Non-Executive Director	3/3

Guided by Rule 15.09(1)(c) of the AMLR and Practice 9.5 of the MCCG, the ARMC is led by Ms. Lim Joo Seng, who is a member of CPA Australia and a Chartered Accountant with the MIA. In addition, with reference to Rule 15.10 of the AMLR and Practice 9.1 of the MCCG, Ms. Lim, being the Chairman of the ARMC, is not the Chairman of the Board. This shall preserve the integrity and credibility of the Group's financial reporting and audit processes.

For the discharge of duties and responsibilities, the ARMC is guided by its Term of Reference, detailing its authority, duties and responsibilities as well as meeting proceedings and reporting procedures. The said Terms of Reference is made available on the Company's website at https://www.kgwlogistics.com/corporate-governance/ for public's reference.

For the first year of listing, the ARMC had convened three (3) meetings during FYE 2023. Dato' Roger Wong Ken Hong, our Managing Director, Ms. Cheok Hui Yen, our Executive Director, Ms. Wendy Kam, our CFO, and Mr. Chow Enn Jie, our Sales and Marketing Director, were invited to all ARMC meetings to provide additional information and clarification on operations, financials and audit related matters, thereby facilitating the conduct of meetings. Representative of Sponsor, External Auditor, Internal Auditor and other advisers as well as Key Senior Management, when necessary, were also invited to the ARMC meetings to deliberate on matters within their purview with Company Secretary in attendance.

Meeting agenda and materials were distributed to the ARMC members in advance to ensure that sufficient time is provided for them to peruse the relevant material in order to facilitate their deliberation and decision-making process in the scheduled meetings. All discussions and decisions made during the ARMC meetings were duly recorded by the Company Secretary. The meeting minutes were then tabled at the next ARMC meeting for confirmation and subsequently presented to the Board for notation. These minutes were properly documented and maintained in accordance with applicable regulations and governance practices.

SUMMARY OF WORK OF THE ARMC

In accordance with the Terms of Reference, the ARMC has carried out the following activities during the financial year under review: -

(A) Financial Reporting

(i) Reviewed the unaudited quarterly financial results before recommending for the Board's approval and releasing the announcement to Bursa Securities; and

(ii) Reviewed and ensured that the Group's financial reporting process is in line with the Company's SOPs and all disclosures are made in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS"), Companies Act 2016 ("CA 2016") and AMLR.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF WORK OF THE ARMC (CONT'D)

In accordance with the Terms of Reference, the ARMC has carried out the following activities during the financial year under review: - (Cont'd)

(B) External Audit

(i) Reviewed the Accountants Report prepared by the External Auditor for the financial years ended 31 December 2019, 2020, 2021 and 2022 of the Group, which all being included in the Company's prospectus in connection with the listing exercise; and

(ii) Reviewed and approved the Audit Planning Memorandum, detailing the areas of audit approach, materiality levels, audit emphasis, target audit timeline as well as proposed audit fee.

(C) Internal Audit

(i) Reviewed and approved internal audit plan for FYE 2023 and FYE 2024 presented by the Internal Auditor, outlining details such as audit scope, timeline and proposed audit fees for the internal audit services.

In view of the Company's recent listing, the Internal Auditor conducted internal audit activities in end of FYE 2023 and reported the same to the ARMC in February 2024.

(D) Related Party Transactions ("RPT") and Recurrent RPT ("RRPT")

(i) Reviewed all RPT and RRPT entered into by the Group in accordance with the Company's Finance and Accounts SOP. As per the said SOP, each RPT must be compared with at least two (2) other contemporaneous transactions with third parties for similar products or services in order to determine the fairness and reasonableness of the price and terms offered by related parties; and

(ii) All RPT and/or RRPT are closely monitored and subjected to review by the ARMC on a quarterly basis.

During FYE 2023, the ARMC has assured that all the RPT and RRPT transactions were carried out on an arm's length basis and under normal commercial terms.

(E) Other Matters

(i) Reviewed and deliberated on the schedule of the Company's listing on ACE Market of Bursa Securities.

INTERNAL AUDIT FUNCTION

The Board affirms that internal audit function is an essential component in the Group's governance framework and structure. To this end, the Board has appointed Eco Asia to be in charge of the Group's internal audit function on an outsource basis. The Board, through the ARMC, has ensured that Eco Asia, being the Internal Auditor, is free from any relationship and/or conflict of interest with the Group that could impair their objectivity and independence. As such, the Board is of the view that the Group's internal audit function is operating adequately and effectively.

The Internal Auditor is led by their Executive Director, Mr. Woon Soon Fai, who is a Chartered Accountant Malaysia ("CA(M)"), a FCCA, a member of the MIA and an Associate member of the Institute of Internal Auditors ("IIA"). In order to ensure an efficient internal audit function, three (3) internal auditors including one (1) Head of Department, one (1) Senior Consultant and one (1) Associate Consultant were assigned to the audit engagements. As such, the ARMC considers that the personnel assigned to undertake the internal audit have the necessary competency, experience and resources to carry out the function effectively. In an effort to uphold the highest level of independence and integrity, the Internal Auditor is authorised to report directly to the ARMC.

INTERNAL AUDIT FUNCTION (CONT'D)

During the FYE 2023, in view of the Company's recent listing, the Internal Auditor has presented the internal audit plan to the ARMC, covering the following scopes to be carried out: -

Internal Audit Scope	Coverage Period
Operation Review on KGW Logistics	Quarter 3, FYE 2023
Operation Review on Mattroy Logistics	Quarter 4, FYE 2023
ERM Review	Quarter 2, FYE 2024
Inventory Management Review	Quarter 3, FYE 2024

After due deliberation, the ARMC has approved the internal audit plan presented by the Internal Auditor. During FYE 2023, the internal audit review was performed by one (1) Head of Department, one (1) Senior Consultant and one (1) Associate Consultant in accordance to the duly approved internal audit plan and in compliance with the IPPF for Internal Auditing issued by the IIA. To ensure an efficient and effective conduct of internal audit, the ARMC has full and unrestricted access to all information and resources in the Group which are required by the Internal Auditor.

As per the internal audit plan, the Internal Auditor will present the internal audit report, outlining the audit findings and areas of improvement identified, together with the corresponding root-cause analysis and proposed recommendations, in the ARMC meetings in FYE 2024.

The total costs incurred for the internal audit function in respect of FYE 2023 amounted to RM30,000.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Rule 15.26(b) of the AMLR, the Board is pleased to provide the following Statement on Risk Management and Internal Control to illustrate the nature and scope of the Group's risk management and internal control system in place during FYE 2023. This statement is prepared in line with Principal B of the MCCG and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

In today's dynamic business landscape, the Board recognises that an effective risk management and internal control system forms the bedrock of the Group's corporate governance framework. In this regard, the Board is committed to maintain a sound and effective risk management and internal control system within the Group in order to protect shareholders' investments, stakeholders' interests and the Group's assets.

Whilst the Board assumes the ultimate responsibility over the Group's risk management and internal control system, the ARMC is assigned with the oversight role to scrutinise, review such system across the Group and propose relevant improvement measures to the Board. However, given the inherent limitation in any risk management and internal control system, the said system is designed to manage the Group's risks within an acceptable level, rather than to eliminate the risk of failure, in order to achieve the Group's business goals and objectives. Therefore, it can only provide reasonable but not absolute assurance of its effectiveness against any material financial misstatement, loss, fraud or any unforeseeable events. Through the ARMC, the Board is kept informed of all significant financial / non-financial issues brought to the attention of the ARMC by the Management Team, the Internal Auditors and External Auditors.

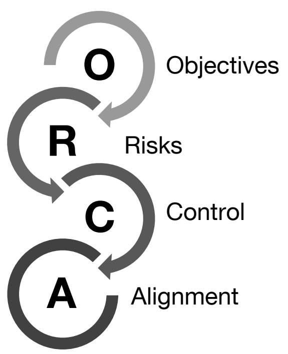
The Board is of the view that the Group's risk management and internal control system has been operating adequately and effectively during the financial year under review and up to the date of approval of this Annual Report, in all material aspects, subject to regular reviews.

RISK MANAGEMENT SYSTEM

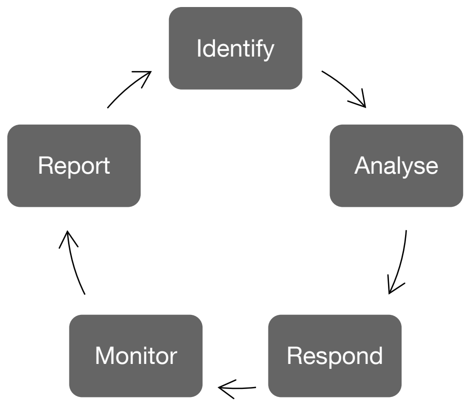
The Board regards risk management as an integral component to our Group's operations and hence, has in place an ERM Framework which is incorporated into the Group's management process and daily business activities.

Under our ERM Framework, the overview of our ERM approach and process are illustrated as below: -

ERM Approach



ERM Process



Both the ERM approach and process are closely associated and interrelated. The ERM approach delineates the methodologies to ensure consistent application of risk management across the Group while the ERM process outlines the overall procedures for the Group to manage and address risks.

RISK MANAGEMENT SYSTEM (CONT'D)

Within the ERM system, the Group has adopted the ORCA methodology, namely objectives, risks, control and alignment, as the ERM approach representing the following activities: -

- Communicating the objectives and goals that the Group aims to achieve;
- Identifying potential risks that could prevent the achievement of the Group's objectives;
- Developing responses and undertaking control activities to the identified risks; and
- Aligning the Group's objectives, risks and controls at all levels within the organisation.

On the other hand, the Group has adopted a 5-step ERM process, encompassing the identification, analysis, response, monitoring and reporting of risks. Within each step of the process, regular and meaningful communication is essential for the continuous improvement to ensure an effective risk management.

The Group's ERM process begins with the identification of potential risks that could impede the achievement of the Group's business objectives. The risks identified are categorised by respective sources to facilitate the determination of root cause and subsequently to assign responsibility for risk responses. Once the risks have been identified, they are assessed and analysed for the respective likelihood and risk impact. To this end, all risks are analysed into three (3) risk levels, namely high, medium and low, and properly documented into the Group's Risk Register thereafter, subject to regular review.

Upon conducting risk analysis, the Group shall formulate appropriate risk response strategies and plans to manage the risks to the Group's acceptable level within reasonable costs. Risks can be addressed in various ways. Generally, the Group may choose to accept, avoid, transfer, mitigate or exploit the risks, depending on whether the risks are viewed as opportunities, uncertainties or hazards.

Subsequently, the Group's risk profile and risk response plans shall be monitored and reviewed on an on-going basis in order to ensure their appropriateness, relevance and alignment with the latest business and regulatory conditions. The Group's risk responses would be measured and assessed in terms of their efficiency and effectiveness. This risk monitoring process involves a combination of regular communication, periodic reviews or audits, as well as evaluation conducted by independent executives at appropriate levels within KGW Group. Examples of risk monitoring techniques include, but not limited to, periodic/random testing of controls, quality assurance review, performance appraisals etc.

While everyone in KGW Group is responsible for the ERM in respective areas, the formalisation and implementation of the Group's ERM Policy and Framework are primarily driven by the Board and executed by the Management. Here in KGW, all ERM activities would be monitored and reported upwards.

Led by the Board, the Management Team is responsible to oversee the Group's risk profile by ensuring the effectiveness and progress of the Group's risk management activities, and report the same to the Board. Any major incidents or issues will be escalated to the Board's attention for further deliberation.

The Management Team is then assigned with the responsibility to regularly monitor and review the risks and adequacy of controls in place within their purview. The Management Team shall also identify any emerging risks, formulate appropriate control actions, update the Group's Risk Register and report to the Board, if viable. On the other hand, all employees within the Group shall comply with the Group's ERM Framework for the implementation of risk management activities, and highlight emerging risks to the Management Team, if any.

INTERNAL CONTROL SYSTEM

The Board is cognisant of the importance of sound internal controls to support the effective functioning of the Group's risk management system. In this regard, the Board has empowered the Management Team to implement appropriate internal controls into the Group's daily operations so as to monitor its effectiveness on an on-going basis. The internal control system is reviewed and updated from time to time to ensure that it remains relevant and effective when responding to changes in circumstances.

Amongst others, the key internal controls in place within the Group during FYE 2023 include: -

(i) Formalisation of a Board Charter for the Board and Terms of References for Board Committees (i.e. ARMC, NC and RC) to advocate a defined level of duties and authorities;

(ii) Well-defined organisation structure with clear reporting lines to promote appropriate segregation and delegation of responsibilities;

(iii) Formalisation of several Company policies including the Code, ABC Policy as well as Whistleblowing Policy and Procedures to foster integrity and ethical behaviours within the Group;

(iv) Adoption of Directors' Fit and Proper Policy to guide the NC with formal objective criteria in considering the appointment and re-appointment of Directors;

(v) Implementation of SOPs covering various operational areas to ensure consistency and uniformity in internal procedures in alignment with the Group's business objectives;

(vi) Implementation of proper financial reporting procedures including the review of unaudited quarterly financial results, annual audited financial statements, RPT, RRPT and conflict of interest scenario (if any) by the ARMC prior to submission for the Board's approval;

(vii) Accreditation of the Group's Quality Management System with ISO 9001:2015 under the scope of "provision of freight forwarding services". ISO surveillance audit is carried out by an external certification body on a yearly basis to ensure the continuous compliance with ISO requirements. A Quality Policy is also in place to serve as our guidance toward more stringent quality control; and

(viii) Quarterly conduct of internal audit reviews by an independent outsourced Internal Auditor to assess and evaluate the effectiveness of the Group's internal control system and recommend to the Management and ARMC on areas for improvement.

INTERNAL AUDIT FUNCTION

In line with Rule 15.27 of the AMLR, the Group's internal audit function is outsourced to a professional firm, Eco Asia, to provide the Board and ARMC with an independent assessment of the overall adequacy, efficiency and effectiveness of the Group's risk management and internal control system.

During FYE 2023, in view of the Company's recent listing, the Internal Auditor has presented the internal audit plan to the ARMC, covering the following scopes to be carried out: -

Internal Audit Scope	Coverage Period
Operation Review on KGW Logistics	Quarter 3, FYE 2023
Operation Review on Mattroy Logistics	Quarter 4, FYE 2023
ERM Review	Quarter 2, FYE 2024
Inventory Management Review	Quarter 3, FYE 2024

INTERNAL AUDIT FUNCTION (CONT'D)

After due deliberation, the ARMC has approved the said internal audit plan and the Internal Auditor has performed the internal audit review accordingly during FYE 2023. In order to ensure an efficient internal audit function, three (3) internal auditors including one (1) Head of Department, one (1) Senior Consultant and one (1) Associate Consultant were assigned to the audit engagements. During the audit engagements, the ARMC has provided full and unrestricted access to all information and resources in the Group to the Internal Auditor to ensure an effective conduct of audit process.

Functionally, the Internal Auditor reports directly to the ARMC. As per the approved Internal Audit Plan, upon conclusion of audit engagements, the Internal Auditor will present the Internal Audit Reports covering internal audit findings noted during audit review, together with the corresponding root-cause analysis and recommendations, to the ARMC for their perusal and deliberation in FYE 2024. The Management will then be tasked with the responsibility to implement the necessary corrective actions to address the internal control weaknesses identified. Follow-up reviews on the audit findings will also be subsequently carried out by the Internal Auditor to ensure that all recommendations and appropriate actions have been implemented within the stipulated timeframe.

Based on the internal audit reviews conducted by the Internal Auditor, the Board is satisfied that there were no significant weaknesses noted in the internal control system that may arise with material impact and would require separate disclosure in this Annual Report.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to Rule 15.23 of AMLR, for inclusion in the Annual Report of the Company for the FYE 31 December 2023.

Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report issued by the MIA. AAPG 3 does not require the external auditors to consider whether this Statement covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

MANAGEMENT'S ASSURANCE

The Managing Director and Executive Director, representing the Management, have provided reasonable assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. As such, the Board is satisfied that nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material aspect.

CONCLUSION

The Board believes that the existing risk management and internal control system in place aligns well with the Group's business objectives and that the risks taken are within the Group's risk appetite and tolerance level. Hence, the Group's risk management and internal control system is deemed adequate and sufficient to safeguard shareholders' investments, stakeholders' interests as well as the Group's assets.

The Board acknowledges that the Group's risk management and internal control system must be constantly strengthened in order to align with the evolving business environment. Therefore, the Board, together with the Management, strives to continuously improve and enhance the Group's risk management and internal control system.

The statement was approved by the Board on 26 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

Pursuant to the CA 2016, the Directors are responsible to prepare the financial statements of the Group and of the Company for each financial year in accordance with the applicable MFRS, International Financial Reporting Standards ("IFRS"), the provisions of the CA 2016 as well as the AMLR.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2023, and of the financial performance and cash flows for the FYE 2023.

In preparing the financial statements for the FYE 2023, the Board is satisfied that the Directors have: -

- Adopted and applied suitable and appropriate accounting policies consistently;
- Ensured compliance with applicable accounting standards, including MFRS, IFRS and CA 2016, subject to any material departure being explained in the financial statements;
- Made judgements and estimates which are reasonable and prudent; and
- Ensured the financial statements have been prepared on a going concern basis.

In addition, the Directors are also required to ensure that proper accounting records and other relevant records for the preparation of the Group's and the Company's financial statements are kept and maintained with reasonable accuracy at all times in compliance with the CA 2016.

The Directors are also having general responsibilities to ensure appropriate systems are in place to safeguard the Company's and Group's assets so as to detect and prevent fraud and other irregularities. Such systems, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

This statement was approved by the Board on 26 April 2024.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	387,482	(2,252,197)
Non-controlling interests	(3,579)	-
	383,903	(2,252,197)

In the opinion of the Board of Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Group and the Company since the end of the previous financial year. The Directors do not recommend any final dividend in respect of the current financial year.

Directors

The Directors of the Company who served during the financial year up to the date of this report are:

Dato' Roger Wong Ken Hong*
Yang Mulia Tengku Faizwa Binti Tengku Razif
Cheok Hui Yen
Lim Joo Seng
Lee Li Choon
Lean Sze Yau

* Directors of the Company and subsidiaries.

The Directors of the subsidiaries who served during the financial year and up to the date of this report are:

Chow Enn Jie
Datin Wong Wan Jye
Yap Zhe Xien

DIRECTORS' REPORT
(Cont'd)

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business as disclosed in Note 29.3 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, was the Company a party to any arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Directors' remunerations

Directors' remuneration paid to or receivable by Directors from the Company and subsidiaries of the Company in respect of the financial year is as follows:

	Group RM	Company RM
Fee	75,000	75,000
Salaries, allowances and bonus	1,191,200	8,000
Defined contribution plan	140,748	-
Social contribution plan	3,036	-
Other employment benefits	347	-
	1,410,331	83,000

Directors' interest

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("the Act"), none of the Directors in office at the end of the financial year had any interest in shares of the Company and of its related corporations during the financial year, except as follows:

	Number of ordinary shares			
	At 01.01.2023	Bought	Sold	At 31.12.2023
Interest in the Company:				
Direct interest:				
Dato' Roger Wong Ken Hong	100	330,572,067	(35,830,350)	294,741,817
Yang Mulia Tengku Faizwa Binti Tengku Razif	-	550,000	-	550,000
Cheok Hui Yen	-	37,811,733	(4,098,374)	33,713,359
Lim Joo Seng	-	500,000	-	500,000
Lee Li Choon	-	500,000	-	500,000
Lean Sze Yau	-	500,000	-	500,000
Deemed interest:				
Dato' Roger Wong Ken Hong #	-	1,123,500	-	1,123,500

\# Deemed interested by virtue of the interest of his spouse, Datin Wong Wan Wye pursuant to Section 8 of the Act.

By virtue of other interests in the ordinary shares of the Company, the above Directors are deemed to have interest in the shares of the subsidiaries to extent that the Company has interest.

Issue of shares and debentures

During the financial year, the Company issued:

(i) 403,136,667 new ordinary shares at an issue price of RM0.03 per ordinary share for a total consideration of RM12,094,100 for acquisition of subsidiaries; and

(ii) 79,661,800 new ordinary shares at an issue price of RM0.21 per ordinary share for a total consideration of RM16,728,978 in conjunction with the initial public offerings of the Company.

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

There were no issues of debentures by the Company during the financial year.

Options granted over unissued shares

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

Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance of doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances for doubtful debts had been made; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render the amount written off for bad debts and the amount of the allowance of doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in the report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company as disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT
(Cont'd)

Other statutory information (cont'd)

In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiaries

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

Significant events during the financial year

Details of significant events during the financial year are disclosed in Note 36 to the financial statements.

Indemnity and insurance for Directors, officers and auditors

No indemnity has been given to or insurance effected for the Directors and officers of the Company pursuant to Section 289 of the Act.

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year end.

Auditors

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

The auditors' remuneration for the financial year is RM128,000 and RM33,000 for the Group and the Company respectively.

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

Dato' Roger Wong Ken Hong
Director
26 April 2024

Cheok Hui Yen
Director

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, **Dato' Roger Wong Ken Hong** and **Cheok Hui Yen**, being two of the Directors of **KGW Group Berhad**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 68 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Dato' Roger Wong Ken Hong
Director
26 April 2024

Cheok Hui Yen
Director

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Dato' Roger Wong Ken Hong**, being the Director primarily responsible for the financial management of **KGW Group Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 68 to 129 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed at Petaling Jaya in the
Selangor Darul Ehsan on 26 April 2024

Dato' Roger Wong Ken Hong

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Member of KGW Group Berhad (Incorporated in Malaysia)
Registration No. 202201009353 (1455050-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **KGW Group Berhad** ("the Company"), which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 68 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters

(a) Group

Key audit matters	How our audit addressed the key audit matter
Revenue recognition – Logistics services (Refer Note 3.15 and Note 23 to the financial statements) The Group's revenue is mainly derived from total logistics services rendered. Revenue recognised over time (i.e. over the period of service delivery) by the Group during the financial year from total logistics services amounted to RM58,498,337, representing 82% of the Group's revenue for the financial year ended 31 December 2023. We have identified revenue in respect of total logistics services recognised over time to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue. Management periodically records manual adjustments to accrue for revenue where shipment is in progress but not yet billed due to difference in the timing of revenue recognition and billing. Through such manual adjustments, management has ability to influence the recognition of revenue, hence there is a risk of material misstatement in the revenue recognised from these services.	Our audit procedures included, among others, the following: • Obtained an understanding of the revenue recognition process and evaluated the controls surrounding revenue recognition; • Performed verification on a sampling basis, recorded revenue before and after the end of the reporting period, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services and verified against the underlying proof of delivery. This included considering shipping or other documentation indicating the timing of shipping to ascertain whether the revenue has been appropriately recognised in the correct period; • Assessed the appropriateness of the manual adjustments recorded in relation to revenue, including computing accrued billing and deferred revenue; and • Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

(b) Company

We do not have any key audit matter in connection with the audit of the separate financial statements of the Company to be communicated in this report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards of auditing in Malaysia and ISAs 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 basis of these financial statements.

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

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards of auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd)

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTER

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

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

PAT YIN LAI
03073/12/2025 J
Chartered Accountant

Kuala Lumpur
26 April 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	5	25,472,634	23,130,367	-	-
Investment in subsidiaries	6	-	-	12,094,100	-
Deferred tax assets	7	175,887	368,657	-	-
		25,648,521	23,499,024	12,094,100	-
Current assets					
Inventories	8	5,202	13,879	-	-
Trade receivables	9	5,931,739	7,729,285	-	-
Other receivables, deposits and prepayments	10	544,686	310,385	63,871	62,172
Contract costs	11	933,567	725,565	-	-
Amount owing by a subsidiary	12	-	-	12,000,000	-
Tax recoverable		1,279,535	-	2,061	-
Short-term investment	13	-	3,007,007	-	-
Fixed deposits with licensed banks	14	15,982,871	14,030,477	-	-
Cash and bank balances		12,726,564	10,928,886	954,745	10
		37,404,164	36,745,484	13,020,677	62,182
Total assets		63,052,685	60,244,508	25,114,777	62,182
Equity					
Share capital	15	28,167,136	10	28,167,136	10
Invested equity	15	-	1,500,000	-	-
Merger reserve	16	(10,594,100)	-	-	-
Retained earnings/(Accumulated losses)		27,317,252	26,929,770	(3,259,639)	(1,007,442)
Total equity attributable to shareholders of the Company		44,890,288	28,429,780	24,907,497	(1,007,432)
Non-controlling interests	17	(3,089)	-	-	-
Shareholders' equity/(deficit)		44,887,199	28,429,780	24,907,497	(1,007,432)

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2023 (Cont'd)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Non-current liabilities					
Borrowings	18	6,628,496	18,255,950	-	-
Lease liabilities	19	469,523	767,463	-	-
		7,098,019	19,023,413	-	-
Current liabilities					
Trade payables	20	3,317,229	2,386,267	-	-
Other payables and accruals	21	4,640,879	5,594,310	207,280	200,061
Contract liabilities	22	1,560,324	2,270,902	-	-
Amount owing to related parties	12	-	-	-	869,553
Borrowings	18	1,202,684	760,637	-	-
Lease liabilities	19	346,351	384,740	-	-
Income tax payable		-	1,394,459	-	-
		11,067,467	12,791,315	207,280	1,069,614
Total liabilities		18,165,486	31,814,728	207,280	1,069,614
Total equity and liabilities		63,052,685	60,244,508	25,114,777	62,182

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	71,470,198	229,694,900	-	-
Cost of sales		(59,599,500)	(194,476,647)	-	-
Gross profit		11,870,698	35,218,253	-	-
Other income	24	1,351,168	1,274,416	25,912	-
Administrative expenses		(9,359,187)	(13,681,537)	(147,957)	(71,536)
Other operating expenses		(2,194,446)	(940,294)	(2,130,152)	(935,906)
Net (loss)/gain on impairment of financial assets		(109,693)	119,665	-	-
Profit/(Loss) from operations		1,558,540	21,990,503	(2,252,197)	(1,007,442)
Finance costs	25	(357,408)	(119,430)	-	-
Profit/(Loss) before tax	26	1,201,132	21,871,073	(2,252,197)	(1,007,442)
Tax expense	27	(817,229)	(5,536,012)	-	-
Profit/(Loss)/Total comprehensive income/(loss) for the financial year		383,903	16,335,061	(2,252,197)	(1,007,442)
Profit/(Loss)/Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		387,482	16,335,061	(2,252,197)	(1,007,442)
Non-controlling interests		(3,579)	-	-	-
		383,903	16,335,061	(2,252,197)	(1,007,442)
Earnings per ordinary share					
Basic and diluted (sen)	28	0.12	1,106		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM	Merger reserve RM	Invested equity RM	Retained earnings RM	Equity attributable to owners of the Company RM	Non-controlling interests RM	Total RM
Group								
At 1 January 2022		-	-	1,202,500	10,594,709	11,797,209	-	11,797,209
Transactions with owners:								
Issuance of shares	15	10	-	297,500	-	297,510	-	297,510
Profit/Total comprehensive income for the financial year		-	-	-	16,335,061	16,335,061	-	16,335,061
At 31 December 2022/1 January 2023		10	-	1,500,000	26,929,770	28,429,780	-	28,429,780
Transactions with owners:								
Issuance of shares pursuant to acquisition of subsidiaries	15	12,094,100	(10,594,100)	(1,500,000)	-	-	-	-
Issuance of shares pursuant to public issue	15	16,728,978	-	-	-	16,728,978	-	16,728,978
Share issue costs	15	(655,952)	-	-	-	(655,952)	-	(655,952)
Profit/Total comprehensive income for the financial year		-	-	-	387,482	387,482	(3,089)	384,393
At 31 December 2023		28,167,136	(10,594,100)	-	27,317,252	44,890,288	(3,089)	44,887,199

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2023 (Cont'd)

	Note	Share capital RM	Accumulated losses RM	Total RM
Company				
At 14 March 2022 (date of incorporation)		10	-	10
Loss/Total comprehensive loss for the financial period		-	(1,007,442)	(1,007,442)
At 31 December 2022/1 January 2023		10	(1,007,442)	(1,007,432)
Transactions with owners:				
Issuance of shares pursuant to acquisition of subsidiaries	15	12,094,100	-	12,094,100
Issuance of shares pursuant to public issue	15	16,728,978	-	16,728,978
Share issue costs	15	(655,952)	-	(655,952)
Loss/Total comprehensive loss for the financial year		-	(2,252,197)	(2,252,197)
At 31 December 2023		28,167,136	(3,259,639)	24,907,497

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

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit/(Loss) before tax		1,201,132	21,871,073	(2,252,197)	(1,007,442)
Adjustments for:					
Bad debts written off		-	4,013	-	-
Depreciation of property, plant and equipment	5	704,170	704,751	-	-
Net loss/(gain) on impairment of financial assets	9	109,693	(119,665)	-	-
Interest expenses	25	357,408	119,430	-	-
Property, plant and equipment written off	5	11	375	-	-
Gain on disposal of property, plant and equipment	24	-	(265,766)	-	-
Gain on derecognition of leases	24	-	(219)	-	-
Interest income	24	(810,896)	(70,790)	-	-
Unrealised gain on foreign exchange, net	24	(537,330)	(97,372)	-	-
Operating profit/(loss) before changes in working capital		1,024,188	22,145,830	(2,252,197)	(1,007,442)
Decrease in inventories		8,677	23,151	-	-
Decrease/(Increase) in trade and other receivables		1,470,535	12,625,899	(1,699)	(62,172)
(Decrease)/Increase in trade and other payables		(57,727)	(10,806,726)	7,219	200,061
(Increase)/Decrease in contract costs		(208,002)	5,890,474	-	-
Decrease in contract liabilities, net		(710,578)	(4,740,146)	-	-
Cash flows generated from/(used in) operations		1,527,093	25,138,482	(2,246,677)	(869,553)
Interest paid		(132)	(2,561)	-	-
Income tax paid		(3,298,453)	(7,157,985)	(2,061)	-
Net cash (used in)/generated from operating activities		(1,771,492)	17,977,936	(2,248,738)	(869,553)

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from investing activities					
Subscription of shares in subsidiary by non-controlling interests	6	490	-	-	-
Proceeds from disposal of property, plant and equipment		-	267,000	-	-
Acquisition of property, plant and equipment	5	(2,996,448)	(21,599,238)	-	-
Increase in amount owing by a subsidiary		-	-	(12,000,000)	-
Repayment from/(Advances) to related parties, net		-	5,880	(869,553)	869,553
Net cash (used in)/generated from investing activities		(2,995,958)	(21,326,358)	(12,869,553)	869,553
Cash flows from financing activities					
Dividend paid		-	(6,000,000)	-	-
Interest received		810,896	70,790	-	-
Interest paid		(357,276)	(116,869)	-	-
Proceeds from issuance of share capital		16,073,026	297,510	16,073,026	-
Withdrawal/(Placement) of fixed deposits pledged with licensed banks		948	(57,718)	-	-
Net movement in amount owing to Directors	(b)	-	(500)	-	-
Repayment of lease liabilities	(b)	(386,329)	(450,376)	-	-
Drawdown of term loans	(b)	-	18,180,000	-	-
Repayment of term loans	(b)	(11,185,407)	(733,554)	-	-
Net cash generated from financing activities		4,955,858	11,189,283	16,073,026	-
Net increase in cash and cash equivalents		188,408	7,840,861	954,735	-
Effect of exchange rate changes		555,605	147,242	-	-
Cash and cash equivalents at the beginning of the financial year		27,493,967	19,505,864	10	10
Cash and cash equivalents at end of the financial year	(a)	28,237,980	27,493,967	954,745	10

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2023 (Cont'd)

Note:

(a) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Cash and bank balances		12,726,564	10,928,886	954,745	10
Short-term investment	13	-	3,007,007	-	-
Fixed deposits with licensed banks	14	15,982,871	14,030,477	-	-
		28,709,435	27,966,370	954,745	10
Less: Fixed deposits pledged with licensed banks		(471,455)	(472,403)	-	-
		28,237,980	27,493,967	954,745	10

The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
United States Dollar	20,011,598	14,831,694	-	-
Ringgit Malaysia	8,697,837	13,134,676	954,745	10
	28,709,435	27,966,370	954,745	10

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2023 (Cont'd)

Note: (cont'd)

(b) Movement in financial liabilities arising from financing activities:

	At 1 January RM	Acquisition of new leases RM	Derecognition of leases RM	Net financing cash flows RM	At 31 December RM
Group					
31 December 2023					
Borrowings	19,016,587	-	-	(11,185,407)	7,831,180
Lease liabilities	1,152,203	50,000	-	(386,329)	815,874
	20,168,790	50,000	-	(11,571,736)	8,647,054
31 December 2022					
Borrowings	1,570,141	-	-	17,446,446	19,016,587
Lease liabilities	1,127,367	518,723	(43,511)	(450,376)	1,152,203
Amount owing to Directors	500	-	-	(500)	-
	2,698,008	518,723	(43,511)	16,995,570	20,168,790

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. D11-10-01, Block D11, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia.

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There have been no significant changes in the nature of this principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2024.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia. The financial statements of the Group and of the Company have been prepared under the historical cost convention except otherwise stated in Note 3 the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Group and of the Company.

The preparation of financial statements in conformity with MFRS and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and contingent liabilities. Actual results could differ from reported amounts. The areas involving significant judgement and estimation uncertainty to the financial statements are disclosed in Note 4 to the financial statements.

2.1 MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted in the current financial year

The following are MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted by the Group and the Company:

(i) Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts'
- Amendment to MFRS 17, 'Insurance Contracts' – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Disclosure of Accounting Policies
- Amendments to MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates
- Amendments to MFRS 112, 'Income Taxes' – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

2. Basis of preparation (cont'd)

2.1 MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted in the current financial year (cont'd)

The following are MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted by the Group and the Company: (cont'd)

(ii) Effective immediately on 23 May 2023

- Amendments to MFRS 112, 'Income Taxes' – International Tax Reform – Pillar Two Model Rules (Paragraphs 4A and 88A)

The adoption of the above MFRS, amendments to MFRS and IC Interpretations did not have any significant effect on the financial statements of the Group and the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

(i) Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, 'Leases' – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Non-current Liabilities with Covenants
- Amendments to MFRS 107, 'Statement of Cash Flows' and MFRS 7, 'Financial Instruments: Disclosures' – Supplier Finance Arrangements'

(ii) Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability

(iii) Deferred to a date to be determined by the MASB

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

The Group and the Company plan to apply the abovementioned MFRS, amendments to MFRS and IC Interpretations, where applicable to the Group and the Company, from the beginning of the financial period where they become effective.

The initial application of the above MFRS, amendments to MFRS and IC Interpretations are not expected to have any material financial impact to the financial statements of the Group and of the Company.

3. Material accounting policy information

3.1 Subsidiaries and basis of consolidation

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees. Potential voting rights are considered when assessing control only when such rights are substantive.

Investments in subsidiaries are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of investment includes transaction cost.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business combination under acquisition method

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured for fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition methods, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of noncontrolling interest recognised and the fair value of the Group's previously held equity interest in the acquiree if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

3. Material accounting policy information (cont'd)

3.1 Subsidiaries and basis of consolidation(cont'd)

(a) Business combination under acquisition method (cont'd)

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(iv) Loss of control

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

(b) Business combination under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

3. Material accounting policy information (cont'd)

3.2 Foreign currencies

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. Material accounting policy information (cont'd)

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is ready for its intended use. Freehold land is not depreciated but are subject to impairment test if there is any indication of impairment. Capital work in progress is also not depreciated as asset is not available for use. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Freehold building	2%
Computer and software	20% - 25%
Furniture and fittings	20%
Motor vehicle	20%
Office equipment	20%
Electrical installation and renovation	20%
Signboard	15%
Land and building – right of use assets	Over the lease period 2 – 7 years

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4.

The residual values, useful lives and depreciation method are reviewed at the end of each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the profit or loss.

Leased assets presented under plant and equipment are right-of-use assets within the scope of MFRS 16 "Lease". The policy for recognition and measurement of right-of-use assets are disclosed in Note 3.11 to the financial statements.

3. Material accounting policy information (cont'd)

3.4 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (except for inventories and tax recoverable) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use CGU. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU 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 CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

3.5 Inventories

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

Costs is determined using the first-in, first out method. The cost includes cost of purchase and other incidental expenses in bringing the items into its present location and condition, if any.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

3. Material accounting policy information (cont'd)

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, deposits placed with licensed banks, other short term and highly liquid investment which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.7 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

- **Amortised cost**

  Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objectives are to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired and derecognised.

  The Group's and the Company's financial assets at amortised cost include trade receivables, other receivables, deposits, fixed deposits with licensed banks and cash and bank balances.

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policy information (cont'd)

3.7 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd):

(i) Financial assets (cont'd)

- **Fair value through other comprehensive income ("FVOCI") (cont'd)**

  Subsequent to initial recognition, these financial assets are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at fair value through profit or loss ("FVTPL").

- **Fair value through profit or loss ("FVTPL")**

  Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

  Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

  The Group and the Company do not have any financial assets measured at FVTOCI or FVTPL.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Company that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL in the current financial year and previous financial year.

3. Material accounting policy information (cont'd)

3.7 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

The Group and the Company categorise the financial instruments as follows: (cont'd):

(ii) Financial liabilities (cont'd)

<u>Financial liabilities at amortised cost</u>

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

The Group's and the Company's other financial liabilities consist of payables, borrowings and lease liabilities only.

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(b) Derecognition

A financial asset is derecognised when 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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 settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. Material accounting policy information (cont'd)

3.8 Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company measure the impairment loss on financial assets other than trade receivables based on the two-step approach:

(i) 12-months expected credit loss ("ECL")

For a financial assets for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

For trade receivables and contract assets, the Group and the Company measure impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

3.9 Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Material accounting policy information (cont'd)

3.10 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the report are authorised for issue, is not recognised as liability at the reporting date.

3.11 Leases

(a) As lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.4 to the consolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If rate cannot be readily determined, the Group's incremental borrowing rate is used. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating 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.

3. Material accounting policy information (cont'd)

3.12 Contract costs

Contract costs are freight expenses deferred and amortised over the course of the freights on a percentage completion basis that is consistent with revenue recognition. This percentage of completion is derived from time elapsed between days travelled from the loading port to the destination port. Contract costs are recognised as an asset if they represent incremental costs of obtaining a contract or fulfilment costs that (i) relate directly to a contract or to an anticipated contract; (ii) generate or enhance resources to be used in meeting obligations under the contract; and (iii) are expected to be recovered.

3.13 Contract assets and contract liabilities

Contract assets represents deferred revenue on freight services already provided and billings not yet issued over the revenue recognition based on stage of completion. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8.

Contract liabilities are the obligations to transfer services to customer for which the Company received the consideration from or has billed the customer. In the case of freight services revenue, contract liabilities represent the excess of freight services charges that had been billed to customer to date over revenue recognised based on stage of completion. The stage of completion is determined by the number of days of travel completed as at year end in relation to the total travel days from the loading port to the destination port.

3.14 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.15 Revenue

Revenue comprises payment that the Group expects to be entitled to in exchange for sale of goods and services, net of SST, rebates and/or discounts after eliminating sales within the Group.

The Group recognises revenue from contracts with customers based on five-step model as set out in MFRS 15:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

3. Material accounting policy information (cont'd)

3.15 Revenue (cont'd)

The Group recognises revenue from contracts with customers based on five-step model as set out in MFRS 15: (cont'd)

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

(i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains the control of the good or service. A performance obligation maybe satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Air and ocean freight

Revenue from air and ocean freight includes air and ocean freight charges of inbound and outbound shipment arrangements, delivery and warehousing charges which are recognised based upon the terms in the contract of carriage and to the extent a service is completed. Revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided as the customer receives and consumes the benefits of the Group's performance simultaneously. The Group measures the fulfilment of its performance obligations on the progress of each shipment in terms of days travelled.

Other incidental revenues included were terminal handling charges and handling bill of lading and other related charges which are considered to represent one single performance obligation satisfied at a point in time when the services are fully rendered.

3. Material accounting policy information (cont'd)

3.15 Revenue (cont'd)

(i) Revenue from contracts with customers (cont'd)

(b) Freight forwarding

These revenues arise mainly from customs clearance, import and export documentation, handling charges, etc. These integrated services are considered to represent one single performance obligation satisfied at a point in time when the services are fully rendered.

(c) Sale of medical and healthcare products

Revenue from sale of medical and healthcare products is recognised at a point in time when the Group satisfies a performance obligation by transferring promised goods to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery and acceptance of goods by customers.

(d) Warehousing and distribution of healthcare products

Revenue from warehousing services is recognised overtime, the Group measures based upon the terms in the contract of warehousing and to the extent the service is completed. The Group measures the fulfilment of its performance obligations based on the storage space and duration occupied by customers.

Revenue for distribution services, the Group measures the fulfilment of its performance obligations based on the type and amount of distribution services provided and delivery trips undertaken. Revenue is recognised upon delivery and acceptance of goods by receivers designated by the customers.

(ii) Other income

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income

Revenue from rental of property, plant and equipment is recognised over the lease term on accrual basis.

3.16 Employee benefits

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-term employee benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences.

Non-accumulating compensated absences, such as sick leave, are recognised when the absences occur.

3. Material accounting policy information (cont'd)

3.16 Employee benefits (cont'd)

(a) Short-term employee benefits (cont'd)

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(b) Defined contribution plans

Defined contributions plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.17 Taxes

The tax expense in the statements of profit or loss and other comprehensive income represents the aggregate amount of current tax and deferred tax.

(a) Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous financial year.

Current taxes is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is recognised using the liability method, providing for 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 following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply 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.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

3. Material accounting policy information (cont'd)

3.17 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is charged or credited in other comprehensive income or directly in equity.

(c) Sales and Service Tax ("SST")

Expenses and assets are recognised net of SST except:

- where SST incurred in a purchase of asset or service is not recoverable from the authority, in which case the SST is recognised as part of cost of acquisition of asset or as part of the expense item as applicable; and
- payables that are stated as SST inclusive.

The rate for sales tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

3.18 Earnings per ordinary share ("EPS")

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources and assesses the performance of the operating segments of an entity.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relavant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

3. Material accounting policy information (cont'd)

3.20 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the assets or transfer the liabilities takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within 1 level that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Contingent liability and contingent asset

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group and the Company under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3. Material accounting policy information (cont'd)

3.22 Current versus non-current classification

Assets and liabilities in statements of financial position are presented based on current or non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Significant accounting estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows:

(a) Measurement of income taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group will adjust for the differences as over- or under- provision of income tax in the period in which those differences arise.

4. Significant accounting estimates and judgement (Cont'd)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's financial statements within the next financial year are disclosed as follows: (cont'd)

(b) Useful lives of property, plant and equipment

MFRS 116, 'Property, Plant and Equipment' requires the review of the residual value and remaining useful life of an item of property, plant and equipment at each financial year end. The Group reviewed the residual values and remaining useful lives of its property, plant and equipment and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(c) Impairment of financial assets

Impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statement reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

(d) Measurement of right-of-use assets and lease liabilities

The right-of-use assets are depreciated on the straight-line basis over the assets' useful lives or lease term, whichever is earlier. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

The lease term has been determined based on the non-cancellable period of lease in term and conditions of the arrangements together with both:

(i) periods covered by an option to extend the leases; and
(ii) periods covered by an option to terminate the lease.

In determining whether it is reasonably certain that an option to extend the lease or not to exercise an option to terminate the lease will be exercised, management has considered all relevant factors and circumstances that have created the economic incentives to exercise such option when exercising its judgement in the assessment.

The lease terms and incremental borrowing rates have been determined using appropriate assumptions as necessary including management's estimation of the application internal costs.

(e) Classification of non-current bank borrowings

Term loan agreements entered into by the Group includes repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

5. Property, plant and equipment

	Freehold land RM	Freehold building RM	Rented properties RM	Capital work in progress RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
Group											
Cost											
At 1 January 2022	-	-	1,013,417	-	352,501	266,146	1,394,433	302,612	591,408	7,800	3,928,317
Addition	16,178,387	4,905,704	57,723	-	67,422	22,588	839,825	16,312	30,000	-	22,117,961
Disposal	-	-	-	-	-	-	(550,875)	-	-	-	(550,875)
Written off	-	-	-	-	(166,945)	(91,188)	-	(70,614)	(58,387)	-	(387,134)
Derecognition	-	-	(128,812)	-	-	-	-	-	-	-	(128,812)
At 31 December 2022/ 1 January 2023	16,178,387	4,905,704	942,328	-	252,978	197,546	1,683,383	248,310	563,021	7,800	24,979,457
Addition	-	-	-	2,949,995	5,389	-	78,136	12,928	-	-	3,046,448
Written off	-	-	-	-	(5,405)	-	-	(14,172)	-	-	(19,577)
At 31 December 2023	16,178,387	4,905,704	942,328	2,949,995	252,962	197,546	1,761,519	247,066	563,021	7,800	28,006,328

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

5. Property, plant and equipment (cont'd)

	Freehold land RM	Freehold building RM	Rented properties RM	Capital work in progress RM	Computer and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Total RM
Accumulated depreciation											
At 1 January 2022	-	-	446,776	-	272,732	202,090	695,779	199,472	348,435	975	2,166,259
Charge for the year	-	9,306	209,553	-	44,312	25,902	295,658	33,612	85,238	1,170	704,751
Disposal	-	-	-	-	-	-	(549,641)	-	-	-	(549,641)
Written off	-	-	-	-	(166,943)	(91,188)	-	(70,246)	(58,382)	-	(386,759)
Derecognition	-	-	(85,520)	-	-	-	-	-	-	-	(85,520)
At 31 December 2022/ 1 January 2023	-	9,306	570,809	-	150,101	136,804	441,796	162,838	375,291	2,145	1,849,090
Charge for the year	-	-	180,312	-	44,494	26,071	332,591	32,961	86,571	1,170	704,170
Disposal	-	-	-	-	(5,403)	-	-	(14,163)	-	-	(19,566)
At 31 December 2023	-	9,306	751,121	-	189,192	162,875	774,387	181,636	461,862	3,315	2,533,694
Net carrying amounts											
At 31 December 2023	16,178,387	4,896,398	191,207	2,949,995	63,770	34,671	987,132	65,430	101,159	4,485	25,472,634
At 31 December 2022	16,178,387	4,896,398	371,519	-	102,877	60,742	1,241,587	85,472	187,730	5,655	23,130,367

5. Property, plant and equipment (cont'd)

(a) Cash acquisition

During the financial year, the Group made the following cash payments to acquire property, plant, and equipment:

	Group 2023 RM	Group 2022 RM
Addition in property, plant and equipment	3,046,448	22,117,961
Financed by finance lease payments	(50,000)	(518,723)
Cash payments	2,996,448	21,599,238

(b) Assets pledged as security

At the end of the reporting period, freehold land and building with a net carrying amount of RM21,074,785 (2022: RM21,074,785) have been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

(c) Fully depreciated assets that are still in use

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use are as follows:

	Group 2023 RM	Group 2022 RM
Computer and software	120,447	57,383
Furniture and fittings	67,192	67,192
Motor vehicles	83,846	-
Office equipment	73,812	83,232
Renovation	130,164	130,164
	475,461	337,971

(d) Right-of-use assets

Right-of-use assets represent operating lease agreements entered into by the Group for the use of office and warehouse. The lease is for an initial lease with period ranging from 24 to 58 months with option to renew for another 24 months.

The Group also has motor vehicles with initial lease term of five years.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

5. Property, plant and equipment (cont'd)

(d) Right-of-use assets (cont'd)

Additional information on the right-of-use assets is as follows:

	Rented properties RM	Motor vehicles RM	Total RM
Group			
Cost			
At 1 January 2022	1,013,417	1,394,433	2,407,850
Addition	57,723	834,045	891,768
Disposal	-	(550,875)	(550,875)
Derecognition	(128,812)	-	(128,812)
At 31 December 2022/1 January 2023	942,328	1,677,603	2,619,931
Addition	-	78,136	78,136
At 31 December 2023	942,328	1,755,739	2,698,067
Accumulated depreciation			
At 1 January 2022	446,776	695,779	1,142,555
Charge for the year	209,553	294,691	504,244
Disposal	-	(549,641)	(549,641)
Derecognition	(85,520)	-	(85,520)
At 31 December 2022/1 January 2023	570,809	440,829	1,011,638
Charge for the year	180,312	332,591	512,903
At 31 December 2023	751,121	773,420	1,524,541
Net carrying amounts			
At 31 December 2023	191,207	982,319	1,173,526
At 31 December 2022	371,519	1,236,774	1,608,293

6. Investment in subsidiaries

	Company 2023 RM
At cost:	
- Unquoted shares	12,094,100

6. Investment in subsidiaries (cont'd)

Details of subsidiaries of the Group incorporated in Malaysia are as follows:

Name of company	Effective equity interest 2023 %	2022 %	Principal activities
KGW Logistics (M) Sdn. Bhd. ("KGWL") ^	100%	-	Logistics service provider
Mattroy Logistics (Malaysia) Sdn. Bhd. ("MLSB") ^	100%	-	Logistics service provider
KGW Medica Sdn. Bhd. ("KGWM") ^	100%	-	Warehousing and distribution of healthcare-related products and devices
<u>Subsidiary of KGWL</u>			
Annexon Logistics Sdn. Bhd. ("ALSB") ^	51%	-	Dormant

^ The above subsidiaries are audited by ECOVIS Malaysia PLT.

(a) Acquisition of subsidiary

During the financial year, the Group subscribed 51% controlling interest in the equity shares of ALSB for a cash consideration of RM510. This subsidiary had no financial effects to the Group as at the date of acquisition.

7. Deferred tax assets

	Group 2023 RM	Group 2022 RM
At 1 January	368,657	55,401
(Debited)/Credited to profit or loss (Note 27)	(192,770)	313,256
At 31 December	175,887	368,657
Deferred tax assets:		
Contract costs and contract liabilities	202,062	370,880
Impairment losses on trade receivables	562	11,861
Total deferred tax assets	202,624	382,741
Deferred tax liabilities:		
Property, plant and equipment	(26,737)	(14,084)
Total deferred tax liabilities	(26,737)	(14,084)
Net deferred tax assets	175,887	368,657

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

8. Inventories

	Group 2023 RM	Group 2022 RM
At cost:		
Trading goods	5,202	13,879
Recognised in profit or loss:		
Inventories recognised as cost of sales	10,297	1,315,570

9. Trade receivables

	Group 2023 RM	Group 2022 RM
Third parties	6,059,970	7,778,704
Less: Impairment losses	(128,231)	(49,419)
	5,931,739	7,729,285

Trade receivables of the Group are non-interest bearing and the normal credit terms range from cash on delivery to 60 days (2022: cash on delivery to 45 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	Group 2023 RM	Group 2022 RM
Neither past due nor impaired	2,497,950	3,520,469
Past due		
- 1 to 30 days	2,493,333	2,854,347
- 31 to 60 days	766,493	831,652
- 61 to 90 days	96,437	171,979
- 91 to 120 days	22,933	309,843
- More than 120 days	54,593	40,995
	3,433,789	4,208,816
	5,931,739	7,729,285
Impaired and provided for	128,231	49,419
	6,059,970	7,778,704

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

9. Trade receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,433,789 (2022: RM4,208,816) that are past due but not impaired at the reporting date. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the Directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered recoverable.

Trade receivables that are impaired

The Group has trade receivables amounting to RM128,231 (2022: RM49,419) that have been impaired.

Receivables that are individually determined to be impaired at the end of the financial year relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors of the Group are of the opinion that it is not recoverable.

The Group applies the simplified approach whereby allowance for impairment is measured at lifetime ECL. The movement of the impairment loss on trade receivables of the Group is as follows:

	Lifetime ECL allowance RM	Specific allowance RM	Total RM
Group			
At 1 January 2022	84,248	87,781	172,029
Charge for the year (Note 26)	-	17,547	17,547
Reversal for the year (Note 26)	(81,907)	(55,305)	(137,212)
Written off for the year	-	(2,945)	(2,945)
At 31 December 2023/1 January 2023	2,341	47,078	49,419
Charge for the year (Note 26)	2,816	123,074	125,890
Reversal for the year (Note 26)	-	(16,197)	(16,197)
Written off for the year	-	(30,881)	(30,881)
At 31 December 2023	5,157	123,074	128,231

The currency exposure profile of the trade receivable is summarised as follow:

	Group 2023 RM	Group 2022 RM
Ringgit Malaysia	3,555,883	5,300,556
United States Dollar	2,504,087	2,478,148
	6,059,970	7,778,704

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

10. Other receivables, deposits and prepayments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	59,456	53,141	-	-
Deposits	383,935	57,106	1,000	-
Prepayments	101,295	200,138	62,871	62,172
	544,686	310,385	63,871	62,172

The currency exposure profile of the other receivables, deposits and prepayments is summarised as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	499,873	273,532	63,871	62,172
United States Dollar	44,813	36,853	-	-
	544,686	310,385	63,871	62,172

11. Contract costs

	Group	
	2023 RM	2022 RM
Contract costs	933,567	725,565

Contract costs are freight expenses deferred and amortised over the course of the freight services on a percentage completion basis that is consistent with revenue recognition. This percentage of completion is derived from time elapsed between days travelled from the loading port to the destination port. The Group expects to charge out the above contract costs within one year. There was no impairment loss in relation to contract costs capitalised.

12. Amount owing by/(to) a subsidiary and related parties

The amount owing by/(to) subsidiaries and related parties is non-trade in nature, unsecured, interest-free and repayable/(payable) on demand in cash and cash equivalent.

13. Short-term investment

Short-term investment represents fixed return investment, which is recognised at amortised cost.

Short-term investment as at the end of each reporting period has a maturity period of Nil (2022: 1 month) and the effective return rate of Nil (2022: 2.75%) per annum. Short-term investment of the Group has been fully utilised and matured during the financial year.

14. Fixed deposits with licensed banks

Included in the fixed deposits with licensed banks are amount as at the end of each reporting period have average maturity period of 30 days to 365 days (2022: 7 days to 365 days) and the effective interest rate for the Group is 2.60% to 5.77% (2022: 1.85% to 5.10%) per annum.

Fixed deposits with licensed banks comprise of RM471,455 (2022: RM472,403) are pledged for bank facilities granted to the Group as disclosed in Note 18 to this report.

15. Share capital

(a) Share capital

	Group and Company			
	No. of shares		Amount (RM)	
	2023	2022	2023	2022
Issued and fully paid up:				
At 1 January/date of incorporation	100	100	10	10
Issuance of shares pursuant to acquisition of subsidiaries	403,136,667	-	12,094,100	-
Issuance of shares pursuant to public issue	79,661,800	-	16,728,978	-
Share issue costs	-	-	(655,952)	-
	482,798,567	100	28,167,136	10

During the financial year, the Company issued:

(i) 403,136,667 new ordinary shares at an issue price of RM0.03 per ordinary share for a total consideration of RM12,094,100 for acquisition of subsidiaries; and

(ii) 79,661,800 new ordinary shares at an issue price of RM0.21 per ordinary share for a total consideration of RM16,728,978 in conjunction with the initial public offerings of the Company.

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

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Invested equity

	Group	
	2023 RM	2022 RM
Invested equity	-	1,500,000

Invested equity comprised the aggregate of the issued share capital of KGWL, MLSB and KGWM. For the current financial year, the amount has been set-off against the consideration paid for the acquisition of KGWL, MLSB and KGWM as disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

16. Merger reserve

The merger reserve represents the excess of the consideration paid over share capital of the KGWL, MLSB and KGWM as at the acquisition date under the pooling of interest method of accounting.

17. Non-controlling interests

The summarised financial information of non-controlling interest for ALSB has not been presented as the non-controlling interest of ALSB individually is not material to the Group.

18. Borrowings

	Group	
	2023	**2022**
	RM	**RM**
Current:		
Term loans	1,202,684	760,637
Non-current:		
Term loans	6,628,496	18,255,950
Total borrowings:		
Term loans	7,831,180	19,016,587
Maturity of borrowings:		
Within one year	1,202,684	760,637
Between one year and five years	5,192,800	3,350,180
Later than 5 years	1,435,696	14,905,770
	7,831,180	19,016,587

The above bank borrowings obtained from licensed banks are secured by the following:

(i) Open All Monies Facilities Agreement to be entered into between the Group and the Bank;

(ii) Guarantee in favor of the Bank by Credit Guarantee Corporation Malaysia Berhad under the Portfolio Guarantee Scheme-I;

(iii) Upfront fixed deposit of RM300,000 until the overdraft facilities is fully secured together with all interest accruing from time to time in respect of fixed deposit as disclosed in Note 14 to this report;

(iv) Joint and several guarantee by the Directors of the Group;

(v) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under SJPP-TRRF-I for RM400,000;

(vi) First party legal charge over the Group's freehold land and building as disclosed in Note 5 to the financial statements; and

(vii) Corporate guarantee by the Company in respect of facilities granted to a subsidiary.

The term loans bear interest at 2.70% (2022: 2.70%) below the Base Financing Rate per annum and 3.50% (2022: 3.50%) fixed rate per annum on monthly rest and on daily rest respectively.

19. Lease liabilities

	Group 2023 RM	Group 2022 RM
Future minimum lease payments:		
- Within one year	378,949	435,712
- Between one year and five years	493,757	815,492
Total future minimum lease payments	872,706	1,251,204
Less: Future finance charges	(56,832)	(99,001)
Present value of lease liabilities	815,874	1,152,203
Current		
- Within one year	346,351	384,740
Non-current		
- Between one year and five years	469,523	767,463

Lease arrangement for rented properties and motor vehicles of the Group are disclosed in Note 5 to the financial statements.

The incremental borrowing rate and interest rate implicit in lease applied by the Group to lease liabilities range from 4.83% to 5.81% (2022: 4.80% to 5.81%) and 4.42% to 5.66% (2022: 4.42% to 5.66%) per annum.

The following are the amounts recognised in profit or loss:

	Group 2023 RM	Group 2022 RM
Gain on derecognition of leases	-	(219)
Depreciation expenses of right-of-use assets	512,903	504,244
Interest expenses on lease liabilities	49,383	61,262
Expenses relating to short-term lease	102,020	23,500
Total amount recognised in profit or losses	664,306	588,787
Total cash outflows for leases (including short-term leases)	537,732	535,138

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

20. Trade payables

The trade credit term granted to the Group range from cash on delivery to 90 days (2022: cash on delivery to 45 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency exposure profile of the trade payables are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Malaysia Ringgit	2,120,615	987,146
Euro	13,273	5,073
United States Dollar	1,180,223	1,392,304
Singapore Dollar	2,640	-
British Pound Sterling	478	1,744
	3,317,229	2,386,267

21. Other payables and accruals

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Other payables	948,669	68,561	155,280	10,061
Accruals	3,522,210	5,521,799	52,000	190,000
Retention payable	170,000	-	-	-
Deposit received	-	3,950	-	-
	4,640,879	5,594,310	207,280	200,061

The retention payable of the Group is repayable upon the expiry of the defect liability period of 12 months from the respective date of completion for refurbishing of new acquired warehouse.

22. Contract liabilities

	Group	
	2023	**2022**
	RM	**RM**
Contract assets	285,689	-
Contract liabilities	(1,846,013)	(2,270,902)
	(1,560,324)	(2,270,902)

22. Contract liabilities (cont'd)

(a) Movement in contract liabilities as follows:

	Group	
	2023	**2022**
	RM	**RM**
At 1 January	(2,270,902)	(7,011,048)
Net revenue recognised	58,698,445	199,453,571
Net billing issued	(57,987,867)	(194,713,425)
At 31 December	(1,560,324)	(2,270,902)

(b) Transaction price allocated to remaining performance obligation

The Group expects to recognise revenue from remaining performance obligation for the shipping contracts within one year.

23. Revenue

	Group	
	2023	**2022**
	RM	**RM**
Logistics services:		
- Ocean freight	67,712,556	223,517,461
- Air freight	1,454,989	1,814,230
- Freight forwarding	1,915,132	2,705,030
	71,082,677	228,036,721
Warehousing, distribution and trading of medical and healthcare products	387,521	1,658,179
	71,470,198	229,694,900
Timing of revenue recognition:		
- At a point in time	12,971,861	30,010,080
- Over time	58,498,337	199,684,820
	71,470,198	229,694,900

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

24. Other income

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Discount received	-	57	-	-
Fixed deposits interest received	37,621	7,319	-	-
Gain on disposal of property, plant and equipment	-	265,766	-	-
Gain on lease modification	-	56	-	-
Interest income	773,275	76,028	25,912	-
Royalty received	-	163	-	-
Other income	2,942	8,752	-	-
Gain on foreign exchange:				
- Unrealised	537,330	99,495	-	-
- Realised	-	812,780	-	-
Rental income	-	4,000	-	-
	1,351,168	1,274,416	25,912	-

25. Finance costs

	Group	
	2023 RM	2022 RM
Bank overdraft interest	132	2,561
Lease liabilities interest	49,383	61,262
Term loans interest	307,893	55,607
	357,408	119,430

26. Profit/(Loss) before tax

Profit/(Loss) is arising at after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration (statutory audit):				
Current year	120,000	107,000	25,000	8,000
Overprovision in prior year	-	(225)	-	-
Non-audit fee	8,000	-	8,000	-
Incorporation fees	2,171	2,171	-	2,171
Bad debts written off	-	4,013	-	-
Depreciation of property, plant and equipment [1]	704,170	704,751	-	-
Rental expenses [2]	102,020	23,500	-	-
Realised loss on foreign exchange, net	64,293	-	-	-

26. Profit/(Loss) before tax (cont'd)

Profit/(Loss) is arising at after charging/(crediting): (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net loss/(gain) on impairment of financial assets:				
- Lifetime ECL allowances	2,816	(81,907)	-	-
- Specific allowances	106,877	(37,758)	-	-
Property, plant and equipment written off	11	375	-	-
Employee benefits expenses:				
Recognised in administrative expenses:				
- Salaries, allowances and bonus	4,126,438	4,073,409	-	-
- Commission	864,984	4,636,522	-	-
- Defined contribution plan	577,526	1,050,240	-	-
- Social security contributions	53,853	44,357	-	-
- Other staff related expenses	85,567	100,004	-	-
Recognised in cost of sales:				
- Salaries, allowances and bonus	42,090	-	-	-
- Defined contribution plan	5,204	-	-	-
- Social security contributions	687	-	-	-
- Other staff related expenses	79	-	-	-

[1] Included RM17,567 (2022: RM13,175) being depreciation expense recognised in cost of sales.

[2] The amount represents low value underlying assets leases and short-term leases under MFRS 16.

27. Tax expense

	Group	
	2023 RM	2022 RM
Income tax expense:		
- Current year	627,097	5,860,026
- Overprovision in prior years	(2,638)	(10,758)
	624,459	5,849,268
Deferred tax (Note 7):		
Origination and reversal of temporary differences	192,770	(246,684)
Overprovision in prior year	-	(66,572)
	192,770	(313,256)
	817,229	5,536,012

27. Tax expense (cont'd)

The reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Profit/(Loss) before tax	1,201,132	21,871,073	(2,252,197)	(1,007,442)
Malaysian statutory tax rate of 24%	288,272	5,249,058	(540,527)	(241,786)
Tax effects of:				
Non-taxable income	(338,381)	(28,026)	-	-
Non-deductible expenses	692,861	416,049	540,527	241,786
Deferred tax assets not recognised	-	18,261	-	-
Effect on changes in tax rate	(15,655)	(42,000)	-	-
Relating to origination and reversal of temporary differences	192,770	-	-	-
Overprovision in prior years:				
- income tax expense	(2,638)	(10,758)	-	-
- deferred tax	-	(66,572)	-	-
Income tax expense	817,229	5,536,012	-	-

The amount of temporary difference for which no deferred tax assets has been recognised in the statements of financial position are as follow:

	Group	
	2023 RM	**2022 RM**
Temporary differences on property, plant and equipment	(16,068)	(16,382)
Unabsorbed capital allowances	26,191	24,806
Unabsorbed tax losses	57,494	67,662
	67,617	76,086

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against when the Group can utilise the benefits thereon.

The availability of unutilised tax losses for offsetting against future taxable profits of the Group is subject to the requirements under the Income Tax Act, 1967 and guidelines issued by the Inland Revenue Board.

Under the current tax legislation in Malaysia, unabsorbed losses from year of assessment ("YA") 2019 onwards can only be carried forward for a maximum period of 10 consecutive YAs. Unabsorbed losses for YA 2019 can be set off against income from any business source from 10 YAs and will be disregarded in YA 2030. Unabsorbed losses accumulated up to YA 2018 can be utilised for another 10 YAs and will be disregarded in YA 2029.

27. Tax expense (cont'd)

Unutilised tax losses of the Group can be carried forward until the following YAs:

	Group	
	2023	**2022**
	RM	**RM**
YA 2032	57,494	67,662

28. Earnings per share ("EPS")

Basic and diluted EPS are calculated by dividing the profit for the financial year attributable to owners of the Group by the weighted average number of ordinary shares in issue for the financial years.

	Group	
	2023	**2022**
Profit for the financial year attributable to owners of the Group (RM)	387,482	16,335,061
Weighted average number of ordinary shares at 31 December (unit)	319,222,464	1,476,827
Basic and diluted EPS (sen)	0.12	1,106

There were no dilutive potential equity instruments in issue as at each FYE that have dilutive effect to the EPS.

29. Related party disclosures

29.1 Identities of related parties

Parties are considered to be related to the Group or to the Company if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

Related parties of the Group and of the Company include:

(i) Direct subsidiaries as disclosed in Note 6 to the financial statements; and

(ii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. The key management personnel include members of the senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

29. Related party disclosures (cont'd)

29.2 Related party transactions

In addition to the information detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Transactions with subsidiaries:				
- Advance to	-	-	12,000,000	-
- Payment on behalf, net	-	-	359,327	-
Transactions with related parties:				
- Rental expenses paid	-	127,800	-	-
- Sales billed to	-	92,680	-	-
- Purchases billed from	-	4,566	-	-
- Rental income received	-	4,000	-	-
- Payment on behalf, net	-	818	-	869,553
Related parties compensation:				
- Salaries, allowances and bonus	70,000	66,000	-	-
- Defined contribution plan	9,100	8,580	-	-
- Social security contributions	1,040	864	-	-
- Other staff related expenses	119	99	-	-
Transactions with Directors of the Group:				
- Repayment to Directors	-	(500)	-	-
- Rental expenses paid	78,000	78,000	-	-

29. Related party disclosures (cont'd)

29.3 Compensation of Directors and key management personnel

The remuneration of Directors and key management personnel of the Group and of the Company during the financial year and the comparative prior year are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Directors compensation:				
- Directors' fee	75,000	35,400	75,000	-
- Directors' salaries, allowances and bonus	1,191,200	1,146,158	8,000	-
- Defined contribution plan	140,748	136,741	-	-
- Social security contributions	3,036	3,336	-	-
- Other staff related expenses	347	381	-	-
	1,410,331	1,322,016	83,000	-
Key management personnel compensation:				
- Salaries, allowances and bonus	737,000	673,400	-	-
- Commission	-	811,701	-	-
- Defined contribution plan	88,440	269,731	-	-
- Social security contributions	4,159	3,596	-	-
- Other staff related expenses	475	411	-	-
	830,074	1,758,839	-	-

30. Segment information

The Group has three reportable operating segments – logistics services provider, healthcare products and other as described below. They have been segregated as three strategic business units for internal reporting to the Director for performance evaluation and resource allocation.

Operating segments	**Nature**
Logistics services provider	Provision of ocean and air freight services, freight forwarding services and other supporting services.
Warehousing and distribution	Warehousing and distribution services for healthcare-related products and devices.
Investment holding	Holding of investments in the shares of subsidiaries and other investments.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

30. Segment information (cont'd)

Operating segments

	Logistics services RM	Warehousing and distribution RM	Investment holding RM	Total RM
31 December 2023				
Revenue				
External revenues	71,082,677	387,521	-	71,470,198
Results				
Segments results	3,820,640	(90,717)	(2,278,109)	1,451,814
Depreciation of property, plant and equipment	(681,097)	(23,073)	-	(704,170)
Interest income	784,984	-	25,912	810,896
Finance costs	(352,340)	(5,068)	-	(357,408)
Profit before tax	3,572,187	(118,858)	(2,252,197)	1,201,132
Tax expense	(817,229)	-	-	(817,229)
Profit for the financial year	2,754,958	(118,858)	(2,252,197)	383,903
Assets				
Additions to non-current assets [1]	3,046,448	-	-	3,046,448
Segment assets	61,655,202	200,919	1,020,677	62,876,798
Deferred tax assets	175,887	-	-	175,887
Total assets	61,831,089	200,919	1,020,677	63,052,685
Liabilities				
Segment liabilities	17,857,498	100,708	207,280	18,165,486
Income tax payable	-	-	-	-
Total liabilities	17,857,498	100,708	207,280	18,165,486
Other non-cash item				
Net loss on impairment of financial assets:				
- lifetime ECL allowances	2,816	-	-	2,816
- specific allowances	106,877	-	-	106,877
Unrealised gain on foreign exchange, net	(537,330)	-	-	537,330

30. Segment information (cont'd)

Operating segments (cont'd)

	Logistics services RM	Warehousing and distribution RM	Investment holding RM	Total RM
31 December 2022				
Revenue				
External revenues	228,036,721	1,658,179	-	229,694,900
Results				
Segments results	23,749,982	(118,077)	(1,007,441)	22,624,464
Depreciation of property, plant and equipment	(682,036)	(22,715)	-	(704,751)
Interest income	70,790	-	-	70,790
Finance costs	(115,200)	(4,230)	-	(119,430)
Profit before tax	23,023,536	(145,022)	(1,007,441)	21,871,073
Tax expense	(5,534,269)	(1,743)	-	(5,536,012)
Profit for the financial year	17,489,267	(146,765)	(1,007,441)	16,335,061
Assets				
Additions to non-current assets[1]	21,945,341	114,897	-	22,060,238
Segment assets	59,483,813	329,856	62,182	59,875,851
Deferred tax assets	368,657	-	-	368,657
Total assets	59,852,470	329,856	62,182	60,244,508
Liabilities				
Segment liabilities	29,238,203	112,453	1,069,613	30,420,269
Income tax payable	1,394,459	-	-	1,394,459
Total liabilities	30,632,662	112,453	1,069,613	31,814,728
Other non-cash item				
Bad debts written off	4,013	-	-	4,013
Gain on disposal of property, plant and equipment	(265,766)	-	-	(265,766)
Net gain on impairment of financial assets				
- lifetime ECL allowances	(81,907)	-	-	(81,907)
- specific allowances	(37,758)	-	-	(37,758)
Unrealised gain on foreign exchange,net	(97,372)	-	-	(97,372)

[1] Additions to non-current assets include additions of property, plant and equipment but exclude addition to right-of-use assets in relation to rental lease arrangement.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

30. Segment information (cont'd)

Geographical segments

Revenue of the Group based on the geographical location of its customers are as follows:

	2023 RM	2022 RM
Revenue from external customers		
Malaysia	40,373,515	115,403,385
Africa	786,172	1,390,333
Asia	15,587,650	30,558,828
Europe	743,290	1,580,545
North America	13,107,634	79,669,575
South America	285,881	104,636
Oceania	586,056	987,598
	71,470,198	229,694,900
Malaysia	40,373,515	115,403,385
Outside Malaysia	31,096,683	114,291,515
	71,470,198	229,694,900

Major customers

Major customers with revenue of at least 10% of the Group's total revenue are as follows:

	2023 RM	2022 RM
Customer A	3,445,192	27,789,765
Customer B	7,541,850	23,140,547

31. Financial instruments

31.1 Category of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
At amortised cost:				
Trade receivables	5,931,739	7,729,285	-	-
Other receivables and deposits	443,391	110,247	1,000	-
Amount owing by a subsidiary	-	-	12,000,000	-
Short-term investment	-	3,007,007	-	-
Fixed deposits with licensed banks	15,982,871	14,030,477	-	-
Cash and bank balances	12,726,564	10,928,886	954,745	10
	35,084,565	35,805,902	12,955,745	10
Financial liabilities				
At amortised cost:				
Trade payables	3,317,229	2,386,267	207,280	200,061
Other payables and accruals	4,640,879	5,594,310	-	-
Amount owing to a related party	-	-	-	869,553
Borrowings	7,831,180	19,016,587	-	-
Lease liabilities	815,874	1,152,203	-	-
	16,605,162	28,149,367	207,280	1,069,614

31.2 Net gains and losses arising from financial instruments

	Group	
	2023 RM	2022 RM
Net gains/(losses) arising from:		
Financial assets measured at amortised cost	(849,096)	(218,119)
Financial liabilities measured at amortised cost	137,780	1,247,935

Interest income and interest expense arising from financial statements are not included in the above net gains and losses. They are disclosed in Note 24 and Note 25 to this report.

32. Financial risk management, objectives and policies

The Group's activities are exposed to a variety of financial risk arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Directors review and agree policies and procedure for the management of these risks, which are executed by the Managing Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

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 those risks.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

32 Financial risk management, objectives and policies (cont'd)

(a) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their long-term borrowings with floating interest rates. The Group's policy to manage their interest rate risks is to maintain sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest risk fluctuation.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting year is as follows:

	Group	
	2023	**2022**
	RM	**RM**
Fixed rate instruments		
Financial assets		
Short-term investment	-	3,007,007
Fixed deposits with licensed banks	15,982,871	14,030,477
Financial liabilities		
Borrowings	686,749	836,587
Lease liabilities	815,874	1,152,203
Floating rate instruments		
Financial liabilities		
Borrowings	7,144,431	18,180,000

Sensitivity analysis for interest rate risk

Sensitivity analysis is not disclosed on fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

A 50 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting periods would have decreased Group's profit after tax by RM27,149 (2022: RM69,084). A 50 basis points weakening would have had an equal but opposite effect on the profit before tax. This assumes that all other variables remain constant.

(b) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from trade receivables, other receivables, amount owing by a subsidiary, cash and cash equivalents.

The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over certain amount.

32. Financial risk management, objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables

Credit risk concentration profile

The Group has no concentration of credit risk except for the amounts owing by two (2022: one) customers which constituted approximately 30% (2022: 31%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

At the end of financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of trade receivables recognised in the statements of financial position.

Information regarding ageing analysis for trade receivables is disclosed in Note 9 to the financial statements.

Assessment of impairment losses

The Group considers the probability of default upon initial recognition of asset and applies the simplified approach to measure expected credit losses ("ECL") using lifetime ECL allowance for all trade receivables.

The Group considers a receivable as being in default requiring individual impairment assessment when the debtor fails to make payment for invoices more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

An impairment analysis is performed at each reporting date using provision matrix to measure ECL for all trade receivables.

The ECL assessment incorporate historical default experience, customers' financial information, past trends of payments of each customer individually and forward-looking information such as forecast of economic conditions where the gross domestic product is expected to increase/ decrease over the next year, leading to change in the number of defaults.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from ECL for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

32. Financial risk management, objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

The loss allowance of the Group as at 31 December 2023 and comparative year is determined as follows:

	Current	30 days past due	60 days past due	90 days past due	120 days past due	More than 120 days past due	Total
2023							
Expected loss rate (%)	0.01	0.03	0.06	0.01	0.02	11.71	
Gross carrying amount (RM)	2,498,232	2,494,597	766,789	96,458	23,069	57,751	
Loss allowance provision (RM)	282	1,264	296	21	136	3,158	5,157
Impaired receivables (RM)							123,074
Total impaired (RM)							128,231
2022							
Expected loss rate (%)	0.01	0.05	0.08	0.01	0.04	33.89	
Gross carrying amount (RM)	3,520,751	2,855,611	831,948	172,000	309,979	41,337	
Loss allowance provision (RM)	282	1,264	296	21	136	342	2,341
Impaired receivables (RM)							47,078
Total impaired (RM)							49,419

32. Financial risk management, objectives and policies (cont'd)

(b) Credit risk (cont'd)

(ii) Other receivables

Exposure to credit risk, credit quality and collateral

Other receivables balances are monitored on an ongoing basis.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group and the Company do not maintain ageing analysis for other receivables. Based on past experience, the Directors determine whether impairment is necessary in respect of other receivables applying the general approach to determine the ECL.

(iii) Other financial assets (including short-term investments and cash and cash equivalents)

Other financial assets are held with licensed banks. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meets its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of cash and bank balances in the statements of financial position.

Impairment losses

Bank balances and fixed deposits have low credit risk and they are protected to an extent by Perbadanan Insurans Deposit Malaysia. Consequently, the Group and the Company are of the view that loss allowance is not material and hence it is not provided for.

(iv) Intercompany balances

Intercompany balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss is assessed to be immaterial hence it is not provided for.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility of cash flow through the use of standby credit facilities.

The Group and the Company maintain a level of cash and cash equivalents, bank overdrafts and loan facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. Financial risk management, objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Effective interest rate	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
Group						
2023						
Trade payables		3,317,229	3,317,229	3,317,229	-	-
Other payables and accruals		4,640,879	4,640,879	4,640,879	-	-
Borrowings	2.70% - 3.50%	7,831,180	8,840,259	1,500,951	5,867,783	1,471,525
Leases liabilities	4.83% - 5.81%	815,874	893,767	390,196	503,571	-
		16,605,162	17,692,134	9,849,255	6,371,354	1,471,525
2022						
Trade payables		2,386,267	2,386,267	2,386,267	-	-
Other payables and accruals		5,594,310	5,594,310	5,594,310	-	-
Borrowings	2.70% - 3.50%	19,016,587	27,125,688	1,485,651	5,942,605	19,697,432
Leases liabilities	4.80% - 5.81%	1,152,203	1,251,204	435,712	815,492	-
		28,149,367	36,357,469	9,901,940	6,758,097	19,697,432

32. Financial risk management, objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM
Company			
2023			
Other payables and accruals	207,280	207,280	207,280
	207,280	207,280	207,280
2022			
Other payables and accruals	200,061	200,061	200,061
Amount owing to related parties	869,553	869,553	869,553
	1,069,614	1,069,614	1,069,614

(d) Foreign exchange risk

The Group is exposed to foreign currency risks as a result of its normal operating activities with foreign companies, denominated mainly in United States Dollar ("USD"), Euro ("EUR"), Pound Sterling ("GBP") and Singapore Dollar ("SGD").

The Group's exposures to foreign currency are as follows:

	EUR RM	GBP RM	SGD RM	USD RM	Total RM
Group					
2023					
Financial assets					
Trade receivables	-	-	-	2,504,087	2,504,087
Other receivables, deposits and prepayments	-	-	-	44,813	44,813
Fixed deposits with licensed banks	-	-	-	14,755,342	14,755,342
Cash and bank balances	-	-	-	5,256,256	5,256,256
	-	-	-	22,560,498	22,560,498
Financial liabilities					
Trade payables	(13,273)	(478)	(2,640)	(1,180,223)	(1,196,614)
Net exposure	(13,273)	(478)	(2,640)	21,380,275	21,363,884

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

32. Financial risk management, objectives and policies (cont'd)

(d) Foreign exchange risk (cont'd)

The Group's exposures to foreign currency are as follows: (cont'd)

	EUR RM	GBP RM	USD RM	Total RM
Group				
2022				
Financial assets				
Trade receivables	-	-	2,478,148	2,478,148
Other receivables, deposits and prepayments	-	-	36,853	36,853
Fixed deposits with licensed banks	-	-	13,558,074	13,558,074
Cash and bank balances	-	-	1,273,620	1,273,620
	-	-	17,346,695	17,346,695
Financial liabilities				
Trade payables	(5,073)	(1,744)	(1,392,304)	(1,399,121)
Net exposure	(5,073)	(1,744)	15,954,391	15,947,574

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible in the EUR, GBP, SGD and USD exchange rate against Ringgit Malaysia ("RM"), with all other variables held constant.

	2023 Increase/ (decrease) RM	2022 Increase/ (decrease) RM
Group		
Effects on profit after tax		
EURO		
- strengthen by 10%	(1,009)	(386)
- weaken by 10%	1,009	386
GBP		
- strengthen by 10%	(36)	(133)
- weaken by 10%	36	133
SGD		
- strengthen by 10%	(201)	-
- weaken by 10%	201	-
USD		
- strengthen by 10%	1,624,901	1,212,354
- weaken by 10%	(1,624,901)	(1,212,354)

32. Financial risk management, objectives and policies (cont'd)

(e) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to relatively short-term maturity of these financial instruments.

The fair value of lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the financial reporting period.

The carrying amount of the fixed rate term loans approximately their fair values as these instruments bear interest at approximated market lending rate at the reporting date.

33. Capital commitment

	Group	
	2023	**2022**
	RM	**RM**
Approved and contracted for		
Property, plant and equipment	644,475	18,180,000

34. Contingent liability

	Company	
	2023	**2022**
	RM	**RM**
Corporate guarantee given to licensed bank (Note 18)	19,680,000	-

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group manages capital using debt-to-equity ratio. The debt-to-equity ratio is calculated as net debts divided by total shareholders' equity. Net debt is calculated as bank borrowings plus lease liabilities less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023 (Cont'd)

35. Capital management (cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period is as follows:

	2023 RM	2022 RM
Group		
Borrowings	7,831,180	19,016,587
Lease liabilities #	602,428	748,885
	8,433,608	19,765,472
Less: Cash and cash equivalents	(28,237,980)	(27,493,967)
Net cash	(19,804,372)	(7,728,495)
Total shareholders' equity	44,887,199	28,429,780
Debt-to-equity ratio	N/A*	N/A*

Exclude lease liabilities in relation to rental lease arrangement.

* The gearing ratio is not applicable as the cash and cash equivalents is sufficient to cover the entire debt obligation.

36. Significant events during the financial year

(a) Acquisition of subsidiaries ("Acquisition")

On 18 April 2023, KGW has completed the acquisition of its subsidiaries namely KGWL, MLSB and KGWM through conditional share sale agreement entered on 30 September 2022, as follows:

(i) to acquire the entire equity interest in KGWL comprising 1,000,000 ordinary shares for a total purchase consideration of RM11,092,800 to be satisfied via the issuance of 369,760,000 new shares at an issue price of RM0.03 per share;

(ii) to acquire the entire equity interest in MLSB comprising 200,000 ordinary shares for a total purchase consideration of RM626,800 to be satisfied via the issuance of 20,893,334 new shares at an issue price of RM0.03 per share; and

(iii) to acquire the entire equity interest in KGWM comprising 300,000 ordinary shares for a total purchase consideration of RM374,500 to be satisfied via the issuance of 12,483,333 new shares at an issue price of RM0.03 per share.

(b) Initial Public Offering ("IPO") and listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing")

On 30 June 2023, the Company issued a prospectus in connection with the IPO and the Listing. The IPO involves the offering of 482,798,567 ordinary shares in the Company in conjuction with the listing of and quotation for the entire ordinary shares in the Company on the ACE Market of Bursa Malaysia Securities Berhad, comprising an offer for sale of up to 43,452,000 existing ordinary shares in the Company and a public issue of 79,661,800 new ordinary shares in the Company. The IPO and the Listing were completed on 1 August 2023.

37. Comparative figures

The acquisition of the entire issued share capital of KGWL, MLSB and KGWM by the Company is a business combination involving entities under common control as defined by Note 3.1(b) in the material accounting policy information. Accordingly, the Group is a continuation of the acquired entities and are accounted for as follows:

(a) The assets and liabilities of the acquired entities are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value.
(b) The retained earnings and other equity balances of acquired entities immediately before the business combination are added to those of the Group; and
(c) The equity structure reflects the equity structure of the Company and the difference arising from the change in equity structure of the Group is accounted for in the merger deficit or merger reserve in the consolidated financial statements.

As explained above, the comparative figures in the Group's financial statements are presented as if the acquisition of subsidiaries had occurred before the start of the earliest period presented.

The comparative information of the Company is for the financial period from the date of incorporation on 14 March 2022 to 31 December 2022. Consequently, the comparative information in the statements of profit or loss and other comprehensive income, statements of changes in equity, statements in cash flows and related notes of the Company are not comparative with the current financial year.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM IPO

As at 31 December 2023, the utilisation of proceeds amounting to RM16.73 million raised from the public issue of 79,661,800 new ordinary shares at RM0.21 per share on 1 August 2023 is summarised as follows: -

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance RM'000	Estimated Timeframe for Utilisation Upon Listing
Renovation of property	2,000	2,000	-	-	Within 12 months
Repayment of bank borrowings	10,000	10,000	-	-	Within 3 months
Working capital	729	201	278	806	Within 12 months
Estimated listing expenses	4,000	3,722	(278)	-	Within 1 month
Total	16,729	15,923	-	806	

The utilisation of proceeds disclosed above should be read in conjunction with the prospectus of the Company dated 30 June 2023.

AUDIT AND NON-AUDIT FEES PAID/PAYABLE TO EXTERNAL AUDITORS

During the FYE 2023, the amount of audit and non-audit fees paid/payable to the External Auditors, namely Messrs. Ecovis Malaysia PLT, by the Company and Group respectively were as follows: -

	Company RM	Group RM
Audit Fees	25,000	120,000
Non-Audit Fees		
• Review of Statement on Risk Management and Internal Control	8,000	8,000
	33,000	128,000

MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries involving the interest of the Directors, CFO and major shareholders which was either still subsisting at the end of FYE 2023 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE ("RRPT")

During FYE 2023, there was no RRPT which requires shareholders' mandate.

LIST OF PROPERTIES

No.	Title No.	Property Address	Tenure	Description of property/ Existing use	Land area/ Built-up area (sq. ft.)	Acquisition Date	Approximate Age of Building	Audited NBV as at 31 December 2023 (RM)
1	Geran 215194, Lot 61800, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan	No. 6, Jalan Pemaju U1/15, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	Freehold	Double storey warehouse and 3-storey office building/ renovation in-progress	**Land area:** 51,419 **Built-up area:** Double storey warehouse - 36,709 3-storey office building - 16,098	29/12/2022	27 years	21,074,785

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2024

ISSUED SHARES OF THE COMPANY

Total Number of Issued Shares & Class of Shares	:	482,798,567 ordinary shares
Issued and Paid-Up Share Capital	:	RM28,167,136
Number of Shareholders	:	1,941
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	5	0.26	100	(*) 0.00
100 - 1,000	304	15.66	130,500	0.03
1,001 - 10,000	980	50.49	4,799,900	1.00
10,001 - 100,000	514	26.48	19,518,100	4.04
100,001 to less than 5% of issued shares	136	7.01	129,894,791	26.90
5% and above of issued shares	2	0.10	328,455,176	68.03
Total	**1,941**	**100.00**	**482,798,567**	**100.00**

Note: -
(*) Less than 0.01%.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Roger Wong Ken Hong	294,741,817	61.05	(1) 1,123,500	0.23
Cheok Hui Yen	33,713,359	6.98	-	-

Note: -
(1) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Tengku Faizwa Binti Tengku Razif	550,000	0.11	-	-
Dato' Roger Wong Ken Hong	294,741,817	61.05	(1) 1,123,500	0.23
Cheok Hui Yen	33,713,359	6.98	-	-
Lim Joo Seng	500,000	0.10	-	-
Lean Sze Yau	500,000	0.10	-	-
Lee Li Choon	500,000	0.10	-	-

Note: -
(1) Deemed interest by virtue of his spouse's interest pursuant to Section 8 of the Act.

LIST OF TOP 30 LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1.	Dato' Roger Wong Ken Hong	294,741,817	61.05
2.	Cheok Hui Yen	33,713,359	6.98
3.	Chow Enn Jie	19,092,128	3.95
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	11,967,800	2.48
5.	Teoh Huey Hong	9,890,463	2.05
6.	Kwong Ming Mean	9,726,300	2.01
7.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh (008)	5,772,000	1.20
8.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Tiong	4,000,000	0.83
9.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jee Chin	4,000,000	0.83
10.	Amanahraya Trustees Berhad PMB Dana Al-Aiman	3,050,000	0.63
11.	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Chee Siang (M&A)	3,016,700	0.62
12.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Chee Kwan	3,000,000	0.62
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Charlie Ching Wee Chun	2,500,000	0.52
14.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Bee Yun	2,500,000	0.52
15.	Yeen Yoon Hin	2,500,000	0.52
16.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Sen Loon	2,300,000	0.48
17.	Ooi Kiat Seng	2,148,900	0.45
18.	Teoh Yin Ping	1,508,400	0.31
19.	Teo Chor Eng	1,450,000	0.30
20.	IFast Nominees (Tempatan) Sdn Bhd Koh Soo Keong	1,260,300	0.26
21.	Low Kum Moon	1,200,000	0.25
22.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Chin Wai Hon (MY3984)	1,172,700	0.24
23.	Wong Wan Jye	1,123,500	0.23
24.	Lee Chin Hui	1,075,000	0.22
25.	Er Choo Siang	1,050,000	0.22
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Kim San	970,000	0.20
27.	Malacca Securities Sdn Bhd IVT (200) Team KL01	961,700	0.20
28.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cha Weay Chia (MGNM43004)	723,500	0.15
29.	IFast Nominees (Tempatan) Sdn Bhd Wong Chee Yean	712,500	0.15
30.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Pui Shan	700,000	0.14
	Total	**427,827,067**	**88.61**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting ("**2nd AGM" or "Meeting**") of **KGW GROUP BERHAD** ("**the Company**") will be held and conducted on a virtual basis through live streaming and online remote voting via online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. from the Broadcast Venue at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on **Friday, 31 May 2024** at **10.00 a.m.** or at any adjournment thereof to transact the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Report of the Directors and Auditors thereon. ***(Please refer to Note B)***

2. To approve the payment of Non-Executive Directors' fees and benefits payable of up to RM83,000.00 for the financial year ended 31 December 2023. **(Ordinary Resolution 1)** ***(Please refer to Note C)***

3. To approve the payment of Non-Executive Directors' fees and benefits of up to RM236,000.00 for the financial year ending 31 December 2024 payable in arrears after each month of completed service of the Non-Executive Directors during the financial year. **(Ordinary Resolution 2)** ***(Please refer to Note C)***

4. To approve the payment of Non-Executive Directors' fees and benefits of up to RM236,000.00 for the financial year ending 31 December 2025 payable in arrears after each month of completed service of the Non-Executive Directors during the financial year. **(Ordinary Resolution 3)** ***(Please refer to Note C)***

5. To re-elect the following Directors, who retire pursuant to Clause 135 of the Company's Constitution and who being eligible, have offered themselves for re-election:

   (i) Dato' Roger Wong Ken Hong; and **(Ordinary Resolution 4)**
   (ii) Ms. Lim Joo Seng **(Ordinary Resolution 5)**
   (Please refer to Note D)

6. To re-appoint Ecovis Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)** ***(Please refer to Note E)***

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **(Ordinary Resolution 7)** ***(Please refer to Note F)***

   "**THAT** subject always to the CA 2016, the Constitution of the Company, the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the CA 2016 to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting ("**Proposed General Mandate**");

THAT approval be and is hereby given for the waiver of the statutory pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the CA 2016 and Clause 65 of the Constitution of the Company arising from any issuance of New Shares pursuant to the Proposed General Mandate;

AND THAT the Board of Directors ("**Board**") of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Proposed General Mandate."

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the CA 2016.

By Order of the Board
KGW GROUP BERHAD

CHANG NGEE CHUANG (MAICSA 7077854) (SSM PC No. 201908001421)
THONG PUI YEE (MAICSA 7067416) (SSM PC No. 202008000510)
Company Secretaries
Kuala Lumpur

Date: 30 April 2024

Notes:-

A. Appointment of Proxy(ies)

(i) The 2nd AGM will be held and conducted on a virtual basis through live streaming and online remote voting using remote participation and voting ("**RPV**") facilities.

(ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the CA 2016 which requires the Chairman to be present at the main venue of the 2nd AGM.

No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the 2nd AGM.

(iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of the Company) and vote in his/her/its stead.

A member who wishes to appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the 2nd AGM via the RPV facilities must request his/her/its proxy(ies)/corporate representative(s)/attorney(s) to register himself/herself/themselves for the RPV facilities at www.swsb.com.my. Please read and follow the procedures as set out in the Administrative Guide of the 2nd AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com in order to register, participate and vote remotely via the RPV facilities.

(iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he/she may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(vii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the share registrar office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(viii) Subject to the Constitution, members may deposit the instrument appointing the proxy(ies) by electronics means by way of submitting the instrument to the e-mail address ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(ix) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

(x) For the purpose of determining a member who shall be entitled to attend the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 80(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 May 2024. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 May 2024 shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.

(xi) Pursuant to Rule 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

B. Audited Financial Statements for the Financial Year Ended 31 December 2023

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

C. Ordinary Resolutions 1, 2 and 3: Payment of Non-Executive Directors' Fees and Benefits

Section 230(1) of the CA 2016 provides that the Non-Executive Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. The Proposed Ordinary Resolution 1 is to facilitate payment of Non-Executive Directors' fees and benefits for the financial year ended 31 December 2023. The Proposed Ordinary Resolutions 2 and 3 are to facilitate payment of Non-Executive Directors' fees and benefits for the financial year ending 31 December 2024 and financial year ending 31 December 2025.

D. Ordinary Resolutions 4 and 5: Re-election of Directors

Dato' Roger Wong Ken Hong ("**Dato' Roger**") and Ms. Lim Joo Seng ("**Ms. Lim**") ("**Retiring Directors**"), who retire by rotation in accordance with Clause 135 of the Company's Constitution, are eligible and have offered themselves for re-election as Directors at the 2nd AGM of the Company.

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the 2nd AGM, the Board through its Nomination Committee had assessed the Retiring Directors, and considered the following:

(a) The Directors' performance and contribution;
(b) The Directors' skills, experience and strength in qualities;
  (i) The level of independence demonstrated by the Independent Non-Executive Director;
  (ii) The Directors' ability to act in the best interest of the Company in decision-making; and
  (iii) The Directors' fitness and propriety with reference to the Directors' Fit and Proper Policy.

The profiles of Dato' Roger and Ms. Lim are set out in the Directors' Profile section of the Annual Report 2023.

The Retiring Directors had abstained themselves from all deliberations and decisions on their own respective proposed re-election as Directors at the Board of Directors' Meeting.

E. Ordinary Resolution 6: Re-appointment of Auditors

The Audit and Risk Management Committee ("**ARMC**") has assessed the objectivity, suitability and independence of the External Auditors and recommended the re-appointment of Ecovis Malaysia PLT as External Auditors of the Company for the financial year ending 31 December 2024. The Board has reviewed the recommendation of the ARMC and recommended the same for the shareholders' approval at the 2nd AGM of the Company.

Explanatory Notes on Special Business

F. Ordinary Resolution 7: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

The Ordinary Resolution 7 is proposed pursuant to Sections 75 and 76 of the CA 2016 for the purpose of obtaining a new general mandate ("**Proposed General Mandate**"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of ordinary shares issued pursuant to the Proposed General Mandate does not exceed ten per centum (10%) of the total number of issued ordinary shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This Proposed General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier. This Proposed General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Ordinary Resolution 7, if passed, would be tantamount to shareholders of the Company agreeing to waive their pre-emptive rights in respect of the allotment and issuance of the new ordinary shares pursuant to the Proposed General Mandate, which will result in a dilution to the shareholders' shareholdings in the Company.

Personal Data Privacy:

By lodging of a completed Form of Proxy with the share registrar office of the Company for appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate and vote at the 2nd AGM and any adjournment thereof, a member of the Company is hereby:

(i) consenting to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) or corporate representative(s) or attorney(s) appointed for the 2nd AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 2nd AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(ii) warranting that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes ("**Warranty**"); and (iii) agreeing that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

KGW GROUP BERHAD
Registration No. 202201009353 (1455050-D)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.				-				-								
No. of Shares Held																

I/We, ____,
(Full Name in Block Letters)

(NRIC/Passport/Company Registration No. ______________________________) of ______________________
(Full Address)

____
(Full Address)

Contact No. ____________________ Email Address ______________________________ being a member of **KGW GROUP BERHAD** hereby appoint:

Name of Proxy *(Full Name)*	**NRIC No./Passport No.**	**% of Shareholding to be Represented** (Refer to Note iv)
Address		
Contact No.:	**Email Address:**	

and/or failing *him/her,

Name of Proxy *(Full Name)*	**NRIC No./Passport No.**	**% of Shareholding to be Represented** (Refer to Note iv)
Address		
Contact No.:	**Email Address:**	

or failing *him/her, the **Chairman of the Meeting** as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Second Annual General Meeting ("**2nd AGM" or "Meeting**") of the Company to be held and conducted on a virtual basis through live streaming and online remote voting via online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. from the Broadcast Venue at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan KL, Malaysia on Friday, 31 May 2024 at 10.00 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTION	**FOR**	**AGAINST**
1	Payment of Non-Executive Directors' fees and benefits for the financial year ended 31 December 2023		
2	Payment of Non-Executive Directors' fees and benefits for the financial year ending 31 December 2024		
3	Payment of Non-Executive Directors' fees and benefits for the financial year ending 31 December 2025		
4	Re-election of Dato' Roger Wong Ken Hong as Director of the Company		
5	Re-election of Ms. Lim Joo Seng as Director of the Company		
6	Re-appointment of Auditors		
7	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this ________ day of ___________ 2024

____
Signature(s) of member(s)

Notes:

(i) The 2nd AGM will be held and conducted on a virtual basis through live streaming and online remote voting using remote participation and voting ("RPV") facilities.

(ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 2nd AGM.
No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the 2nd AGM.

(iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of the Company) and vote in his/her/its stead.
A member who wishes to appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the 2nd AGM via the RPV facilities must request his/her/its proxy(ies)/corporate representative(s)/attorney(s) to register himself/herself/themselves for the RPV facilities at www.swsb.com.my. Please read and follow the procedures as set out in the Administrative Guide of the 2nd AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com in order to register, participate and vote remotely via the RPV facilities.

(iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he/she may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(vii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the share registrar office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(viii) Subject to the Constitution, members may deposit the instrument appointing the proxy(ies) by electronics means by way of submitting the instrument to the e-mail address ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(ix) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

(x) For the purpose of determining a member who shall be entitled to attend the 2nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 80(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 May 2024. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 May 2024 shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.

(xi) Pursuant to Rule 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all resolutions set out in this Notice will be put to vote by way of poll.

FOLD HERE

AFFIX
STAMP

The Share Registrar

SHAREWORKS SDN. BHD.
Registration No.: 199101019611 (229948-U)

No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur, Malaysia.

FOLD HERE