



ANCOM LOGISTICS BERHAD

[196601000150 (6614-W)]
Incorporated in Malaysia

TOGETHER

We Can Make A Difference

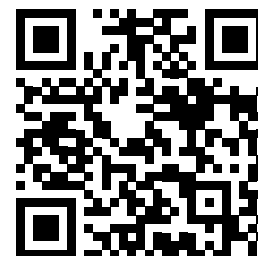


ANNUAL REPORT **2022**

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Proxy Form



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www.ancomlogistics.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abdul Latif Bin Abdullah
(Independent Non-Executive Chairman)

Dato' Siew Ka Wei
(Executive Vice Chairman)

Abdul Latif Bin Mahamud
(Non-Independent Non-Executive Director)
(Resigned on 23 September 2022)

Safrizal Bin Mohd Said
(Independent Non-Executive Director)
(Resigned on 23 September 2022)

Lim Hock Chye
(Non-Independent Non-Executive Director)

Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah
(Independent Non-Executive Director)

Datuk Mohd Farid Bin Mohd Adnan
(Independent Non-Executive Director)

AUDIT COMMITTEE

Safrizal Bin Mohd Said *(Chairman)*
(Resigned on 23 September 2022)

Abdul Latif Bin Mahamud
(Resigned on 23 September 2022)

Datuk Mohd Farid Bin Mohd Adnan
(Appointed on 23 September 2022)

Lim Hock Chye

REMUNERATION AND NOMINATION COMMITTEE

Datuk Mohd Farid Bin Mohd Adnan
(Appointed on 23 September 2022)

Lim Hock Chye

Dato' Abdul Latif Bin Abdullah

Safrizal Bin Mohd Said
(Resigned on 23 September 2022)

COMPANY SECRETARIES

Choo Se Eng *(MIA 5876)*

Stephen Geh Sim Whye *(MICPA 1810)*

REGISTERED OFFICE

Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7805 1817 / 3817
Fax : (603) 7804 1316

BUSINESS ADDRESS

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn. Bhd.**

Office

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

BDO PLT, Chartered Accountants

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
(Stock Code : 0048)

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad

SOLICITORS

Chong, Ng & Yap

DOMICILE

Malaysia

WEBSITE

www.ancomlogistics.com.my

FIVE-YEAR HIGHLIGHTS

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	29,949	30,477	30,930	29,697	28,980
Profit before taxation	249	2,258	2,067	1,965	1,369
(Loss)/Profit for the financial year	(618)	1,390	631	769	221
Effective percentage rate of tax	>100%	38%	69%	61%	84%
Net (loss)/profit attributable to owners of the parent	(1,717)	382	(360)	(344)	(792)
ASSETS EMPLOYED					
Property, plant and equipment	18,246	18,069	21,403	30,573	27,040
Right-of-use assets	4,709	9,310	10,296	-	-
Investments	2,219	2,219	1,802	1,802	1,802
Current assets	23,025	23,817	15,813	16,053	18,525
TOTAL ASSETS	48,199	53,415	49,314	48,428	47,367
FINANCED BY					
Share capital	23,664	23,664	23,664	23,664	23,664
Reserves	8,526	8,526	8,526	8,526	8,526
Accumulated losses	(10,437)	(8,720)	(9,102)	(8,742)	(8,131)
	21,753	23,470	23,088	23,448	24,059
Non-controlling interests	6,531	6,412	7,245	8,018	8,682
Total equity	28,284	29,882	30,333	31,466	32,741
Non-current liabilities	4,702	6,714	10,082	9,053	7,295
Current liabilities	15,213	16,819	8,899	7,909	7,331
TOTAL EQUITY AND LIABILITIES	48,199	53,415	49,314	48,428	47,367
SHAREHOLDERS' INTERESTS					
(Loss)/Profit per ordinary share - sen	(0.36)	0.08	(0.08)	(0.07)	(0.17)
Net assets per share - sen	4.60	4.96	4.88	4.95	5.08
OTHER INFORMATION					
Depreciation	5,686	5,834	5,814	4,497	4,039
Interest expense	560	629	649	330	166

LIST OF PRINCIPAL OFFICES

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM-CHEMQUEST TERMINALS SDN. BHD.

Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

PENGANGKUTAN COGENT SDN. BHD.

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama
Johor Darul Takzim
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

CORPORATE STRUCTURE

AS AT 31 MAY 2022



ANCOM NYLEX BERHAD

(Formerly known as Ancom Berhad)
[Registration No. 196901000122 (8440-M)]
Incorporated in Malaysia

33.96%*



ANCOM LOGISTICS BERHAD*

100%

Synergy Trans-Link Sdn. Bhd.

100%

Pengangkutan Cogent Sdn. Bhd.

51%

Ancom-Chemquest Terminals Sdn. Bhd.

Note:

* Direct and Indirect Interest

BOARD OF DIRECTORS



DATO' ABDUL LATIF BIN ABDULLAH
Independent Non-Executive Chairman

MALAYSIAN / MALE / AGE 72

Board Meeting Attendance in FY2022: 4/4

Dato' Latif was appointed as Chairman of the Company on 20 August 2004. He was re-designated as Executive Chairman on 1 December 2004 and later as Non-Independent Non-Executive Chairman on 1 June 2006 and on 15 August 2014, as Independent Non-executive Chairman of the Company. He is currently a member of the Remuneration and Nomination Committee ("R&N Committee") of the Company.

Dato' Latif obtained the Bachelor of Arts (Hons) degree in International Relations from University Malaya and Master of Science (Marine Law & Policy) degree from University of Wales, United Kingdom. He had also attended the Senior Management Development Program at Harvard Business School. He is a member of Chartered Institute of Logistic and Transport, United Kingdom.

Dato' Latif started his career in 1975 with the Ministry of Foreign Affairs attached to West Asian Desk. He later joined Malaysian International Shipping Corporation Berhad ("MISC") as an Executive and was subsequently promoted to Assistant Manager of its Liner Division. From 1982 to 1992, he was with Perbadanan Nasional Shipping Line Berhad ("PNSL") where he held a number of senior positions and was instrumental in the formation of a number of subsidiaries and joint venture companies which he headed within the PNSL Group. He was the General Manager, Business and Corporate Division of PNSL before joining Mitsui OSK Lines (M) Sdn. Bhd. ("Mitsui OSK") in 1990 as a founder Director and remained as Chairman of Mitsui OSK after his retirement in 2005.

Presently, Dato' Latif is the Chairman of Efficient E-Solutions Berhad.



DATO' SIEW KA WEI
Executive Vice Chairman

MALAYSIAN / MALE / AGE 66

Board Meeting Attendance in FY2022: 4/4

Dato' Siew was appointed as Non-Independent Executive Director of the Company on 17 October 2001. He was re-designated as the Non-Independent Non-Executive Deputy Chairman on 20 August 2004 and later as the Executive Vice Chairman of the Company on 25 January 2011.

Dato' Siew received his secondary and tertiary education in the United Kingdom, first studying in Marlborough College, then completing his tertiary education at Imperial College, London. He obtained his Bachelor of Science (Hons) in Chemical Engineering and Master of Science ("MSc") degree in Operational Research at Imperial College.

Dato' Siew has extensive experience in the field of petrochemicals accumulated over more than 30 years in the local and international sectors.

Dato Siew was a very active member of the Young Presidents' Organisation ("YPO") from 1993 until 2006. He was Chairman of the Malaysian Chapter of YPO and

was Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. He became a member of the International Board of YPO in 2000 and served until 2003. During his tenure he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was a past President of the Imperial College Alumni of Malaysia (ICAAM), a post he has held from 2008 to 2018. He was also a past Governor of the Board of Governors of Marlborough College of Malaysia.

Currently, Dato' Siew is the Executive Chairman of Ancom Nylex Berhad ("ANB") (formerly known as Ancom Berhad), the holding company of the Company, and Group Managing Director of Nylex (Malaysia) Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Siew is a substantial shareholder of the Company through his direct and indirect interest in ANB and his direct interest in the Company.

BOARD OF DIRECTORS



TAN SRI DATUK DR. AMPIKAIPAKAN A/L S. KANDIAH
Independent Non-Executive Director

MALAYSIAN / MALE / AGE 76

Board Meeting Attendance in FY2022: 4/4

Tan Sri Datuk Dr. Ampikaipakan was appointed to the Board on 24 July 2020.

A graduate from Madras Medical College, India in 1972, Tan Sri Datuk Dr. Ampikaipakan served as a Medical Officer in various government hospitals in Malaysia until 1976. From 1976 to 1978, he was the Medical Registrar at the National Tuberculosis Centre Kuala Lumpur. He then began his post-graduate training at the Brompton Hospital and Royal London Hospital in the United Kingdom ("UK"), returning to Malaysia to serve as a Consultant Respiratory Physician at the National Tuberculosis Centre. In 1981, he began his own practice and in 1986 he joined Pantai Hospital Kuala Lumpur as a Consultant Respiratory Physician, a position he holds until today.

Tan Sri Datuk Dr. Ampikaipakan was made a Fellow of the Royal College of Physicians (FRCP), United Kingdom in 1986. He was also the Founder Secretary and President of the Malaysian Thoracic Society from 1989-1992.

Tan Sri Datuk Dr. Ampikaipakan pioneered the research to document the incidence of Sarcoidosis in Malaysia and presented his findings at the International Sarcoidosis Conference in Paris in 1981.

He was appointed the First Vice-Chancellor of AIMST University from 1996 to 1997 and continued as its founder Chairman until 2009.

Tan Sri Datuk Dr. Ampikaipakan is currently one of the Advisors of the International Advisory Council for Clinical Governance at IHH Healthcare Berhad.



ABDUL LATIF BIN MAHAMUD
Non-Independent
Non-Executive Director

MALAYSIAN / MALE / AGE 65

Board Meeting Attendance in FY2022: 4/4

Abdul Latif was appointed as Managing Director of the Company on 1 January 2005. He was re-designated as the Company's Group Managing Director on 1 July 2005. After his retirement, he was appointed as a Non-Independent Non-Executive Director on 25 January 2011.

He resigned from the Board on 23 September 2022.

Abdul Latif was a member of the Audit Committee of the Company.

He graduated with a degree in Electrical Engineering from University Technology MARA, Malaysia and holds a Master of Business Administration ("MBA") degree from University of Hull, England.

He began his career in Asea Brown Boveri as a Substation Design Engineer in 1982 and subsequently headed its substation contracts department. He subsequently joined Groupe Schneider in 1992 as General Manager, Operations in charge of

Power Transmission & Distribution sales, contract management and assembly workshop. In 1995, he joined EPE Power Corporation Berhad ("EPE") as Senior General Manager - Power Distribution and in 2000, he was appointed as Chief Operation Officer, in charge of the power generation, transmission and distribution businesses of EPE Group. He later became Managing Director of EPE in 2001. He was the Chief Executive Officer and Executive Director of Ranhill Power Berhad following the acquisition of EPE by Ranhill Berhad.

Abdul Latif was the Managing Director of ANB's Agricultural Chemicals division from 2011 to 2014.

BOARD OF DIRECTORS



SAFRIZAL BIN MOHD SAID

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 56

Board Meeting Attendance in FY2022: 4/4

Safrizal joined the Board on 24 December 2002. He resigned from the Board on 23 September 2022. He was the Chairman of the Audit Committee and a member of the R&N Committee of the Company.

Safrizal obtained his Bachelor of Commerce degree from University of New South Wales, Australia. He is a member of CPA Australia.

He has vast working experience in both the consulting as well as the commercial sectors in various capacities in Australia and Malaysia. He joined Fraser & Neave Holdings Berhad ("F&N") in 2002 and was responsible for setting up F&N's in-house Tax Department. Prior to joining F&N, he was attached to a couple of the Big Four Accounting Firms, with his last position being a tax director. His experience in the field of taxation totals more than 30 years. During his time as a tax consultant, Safrizal managed a diversified portfolio of clients comprising local and multinational

corporations from various industries, namely, finance, telecommunications, advertising, construction, manufacturing, shipping and insurance. Safrizal was also extensively involved in the rendering of business advice and tax planning in a variety of situations including corporate restructuring, public listing exercises, business expansion, privatisation exercises, offshore investments and mergers and acquisitions.

Safrizal, who was an appointed Council Member of the Chartered Taxation Institute of Malaysia, has also conducted in-house training programmes and has chaired/spoken at public seminars on various tax matters.



LIM HOCK CHYE

Independent Non-Executive Director (Re-designated Non-Independent Non-Executive Director on 23 September 2022)

MALAYSIAN / MALE / AGE 67

Board Meeting Attendance in FY2022: 4/4

Hock Chye joined the Board on 5 December 2003. He was re-designated as a Non-Independent Non-Executive Director on 23 September 2022. He was the Chairman of the R&N Committee and is currently a member of the R&N Committee and the Audit Committee of the Company.

Hock Chye graduated with an LLB (Hons.) degree from the University of London, United Kingdom in 1999.

He started his career in journalism and his last position held at the Star Publications was Deputy Editor. He later joined the Minority Shareholders Watchdog Group as one of its pioneer consultants.

He has been the Group Director of Strategic Planning and Corporate Affairs, HELP University Sdn. Bhd. (formerly known as Help International Corporation Berhad) since April 2008 until his retirement in May 2022. At HELP University, he was the Governance Chairman and had lectured on Corporate Governance practices to the public.

Currently, Hock Chye is also a director of ANB, the holding company of the Company which is listed on Bursa Malaysia Securities Berhad.

BOARD OF DIRECTORS



DATUK MOHD FARID BIN MOHD ADNAN

Independent Non-Executive Director

MALAYSIAN / MALE / AGE 59

Board Meeting Attendance in FY2022: 3/4

Datuk Farid was appointed to the Board on 3 May 2021.

He was appointed as the Chairman of the Audit Committee and a member of the R&N Committee on 23 September 2022.

Datuk Farid graduated with a Bachelor of Science in Chemical Engineering degree from the University of Tennessee, Knoxville, USA and subsequently obtained a Master of International Business Studies from the University of South Carolina, Columbia, USA.

Datuk Farid has more than 30 years of experience in the oil and gas industry. He started his professional career at PETRONAS, holding various senior management positions in various PETRONAS companies since 1985. He retired from PETRONAS in 2017.

Datuk Farid also served on the Board of MISC Berhad from December 2011 to September 2015, Petronas Dagangan Berhad from October 2013 to August 2015, Petronas Energy Trading Limited of United Kingdom from August 2010 to December 2015 and PETCO Trading Limited, also in UK, from August 2010 to December 2015.

He is currently a Board member of Prasarana Malaysia Berhad and Affin Islamic Bank Berhad.

Notes:

1. There are no family relationships amongst the Directors and/ or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Directors has been convicted of any offences other than traffic offences (if any) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Please refer to the Corporate Governance Overview Statement of this Annual Report for the Directors' meeting attendance records.
5. Other than Dato' Siew Ka Wei who is a substantial shareholder of the Company, the other Directors do not hold any shares in the Company and its related corporations. Please refer to the Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

KEY SENIOR MANAGEMENT

DATO' SIEW KA WEI	DATUK HASNUL BIN HASSAN	LIM CHANG MENG
Executive Vice Chairman	Deputy Chief Executive Officer ("DCEO")	Chief Financial Officer
MALAYSIAN / MALE / AGE 66	MALAYSIAN / MALE / AGE 60	MALAYSIAN / MALE / AGE 50

[Dato' Siew Ka Wei's profile is disclosed in the Board of Directors of this Annual Report.]

Datuk Hasnul was appointed as the DCEO of the Company in October 2019.

Datuk Hasnul has more than 23 years of experience in several reputable multi-national companies including Unilever, Johnson & Johnson and British American Tobacco where he developed his marketing and management skills. He then joined BERNAMA as its General Manager/CEO in 2009. He joined Malay Mail subsequently as CEO in 2013 to 2014. He then joined Ancom Nylex Berhad ("ANB") (formerly known as Ancom Berhad) as its Executive Director (Business Development) in 2014 until 2019.

Datuk Hasnul obtained a Bachelor of Science in Business Administration in May 1984 from Southeast Missouri State University, USA and a Master of Business Administration ("MBA") degree from Governors State University, USA, in December 1985.

He has no directorship in any public companies or listed issuers.

Chang Meng began his career with a Big Four audit firm in Malaysia in 1992 as an auditor and stayed until 2000 with his last position as an Audit Manager. He subsequently joined a construction company and later a stockbroking company as a Finance Manager.

He joined Tamco Corporate Holdings Berhad (former name of the Company) in 2005 as its Corporate Accounting Manager, and became Head of Corporate Finance at ANB in 2010. He was promoted to Chief Financial Officer of the Company in 2011 and in 2014, he was also appointed as the Chief Financial Officer of ANB.

Chang Meng is a member of the Malaysian Institute of Accountants.

He has no directorship in any public companies or listed issuers.

KEY SENIOR MANAGEMENT

MOHD YUSOF BIN MUHAMAD DON

General Manager – Pengangkutan
Cogent Sdn. Bhd. (“PCSB”)

MALAYSIAN / MALE / AGE 56

Mohd Yusof was appointed as the General Manager of PCSB, a wholly-owned subsidiary of the Company, in February 2015. Prior to joining PCSB, he was a Senior Manager/Director of Hayara Sdn. Bhd. and Hayana Sdn. Bhd., a solid waste management contractor and a construction materials company respectively, both of which are based in Penang, from 2013 to 2015. Before that, he held various senior managerial positions at Soi Yong Berhad and Koperasi Usaha Bersatu (M) Berhad.

Mohd Yusof holds a Bachelor Degree in Industrial Engineering from University of Alabama, Tuscaloosa, Alabama, USA.

He has no directorship in any public companies or listed issuers.

SERENA KHOO SOOK LAI

General Manager –
Ancom-Chemquest Terminals
Sdn. Bhd. (“ACT”)

MALAYSIAN / FEMALE / AGE 57

Serena is currently the General Manager of ACT, a subsidiary of the Company, since October 2017.

She has more than 25 years of experience in the bulk chemical business and logistics. Prior to the current position, she held various positions in Perusahaan Kimia Gemilang Sdn. Bhd. (“PKG”), currently a wholly-owned subsidiary of ANB, and her last position in PKG was Senior Operations Manager.

Serena holds a Post-graduate Diploma in Business Administration from the University of Central Lancashire, United Kingdom.

She has no directorship in any public companies or listed issuers.

Notes:

1. *There is no family relationship between the Key Senior Management with any Director and/or major shareholder of the Company.*
2. *Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.*
3. *Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

OVERVIEW

Ancom Logistics Berhad (“ALB”) is an investment holding company which owns the entire equity interest in Synergy Trans-Link Sdn. Bhd. (“STL”), which in turn owns 100% of Pengangkutan Cogent Sdn. Bhd. and 51% of Ancom-Chemquest Terminals Sdn. Bhd. (“ACT”).

The core businesses of the Group are:

- (a) bulk chemical land transportation business within Malaysia and Singapore which is operated by PCSB. PCSB has a fleet of chemical road tankers operating primarily out of its main depot in Johor and branches in Kuantan and Westport, Port Klang.
- (b) under ACT, the Group owns and manages the operations of a chemical tank farm and terminal located in West Port, Port Klang.

CORPORATE EXERCISE

The Company together with its holding company, Ancom Nylex Berhad, had on 16 July 2020, entered into a Heads of Agreement (“HOA”) with S7 Holdings Sdn. Bhd., Merrington Assets Limited, MY E.G. Capital Sdn. Bhd. and Avocat Sdn. Bhd. for, amongst others, the Proposed Acquisition of the entire share capital of S5 Holdings Inc. (“S5”). The HOA has lapsed on 15 April 2022 and the Company no longer has any obligation under the HOA on S5.

FINANCIAL PERFORMANCE

The economy is gradually recovering in the financial year ended 31 May 2022 (“FY2022”) with the relaxation containment measures for COVID-19 Pandemic. However, due to the high inflationary pressure, our customers have remained conservative and cautious, and this have affected the demand for our services and prices. The Group posted lower revenue of RM29.9 million in FY2022 compared to RM30.5 million last year while profit before taxation (“PBT”) decreased to RM0.3 million from RM2.3 million last year. The significant reduction in the profit for FY2022 was primarily due to expenses incurred for the proposals under the HOA on S5.

Logistics Division

This division comprise the operations of chemical tank farm business of ACT and chemical road transportation business of PCSB. In the current financial year, the division posted a lower revenue of RM29.9 million compared to RM30.5 million last year. Despite lower revenue, the division managed to post a higher segmental profit of RM4.2 million in FY2022 compared to RM3.8 million last year as discussed below.

The operations of PCSB’s trucking business remained weak. Revenue from the trucking business decreased to RM18.8 million in FY2022 compared to RM19.5 million last year as some customers were facing prolong shutdowns in the beginning of FY2022. Nevertheless, PBT improved marginally to RM1.2 million from RM1.0 million last year due to better efficiencies and higher gain from sale of old trucks.

The tank farm and terminal business is relatively stable as the business posted marginally higher revenue of RM11.1 million in FY2022 compared to RM11.0 million in FY2021. PBT improved to RM3.0 million in FY2022 from RM2.8 million last year, which is in line with revenue, on higher take-up of spot tank rentals.

The management have embarked on the construction of additional 10,000 cbm capacity in our tank farm. The construction is expected to commence in November 2022 once the necessary approvals from authorities are obtained. This project has been delayed due to the COVID-19 lockdowns and management is confident that the additional capacity should be ready by June 2024. Meanwhile, the vehicle replacement program of our trucking business will continue.

Other Segment

Included in other segment is the results of ALB. In FY2022, ALB received inter-segment dividend of RM1.0 million compared to RM2.2 million last year. The division posted segmental loss of RM2.9 million compared to segmental profit of RM17,000 in FY2021 primarily due to expenses incurred for the proposals under the HOA on S5.

OUTLOOK AND PROSPECTS

The domestic economy grew 8.9% in the second quarter (April-June 2022), boosted by expansion in domestic demand and resilient exports, but a slowdown in global growth is expected to pose a risk to the outlook until December 2022. In addition, inflationary pressure remains high, and many customers are still cautionary in their outlook. The Board will continue to exercise caution in managing the business under these highly disruptive conditions. Management will continue to explore ways to build new capabilities and capacities for long term growth.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT AN OVERVIEW OUTLINING THE EXTENT TO WHICH ANCOM LOGISTICS BERHAD (“COMPANY”) AND ITS SUBSIDIARIES (“GROUP”) HAVE APPLIED AND COMPLIED WITH THE RELEVANT PRINCIPLES, PRACTICES AND RECOMMENDATIONS AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (“CG CODE”) ISSUED BY THE SECURITIES COMMISSION, AS WELL AS THE CORPORATE GOVERNANCE GUIDE (“CG GUIDE”) ISSUED BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2022.

This Corporate Governance Overview Statement (“CG Overview Statement”) provides an overview of how the Group has continued to enhance its practice of corporate governance based on the following principles:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement should be read together with the Company’s Corporate Governance (“CG”) Report for the financial year ended 31 May 2022, available on the Company’s website at www.ancomlogistics.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board has overall responsibility for the proper conduct of the Group as it strives to achieve its business objectives and goals by providing clear and effective entrepreneurial leadership to the Management. In addition to its stewardship, the Board ensures that Management has in place achievable strategic plans and objectives and the necessary resources to execute these plans as well as the appropriate processes for risk assessment, risk management and internal controls.

There is a distinct and clear demarcation of the functions and roles of the Board and Management.

The Board is responsible for formulating the Group’s strategic direction with the Management team. The Board does not involve itself in the day-to-day business operations of the Group, delegating such responsibility to the Executive Vice Chairman (“EVC”) and the Deputy Chief Executive Officer (“DCEO”) and Management team, which consists of the General Managers of the respective business units and the Chief Financial Officer.

In addition to his executive role, the EVC is also primarily responsible for instilling leadership and ensuring ethical as well as effective conduct of the Board in discharging its responsibilities. He also has overall responsibility for the day-to-day management of the Group’s business and operations. Assisted by the DCEO, he oversees the Management’s implementation of the Group’s business plans and strategies as agreed by the Board to achieve the financial goals set by the Board.

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control of and responsibility for the Group. The principal duties and responsibilities of the Board are as follows:

- Formulate and chart the Group’s strategic direction, setting out the Group’s short and long-term plans and objectives;
- Review and approve the Group’s key operational policies, major investments in new businesses/projects and funding decisions;
- Oversee and review the Group’s business operations and financial performance;
- Ensure the Group’s strategic plan supports long-term value creation encompassing strategies on economic, environmental and social considerations;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Oversee the development, implementation and review of the succession plan for the Directors and key senior management;
- Understand the principal risks of the Group's business;
- Review/Monitor the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the Group's business objectives;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company's and the Group's financial and non-financial reporting; and
- Formulate good governance principles and promote ethical behaviour within the Group.

To assist the Board in carrying out its responsibilities more effectively, the Board has established an Audit Committee and a Remuneration and Nomination Committee ("R&N Committee") to oversee specific areas in the Company's affairs. These Committees are entrusted with the authority to act on behalf of the Board in accordance with their respective Terms of Reference.

Please refer to the Audit Committee Report and Remuneration & Nomination Committee Report in this Annual Report for further details of their activities.

BOARD CHARTER

The Board Charter is available on the Company's website at www.ancomlogistics.com.my. The Board Charter sets out the following:

- Board composition and duties and responsibilities of the Board members;
- Roles of EVC;
- The establishment of Board Committees;
- Processes and procedures for convening Board meetings;
- Board's access to information and advice;
- Re-election of Directors;
- Tenure of Independent Directors; and
- Code of Conduct and Ethics.

SEPARATION OF THE POSITIONS OF THE CHAIRMAN AND EVC

The positions of the Chairman and EVC are held by two (2) persons at all times with a clear line of authorities and with separate roles and responsibilities. This ensures independence of function and an effective system of checks and balances and a balance of power and authority such that no one individual has unfettered powers of decision-making.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by two (2) Company Secretaries who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Each has more than twenty (20) years of experience in company secretarial practices.

The key responsibilities of the Company Secretaries are as follows:

- Formulate the Company's Constitution and Board policies and procedures;
- Administrate the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's Constitution, Board policies and procedures, and statutory and regulatory requirements;
- Update and apprise the Board of new regulations issued by the relevant authorities including corporate governance practices;
- Prepare and organise Board, Committee and shareholder meetings;
- File the various documents/returns and maintain statutory records in accordance with requirements of the law;
- Facilitate the orientation of new Directors, and assist in Director training and development; and
- Assist in the application of governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretaries work closely with the EVC to ensure timely and appropriate information flow within the Board and to the Committees and Management. They are also the focal points for stakeholder communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRATEGICALLY PROMOTING SUSTAINABILITY

The Board practises good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and value creation for shareholders.

The Group continued to carry out activities which demonstrate its commitment to creating better environmental, social and governance outcomes in line with its sustainability agenda during the financial year ended 31 May 2022. These activities are reported in the Sustainability Statement in this Annual Report.

ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to Group information, and freely interact with Management if there is a need for further information, updates or explanation on any aspect of the Group's operations or business. These interactions take place during the quarterly Board meetings or as and when deemed necessary. There is no restriction on the number of meetings between the Directors and Management. All Directors have unrestricted access to the service and advice of the Company Secretaries. The Directors may obtain independent professional advice on specific matters relevant to the furtherance of their duty when necessary, at the Company's expense and without the need for specific approval of the EVC.

Prior to Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the Quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board/Committees, Internal Audit Reports and other matters.

Members of senior management are invited to attend Board/Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees with explanations or clarification to facilitate informed decision-making.

CODE OF CONDUCT

The Group takes a strong stance against the use of corrupt practices in relation to its activities and promotes a culture of integrity within the organisation by ensuring there are adequate policies and procedures which are implemented appropriately in line with the principles under the Guidelines for Adequate Procedures Pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. Hence, all its Directors, managers and employees are expected to conduct themselves with integrity in carrying out their functions.

The Board, in discharging its oversight role, conducts its business according to professional standards as defined in the Company's policies below:

1. Code of Conduct and Ethics
2. Anti-Bribery and Anti-Corruption Policy
3. Whistle-Blowing Policy

All the above policies are available on the Company's website at www.ancomlogistics.com.my.

BOARD COMPOSITION

The Company's Board comprised one (1) Chairman, who is an Independent Non-Executive Director, one (1) EVC, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors during the financial year.

A DCEO, who is not a Board member, has also been appointed to support the EVC and the Board.

The Board composition complies with Bursa Securities' ACE Market Listing Requirements ("Listing Requirements") which requires at least one-third (1/3) of the Board comprising Independent Non-Executive Directors. The Board composition has exceeded the requirements of Practice 4.1 of the CG Code in having at least 50% of the Board comprising Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ASSESSMENT OF INDEPENDENCE

The Board, through the R&N Committee, assesses the independence of the Independent Directors as detailed in the Remuneration & Nomination Committee Report in this Annual Report.

SENIOR INDEPENDENT DIRECTOR

The Board has decided to dispense with the appointment of a Senior Independent Non-Executive Director to whom any concerns may be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged. In these circumstances, concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

BOARD DIVERSITY POLICY

In selecting its Directors, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and soundness of judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and its shareholders.

The Board has taken note of the recommendation in the CG Code pertaining to the establishment of a policy on boardroom diversity including gender diversity. On 25 July 2018, the Board formulated a formal Board Diversity Policy which is available on the Company's website at www.ancomlogistics.com.my.

The Board is supportive of Boardroom gender diversity as recommended by the CG Code, and will take gender into consideration in the nomination and selection of new Directors. However, the appointment of new Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than their gender or ethnicity alone.

The Board takes cognizant of the requirements of the ACE Market Listing Requirements of Bursa Securities and will appoint at least one (1) woman director by 1 June 2023.

APPOINTMENT OF NEW DIRECTORS

The R&N Committee conducts a search for appropriate and suitably qualified candidates for appointment to the Board from time to time, as guided by the Board Diversity Policy. Its search is based on recommendations from fellow Board members, shareholders and Management.

The R&N Committee does not utilise independent sources to identify suitably qualified candidates as the Committee understands the specialised industry the Group operates in and the type of candidates whose background fit its criteria.

ANNUAL ASSESSMENT

The R&N Committee reviews and evaluates the performance of the Directors as well as the Board Committees annually.

Please refer to the Remuneration & Nomination Committee Report in this Annual Report for more details.

REMUNERATION OF DIRECTORS

Details of the Directors' remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2022, including remuneration for services rendered to the Company and to the subsidiaries, are disclosed in the Remuneration & Nomination Committee Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TIME COMMITMENT

All the Directors committed sufficient time to carry out their duties during the financial year. To ensure that the Directors have the time to focus on and fulfil their roles and responsibilities, the Listing Requirements state that they should not hold more than five (5) directorships in public listed companies.

To help the Directors plan their schedules and attend the Board and Committee meetings, at the end of every calendar year, the Company Secretaries draw up a proposed timetable for all Board and Committee meetings, as well as the annual general meeting to be held the following year.

Four (4) Board meetings, five (5) Audit Committee meetings and one (1) R&N Committee meeting were held during the financial year. The attendance records below indicate the Directors' commitment in carrying out their duties:

Name of Directors	Attendance
Board Meetings:	
Dato' Abdul Latif Bin Abdullah (Chairman)	4/4
Dato' Siew Ka Wei	4/4
Abdul Latif Bin Mahamud	4/4
Lim Hock Chye	4/4
Safrizal Bin Mohd Said	4/4
Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah	4/4
Datuk Mohd Farid Bin Mohd Adnan	3/4
Audit Committee Meetings:	
Safrizal Bin Mohd Said (Chairman)	5/5
Lim Hock Chye	5/5
Abdul Latif Bin Mahamud	5/5
R&N Committee Meeting:	
Lim Hock Chye (Chairman)	1/1
Dato' Abdul Latif Bin Abdullah	1/1
Safrizal Bin Mohd Said	1/1

All the Directors fulfilled the requirement for attendance of Board meetings during the financial year as prescribed under the Listing Requirements.

All the Directors attended the Company's 55th Annual General Meeting held on 26 October 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONTINUING EDUCATION PROGRAMME AND TRAINING

All Directors have completed the Directors' Mandatory Accreditation Programme ("DMAP") prescribed by Bursa Securities.

The Board has assumed the responsibility for determining the training needs of the Directors and filling any gaps identified. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to discharge their duties and responsibilities effectively. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines as well as statutory and regulatory requirements.

During the financial year, all Directors of the Company attended an in-house training facilitated by a professional trainer on Corporate Governance Guide 4th Edition: Rise Together. In this training, the Directors were coached on applying the Principles, Practices & Guidance of the updated CG Code in the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports (collectively "Financial Statements") of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group, ensuring that the Financial Statements are prepared in accordance with the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Listing Requirements and other statutory and regulatory requirements.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS BY THE AUDIT COMMITTEE

Under its Terms of Reference and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

Please refer to the Audit Committee Report in this Annual Report for more details.

RISK MANAGEMENT AND INTERNAL RISK CONTROL FRAMEWORK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance, and to design measures to manage those risks. This system is intended to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the Group's assets. The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

INTERNAL AUDIT FUNCTION

To assist the Board in maintaining a sound system of internal control hence eliminate the risk of failure to achieve the Group's corporate objectives, as well as to safeguard the Group's assets, the Board outsources the Internal Audit function to an independent firm of consultants.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's risk management and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, and preserving the quality of assets and the integrity of the management information system.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the importance of timely and thorough dissemination of material information about the Group's business to its shareholders and investors to enable informed investment decisions. The Board regards regular communication with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building good relationships with its shareholders and investors.

The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancomlogistics.com.my, and to ensure that such information is managed properly to avoid leakage or improper use. The Board takes reasonable steps to ensure all investors have equal access to material information.

Shareholders and investors are encouraged to submit their queries and concerns to the Company via its website at www.ancomlogistics.com.my or via email to companysecretary@ancomnylex.com. Such queries will be attended by the Company Secretaries, the Board or senior management, as the case may be.

CONDUCT OF GENERAL MEETINGS

General meetings remain the principal forum for dialogue between the Company and its shareholders, and a means of communication with the shareholders.

To encourage more shareholder participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her. The proxy may, but need not be, a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings at the general meetings are recorded by the Company Secretaries, and made available for inspection by shareholders at the Company's registered office. A summary of key matters discussed at the general meetings is also posted on the Company's website at www.ancomlogistics.com.my.

LEVERAGING INFORMATION TECHNOLOGY

The Board leverages information technology to hold virtual shareholder meetings in order to facilitate the participation of remote shareholders and voting in absentia.

The Company releases all material information publicly through Bursa Securities' website at www.bursamalaysia.com and via the Company's website at www.ancomlogistics.com.my.

POLL VOTING

As provided in the Company's Constitution, all shareholder meeting resolutions are decided via poll voting.

CORPORATE GOVERNANCE REPORT

Please refer to the Company's CG Report, available on the Company's website at www.ancomlogistics.com.my, on the extent of the Company's application and compliance with the CG Code and explanations for any deviations.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present its Audit Committee Report for the financial year ended 31 May 2022.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference, which are available on the Company's website at www.ancomlogistics.com.my.

MEMBERS AND MEETINGS

Membership of the Audit Committee during the financial year is as follows:

Safrizal Bin Mohd Said - Chairman

(Independent Non-Executive Director)

Lim Hock Chye - Member

(Independent Non-Executive Director)

Abdul Latif Bin Mahamud - Member

(Non-Independent Non-Executive Director)

Safrizal Bin Mohd Said is a member of CPA Australia and the Chartered Taxation Institute of Malaysia. The composition of the Audit Committee during the financial year complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The positions of Chairman of the Audit Committee and Chairman of the Board are assumed by different persons to prevent any impairment on objectivity of the Board's review of the Audit Committee's findings and recommendations.

A policy which requires a former key audit partner of the Company's External Auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee has been formulated and included in the Terms of Reference of the Audit Committee.

None of the members of the Audit Committee was a key audit partner of the Company's External Auditors.

The Audit Committee held a total of five (5) meetings during the financial year. The attendance records of the members are as follows:

Members	Attendance
Safrizal Bin Mohd Said (Chairman)	5/5
Lim Hock Chye	5/5
Abdul Latif Bin Mahamud	5/5

The Internal Auditors attended four (4) Audit Committee meetings while the External Auditors attended three (3) Audit Committee meetings during the financial year.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee undertook the following activities in carrying out its duties as set out in its Terms of Reference:

FINANCIAL RESULTS

The Audit Committee reviewed the Quarterly Interim Financial Reports ("Financial Reports") presented by the Management to ensure compliance with the disclosure requirements of the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements, prior to being recommended to the Board for its consideration and approval, and for subsequent announcement to Bursa Malaysia Securities Berhad ("Bursa Securities"). The Audit Committee also sought explanations from Management on the Group's performance from time to time.

In addition, the Audit Committee reviewed the Annual Audited Financial Statements ("Financial Statements") presented by Management, in the presence of the External Auditors, to ensure these complied with the disclosure requirements of the MFRS and IFRS, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements. The Audit Committee also sought to resolve contentious issues, if any, prior to recommending the Financial Statements to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities.

In both the above reviews, the Chief Financial Officer assured the Audit Committee that the Financial Reports and Financial Statements had been prepared based on the consistent application of generally acceptable accounting policies and standards, that there were no material misstatements, and that the Financial Reports and Financial Statements gave a true and fair view of the financial positions of the Company and of the Group as at the respective reporting dates and of the results and cashflows of the Company and of the Group for the reporting financial periods/year.

INTERNAL AUDIT

The Audit Committee undertook the following tasks in relation to the Internal Audit:

- Reviewed and approved the Internal Audit Plan, including the scope of audit, and ensured that all major and/or high-risk activities were covered;
- Reviewed the Risk Assessment Reports and ensured the effective implementation of a risk management system across the Group;
- Reviewed the quarterly Internal Audit Reports, which detailed the observations and recommendations of the Internal Auditors, and the Management's response to these recommendations;
- Reviewed weaknesses noted in the Internal Audit Reports and incidences of non-compliance of the internal control system to assess their possible impact on the effectiveness of the internal control system, the Group's financial results as well as going concern assumptions;
- Reviewed Management's remedial actions to be undertaken in relation to any weakness and/or non-compliance and the follow-up actions undertaken by the Management;
- Reviewed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence and experience; and
- Received from the Internal Auditors written assurance confirming their professional independence to the audit engagement.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

The Audit Committee carried out the following tasks in relation to the External Audit:

- Reviewed the External Audit Plan, scope and nature of the statutory audit of the Company's and of the Group's Financial Statements prior to the audit;
- Reviewed the External Audit Reports and results of the External Auditors' examination of the Company's and of the Group's Financial Statements;
- Reviewed the External Auditors' recommendations on internal control weaknesses noted and Management's response to these recommendations;
- Reviewed and discussed with the External Auditors the impact of new and proposed changes in the financial reporting standards and other new developments in financial reporting;
- Reviewed the suitability of the External Auditors for re-appointment, taking into consideration their independence, performance, competence and experience, provision of non-audit services and audit fees; and
- Received from the External Auditors written assurance confirming their professional independence to the audit engagement.

RISK MANAGEMENT

The Audit Committee reviewed the Group's Risk Management Framework and Risk Register as well as ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control in this Annual Report.

INTERNAL AUDIT FUNCTION

The Audit Committee recognises the importance of the Internal Audit function and the need for it to be independent of Management in order to carry out its functions effectively. The Group's Internal Audit function was outsourced to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Internal Audit function assists the Board to review the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of its assets and the integrity of its information management, thus determining future requirements for the internal control system.

The Internal Audit Review concentrated on areas of concern where the Audit Committee needed assurance that the Group's Internal Control system was adequate and effective, and was in line with the Internal Audit Plan approved by the Audit Committee. The review covered key functional areas and business activities of major subsidiaries of the Group, placing emphasis on best practices and management assurance encompassing all business risks, particularly:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

The Internal Audit approach broadly involved inquiry, analysis and review of the Internal Audit areas.

AUDIT COMMITTEE REPORT

The Internal Auditors conducted four (4) reviews during the financial year, and presented their quarterly Internal Audit Reports to the Audit Committee at its meetings for review and discussion with Management. The quarterly Internal Audit Reports highlighted the Internal Auditors' review and findings on the Group's compliance with established internal policies and procedures, their assessment of the magnitude of potential financial effects arising from weaknesses noted, as well as the Internal Auditors' recommendations on corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit Reviews during the financial year, the Internal Auditors reported that the internal control systems and processes of the companies audited were generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit Review during the financial year. None of the weaknesses noted have resulted in any material loss that would require separate disclosure in this Report, as reported by the Audit Committee.

The total cost incurred for the Group's Internal Audit function during the financial year was RM50,000 (2021: RM41,000).

ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

EXTERNAL AUDITORS

Under its Terms of Reference and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest, including the extent of non-audit services performed by the External Auditors during the financial year that may impact their independence and objectivity. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, quality of the staff assigned and the Audit Committee's opinion on the quality of the audit works.

During the financial year, the Audit Committee carried out an assessment of BDO PLT, the External Auditors, based on the above criteria and was satisfied with the External Auditors' competency, independence and quality of audit work. The External Auditors have given written assurance to the Audit Committee on their compliance with all relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors.

The Board concurred with the Audit Committee's recommendation and will recommend that the shareholders approve Messrs BDO PLT's re-appointment at the forthcoming 56th Annual General Meeting of the Company.

AUDIT COMMITTEE REPORT

INTERNAL AUDITORS

The Audit Committee also assessed the independence and performance of the Internal Auditors during the financial year.

The assessment of independence focuses on whether there exists any relationship between the Internal Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest arising from such relationships. The assessment of performance focuses on the Internal Auditors' experience, competency and resources as well as the quality of staff assigned and the Audit Committee's opinion on the quality of the Internal Audit Reports.

The Audit Committee was satisfied with the Internal Auditors' competency, independence and quality of reports. The Internal Auditors have given written assurance to the Audit Committee that they have complied with all relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to continue to engage the Internal Auditors.

The Board concurred with the Audit Committee's recommendation.

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/WHISTLE-BLOWING

During the financial year, the Internal Auditors conducted an assessment to review the adequacy of the Group in relation to the implementation of the Anti-Bribery and Anti-Corruption Management System in accordance with the objective of compliance with Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The assessment was performed with reference made to the Corporate Integrity System Malaysia ("CISM") Framework as a basis for evaluating the Company's Anti-Bribery and Anti-Corruption Management System, specifically:

- Review the Anti-Bribery and Anti-Corruption Management System in accordance with the CISM Framework promulgated by the Companies Commission of Malaysia;
- Review the existing business policies and procedures against the recommended adequate procedures as set out in the CISM Anti-Bribery Checklist and Assessment Indicators; and
- Recommend the necessary policies, procedures, practices, forms and format to close the assessment gaps in accordance with the CISM as a defense against corporate liability.

Based on the assessment undertaken, the Internal Auditors noted the gaps in the Company's Anti-Bribery and Anti-Corruption Management System and recommended measures to address the gaps which are applicable to the Group.

A Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website at www.ancomlogistics.com.my for employees and any stakeholder to raise genuine concerns of wrongdoing or improper conduct involving the Group and its Directors, managers or employees in accordance with the Company's Whistle-Blowing Policy.

No corruption and bribery incidences involving the Group and its Directors, managers or employees were reported during the financial year.

The Group has also not received any reports in the Whistle-Blowing channel of any wrongdoings or improper conducts involving the Group and its Directors, managers or employees during the financial year.

AUDIT COMMITTEE REPORT

RELATED PARTY TRANSACTIONS

The Audit Committee reviewed the procedures for related party transactions that took place within the Company and the Group during the financial year, including the recurrent related parties transactions ("RRPT") of a revenue and trading nature. The Audit Committee is satisfied that the procedures are sufficient to ensure that the related party transactions undertaken were on arm's length basis and on terms not more favourable to the related parties than those generally available to the public, nor were detrimental to the Company's minority shareholders.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee conducts a review of these procedures and processes at least once in a financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company does not have an Employees' Share Option Scheme in place during the financial year.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control in this Annual Report for more details.

REMUNERATION & NOMINATION COMMITTEE REPORT

The Board of Directors ("Board") has combined the functions of the Remuneration Committee and Nomination Committee into a Remuneration & Nomination Committee ("R&N Committee"). The R&N Committee was established on 24 September 2001.

The Board is pleased to present its Remuneration & Nomination Committee Report for the financial year ended 31 May 2022.

TERMS OF REFERENCE

The R&N Committee is governed by its Terms of Reference, which are available on the Company's website at www.ancomlogistics.com.my.

MEMBERS AND MEETINGS

The membership of the R&N Committee during the financial year, which comprises all Independent Directors, is as follows:

Lim Hock Chye - Chairman

(Independent Non-Executive Director)

Safrizal Bin Mohd Said - Member

(Independent Non-Executive Director)

Dato' Abdul Latif Bin Abdullah - Member

(Independent Non-Executive Director)

The R&N Committee held one (1) meeting during the financial year, which was attended by all its members.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2022, the R&N Committee carried out its duties as set out in its Terms of Reference, and undertook the following activities:

ASSESSMENT OF DIRECTORS

COMPOSITION OF THE BOARD

The Board has in place a Director's Fit and Proper Policy, which was adopted by the Board on 29 June 2022. The Director's Fit and Proper Policy is available on the Company's website at www.ancomlogistics.com.my.

The R&N Committee has conducted an assessment on all the Board members in accordance with the assessment criteria in the Director's Fit and Proper Policy and are satisfied that all the Directors fulfilled the criteria as set out in the Director's Fit and Proper Policy.

In addition, taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&N Committee assessed each Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.

REMUNERATION & NOMINATION COMMITTEE REPORT

The R&N Committee was satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board are appropriate and well-balanced, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

During the financial year, the R&N Committee did not perform any evaluation on the individual Director's performance. The R&N Committee was of the view that the evaluations done in the previous years were adequate and reflective of the current state of affairs as far as the Board and Directors' performance are concerned.

In light of the amendments to the Listing Requirements which limits the tenure of an Independent Director to not more than a cumulative period of twelve (12) years and the requirement to appoint at least one (1) woman director to the Board by 1 June 2023 (for a public listing company with market capitalisation of less than RM2 billion), the Board is expected to appoint new Independent Non-Executive Directors (together with at least 1 (one) woman Director) in the next financial year. The appointment of the new Independent Directors will fill the gap left vacant by Safrizal Bin Mohd Said, who has resigned as a Director of the Company on 23 September 2022, and Lim Hock Chye, who re-designated as Non-Independent Non-Executive Director on 23 September 2022. Both Safrizal Bin Mohd Said and Lim Hock Chye have served a cumulative period of more than twelve (12) years as Independent Directors of the Company.

RE-ELECTION OF DIRECTORS

The performance of those Directors who are subject to re-election at the annual general meeting are assessed by the R&N Committee, whereupon the R&N Committee has recommended to the Board the re-election of Lim Hock Chye and Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah, the Directors who are retiring pursuant to Clause 125 of the Company's Constitution at the Company's forthcoming 56th Annual General Meeting ("AGM").

INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The R&N Committee assessed the independence of the Independent Directors using the following criteria:

- The Independent Director is neither an employee nor related to any major shareholder/Management of the Group and does not participate in the day-to-day operations of the Group;
- The Independent Director has fulfilled the definition of "Independent Directors" in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
- He is free from any business or other relationships with the Group which would materially interfere with the exercise of his independent judgement on matters at hand;
- He is a person of calibre and credibility, and has the necessary skills and experience to bring independent judgement on issues of strategy, business performance, resources and standards of conduct; and
- He is able to provide independent views in the Board's discussions and has not acted in any way that would compromise his independent judgement.

From the results of the evaluation performed, the R&N Committee is satisfied that the Independent Directors have conducted themselves in a manner that indicates independence, providing the necessary checks and balances in the best interest of the Company and its shareholders.

REMUNERATION & NOMINATION COMMITTEE REPORT

REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Listing Requirements, the R&N Committee conducted an assessment of the terms of office and performance of the Audit Committee and each of its members and was of the opinion that the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

REMUNERATION OF DIRECTORS

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including the Directors' fees and benefits as per the Remuneration Policy which links the Directors' remuneration with their performance, value and contributions to the sustainability of the Company as well as the skills and experience required of them.

The Remuneration Policy is available on the Company's website at www.ancomlogistics.com.my.

For the current financial year, the R&N Committee was of the opinion that the fees for the Non-Executive Directors, as indicated below, are reflective of current market rates for companies listed on the ACE Market of Bursa Malaysia Securities Berhad:

	Annual fee per Director (RM)
Chairman of the Board	60,000*
Non-Executive Director	50,000*
Member of Audit Committee	15,000*
Member of R&N Committee	5,000*

* same as in financial year 2021

The Non-Executive Directors also received attendance allowance of RM416.67 for each Board and Committee meetings attended during the financial year. The Executive Vice Chairman ("EVC") did not receive any meeting allowance for the Board and Committee meetings he attended as in the previous years.

In the last two (2) financial years, due the COVID-19 pandemic, the Directors of the Group have taken a 30% reduction in their respective remunerations. As the country has now recovered from the pandemic and the economic activities resumed to almost the normal pace, the Board decided that the Directors shall receive their full remuneration in the current financial year.

As in the previous year, the EVC does not receive any remuneration from the Company and its subsidiaries during the financial year. None of the Directors received any remuneration from the subsidiaries during the financial year.

The Board will propose that the Directors' fees of the Company and of the Group for the current financial year, amounting to RM370,000 be paid to the Non-Executive Directors, subject to shareholders' approval at the Company's forthcoming 56th AGM.

REMUNERATION & NOMINATION COMMITTEE REPORT

Subject to shareholders' approval at the forthcoming AGM of the Company on the payment of Directors' fees, details of remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2022, are as follows:

Group and Company	Director's fee (RM)	Meeting allowance (RM)	Benefits-in- kind (RM)	Total (RM)
Executive Director				
Dato' Siew Ka Wei	-	-	-	-
Non-Executive Directors				
Dato' Abdul Latif Bin Abdullah	65,000	2,500	11,100	78,600
Abdul Latif Bin Mahamud	65,000	4,167	-	69,167
Lim Hock Chye	70,000	4,583	-	74,583
Safrizal Bin Mohd Said	70,000	4,583	-	74,583
Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah	50,000	2,083	-	52,083
Datuk Mohd Farid Bin Mohd Adnan	50,000	1,667	-	51,667
Total	370,000	19,583	11,100	400,683

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for coverage of Directors' defence costs and legal representation expenses incurred should any action be brought against any Director for actions undertaken as a Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or to have intentionally breached the law.

CONCLUSION

The R&N Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) is pleased to provide the Group’s Statement on Risk Management and Internal Control for the financial year ended 31 May 2022 made pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This Statement has been prepared in accordance with the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities.

For the purpose of this Statement, the “Group” means the Company and its subsidiaries, excluding the associate. The Statement does not cover the associate as the Company does not have control over the operations, management or internal control systems of the associate.

BOARD RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of a sound risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group’s risk management and internal control system through ongoing and independent reviews carried out by the Internal Audit function of the Group.

The Internal Audit reviews are focused on achieving the following objectives:

- Effective and efficient operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

It is important to note that the Group’s risk management and internal control system is designed to identify, manage and mitigate, rather than to eliminate, risks that may impede the achievement of the Group’s business objectives due to the inherent limitations of any system of internal control. As such, the Group’s risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of financial information, financial losses or fraud.

RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks that could hinder the Group from achieving its objectives. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

The process of risk identification involves identifying possible risk exposures arising from changes in the internal and external environment as well as operational conditions. The risk measurement guidelines consist of qualitative measures to determine the financial and non-financial consequences of the different risks based on their likelihood and impact.

As part of the risk management process, a Registry of Risks and a Risk Management Handbook have been adopted. The Registry of Risks identifies principal business risks and is updated according to changes in the risk profile as well as the identities of the risk owners. The Risk Management Handbook summarises the risk management methodology, approach and processes; the roles and responsibilities of the risk owners; and various risk management concepts. It is the responsibility of risk owners to ensure that adequate control systems are implemented to minimise and control risks faced by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management is empowered with the responsibility to manage the risks and internal controls associated with the Group's operations and to ensure compliance with the applicable laws and regulations. A Risk Manager (assumed by the Internal Auditors) is appointed to review, update and report on key risk factors of the main operating subsidiaries at the Audit Committee's quarterly meetings.

In addition, significant issues and controls implemented are discussed at Management meetings and the quarterly Audit Committee meetings.

INTERNAL AUDIT FUNCTION

In efforts to provide an adequate and effective internal control system, the Group appoints an independent consulting firm to review the adequacy and integrity of its system of internal control and perform the role of Internal Auditors. The Internal Auditors report directly to the Audit Committee.

The Internal Audit addresses critical business processes, identifies risks and internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly Internal Audit Reports and Status Reports on follow-up actions are tabled to the Audit Committee during its quarterly meetings.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the Audit Committee.

KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT PROCESS AND INTERNAL CONTROL SYSTEM

The main features of the Group's risk management process and internal control system are summarised as follows:

- *Organisational Structure and Responsibility Levels*

The Group's organisational structure has clearly defined levels of authority and lines of responsibility from operating units up to the Board, to ensure accountability for risk management and internal control activities. There is proper segregation of duties and responsibilities to eliminate the possibility of an employee having total control of a business process.

The Board entrusts the daily running of the business to the Executive Vice Chairman ("EVC"), assisted by the Deputy Chief Executive Officer ("DCEO"), the Chief Financial Officer ("CFO") and the General Managers of the respective business units who are "hands on" in running the operating divisions. Experienced and competent employees have been placed in positions of responsibility to ensure the objectives of the Group's risk management and internal control system are achieved.

- *Risk Management Process*

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks that could hinder the Group from achieving its objectives. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The risk management process in the Group is embedded within its business operations and guided by the Group's operational manuals, policies and procedures. The Group's risk management framework encompasses an ongoing process for identifying and assessing key risks affecting the Group's operations and results. Mitigation efforts are then identified and their effectiveness evaluated following which risk owners are assigned to monitor the occurrence of the risks.

The following are the types of risk affecting the Group's operations:

- Hazard risks, which include fire and other sources of property damage such as windstorms, theft and other crimes, personal injury, business interruption, disease and disability, and liability claims;
 - External/Market risks due to changes in the external economic environment;
 - Operational risks due to changes in the internal environment arising from daily tactical business activities;
 - Strategic risks due to long-term policies or strategic objectives taken to maintain operational competitiveness;
 - Financial risks which are associated with the effective management and control of the Group's finances and effects of external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures; and
 - Compliance risks such as occupational, health & safety, environment, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements.
- *Audit Committee, Risk Management and Internal Audit*

The Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A Risk Management Working Group ("RMWG") comprising the EVC, DCEO, the CFO and Risk Manager has been set up to report on matters relating to risk management to the Audit Committee.

The RMWG shall consider any matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it deems to be appropriate. With respect to risk management, the duties of the RMWG include:

- Assessment and monitoring of risks associated with the Group's operations;
- Development and implementation of internal compliance and control systems and procedures to manage risks;
- Assessment and monitoring of the effectiveness of controls instituted;
- Reviews and recommendations to the Audit Committee in relation to risk management;
- Making recommendations to the Audit Committee on compliance by the Group with its risk management strategy;
- Reporting any material changes to the risk profile of the Group to the Audit Committee;
- Monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group's risk management strategy;
- Reporting to the Audit Committee on the Group's annual reporting responsibilities in relation to matters pertaining to the Group's risk management strategy; and
- Undertaking annual review in accordance with the Group's risk management framework, and making recommendations to the Audit Committee in connection with changes required to be made to the Group's risk management strategy.

The Audit Committee has the authority to seek any information it requires from any officer or employee of the Group; and such officers or employees are required to respond to the enquiries.

The Audit Committee is authorised to seek independent professional advice if necessary. The Audit Committee will review its own performance and Terms of References yearly to ensure maximum effectiveness, recommending any changes it considers necessary to the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To assist the Audit Committee discharge its duties and responsibilities relating to the internal control system, the Audit Committee outsources the Group's Internal Audit function to Sterling Business Alignment Consulting Sdn. Bhd., an independent firm of consultants.

The Audit Committee is empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has the authority and resources necessary to carry out its responsibilities.

The Audit Committee approves the Internal Audit Plan and reviews and assesses the performance of the Internal Audit function on a yearly basis.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the Audit Committee.

- *Reporting and Review*

The EVC holds meetings whenever applicable with the DCEO and CFO to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing actual results with the previous year's results and the explanations on significant variances is presented to the Board during the Board meetings.

The Group's Quarterly Interim Financial Reports and Annual Audited Financial Statements are released to Bursa Securities only after being reviewed by the Audit Committee and approved by the Board.

- *Group Policies and Procedures*

The Group's Policies and Procedures are a formal guide for the Management and employees to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, finance, procurement and operations. The Limits of Authority in the Group's Policies and Procedures delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2022. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control has not been 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, nor are the matters set out in this Statement is factually incorrect.

CONCLUSION

The Board has received assurance from the EVC, DCEO and CFO that the Group's risk management and internal control system operated adequately and effectively during the financial year under review and up to the date of issuance of this Annual Report.

The Board is of the view that the Group's risk management and internal control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material loss, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment. The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's risk management and internal control system.

SUSTAINABILITY STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT ITS SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (“FY2022”)

Sustainability is a crucial strategy for Ancom Logistics Berhad (“ALB” or “Company”) and its subsidiaries (“ALB Group” or “Group”). Our continuous improvement initiatives focus on a safe work environment, environmental stewardship, efficiency in resources management and good corporate citizenship.

SCOPE OF DISCLOSURE

The information provided in this Sustainability Statement covers the financial period from 1 June 2021 to 31 May 2022 and applies to the Group. The reporting scope covers Malaysia and Singapore based on the geographical location of the Group’s operations and external customers.

CUSTOMER MANAGEMENT

ALB prides itself on providing quality, reliable, cost-effective and innovative logistics solutions specifically transportation and storage of industrial chemicals. Ensuring these tasks are executed in a timely and secured manner, the Group strives to meet customer needs and expectations to deliver a positive customer experience. The Group aims to become an industry leader in transportation and storage of industrial chemicals by providing the best services through super quality management.

SUPPLIER MANAGEMENT & PROCUREMENT PRACTICES

The Group’s procurement function adopts an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes and efficiency, maintaining long-term relationships with suppliers, and complying with the applicable laws and regulations.

In addition to an overarching procurement policy which applies to all operating locations, the Group has green procurement guidelines which recognise its responsibility and commitment to continuously improving its environmental credentials. This is achieved through responsible supplier sourcing, waste management, pollution prevention, use of renewable energy, energy efficiency and supply chain efficiency.

Playing its part to support the local economy, the Group makes a conscious effort to optimise procurement from local suppliers as local procurement creates value for local communities. Suppliers’ performance is monitored through evaluation, which generally focuses on areas such as price and payment terms, product and service quality, scale of operations, reliability and credibility. Any identified issues are communicated with the suppliers for necessary rectification and improvement.

SUSTAINABILITY STATEMENT

COMMUNITY ENGAGEMENT & INVESTMENT

The Group is aware of its role in society. As part of its social engagement, ALB is actively involved in knowledge-sharing and the development of professional skills through programmes such as internships and work placements through which students are exposed to the Group's range of businesses to prepare them for future employments within or outside the Group.

Our commitments extend to local communities; we strive to be a good neighbour through active engagement and responsible business practices. We seek input and feedback from our communities and seek opportunities to offer our time and resources. This approach ensures we support the growth and success of areas while positively affecting the lives of the people and communities where we operate.

For example, the Group participates in various community projects, and contributes financially to charitable organisations in the communities where we operate. ALB also organises activities to reach out to local communities such as visiting the disenfranchised, distributing food and medical supplies, and making meaningful donations.

These activities generally involve the Group's employees and at certain times also the employees of our suppliers, who are encouraged to volunteer for community projects.

INDIRECT ECONOMIC IMPACT

The Group's business generates a wide range of indirect economic benefits. For example, investment into its regional logistics network benefits local communities by facilitating commerce and providing jobs.

ENVIRONMENTAL IMPACT

Carbon and Other Greenhouse Gas Emissions

The Group recognises that its operations necessarily have a carbon footprint and is committed to minimise its emissions. Regular and scheduled maintenance are performed on the Group's fleet of vehicles and all its plants to ensure optimal performance and efficiency. Additionally, the Group's drivers are trained to not leave engines running when vehicles are idle to minimise emissions.

Waste and Effluent Management

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. In order to comply with all the relevant regulatory requirements, it ensures its employees are sufficiently trained to be able to manage its industrial effluents and scheduled waste properly. Used materials such as paper, cartons and cardboard boxes are re-used where possible, or sent to recycling centres.

Water Consumption

Water is used in a myriad way at the Group mainly for drinking, cleaning and in washrooms. The Group implements various initiatives to reduce water waste as part of its environmental management system. This includes initiatives to instil responsible practices and habits among its employees.

SUSTAINABILITY STATEMENT

Energy Consumption

The Group continuously looks for ways to enhance the energy efficiency of its business operations, both to lower its operational costs and reduce its carbon footprint. Energy-saving lightbulbs are used whenever possible, while traditional air-conditioners have been replaced by the more energy-efficient inverted models. Employees, meanwhile, are encouraged to switch off lights and air-conditioners when the different workspaces are not in use.

Employees are also constantly reminded of the good habits for conscious usage of energy as a mean of saving the environment.

SOCIAL CONTRIBUTION

Workplace Diversity and Inclusion

The Group recognises that a diverse workforce brings numerous benefits such as a broader perspective and enriched understanding of the different markets. It therefore strives to attract a diverse mix of employees in terms of race and age while striking a good balance of the genders. Career opportunities are offered based on individual merit, irrespective of race or gender.

In FY2022, all employees in its Malaysian operations were local and comprised a fair representation of the country's major ethnic groups. In terms of gender equity, the biggest challenge lies in the nature of ALB's business which is still a male dominated industry. Despite this challenge, the Group strives to increase the number of women in all positions, and especially in management roles over the longer term.

The Group also encourages its people to perform to the best of their ability by motivating them and valuing their contributions. Recognising the importance of teamwork, regular teambuilding activities are held to strengthen a sense of camaraderie.

Occupational Safety and Health, Workforce Training and Development

The Group is fully committed to the health and safety of its people, firm in the belief this is its first and primary responsibility. Safety represents a core value for the Group, and is an unequivocal expectation from its employees, their families and communities. To honour its commitment, the Group seeks to establish a "Safety First" culture through training, coaching and recognition of safe behaviours and practices.

Various safety programmes have been introduced to address major risks. During the financial year, scheduled safety drills were held for all drivers and operating personnel at the Bulk Liquid Terminal to ensure they are equipped to handle emergencies. These included fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills. Further protecting the safety of its people, the Group ensures that employees use only Personal Protective Equipment ("PPE") that is registered with the Department of Occupational Safety and Health. The Group constantly reviews its Occupational Safety and Health ("OSH") policies and management systems to ascertain they are appropriate and effective.

In terms of training, Management and Supervisory Development programmes are organised to provide employees with career advancement opportunities.

SUSTAINABILITY STATEMENT

Employee Benefits

The Group does its best to be a responsible corporate citizen. It believes in providing for its employees in order to make their work life more comfortable.

Employees are provided with medical coverage and insurance benefits. They are provided with coverage against personal accidents, hospitalisation and surgery. In addition, employees also receive transport and medical allowances based on their job scope and area of work.

As mentioned in the previous years, due to the COVID-19 pandemic, the Board has instituted a range of austerity/cost-control measures, including salary cuts, to strengthen the Group's financial position during the pandemic period. Accordingly, staff, senior management as well as Directors of the Group have agreed to 10%-30% reduction in their salaries to demonstrate shared responsibility in these difficult times. As threats of economic fallout from the pandemic subsides, salaries of the affected employees have been reinstated during the financial year. The Group has not dismissed any of its employees despite the crisis.

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/WHISTLE-BLOWING

Sound corporate governance and ethical business conduct are fundamental to the achievement of the Group's objectives to enhance stakeholder value as well as grow its business sustainably. It is the Group's policy to conduct its business in a fair, honest and transparent manner. The Group strongly opposes corrupt practices or acts of bribery to obtain an unfair advantage over others.

The Board has established an Anti-Bribery and Anti-Corruption Policy/Whistle-Blowing Policy within the Group as reported in the Audit Committee Report in this Annual Report. Any incidents of bribery, corruption, unethical behaviour, malpractice, unlawful or improper conduct can be reported by the Group's employees and business partners through the whistle-blowing channel at www.ancomlogistics.com.my.

In FY2022, there were no confirmed incidents of corruption against the Group or any of its Director, Management and employee nor any significant fine or non-monetary sanction for non-compliance with laws and/or regulations.

PRODUCT AND SERVICES RESPONSIBILITY

As a provider of transportation and storage services, the Group is an important component of its customers' supply chains. To ensure the highest level of service, the Group records every complaint as well as feedback from customers in order to continuously enhance its service delivery.

The Group's customers also entrust it with sensitive information, and the Group upholds this trust through privacy and information security programmes. The Group protects its customers' privacy by securing their data in accordance with established policies.

COMPLIANCE

An effective governance structure and risk management system forms the backbone of the Group's business operations. Risk assessments are conducted periodically to identify and mitigate significant risks that affect the Group's business operations.

Annually, the Group reviews the adequacy of insurance coverage of all its business operations to safeguard against potential threats. Employees of the Group are involved in identifying and mitigating sustainability risks across all areas of the Group's operations.

The Group's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures as well as other relevant professional and regulatory requirements.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare Audited Financial Statements for a financial year to give a true and fair view of the financial positions of the Company and of the Group as at the end of the financial year and of the financial performances and cash flows of the Company and of the Group for the financial year.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial positions of the Company and of the Group as at 31 May 2022 and of the financial performances and cash flows of the Company and of the Group for the financial year ended 31 May 2022.

The Directors are also responsible for ensuring that the Audited Financial Statements comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- adopted accounting policies which are appropriate and which have been consistently applied;
- made judgments and estimates which are reasonable and prudent;
- prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been followed, subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have also provided the Auditors with every opportunity to take steps, undertake inspections and seek explanations they consider appropriate to enable them to audit and report on the Audited Financial Statements.

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DIRECTORS' REPORT

The Directors hereby submit the report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(618)	(2,913)
Attributable to:		
Owners of the parent	(1,717)	(2,913)
Non-controlling interests	1,099	-
	(618)	(2,913)

DIVIDEND

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Abdul Latif Bin Abdullah	(Non-Executive Chairman)
Dato' Siew Ka Wei	(Executive Vice Chairman)
Tan Sri Datuk Dr. Ampikaipakan A/L S.Kandiah	
Abdul Latif Bin Mahamud	
Safrizal Bin Mohd Said	
Lim Hock Chye	
Datuk Mohd Farid Bin Mohd Adnan	

Subsidiaries of Ancom Logistics Berhad (excluding those Directors listed above)

Chin Kok Wooi	
Sabli Bin Sibil	
Surasak Suwannapasri	
Somsak Chatteerapat	(Alternate to Surasak Suwannapasri)
Francis Quah Chuan Hoe @ Quah Chuan Hoe	(Alternate to Chin Kok Wooi)

DIRECTORS' INTERESTS

The Director holding office at the end of the financial year and his beneficial interests in the ordinary shares, warrants and options of the Company and of its related corporations during the financial year ended 31 May 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →				Balance as at 31.5.2022
	Balance as at 1.6.2021	Share dividend distribution	Bought/ Warrants conversion/ ESOS exercised	Sold	
Shares in the Company					
<u>Direct interest:</u>					
Dato' Siew Ka Wei	56,206	-	-	(56,200)	6
<u>Indirect interest:</u>					
Dato' Siew Ka Wei	161,616,500	-	-	(836,600)	160,779,900
Shares in the holding company					
Ancom Nylex Berhad ("ANB")					
<u>Direct interest:</u>					
Dato' Siew Ka Wei	29,968,920	1,612,901	9,995,051	(3,040,000)	38,536,872
<u>Indirect interest:</u>					
Dato' Siew Ka Wei	22,556,221	2,151,647	1,500,000	(3,900,451)	22,307,417

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

	← Number of ordinary shares →				Balance as at 31.5.2022
	Balance as at 1.6.2021	Share dividend distribution	Bought	Sold	
Shares in a related company					
Nylex (Malaysia) Berhad					
<u>Direct interest:</u>					
Dato' Siew Ka Wei	3,857,706	1,883,098	761,558	(5,102,716)	1,399,646
<u>Indirect interest:</u>					
Dato' Siew Ka Wei	96,394,241	(13,103,154)	-	(5,407,536)	77,883,551
← Number of warrants →					
	Balance as at 1.6.2021	Bought	Sold/ Conversion	Balance as at 31.5.2022	
Warrants in ANB					
<u>Direct interest:</u>					
Dato' Siew Ka Wei		7,718,154	4,387,923	(1,900,000)	10,206,077
<u>Indirect interest:</u>					
Dato' Siew Ka Wei		4,397,157	-	(500,112)	3,897,045
← Number of options →					
	Balance as at 1.6.2021	Granted	Exercised	Balance as at 31.5.2022	
Share options in ANB					
<u>Direct interest:</u>					
Dato' Siew Ka Wei		1,200,000	-	(720,000)	480,000
<u>Indirect interest:</u>					
Dato' Siew Ka Wei		500,000	-	(300,000)	200,000

By virtue of his interest in the shares in the holding company, ANB, Dato' Siew Ka Wei is deemed to have an interest in the shares in all the other subsidiaries of ANB to the extent ANB has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares, warrants and options of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 22 to the financial statements.

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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors of the Company who held office during the financial year ended 31 May 2022 are as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Non-Executive Directors		
- fees	370	243
- other emoluments	20	18
- benefits-in-kind	11	11
	401	272

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. During the financial year, the total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM11,000.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 26 to the financial statements.

HOLDING COMPANY

The Directors regard Ancom Nylex Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 May 2022 were as follows:

	Group RM'000	Company RM'000
Statutory audit	106	62
Other services	4	4
	110	66

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

Dato' Abdul Latif Bin Abdullah

Director

Kuala Lumpur
30 August 2022

Dato' Siew Ka Wei

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 50 to 90 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Abdul Latif Bin Abdullah

Director

Kuala Lumpur
30 August 2022

Dato' Siew Ka Wei

Director

STATUTORY DECLARATION

I, Lim Chang Meng (CA 15594), being the officer primarily responsible for the financial management of Ancom Logistics Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 90 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 Kuala Lumpur this)
30 August 2022)

Lim Chang Meng

Before me:

Mardhiyyah Abdul Wahab

Commissioner for Oaths (No. W729)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM LOGISTICS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ancom Logistics Berhad, which comprise the statements of financial position as at 31 May 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 90.

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 May 2022 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables

Gross trade receivables of the Group as at 31 May 2022 were RM4,835,000 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures performed include the following:

- (i) recomputed the probability of default using historical data and forward-looking information adjustment, applied by the Group;
- (ii) recomputed the correlation coefficient between the macroeconomics indicators set by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM LOGISTICS BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANCOM LOGISTICS BERHAD (INCORPORATED IN MALAYSIA)

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

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

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

BDO PLT

LLP0018825-LCA & AF0206
Chartered Accountants

Kuala Lumpur
30 August 2022

Pang Zhi Hao

03450/09/2023J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	18,246	18,069	50	87
Right-of-use assets	6	4,709	9,310	-	-
Investments in subsidiaries	7	-	-	22,474	22,474
Investment in an associate	8	2,219	2,219	1,833	1,833
		25,174	29,598	24,357	24,394
Current assets					
Trade and other receivables	9	14,742	18,594	8,516	11,552
Current tax assets		275	5	6	5
Other investments	10	2,232	2,191	-	-
Cash and bank balances	11	5,776	3,027	5	18
		23,025	23,817	8,527	11,575
TOTAL ASSETS		48,199	53,415	32,884	35,969
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	23,664	23,664	23,664	23,664
Accumulated losses		(10,437)	(8,720)	(5,470)	(2,557)
Merger reserve	13	8,526	8,526	-	-
		21,753	23,470	18,194	21,107
Non-controlling interests	7(c)	6,531	6,412	-	-
TOTAL EQUITY		28,284	29,882	18,194	21,107
LIABILITIES					
Non-current liabilities					
Borrowings	14	-	510	-	-
Lease liabilities	6	1,490	2,726	-	-
Deferred tax liabilities	15	3,212	3,478	-	-
		4,702	6,714	-	-
Current liabilities					
Trade and other payables	16	13,016	12,942	14,690	14,862
Borrowings	14	510	552	-	-
Lease liabilities	6	1,651	3,090	-	-
Current tax liabilities		36	235	-	-
		15,213	16,819	14,690	14,862
TOTAL LIABILITIES		19,915	23,533	14,690	14,862
TOTAL EQUITY AND LIABILITIES		48,199	53,415	32,884	35,969

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	17	29,949	30,477	1,020	2,244
Cost of sales		(22,734)	(23,538)	-	-
Gross profit		7,215	6,939	1,020	2,244
Other operating income		681	897	-	30
Administrative and other operating expenses		(7,064)	(5,395)	(3,639)	(2,121)
Finance costs	18	(560)	(629)	(277)	(165)
Net (losses)/gains on impairment of financial assets		(23)	29	(17)	30
Share of results of an associate		-	417	-	-
Profit/(Loss) before taxation		249	2,258	(2,913)	18
Taxation	19	(867)	(868)	-	-
(Loss)/Profit for the financial year		(618)	1,390	(2,913)	18
(Loss)/Profit attributable to:					
Owners of the parent		(1,717)	382	(2,913)	18
Non-controlling interests	7(c)	1,099	1,008	-	-
		(618)	1,390	(2,913)	18
				Group	
				2022 Sen	2021 Sen
Basic and diluted:					
(Loss)/Profit per ordinary share			20	(0.36)	0.08

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit for the financial year		(618)	1,390	(2,913)	18
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(618)	1,390	(2,913)	18
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(1,717)	382	(2,913)	18
Non-controlling interests	7(c)	1,099	1,008	-	-
		(618)	1,390	(2,913)	18

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

Group	Note	Share capital RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 June 2021		23,664	8,526	(8,720)	23,470	6,412	29,882
(Loss)/Profit for the financial year		-	-	(1,717)	(1,717)	1,099	(618)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive (loss)/income		-	-	(1,717)	(1,717)	1,099	(618)
Transaction with owners							
Dividend paid to non-controlling interests of a subsidiary	7(d)	-	-	-	-	(980)	(980)
Total transaction with owners		-	-	-	-	(980)	(980)
As at 31 May 2022		23,664	8,526	(10,437)	21,753	6,531	28,284
As at 1 June 2020		23,664	8,526	(9,102)	23,088	7,245	30,333
Profit for the financial year		-	-	382	382	1,008	1,390
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	382	382	1,008	1,390
Transactions with owners							
Disposal of a subsidiary		-	-	-	-	315	315
Dividend paid to non-controlling interests of a subsidiary	7(d)	-	-	-	-	(2,156)	(2,156)
Total transactions with owners		-	-	-	-	(1,841)	(1,841)
As at 31 May 2021		23,664	8,526	(8,720)	23,470	6,412	29,882

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

Company	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 June 2020	23,664	(2,575)	21,089
Profit for the financial year	-	18	18
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	18	18
As at 31 May 2021/1 June 2021	23,664	(2,557)	21,107
Loss for the financial year	-	(2,913)	(2,913)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	-	(2,913)	(2,913)
As at 31 May 2022	23,664	(5,470)	18,194

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		249	2,258	(2,913)	18
Adjustments for:					
Depreciation of property, plant and equipment	5	4,165	4,131	37	40
Depreciation of right-of-use assets	6	1,521	1,703	-	-
Dividend income from a subsidiary		-	-	(1,020)	(2,244)
Fair value gain on other investments		(41)	(41)	-	-
Gain on disposal of a subsidiary		-	(216)	-	-
Gain on disposal of property, plant and equipment		(114)	(66)	-	-
Impairment loss on:					
- trade receivables	9(f)	6	-	-	-
- other receivables	9(f)	17	-	17	-
Interest expense	18	560	629	277	165
Interest income		(3)	(33)	-	(28)
Property, plant and equipment written off	5	-	37	-	1
Reversal of impairment loss on other receivables	9(f)	-	(29)	-	(30)
Share of results of an associate		-	(417)	-	-
Unrealised gain on foreign exchange		(21)	(21)	-	-
Operating profit/(loss) before changes in working capital		6,339	7,935	(3,602)	(2,078)
Working capital changes:					
Trade and other receivables		3,842	(11,887)	3,033	(11,534)
Trade and other payables		121	1,243	(148)	473
Cash generated from/(used in) operations		10,302	(2,709)	(717)	(13,139)
Tax paid		(1,602)	(1,535)	(1)	(2)
Net cash from/(used in) operating activities		8,700	(4,244)	(718)	(13,141)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received from a subsidiary		-	-	1,020	2,244
Interest received		3	33	-	28
Net cash outflows from disposal of a subsidiary		-	(2)	-	-
Placement of deposits pledged to a licensed bank		(3)	(4)	-	-
Proceeds from sale of other investments		-	500	-	-
Proceeds from disposal of property, plant and equipment		114	67	-	1
Purchase of property, plant and equipment	5	(782)	(305)	-	-
Advances from/(Repayment to) related companies		699	(319)	729	235
(Repayment to)/Advances from holding company		(760)	10,760	(759)	10,742
(Repayment to)/Advances from subsidiaries		-	-	(8)	67
Net cash (used in)/from investing activities		(729)	10,730	982	13,317
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease payments	6	(3,398)	(4,330)	-	-
Dividend paid to non-controlling interests of a subsidiary	7(d)	(980)	(2,156)	-	-
Interest paid		(317)	(224)	(277)	(165)
Net repayments of borrowings		(552)	(552)	-	-
Net cash used in financing activities		(5,247)	(7,262)	(277)	(165)
Net increase/(decrease) in cash and cash equivalents		2,724	(776)	(13)	11
Effect of exchange rate changes on cash and cash equivalents		22	9	-	-
Cash and cash equivalents at beginning of financial year		2,875	3,642	18	7
Cash and cash equivalents at end of financial year	11(c)	5,621	2,875	5	18

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group	
		2022 RM'000	2021 RM'000
Borrowings			
As at 1 June 2021/2020		1,062	1,614
Cash flows		(552)	(552)
As at 31 May 2022/2021	14	510	1,062
Lease liabilities			
As at 1 June 2021/2020		5,816	8,494
Cash flows		(3,398)	(4,330)
Non-cash flows:			
- Additions		480	1,275
- Remeasurement/Modification		-	3
- Termination		-	(31)
- Unwinding of interest		243	405
As at 31 May 2022/2021	6	3,141	5,816

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

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

1. CORPORATE INFORMATION

Ancom Logistics Berhad (“ALB” or “the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS 7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The holding company of the Company is Ancom Nylex Berhad (“ANB”), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements for the financial year ended 31 May 2022 comprise the Company and its subsidiaries and the interest of the Company in an associate. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 August 2022.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 27.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS

The Group is organised into business units based on their services, and has two reportable operating segments as follows:

- (i) The logistics segment is in the business of providing services such as rental and transportation services. It also includes freight forwarding, packing and crafting services.
- (ii) The other segment is involved in investment holding activities.

The Group evaluates performance on the basis of profit or loss from operations before taxation. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

The inter-segment revenue is eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS (CONTINUED)

(i) Operating segments

	Logistics		Others		Adjustments and eliminations		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue								
External customers	29,949	30,477	-	-	-	-	29,949	30,477
Inter-segment	-	-	1,020	2,244	(1,020)	(2,244)	-	-
Total revenue	29,949	30,477	1,020	2,244	(1,020)	(2,244)	29,949	30,477
Segment profit/(loss) before taxation	4,182	3,844	(2,913)	17	(1,020)	(1,603)	249	2,258
Share of results of an associate	-	-	-	-	-	417	-	417
Interest income	3	14	-	28	-	(9)	3	33
Depreciation of property, plant and equipment	(4,128)	(4,091)	(37)	(40)	-	-	(4,165)	(4,131)
Depreciation of right-of-use assets	(1,521)	(1,703)	-	-	-	-	(1,521)	(1,703)
Interest expense	(283)	(473)	(277)	(165)	-	9	(560)	(629)
Other material non-cash items:								
- impairment loss on trade and other receivables	(6)	7	(17)	-	-	(7)	(23)	-
- reversal of impairment loss on other receivables	-	-	-	29	-	-	-	29
- property, plant and equipment written off	-	(36)	-	(1)	-	-	-	(37)
- gain on disposal of a subsidiary	-	-	-	216	-	-	-	216
- gain on disposal of property, plant and equipment	114	66	-	-	-	-	114	66
Segment assets	42,824	44,963	32,884	35,966	(27,509)	(27,514)	48,199	53,415
Investment in an associate	-	-	1,833	1,833	386	386	2,219	2,219
Additions to property, plant and equipment	782	305	-	-	-	-	782	305
Segment liabilities	10,729	14,182	14,690	15,653	(5,504)	(6,302)	19,915	23,533

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

4. OPERATING SEGMENTS (CONTINUED)

(ii) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of external customers.

	Revenue	
	2022 RM'000	2021 RM'000
Malaysia	23,434	24,693
Singapore	6,515	5,784
	29,949	30,477

(iii) Major customer

Included in the Malaysia segment is revenue generated from a related company, Perusahaan Kimia Gemilang Sdn. Bhd. amounted to RM6,555,000 (2021: RM7,084,000).

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance			Depreciation charge for the financial year	Balance as at 31.5.2022 RM'000
	as at 1.6.2021 RM'000	Additions RM'000	Reclassification* RM'000		
2022					
Carrying amount					
Freehold land	1,016	-	-	-	1,016
Buildings	2,271	-	-	(150)	2,121
Plant and machinery	11,078	645	-	(2,682)	9,041
Motor vehicles	2,722	-	3,560	(937)	5,345
Furniture, fittings and office equipment	974	137	-	(388)	723
Renovations	8	-	-	(8)	-
	18,069	782	3,560	(4,165)	18,246

* The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	← At 31.5.2022 →		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	4,099	(1,978)	2,121
Plant and machinery	55,984	(46,943)	9,041
Motor vehicles	19,681	(14,336)	5,345
Furniture, fittings and office equipment	3,684	(2,961)	723
Renovations	26	(26)	-
	84,490	(66,244)	18,246

Group							
	Balance as at 1.6.2020 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Written- off RM'000	Reclassification* RM'000	Balance as at 31.5.2021 RM'000
2021							
Carrying amount							
Freehold land	1,016	-	-	-	-	-	1,016
Buildings	2,393	29	(151)	-	-	-	2,271
Plant and machinery	13,538	225	(2,685)	-	-	-	11,078
Motor vehicles	3,083	37	(892)	-	(36)	530	2,722
Furniture, fittings and office equipment	1,357	14	(395)	(1)	(1)	-	974
Renovations	16	-	(8)	-	-	-	8
	21,403	305	(4,131)	(1)	(37)	530	18,069

	← At 31.5.2021 →		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	4,099	(1,828)	2,271
Plant and machinery	55,339	(44,261)	11,078
Motor vehicles	17,953	(15,231)	2,722
Furniture, fittings and office equipment	3,557	(2,583)	974
Renovations	26	(18)	8
	81,990	(63,921)	18,069

* The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2021 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2022 RM'000		
2022					
Carrying amount					
Motor vehicles	87	(37)	50		
	← At 31.5.2022 →				
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000		
Motor vehicles	365	(315)	50		
2021	Balance as at 1.6.2020 RM'000	Depreciation charge for the financial year RM'000	Disposal RM'000	Written-off RM'000	Balance as at 31.5.2021 RM'000
Carrying amount					
Motor vehicles	127	(40)	-	-	87
Furniture, fittings and office equipment	2	-	(1)	(1)	-
	129	(40)	(1)	(1)	87
	← At 31.5.2021 →				
	Cost RM'000	Accumulated depreciation RM'000			Carrying amount RM'000
Motor vehicles	365	(278)			87

(a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation periods and annual rates used are as follows:

Buildings	13 - 30 years
Plant and machinery	10 - 15%
Motor vehicles	10 - 20%
Furniture, fittings and office equipment	10 - 20%
Renovations	20 - 33%

Freehold land has unlimited useful life and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

2022	Balance	Additions	Depreciation	Reclassification*	Balance
	as at		charge for		as at
	1.6.2021	RM'000	the	RM'000	31.5.2022
	RM'000	RM'000	financial	RM'000	RM'000
			year		
			RM'000		
Carrying amount					
Land	2,380	207	(741)	-	1,846
Buildings	28	66	(49)	-	45
Motor vehicles	6,869	207	(709)	(3,560)	2,807
Plant and machinery	22	-	(17)	-	5
Office equipment	11	-	(5)	-	6
	9,310	480	(1,521)	(3,560)	4,709

2021	Balance	Remeasurement/ Modification	Termination	Additions	Depreciation	Reclassification*	Balance
	as at				charge for		as at
	1.6.2020	RM'000	RM'000	RM'000	the	RM'000	31.5.2021
	RM'000	RM'000	RM'000	RM'000	financial	RM'000	RM'000
					year		
					RM'000		
Carrying Amount							
Land	3,113	-	-	-	(733)	-	2,380
Buildings	86	(3)	-	-	(55)	-	28
Motor vehicles	7,054	-	(31)	1,269	(893)	(530)	6,869
Plant and machinery	39	-	-	-	(17)	-	22
Office equipment	4	6	-	6	(5)	-	11
	10,296	3	(31)	1,275	(1,703)	(530)	9,310

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

Lease liabilities

	Balance as at 1.6.2021 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.5.2022 RM'000
2022					
Carrying amount					
Land	2,519	207	(863)	131	1,994
Buildings	29	66	(51)	2	46
Motor vehicles	3,233	207	(2,459)	108	1,089
Plant and machinery	23	-	(19)	1	5
Office equipment	12	-	(6)	1	7
	5,816	480	(3,398)	243	3,141

	Balance as at 1.6.2020 RM'000	Remeasurement/ Modification RM'000	Additions RM'000	Termination RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.5.2021 RM'000
2021							
Carrying Amount							
Land	3,202	-	-	-	(854)	171	2,519
Buildings	87	(3)	-	-	(59)	4	29
Motor vehicles	5,161	-	1,269	(31)	(3,393)	227	3,233
Plant and machinery	40	-	-	-	(19)	2	23
Office equipment	4	6	6	-	(5)	1	12
	8,494	3	1,275	(31)	(4,330)	405	5,816

	Group	
	2022 RM'000	2021 RM'000
Represented by:		
Current liabilities	1,651	3,090
Non-current liabilities	1,490	2,726
	3,141	5,816
Lease liabilities owing to financial institutions	889	3,146
Lease liabilities owing to non-financial institutions	2,252	2,670
	3,141	5,816

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	5 years
Buildings	2 years
Motor vehicles	3 years
Plant and machinery	5 years
Office equipment	3 years

- (c) The Group has certain leases of assets with lease term of twelve (12) months or less or low value of leases of RM5,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemption for these leases.

- (d) The following are the amounts recognised in profit or loss:

	Group	
	2022	2021
	RM'000	RM'000
Represented by:		
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	1,521	1,703
Interest expense on lease liabilities (included in finance costs)	243	405
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	26	24
	1,790	2,132

- (e) At the end of the financial year, the Group had total cash outflow for leases of RM3,424,000 (2021: RM4,354,000).

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	22,474	22,474
Less: Impairment losses	-	-
	22,474	22,474

(a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRS.

(b) The details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective interest in equity		Principal activities
		2022 %	2021 %	
Synergy Trans-Link Sdn. Bhd.	Malaysia	100	100	Investment holding
Subsidiaries of Synergy Trans-Link Sdn. Bhd.				
Ancom-Chemquest Terminals Sdn. Bhd. ("ACT")	Malaysia	51	51	Build, own, operate, lease and manage chemical tank farm and warehouse
Pengangkutan Cogent Sdn. Bhd.	Malaysia	100	100	Providing transportation and related services

(c) The subsidiary of the Group that has non-controlling interests ("NCI") are as follows:

	Group	
	2022 RM'000	2021 RM'000
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI	6,531	6,412
Profit allocated to NCI/Total comprehensive income allocated to NCI	1,099	1,008

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (d) The summarised financial information before intra-group elimination of ACT which has NCI that are material to the Group is as follows:

	2022 RM'000	2021 RM'000
Assets and liabilities		
Non-current assets	11,697	14,685
Current assets	7,074	5,360
Non-current liabilities	(3,029)	(4,671)
Current liabilities	(2,413)	(2,289)
Net assets	13,329	13,085
Results		
Revenue	11,180	10,987
Profit for the financial year	2,244	2,057
Total comprehensive income	2,244	2,057
Cash flows from operating activities	6,072	5,227
Cash flows (used in)/from investing activities	(760)	629
Cash flows used in financing activities	(3,574)	(6,016)
Net increase/(decrease) in cash and cash equivalents	1,738	(160)
Dividend paid to NCI	980	2,156

- (e) In the previous financial year, the Company disposed its entire equity interest in Hikmat Ikhlas Sdn. Bhd. ("HISB") to its holding company, ANB for a cash consideration of RM1. The proportionate share of the book value of net liabilities of HISB as at the disposal date was RM216,000. Consequently, the difference between the cash considerations and the proportionate share of the book value of net liabilities at the disposal date of RM216,000 has been adjusted to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	3,902	3,902	3,902	3,902
Share of post-acquisition reserves	386	386	-	-
	4,288	4,288	3,902	3,902
Less: Impairment loss	(2,069)	(2,069)	(2,069)	(2,069)
	2,219	2,219	1,833	1,833

- (a) Investment in an associate is measured at cost in the separate financial statements and accounted for using the equity method in the consolidated financial statements.
- (b) The details of the associate are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective interest in equity		Principal activity
		2022	2021	
Tamco Chongqing Switchgear Company Limited ("TCQ")*	China	49%	49%	Under voluntary liquidation

* Not audited by BDO PLT or BDO member firms.

- (c) TCQ has a financial year end of 31 December. Therefore, the financial statements of TCQ are not coterminous with the Group. In applying the equity method of accounting, the unaudited financial statements of TCQ for financial period ended 31 May 2022 have been used. The use of the unaudited financial statements is not expected to have any significant effects on the consolidated financial statements of the Group.
- (d) TCQ has been placed under liquidation in previous financial years. The completion of the liquidation is pending local regulatory requirements in China.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables				
Third parties	3,767	4,077	-	-
Amounts owing by related companies	1,063	1,137	-	-
Amount owing by a related party	5	12	-	-
	4,835	5,226	-	-
Less: Impairment loss	(219)	(213)	-	-
	4,616	5,013	-	-
Other receivables				
Amounts owing by related companies	387	373	282	268
Other receivables	175	135	12	12
Deposits	8,623	10,156	8,501	10,001
	9,185	10,664	8,795	10,281
Less: Impairment loss	(281)	(264)	(279)	(262)
	8,904	10,400	8,516	10,019
Total receivables	13,520	15,413	8,516	10,019
Prepayments	1,222	3,181	-	1,533
	14,742	18,594	8,516	11,552

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2021: 30 to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amounts owing by related companies in other receivables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable within next twelve (12) months or upon demand in cash and cash equivalents.
- (d) The currency exposure profile of total receivables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Singapore Dollar	794	1,111	-	-
United States Dollar	-	155	-	-
Ringgit Malaysia	12,726	14,147	8,516	10,019
	13,520	15,413	8,516	10,019

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Lifetime expected loss provision for trade receivables of the Group are as follows:

2022	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment	4,357	(123)	4,234
Not past due			
Past due			
1 to 30 days	265	(12)	253
31 to 60 days	166	(46)	120
Over 60 days	47	(38)	9
	478	(96)	382
	4,835	(219)	4,616

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) Recognition and measurement of impairment loss (continued)

Lifetime expected loss provision for trade receivables of the Group are as follows: (continued)

2021	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
Collective assessment			
Not past due	4,745	(126)	4,619
Past due			
1 to 30 days	304	(33)	271
31 to 60 days	122	(11)	111
Over 60 days	55	(43)	12
	481	(87)	394
	5,226	(213)	5,013

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Impairment for other receivables and inter-company balances are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment delays and past due information.

The probability of non-payment by other receivables and inter-company balances are adjusted by forward-looking information (unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables and inter-company balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Movements in impairment allowance are as follows:

	Group	
	2022 RM'000	2021 RM'000
Trade receivables		
As at 1 June 2021/2020	213	213
Charge for the financial year	6	-
As at 31 May 2022/2021	219	213

	Group 12-month ECL	
	2022 RM'000	2021 RM'000
Other receivables		
As at 1 June 2021/2020	264	31
Disposal of a subsidiary	-	262
Reversal of impairment loss	-	(29)
Charge for the financial year	17	-
As at 31 May 2022/2021	281	264

Company	Lifetime ECL - credit impaired	
	RM'000	Total RM'000
As at 1 June 2021	262	262
Charge for the financial year	17	17
As at 31 May 2022	279	279

Company	12-month ECL	Lifetime ECL - credit impaired	Total
	RM'000	RM'000	RM'000
As at 1 June 2020	30	262	292
Reversal of impairment loss	(30)	-	(30)
As at 31 May 2021	-	262	262

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Movements in impairment allowance are as follows: (continued)

Credit impaired refers to individually determined receivables who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

A receivable is considered as default when such customer did not perform their obligation to make payment within the period granted or allowed.

(g) Information on financial risks of trade and other receivables is disclosed in Note 21 to the financial statements.

10. OTHER INVESTMENTS

	Group	
	2022	2021
	RM'000	RM'000
Current		
Unit trusts	2,232	2,191

Unit trusts are classified as fair value through profit or loss and measured at fair value categorised as Level 2 of the fair value hierarchy. Fair value of unit trusts is determined by reference to closing price at the end of the reporting period.

11. CASH AND BANK BALANCES

Cash and bank balances comprise the following as at the end of each reporting period:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	5,621	2,875	5	18
Deposits with a licensed bank	155	152	-	-
	5,776	3,027	5	18

(a) Deposits with a licensed bank of the Group amounting to RM155,000 (2021: RM152,000) have been pledged to a licensed bank for bank guarantee facilities granted to a subsidiary of the Group.

(b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Singapore Dollar	856	263	-	-
Ringgit Malaysia	4,920	2,764	5	18
	5,776	3,027	5	18

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

11. CASH AND BANK BALANCES (CONTINUED)

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	5,776	3,027	5	18
Less:				
Deposits pledged with a licensed bank	(155)	(152)	-	-
	5,621	2,875	5	18

- (d) No expected credit losses were recognised arising from the bank balances because the probability of default by these financial institutions were negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 21 to the financial statements.

12. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid with no par value:				
At beginning/end of the financial year	473,286	23,664	473,286	23,664

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

13. MERGER RESERVE

	Group	
	2022 RM'000	2021 RM'000
Merger reserve	8,526	8,526

Merger reserve arose from the acquisition of certain subsidiaries in previous financial years that was accounted for under the pooling of interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

14. BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
Secured		
Non-current liabilities		
Term loan	-	510
Current liabilities		
Term loan	510	552
	510	1,062
Total borrowings		
Term loan	510	1,062

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Term loan of the Group is secured by the corporate guarantee provided by the holding company.
- (c) Borrowings are denominated in Ringgit Malaysia.
- (d) Information on financial risks of borrowings is disclosed in Note 21 to the financial statements.

15. DEFERRED TAX LIABILITIES

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

	Group	
	2022 RM'000	2021 RM'000
As at 1 June 2021/2020	3,478	4,234
Recognised in profit or loss (Note 19)	(266)	(756)
As at 31 May 2022/2021	3,212	3,478

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

15. DEFERRED TAX LIABILITIES (CONTINUED)

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000	Total RM'000
2022		
As at 1 June 2021	3,761	3,761
Recognised in profit or loss	(208)	(208)
As at 31 May 2022	3,553	3,553
2021		
As at 1 June 2020	4,507	4,507
Recognised in profit or loss	(746)	(746)
As at 31 May 2021	3,761	3,761
Deferred tax assets of the Group		
	Others RM'000	Total RM'000
2022		
As at 1 June 2021	(283)	(283)
Recognised in profit or loss	(58)	(58)
As at 31 May 2022	(341)	(341)
2021		
As at 1 June 2020	(273)	(273)
Recognised in profit or loss	(10)	(10)
As at 31 May 2021	(283)	(283)

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables				
Third parties	1,890	1,826	-	-
Other payables				
Other payables	575	827	186	406
Accruals	1,912	1,603	596	524
Deposits	10	10	-	-
Amount owing to holding company	7,456	8,216	7,397	8,156
Amounts owing to related companies	1,173	460	1,010	267
Amounts owing to subsidiaries	-	-	5,501	5,509
	11,126	11,116	14,690	14,862
	13,016	12,942	14,690	14,862

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2021: 30 to 90 days) from date of invoice.
- (c) Amounts owing to related companies and subsidiaries represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable within next twelve (12) months or upon demand in cash and cash equivalents.
- (d) Amount owing to holding company represents advances and expenses paid on behalf, which is unsecured, interest-free and repayable within next twelve (12) months or upon demand in cash and cash equivalents except for an amount of RM7,397,000 (2021: RM8,156,000), which bears interest of 3.5% (2021: 3.5%) per annum.
- (e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Singapore Dollar	51	48	-	-
Ringgit Malaysia	12,965	12,894	14,690	14,862
	13,016	12,942	14,690	14,862

- (f) Information on financial risks of trade and other payables is disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

17. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contract with customers				
Services rendered, recognised at a point in time	19,740	20,673	-	-
Other revenue				
Rental income	10,209	9,804	-	-
Dividend income	-	-	1,020	2,244
	29,949	30,477	1,020	2,244

(a) Services rendered

Revenue in respect of the rendering of services arose from the logistics segment and is recognised at a point in time when the services have been rendered to the customer.

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

18. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense:				
- term loan	40	68	-	-
- lease liabilities	243	405	-	-
- amount owing to holding company	277	156	277	156
- amount owing to a subsidiary	-	-	-	9
	560	629	277	165

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

19. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax	1,357	1,572	-	-
(Over)/Under-provision in prior years	(224)	52	-	-
	1,133	1,624	-	-
Deferred tax (Note 15)				
Relating to origination and reversal of temporary differences	(161)	(474)	-	-
Over provision in prior years	(105)	(282)	-	-
	(266)	(756)	-	-
	867	868	-	-

The numerical reconciliations between the taxation and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) before taxation	249	2,258	(2,913)	18
Taxation at statutory tax rate of 24% (2021: 24%)	60	542	(699)	4
Tax effects in respect of:				
Expenses not deductible for tax purposes	1,151	644	944	541
Income not subject to tax	(15)	(88)	(245)	(545)
(Over)/Under-provision in prior years:				
- income tax	(224)	52	-	-
- deferred tax	(105)	(282)	-	-
	867	868	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

20. (LOSS)/PROFIT PER ORDINARY SHARE

(a) Basic (loss)/profit per ordinary share

The basic (loss)/profit per ordinary share for the financial year has been calculated based on the consolidated loss for the financial year attributable to owners of the parent of RM1,717,000 (2021: profit of RM382,000) and the weighted average number of 473,286,000 (2021: 473,286,000) ordinary shares in issue during the financial year.

	Group	
	2022	2021
(Loss)/Profit attributable to owners of the parent (RM'000)	(1,717)	382
Weighted average number of ordinary shares in issue ('000)	473,286	473,286
Basic (loss)/profit per ordinary share for the financial year (sen)	(0.36)	0.08

(b) Diluted (loss)/profit per ordinary share

The Group has no potential ordinary shares in issue at the end of the reporting period and therefore, diluted (loss)/profit per ordinary share equals basic (loss)/profit per ordinary share.

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concern while it maintains acceptable capital ratios in order to support its business and maximise shareholders value. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2022 and 31 May 2021.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings and lease liabilities owing to financial institutions. Total equity represents equity attributable to the owners of the parent.

	Group	
	2022 RM'000	2021 RM'000
Total debts	1,399	4,208
Total equity attributable to owners of the parent	21,753	23,470
Gearing ratio	0.06	0.18

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Capital management (continued)

Pursuant to the requirements of Guidance Note No.3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital of the Company.

The Company has complied with this requirement during the financial year ended 31 May 2022. The Company is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

Management reviews and agrees policies for managing each of these risks and these are summarised below:

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the functional currency, Ringgit Malaysia.

The Group also holds cash and bank balances denominated in foreign currency for working capital purposes.

The exposure of the Group to foreign currency risk is monitored on an on-going basis to ensure the net exposure is at an acceptable level.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the functional currency of the Group, with all other variables held constant.

(Loss)/Profit after taxation	Group	
	2022 RM'000	2021 RM'000
SGD/RM - strengthen by 3% (2021: 3%)	36	30
- weaken by 3% (2021: 3%)	(36)	(30)

Sensitivity analysis of other currency is not disclosed as the fluctuation of this foreign exchange rate against the Group's functional currency would not be significant.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's lease liabilities, borrowings, deposits placed with a licensed bank and amount owing to holding company. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

In view of the insignificant financial effect on the Group's (loss)/profit after taxation with the possible change in interest rates, the management did not separately disclose the effect of this sensitivity in the financial statements.

The following tables set out the carrying amounts, the incremental borrowing rates or the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Incremental borrowing rates/ Effective annual interest rates %	Within one year RM'000	One to five years RM'000	Total RM'000
2022					
Fixed rates					
Deposits with a licensed bank	11	1.75 - 1.85	155	-	155
Lease liabilities	6	5.22 - 5.90	1,651	1,490	3,141
Amount owing to holding company	16	3.50	7,397	-	7,397
Floating rates					
Borrowings	14	5.21	510	-	510
2021					
Fixed rates					
Deposits with a licensed bank	11	1.85 - 2.10	152	-	152
Lease liabilities	6	5.03 - 6.23	3,090	2,726	5,816
Amount owing to holding company	16	3.50	8,156	-	8,156
Floating rates					
Borrowings	14	5.20	552	510	1,062

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(ii) Interest rate risk (continued)

Company	Note	Effective annual interest rates %	Within one year RM'000	One to five years RM'000	Total RM'000
2022					
Fixed rates					
Amount owing to holding company	16	3.50	7,397	-	7,397
2021					
Fixed rates					
Amount owing to holding company	16	3.50	8,156	-	8,156

(iii) Liquidity and cash flow risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
2022			
Group			
Financial liabilities			
Trade and other payables	13,016	-	13,016
Lease liabilities	1,781	1,551	3,332
Borrowings	525	-	525
Total undiscounted financial liabilities	15,322	1,551	16,873
Company			
Financial liabilities			
Trade and other payables	14,690	-	14,690
Total undiscounted financial liabilities	14,690	-	14,690

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

21. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity and cash flow risk (continued)

2021	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities			
Trade and other payables	12,942	-	12,942
Lease liabilities	3,333	2,880	6,213
Borrowings	598	525	1,123
Total undiscounted financial liabilities	16,873	3,405	20,278
Company			
Financial liabilities			
Trade and other payables	14,862	-	14,862
Total undiscounted financial liabilities	14,862	-	14,862

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each of the financial assets recognised in the statements of financial position.

The Group's primary exposure to credit risk arises through its trade receivables details of which are disclosed in Note 9 to the financial statements.

Credit risk concentration profile

At the end of the reporting period, the Group and the Company do not have any significant exposure to any individual customer or counter party nor do they have any major concentration of credit risk related to any financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

22. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 7 to the financial statements.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Holding company:				
Interest received	-	28	-	28
Interest paid	277	156	277	156
Related companies:				
Rendering of services	7,697	8,478	-	-
Management services	792	854	552	614
Related party:				
Rendering of services to a company which owned by a corporate shareholder of a subsidiary	70	60	-	-
Subsidiaries:				
Interest paid	-	-	-	9
Dividend received	-	-	1,020	2,244

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

22. RELATED PARTY DISCLOSURES (CONTINUED)

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fees	394	267	370	243
Short-term employee benefits	705	651	-	-
Defined contribution plan	73	67	-	-
Other emoluments	20	18	20	18
	1,192	1,003	390	261

23. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2022 RM'000	2021 RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	260	283
Approved but not contracted for	23,392	15,000
	23,652	15,283

24. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries and wages	6,780	6,662	441	561
Defined contribution plan	660	654	49	44
Other benefits	551	395	2	2
	7,991	7,711	492	607

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

25. CONTINGENT LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Bank guarantees given by financial institutions for working capital	810	830

The bank guarantees of the Group are secured by means of corporate guarantee issued by the holding company and deposits with a licensed bank of the Group as disclosed in Note 11 to the financial statements.

The Group designates guarantees as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Group is negligible.

26. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

ALB had on 16 July 2020 announced that the Company and its holding company, ANB had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn. Bhd. ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn. Bhd. ("MYEG Capital") and Avocat Sdn. Bhd. ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, ANB and Vendors shall be collectively referred to as "Parties")

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition ("Proposed Private Placement");
- (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors ("Proposed Offer for Sale"); and
- (v) Proposed disposal by ALB of Synergy Trans-Link Sdn. Bhd. ("STL"), a wholly-owned subsidiary of ALB, to Nylex (Malaysia) Berhad ("Nylex"), a 50.25% subsidiary of ANB, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later ("Proposed Disposal"). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

26. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONTINUED)

Further to the announcement dated 16 July 2020, ALB entered into an Offer to Purchase Agreement (“OTP”) with S7 whereby S7 agreed to deal exclusively with ALB for sale its 901,321,377 ordinary shares representing 76.38% of the entire issued and paid-up share capital of S5 and to permit ALB, its advisers, solicitors, and accountants to conduct due diligence on S5 and its subsidiaries. ALB placed a refundable deposits of RM10,000,000 with S7 on execution of the OTP. ALB and S7 entered into the OTP pending the Parties entering into Share Sale Agreements for the sale of all the shares of S5 to ALB.

On 19 January 2022, ALB and ANB have entered into a supplemental agreement to the HOA (“Supplemental HOA”) with S7, MAL, MYEG Capital and Avocat to vary the terms and conditions of the HOA as follows:

- (i) Extended the expiry date of the HOA for a further period of 3 months to 15 April 2022 with an extension of another three months (“Extended Negotiation Period”) if the following condition is fulfilled:

Any of S5 and/or any of its subsidiaries (“S5 Group”) enter into binding contracts which are within the core businesses of any of the corporations within S5 Group whereby the revenue to S5 Group arising from such binding contracts is worth at least RM300,000,000. The vendors shall procure ALB to furnish proof of such binding contracts to the satisfaction of ALB.

For the avoidance of doubt, if the condition above is not fulfilled to the satisfaction of ALB within the Negotiation Period, the HOA shall terminate.

- (ii) Varied the purchaser of STL from Nylex to ANB or its subsidiary.

For the avoidance of doubt, the Proposed Disposal has been varied and is to be read as “The proposed disposal by ALB of the subsidiaries of ALB to ANB or its subsidiary at a valuation to be agreed by ALB and ANB or its subsidiary and upon such terms and conditions to be determined later”.

On 15 April 2022, the Company announced that the HOA (as supplemented by the Supplemental HOA) has expired and lapsed as the conditions in the Supplementary HOA has not been met, and no further extension of time of the Negotiation Period has been requested by the Vendors.

Upon expiry and lapse of the HOA (as supplemented by the Supplemental HOA), the Parties shall have no claims against each other under the HOA and Supplemental HOA, unless due to antecedent breaches.

27. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

27.1 New MFRSs and Amendments to MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 MAY 2022

27. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

27.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Initial application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendment to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not raise proceeds from any corporate exercise during the financial year.

Audit Fee and Non-audit Fee

The disclosure on audit fee and non-audit fee paid or payable to BDO PLT, the External Auditors of the Company, is in page 45 to the financial statements.

Material Contracts Involving Directors' / Major Shareholders' Interests

There was no material contract (other than contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2022 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at last annual general meeting of the Company, is as follows :

Transacting Parties		Nature of transaction	Value of RRPT (RM'000)	Interested directors, major shareholders and connected persons
ALB Group	Related Parties			
ACT (Seller)	PKG, CKG and Fermpro (Buyer)	Charges for storage rental for liquid chemicals	5,191	Ancom Nylex Berhad, Dato' Siew Ka Wei and Siew Nim Chee Sons Sdn. Bhd.
		Charges for handling of liquid chemicals for storage	357	
PCSB (Seller)	PKG, NSC, CKG and Fermpro (Buyer)	Charges for transportation of liquid chemicals	2,149	

Notes :

- ACT - Ancom-Chemquest Terminals Sdn. Bhd.
- PCSB - Pengangkutan Cogent Sdn. Bhd.
- PKG - Perusahaan Kimia Gemilang Sdn. Bhd.
- CKG - CKG Chemicals Pte Ltd
- Fermpro - Fermpro Sdn. Bhd.
- NSC - Nylex Specialty Chemicals Sdn. Bhd.

LIST OF PROPERTIES

AS AT 31 MAY 2022

	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2022 (RM'000)	Date of Acquisition / Revaluation
Ancom-Chemquest Terminals Sdn. Bhd.						
1.	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 2 years <i>(Expiring on 31 August 2024)</i>	9.8 acres	Tank farm, office and warehouse Age of building: approximately 25 years	8,976	N/A
Pengangkutan Cogent Sdn. Bhd.						
2.	PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya Johor Bahru, Johor	Freehold	6,070.3 sq.m.	Office building Age of building: approximately 13 years	2,812	2010

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2022

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Ordinary shares ("Shares")
 Total no. issued : 473,286,313
 No. of holders : 14,581
 Voting rights : One vote per Share on a poll

DISTRIBUTION SCHEDULE

Holdings	No. of Holders	Total Holdings	%
Less than 100	2,414	80,362	0.017
100 to 1,000	5,423	2,521,375	0.533
1,001 to 10,000	3,963	17,621,214	3.723
10,001 to 100,000	2,279	83,515,868	17.646
100,001 to less than 5% of issued Shares	499	215,005,017	45.428
5% and above of issued Shares	3	154,542,477	32.653
	14,581	473,286,313	100.000

SUBSTANTIAL HOLDERS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Rhodemark Development Sdn. Bhd.	66,177,380	13.983	-	-
Synergy Tanker Sdn. Bhd.	64,504,192	13.629	-	-
Ancom Nylex Berhad	29,938,190	6.326	130,808,072 ^(a)	27.638
Dato' Siew Ka Wei	6	0.000	160,779,900 ^(b)	33.971

Note:

- (a) Deemed interested by virtue of its direct interest in Synergy Tanker Sdn. Bhd., Ancom Properties Sdn. Bhd. and Rhodemark Development Sdn. Bhd.
 (b) Deemed interested by virtue of his direct and indirect interest in Ancom Nylex Berhad, Siew Nim Chee & Sons Sdn. Bhd. and Silver Dollars Sdn. Bhd.

DIRECTORS' HOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Siew Ka Wei	6	0.000	160,779,900 ^(c)	33.971

Notes:

- (c) Deemed interested by virtue of his direct and indirect interest in Ancom Nylex Berhad, Siew Nim Chee & Sons Sdn. Bhd. and Silver Dollars Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2022

THIRTY LARGEST HOLDERS

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rhodemark Development Sdn. Bhd.	66,177,300	13.983
2. Synergy Tanker Sdn. Bhd.	64,504,192	13.629
3. Ancom Nylex Berhad	23,860,985	5.042
4. Mohd Johar Bin Arif	8,846,900	1.869
5. Kenanga Nominees (Tempatan) Sdn. Bhd. - Ancom Nylex Berhad	6,077,205	1.284
6. Maybank Nominees (Tempatan) Sdn. Bhd. - Gunasekar A/L Veerappan	5,000,000	1.056
7. Lim Kim Loy	3,000,000	0.634
8. Mohamed Zaini Bin Amran	2,859,600	0.604
9. RHB Nominees (Tempatan) Sdn. Bhd. - Dato' Sri Ker Cherk Yee	2,847,900	0.602
10. Chua Siew Chen	2,743,100	0.580
11. Amsec Nominees (Tempatan) Sdn. Bhd. - Shia Chee Fong	2,673,600	0.565
12. Public Invest Nominees (Tempatan) Sdn. Bhd. - Phillip Securities Pte Ltd (Clients)	2,639,800	0.558
13. Public Nominees (Tempatan) Sdn. Bhd. - Wong Fook Yew (E-SS2)	2,594,200	0.548
14. Amerlink Enterprise Sdn. Bhd.	2,300,000	0.486
15. Cheong Xin Yin	2,000,000	0.423
16. Ee Kan Wong	2,000,000	0.423
17. Maybank Nominees (Tempatan) Sdn. Bhd. - Mohd Zakri Bin Mohamad Nor	1,962,500	0.415
18. Lai Fook Hoy	1,770,004	0.374
19. HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	1,750,000	0.370
20. Maybank Nominees (Tempatan) Sdn. Bhd. - Mohd Termizi Bin Mamat @ Muhamad	1,750,000	0.370
21. Shaharudin Bin Mohamad Hashim	1,672,000	0.353
22. Lee Wah Cheong	1,634,300	0.345
23. Kenanga Nominees (Tempatan) Sdn. Bhd. - Ang Leng	1,623,100	0.343
24. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Ooi Sang Juen (Seri Damai-CL)	1,500,000	0.317
25. Loh Kah Guan	1,487,800	0.314
26. Mohd Affandi Bin Abdullah	1,410,900	0.298
27. HLB Nominees (Tempatan) Sdn. Bhd. - Lim Yaw Jenn	1,400,000	0.296
28. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,400,000	0.296
29. Maybank Nominees (Tempatan) Sdn. Bhd. - Mohammed Azman Bin Aziz Mohammed	1,350,000	0.285
30. Quek Tuan Soon	1,350,000	0.285
Total	222,185,386	46.945

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting (“**AGM**”) of the Company will be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) at 11.30 a.m. on Thursday, 27 October 2022 using the remote participation and voting (“**RPV**”) facilities provided by the Company’s Share Registrars, Tricor Investor & Issuing House Services Sdn. Bhd. (“**Tricor**”) via TIIH Online website at <https://tiih.online>, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To re-elect the following Directors who are retiring by rotation pursuant to Clause 125 of the Company’s Constitution: | |
| (i) Lim Hock Chye | [Ordinary Resolution 1] |
| (ii) Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah | [Ordinary Resolution 2] |
| 3. To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2022. | [Ordinary Resolution 3] |
| 4. To approve the payment of Directors’ benefits (excluding Non-Executive Directors’ fees) for the Non-Executive Directors from the date of the forthcoming annual general meeting until the next annual general meeting of the Company. | [Ordinary Resolution 4] |
| 5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | [Ordinary Resolution 5] |

AS SPECIAL BUSINESS

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

- | | |
|---|--------------------------------|
| 7. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE | [Ordinary Resolution 6] |
|---|--------------------------------|

“THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 28 September 2022, provided that such transactions are necessary for the Group’s day-to-day operations and carried out in the ordinary course of business at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred by this mandate shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution."

8. PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES

[Ordinary Resolution 7]

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") and subject to the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby empowered to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution."

- 9. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board,

CHOO SE ENG (MIA 5876) (SSM PC No. 202208000036)

STEPHEN GEH SIM WHYE (MICPA 1810) (SSM PC No. 201908001029)

Company Secretaries

Petaling Jaya

28 September 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

- (1) Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide for Shareholders available on the Company's website at <http://www.ancomlogistics.com.my/agm.php> on registration, participation and voting at the AGM.
- (2) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (3) A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- (4) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 18 October 2022 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on their behalf at the AGM.
- (5) The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.
- (6) Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (7) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the office of the Company's Share Registrar at its address indicated in (6) above before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
 - (i) If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, one of whom shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (8) A member who has appointed a proxy or attorney or authorised representative to participate in the AGM must request his/her proxy or attorney or authorised representative to register himself/herself for the remote participation and voting facilities (RPV) at the Share Registrar's TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
- (9) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 May 2022

This Agenda item is meant for discussion only. The provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. As such, this Agenda item is not put forward for voting.

2. Ordinary Resolutions 1 and 2 – Re-election of Retiring Directors

The profiles of the retiring Directors are disclosed in the Board of Directors in the Annual Report 2022.

Save as disclosed in the Annual Report 2022, all the retiring Directors have no conflict of interest with the Company. The Board had, through the Remuneration & Nomination Committee, carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

Based on the above, the Board recommends that the above retiring Directors be re-elected to continue to serve on the Board of the Company.

3. Ordinary Resolution 3 – Non-Executive Directors' Fees

Pursuant to Section 230(1) of the Companies Act 2016, the Directors' fees and benefits payable to the Directors of the listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board is recommending to the shareholders to approve the fees payable to the Non-Executive Directors by the Company and the Group amounting to RM370,000 for the financial year ended 31 May 2022.

4. Ordinary Resolution 4 – Directors' Benefits

The Directors' benefits comprise the meeting attendance allowance and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("NEDs").

In determining the estimated total amount of benefits (excluding Directors' fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved. The Board is recommending to the shareholders to approve the Directors' benefits payable to the NEDs of up to RM60,000 from the date of the forthcoming annual general meeting until the next annual general meeting of the Company. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next annual general meeting for the shortfall.

5. Ordinary Resolution 5 – Re-appointment of Auditors

The Audit Committee has evaluated the performance of BDO PLT, the External Auditors, as enumerated in the Audit Committee Report and has recommended the re-appointment of BDO PLT as the External Auditors of the Company.

The Board has concurred with the recommendation of the Audit Committee.

6. Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the existing related party(ies) in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company's Circular to Shareholders dated 28 September 2022.

NOTICE OF ANNUAL GENERAL MEETING

7. Ordinary Resolution 7 – Proposed Authority to Issue and Allot Shares

The Company had, during its 55th annual general meeting held on 26 October 2021, obtained its shareholders approval for the general mandate for issuance of shares up to a maximum of 20% of the total number of issued shares of the Company ("20% General Mandate").

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the 20% General Mandate and the general mandate has been reinstated from a 20% limit to a 10% limit with effect from 1 January 2022 ("10% General Mandate"). The authority for the 10% General Mandate will expire at the conclusion of the AGM.

This proposed resolution is a new mandate. It is to provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company, without the need to convene separate general meeting to obtain shareholders' approval so as to avoid incurring additional costs and time.

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

The Board, having considered the current and prospective financial positions of the Company, is of the view that this mandate is in the best interest of the Company and its shareholders to ensure long term sustainability of the Company.

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ANCOM LOGISTICS BERHAD
 [Registration No. 196601000150 (6614-W)]
 Incorporated in Malaysia

PROXY FORM

CDS A/C. No.	No. of shares held

I/We _____ NRIC No. _____
 (Full Name in Block Letters)

of _____
 (Full Address)

being (a) member(s) of ANCOM LOGISTICS BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
		100 %

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to participate and to vote for *me/us on *my/our behalf at the 56th Annual General Meeting of the Company which will be held at at 11.30 a.m. on Thursday, 27 October 2022 to be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia and to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Lim Hock Chye as a Director of the Company		
2	To re-elect Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah as a Director of the Company		
3	To approve the payment of Non-Executive Directors' fees		
4	To approve the payment of Directors' benefits		
5	To re-appoint Messrs BDO PLT as Auditors of the Company		
6	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
7	To approve the proposed authority to issue and allot shares		

[Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.]

[*Delete if not applicable]

Dated this _____ day of _____ 2022

 [Signature / Common Seal of shareholder(s)]

Telephone no. during office hours:

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NOTES:

- (1) Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. Members will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting. Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide for Shareholders available on the Company's website at <http://www.ancomlogistics.com.my/aggm.php> on registration, participation and voting at the AGM.
- (2) Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (3) A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
- (4) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 18 October 2022 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on their behalf at the AGM.
- (5) The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof:
 - (i) In hardcopy form
The Proxy Form may be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means
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- (6) Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Then fold here

Affix
Stamp

ANCOM LOGISTICS BERHAD

[Registration No. 196601000150 (6614-W)]

The Share Registrar:

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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- (7) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the office of the Company's Share Registrar at its address indicated in [6] above before the time appointed for holding the AGM or any adjournment thereof at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
 - (i) If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, one of whom shall be a director; or,
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- (8) A member who has appointed a proxy or attorney or authorised representative to participate in the AGM must request his/her proxy or attorney or authorised representative to register himself/herself for the remote participation and voting facilities (RPV) at the Share Registrar's TIIH Online website at <https://tiih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
- (9) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

www.ancomlogistics.com.my