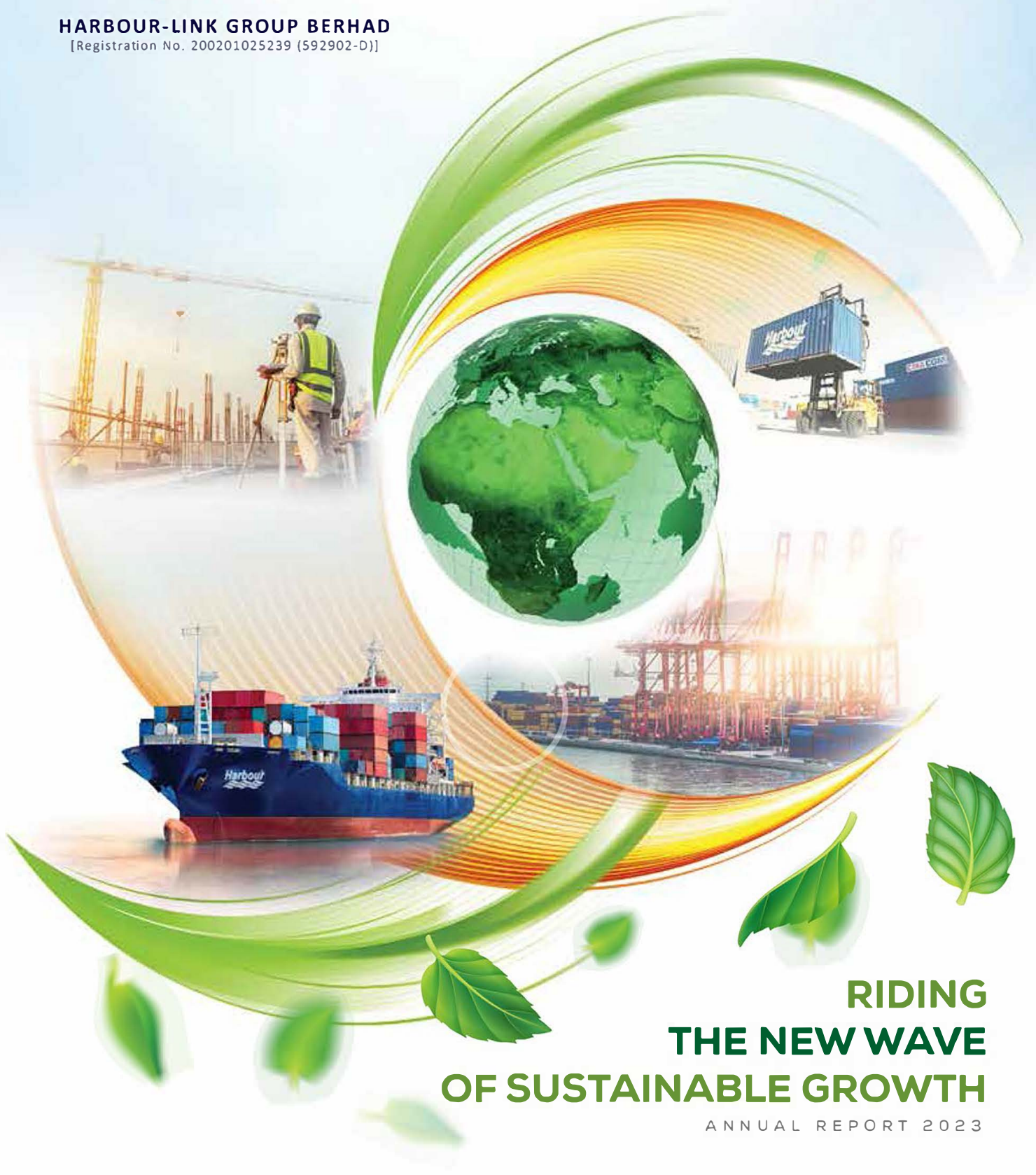




HARBOUR-LINK GROUP BERHAD

[Registration No. 200201025239 (592902-D)]



**RIDING
THE NEW WAVE
OF SUSTAINABLE GROWTH**

ANNUAL REPORT 2023

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HARBOUR-LINK GROUP BERHAD
[Registration No. 200201025239 (592902-D)]

Established in 2002, Harbour-Link Group Berhad consolidated all related business activities and was officially listed on the Main Market of Bursa Malaysia Securities Berhad on 6 January 2004. With its roots firmly planted in the shipping, marine and integrated logistics services as well as engineering and construction industry for the past 48 years, Harbour-Link Group has grown steadily and built multi-disciplinary industry expertise covering a comprehensive range of services to fulfil its client's needs. Today, Harbour-Link Group's business footprint extends across the Intra-Asian region and it has successfully established itself as a reputable brand-name within the industries that it operates in.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- 
Dato Yong Piaw Soon
 Chairman and Group Managing Director
- 
Wong Siong Seh
 Executive Director
- 
Dato' Toh Guan Seng
 Executive Director
- 
Bin Lay Thiam
 Independent Non-Executive Director
- 
Datuk Pau Chiong Ung
 Independent Non-Executive Director
- 
Khoi Hoay Ling
 Independent Non-Executive Director
- 
Datu Ir. Haji Mohidden Bin Haji Ishak
 (Resigned on 2 September 2023)

AUDIT AND RISK
MANAGEMENT COMMITTEE

Bin Lay Thiam (*Chairman*)
 Datuk Pau Chiong Ung
 Khoi Hoay Ling
 Datu Ir. Haji Mohidden Bin Haji Ishak
 (Resigned on 2 September 2023)

REMUNERATION COMMITTEE

Datuk Pau Chiong Ung (*Chairman*)
 Bin Lay Thiam
 Khoi Hoay Ling

NOMINATION COMMITTEE

Datuk Pau Chiong Ung (*Chairman*)
 Bin Lay Thiam
 Khoi Hoay Ling

COMPANY SECRETARIES

Lim Seck Wah
 (MAICSA 0799845)

Tang Chi Hoe (Kevin)
 (MAICSA 7045754)

REGISTERED OFFICE

Wisma Harbour
 Parkcity Commerce Square
 Jalan Tun Ahmad Zaidi
 97000 Bintulu, Sarawak
 Email : info@harbour.com.my
 Tel : 086 - 318998
 Fax : 086 - 332429

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
 Level 15-2, Bangunan Faber Imperial
 Court, Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel : (03) 2692 4271
 Fax : (03) 2732 5388
 Email : mega-sharereg@megacorp.com.my

AUDITORS

Ernst & Young PLT
 202006000003 (LLP0022760-LCA)
 & AF0039
 Chartered Accountants
 3rd Floor, Wisma Bukit Mata Kuching
 Jalan Tunku Abdul Rahman
 93100 Kuching
 Sarawak, Malaysia

PRINCIPAL BANKERS

Malayan Banking Berhad
 AmBank Berhad
 Hong Leong Bank Berhad
 CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
 Securities Berhad
 Stock Name : HARBOUR
 Stock Code : 2062

WEBSITE

www.harbour.com.my

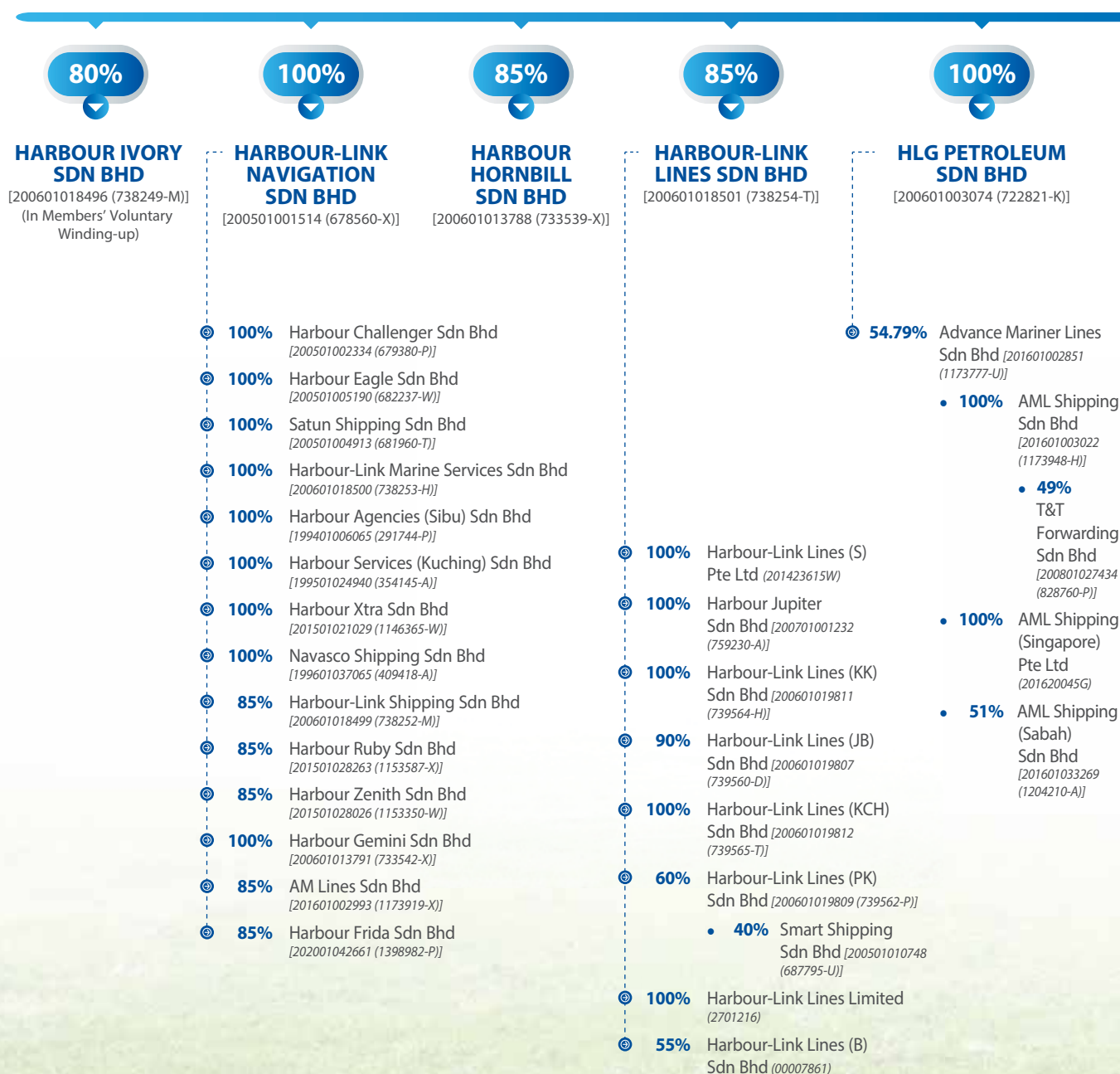
CORPORATE STRUCTURE

As at 1 October 2023



HARBOUR-LINK GROUP BERHAD
[Registration No. 200201025239 (592902-D)]

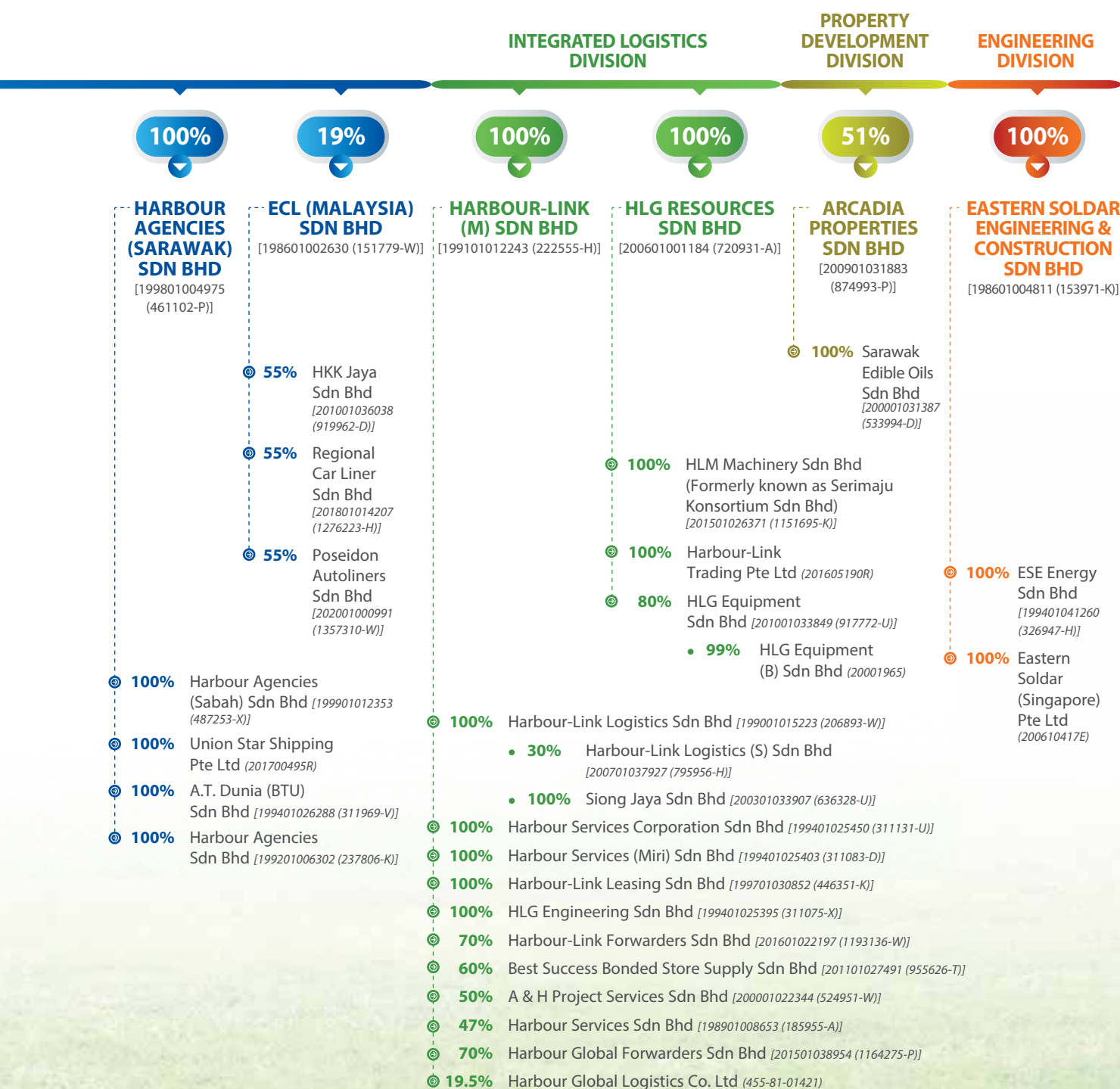
SHIPPING AND MARINE DIVISION



CORPORATE STRUCTURE

As at 1 October 2023

cont'd



BOARD OF DIRECTORS



From left to right

- | | |
|--|---|
| 1. Khoi Hoay Ling
<i>Independent Non-Executive Director</i> | 4. Bin Lay Thiam
<i>Independent Non-Executive Director</i> |
| 2. Dato' Toh Guan Seng
<i>Executive Director</i> | 5. Wong Siong Seh
<i>Executive Director</i> |
| 3. Dato Yong Piau Soon
<i>Chairman and Group Managing Director</i> | 6. Datuk Pau Chiong Ung
<i>Independent Non-Executive Director</i> |

BOARD OF DIRECTORS

cont'd

DATO YONG PIAW SOON*Chairman and Group Managing Director*

Age: 71



Gender: Male



Nationality: Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003. He is a founding member of Harbour-Link Group and his active involvement in the shipping and freight forwarding industry in East Malaysia since the early 1970s has distinguished him as one of the industry's pioneers. At the same time, he also ventured into timber export and other logging related activities. His astute business instincts and in-depth knowledge of the shipping and forwarding industry has positioned him well to spearhead and lead the business expansion and development of Harbour-Link Group throughout the years.

Under his leadership, Harbour-Link Group has grown to become a major player in the shipping and forwarding industry in the region. He has succeeded in elevating Harbour-Link Group to a higher level of business achievement and diversifying into Engineering, Shipping & Marine Services, Freight Forwarding & Logistic Services, Equipment Sales & Rental and Property Development & Construction. He has laid a good foundation for the future of the Harbour-Link Group of Companies. He sits on the Board of several subsidiary companies of Harbour-Link Group Berhad.

He attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

WONG SIONG SEH*Executive Director*

Age: 61



Gender: Male



Nationality: Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003 and is a founding member of Harbour-Link Group. He started his career in early 1980s working as an executive in a prominent shipping company in Sibul. His involvement in the shipping industry has earned him vast experience and exposure and, a sound understanding of the industry which includes ship management, freighting, chartering services and other related services. In 1983, he joined Antah Transact Sdn. Bhd. as an Operations Manager. He was attached to the company for nine (9) years where he was involved in providing logistic services in the oil and gas industry. He left Antah Transact Sdn. Bhd. in 1992 to join Harbour-Link (M) Sdn. Bhd. and later was appointed as Director on 1 March 1994.

He is in charge of the Harbour-Link Group's shipping and container liner service operations, management and business development. He also sits on the Board of several subsidiary companies of Harbour-Link Group Berhad.

He attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

BOARD OF DIRECTORS

cont'd

DATO' TOH GUAN SENG



Executive Director



Age: 68



Gender: Male



Nationality: Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003 and is a founding member of Eastern Solder Engineering & Construction Sdn. Bhd. ("ESEC"). He has more than 41 years' experience in the oil and gas industry. He started his career as a Unit Group Leader with Jurong Engineering Pte. Ltd (Singapore) and later ventured into business by setting up his trading firm dealing with LPG safety equipments. In 1986, he founded ESEC and over the period of 35 years under his able leadership, ESEC Group has managed to penetrate into the oil and gas and petrochemical industries resulting in the gradual and steady growth of ESEC.

He is currently President of Federation of Malaysia Foundry & Engineering Industries Association (FOMFEIA), Advisor of the Negeri Sembilan Foundry & Engineering Industries Association, and Executive Advisor of Negeri Sembilan Chinese Chamber of Commerce and Industry (NSCCCI).

He attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

BIN LAY THIAM



Independent Non-Executive Director



Age: 53



Gender: Male



Nationality: Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 6 February 2014. He is also a member of the Remuneration and Nomination Committee and was appointed as the Chairman of Audit and Risk Management Committee on 1 July 2016. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Started his career at KPMG Peat Marwick, Kuala Lumpur in 1990 where he spent ten (10) years in audit division. Thereafter, he served few public-listed companies holding roles as Group Financial Controller and Chief Financial Officer from 2000 till 2020. During his tenure in these public-listed companies, he was principally involved in corporate reporting, statutory compliance and fund raising and responsible for the financial affairs, business development and treasury functions.

He is currently the General Manager, Finance of SWM Environment Sdn. Bhd.

He attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

DATUK PAU CHIONG UNG



Independent Non-Executive Director



Age: 71



Gender: Male



Nationality: Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 13 January 2015 and is also a member of the Audit and Risk Management Committee. He was appointed as the Chairman of Remuneration Committee on 22 November 2016 and re-designated as Chairman of Nomination Committee on 27 August 2018. He holds a technical certificate of wood working from Japan and has vast experience in timber and shipping industries.

In his working experience, he has served as Shipping Manager, General Manager and Managing Director of several shipping, timber extraction and export companies. He is currently Director of various private companies involving in wood manufacturing and shipping. He is also the Chief Executive Officer of Timberwell Berhad.

He attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

BOARD OF DIRECTORS

cont'd

KHOI HOAY LING

*Independent Non-Executive Director*

Age: 53



Gender: Female



Nationality: Malaysian

She was appointed to the Board of Harbour-Link Group Berhad on 1 May 2018. She is also a member of the Audit and Risk Management, Remuneration and Nomination Committees. She is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA).

She is currently the General Manager, Finance of Peremba (Malaysia) Sdn. Bhd. and is responsible for the financial, tax and corporate related matters of the Peremba Group. Prior to joining the Peremba Group in 1995, she was with KPMG Peat Marwick since 1990. She has vast experience in audit, accounting, tax and corporate finance.

She attended all the five (5) Board of Directors meetings held during the financial year ended 30 June 2023.

OTHER INFORMATION

(a) Other Directorship

None of the Directors hold any directorship in other public companies.

(b) Family Relationship

None of the Directors have any family relationship with any director and/or major shareholder of the Company.

(c) Conflict of Interest

The Company has entered into recurrent related party transactions with parties in which the Directors of the Company, namely Dato Yong Piaw Soon and Wong Siong Seh have direct and/or indirect interests. Save for the above-mentioned disclosure, none of the other Directors have any conflict of interest with the Company.

(d) Conviction of Offences

Other than traffic offences, if any, none of the Directors have any conviction for offences within the past five (5) years or any public sanction or penalty imposed by any relevant regulatory bodies during the financial year ended 30 June 2023.

KEY SENIOR MANAGEMENT

SANDRA CHAN LEE HUNG

*Financial Controller
Female | 52 | Malaysian*

- Obtained professional accounting degree from Association of Chartered Certified Accountants (ACCA).
- Fellow of ACCA in 2003 and member of Malaysian Institute of Accountants (MIA).
- 29 years working experience in related industry.
- Joined Harbour-Link Group in 1990 as Audit Supervisor.
- Promoted to Accountant in 2003.
- Promoted to Senior Account and Finance Manager in 2008.
- Appointed as Financial Controller in 2016.
- In charge of corporate and financial matters of the Group.

LEE SENG CHIONG

*Executive Director
Shipping and Marine
Division
Male | 64 | Malaysian*

- Started career in 1981 as a Shipping Executive where he gained experience in shipping operations, marketing and management.
- Joined Harbour-Link (M) Sdn. Bhd. and was appointed as Executive Director in 1994.
- Presently is in charge of the Bintulu region shipping operations, management and business development.
- Board member of several subsidiary companies of Harbour-Link Group Berhad.

HII KWONG WUI

*Executive Director
Shipping and Marine
Division
Male | 61 | Malaysian*

- 42 years working experience in shipping industry.
- Started career in Pan Sarawak Co. Sdn. Bhd. in 1981 as a Shipping Executive.
- Joined Harbour-Link (M) Sdn. Bhd. in 1994 and was appointed as the Executive Director in charge of Sibu and Kuching region in 1996.
- Presently is in charge of both Sibu and Kuching regions' daily operations, management and business development.
- Board member of several subsidiary companies of Harbour-Link Group Berhad.

LAU CHII HUNG

*Executive Director
Shipping and Marine
Division
Male | 60 | Malaysian*

- Obtained Bachelor Degree of Science major in Computer Science & Mathematics in 1984.
- 39 years working experience in related industry.
- Joined Harbour-Link (M) Sdn. Bhd. in year 1994 and was appointed as Executive Director in 1996.
- In charge of business development and operation of shipping and marine services in Miri, Port Klang and Sabah region.
- Board member of several subsidiary companies of Harbour-Link Group Berhad.

HOOI YEN PENG

*Executive Director
Engineering and
Construction Division
Male | 72 | Malaysian*

- Co-founder of Eastern Solder Engineering & Construction Sdn. Bhd.
- Appointed as Executive Director of Eastern Solder Engineering & Construction Sdn. Bhd. in 1985.
- In charge of project estimation, contract administration and project execution of the Division.

KHEW WEE YEAP

*General Manager
Engineering and
Construction Division
Male | 52 | Malaysian*

- Obtained Bachelor Degree (BSc) in Mechanical Engineering in 1993.
- Obtained Master of Business Administration (MBA) in 1999.
- Registered member with IEM and BEM.
- Joined Eastern Solder Engineering & Construction Sdn Bhd in 1994 and appointed as General Manager in 2016.
- 29 years of working experience in the related industry.
- Oversee day-to-day operation and all technical and commercial aspect related to project.

KEY SENIOR MANAGEMENT

cont'd

LIM SIN SANG

*Executive Director
Container Shipping Unit/
Shipping and Marine
Division
Male | 55 | Malaysian*

- 33 years working experience in the related industry.
- Joined Harbour-Link Group in 2006 as Executive Director of Harbour-Link Lines (PK) Sdn. Bhd.
- In charge of business development and operation of container liner services of Harbour Link Lines in Port Klang.

ONG KHOON SENG

*Executive Director
Container Shipping Unit/
Shipping and Marine
Division
Male | 58 | Malaysian*

- Member of Chartered Institute of Management Accountants (CIMA), UK and Malaysian Institute of Accountants (MIA).
- 34 years working experience in related industry.
- Joined Harbour-Link Group in 2016 as Executive Director of Advance Mariner Lines Sdn. Bhd. and its subsidiary companies.
- In charge of running AML brand and its related business units.

TING SING HONG

*Senior Manager
Freight Forwarding/
Integrated Logistics
Division
Male | 66 | Malaysian*

- Obtained professional degree in Bachelor of Art in Business Administration.
- 44 years working experience in related industry.
- Joined Harbour-Link Group in 1995 as Assistant Manager under Freight Forwarding unit.
- Promoted to Manager in 1998.
- Head of the business unit since 2007 until now.
- CMILT holder.

OTHER INFORMATION

(a) Other Directorship

None of the Key Senior Management holds any directorship in other public companies.

(b) Family Relationship

None of the Key Senior Management has any family relationship with any director and/or major shareholder of the Company.

(c) Conflict of Interest

None of the Key Senior Management has any conflict of interest with the Company.

(d) Conviction of Offences

Other than traffic offences, if any, none of the Key Senior Management have any conviction for offences within the past five (5) years or any public sanction or penalty imposed by any relevant regulatory bodies during the financial year ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Dato Yong Piaw Soon

Chairman and
Group Managing Director



(1) OVERVIEW OF BUSINESSES

Harbour-Link was incorporated on 17 September 2002 and listed on the Main Market of Bursa Malaysia Securities Berhad ("Main Market") on 6 January 2004.

Over the past 20 years, Harbour-Link has established its track record as a leading shipping, marine and integrated logistics provider and engineering and construction contractors for oil and gas and power industries locally and regionally.

The Group's headquarter is located in Bintulu, Sarawak, Malaysia with branches and operation offices in every main port of Malaysia, Brunei, Singapore and Hong Kong. A wide network of agent representations is being established around the world.

(2) KEY FINANCIAL HIGHLIGHTS

The following discussion and analysis compares the Group's financial condition and results of operations for the year ended 30 June 2023 with those of the previous years.

Financial Review

	2023 (RM'000)	2022 (RM'000)	2021 (RM'000)	2020 (RM'000)	2019 (RM'000)
Group Revenue	1,006,956	907,503	609,601	617,250	593,951
Group Operating Profit	194,854	204,502	88,609	40,060	44,788
Profit before tax	195,028	200,307	82,943	35,038	41,908
Profit after tax	175,071	179,467	74,739	23,639	29,232
Group net profit attributable to shareholders	147,832	149,740	60,577	25,920	24,987
Operating cash flow	207,671	211,570	93,247	79,056	27,924
Earnings per share (EPS) (sen)	37.09	37.57	15.19	6.47	6.24
Return on equity (ROE) (%)	19.89	24.31	12.75	6.18	6.28
Net Gearing (%)	-	-	-	2	10

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd



(3) FINANCIAL RESULTS

(i) Revenue

In 2023, Group revenue has increased by RM99.45 million from RM907.5 million reported in 2022. The major contributor of the increase in the revenue is from integrated logistics division. The integrated logistics revenue of RM342.77 million which is RM93.72 million or 38% higher than the preceding financial year ended 30 June 2022 of RM249.06 million. The increase in the revenue due to the opening of market which has resulted in the increase of machinery sale and rental as well as export-oriented cargo volumes from the local manufacturing sector and the oil and gas sectors.

Revenue by business divisions:

Group Revenue by Business Division	Investment Holding (RM'000)	Shipping and Marine Services (RM'000)	Integrated Logistics (RM'000)	Engineering Works (RM'000)	Property Development (RM'000)
2023	-	608,421	342,774	50,803	4,958
2022	-	610,436	249,056	42,050	5,962
Increase/(Decrease)	-	(2,015)	93,718	8,753	(1,004)
%		0.3%	38%	21%	(17%)

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(3) FINANCIAL RESULTS (CONT'D)

(ii) Profit after tax

Results

	2023 RM	2022 RM
Profit net of tax	175,071,045	179,467,021
Attributable to:		
Owners of the Company	147,831,814	149,739,839
Non-controlling interest	27,239,231	29,727,182
	175,071,045	179,467,021
Earnings per share	37.09	37.57

Profit after tax for 2023 has decreased by 2% to RM175.08 million against the RM179.47 million from the previous year. Net profit after tax attributable to shareholders has decreased by RM1.91 million to RM147.83 million in 2023 which resulted in earnings per share decreased from 37.57 sen to 37.09 sen.

Profit before tax by business division

Group Profit /(Loss) before Tax by Business Division	Investment Holding (RM'000)	Shipping and Marine Services (RM'000)	Integrated Logistics (RM'000)	Engineering Works (RM'000)	Property Development (RM'000)
2023	28,087	138,874	52,938	2,263	2,683
2022	20,290	168,964	31,507	1,982	2,512
Increase/(Decrease)	7,797	(30,090)	21,431	281	171
%	38%	(18%)	68%	14%	7%

Profit before tax for 2023 was RM195,027,562 as compared to RM200,307,058 in 2022. There was a decrease of RM5,279,496 in 2023 mainly attributed from the shipping and marine division. The reason for the decrease in the profit before tax is due to stiff competition with major liner operators who have deployed additional tonnages into the region that leads to the downward pressure on rates.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(3) FINANCIAL RESULTS (CONT'D)

(iii) Financial position

	2023 RM	2022 RM
Loans and borrowings	49,324,947	62,814,629
Trade and other payables	150,527,550	151,315,370
Less:		
Investment securities	(135,957,370)	(43,803,523)
Cash and bank balances	(287,077,123)	(260,400,671)
Net (cash)/debt	(223,181,996)	(90,074,195)
Equity attributable to the owners of the Company	743,104,959	616,106,015
Capital and net debt	519,922,963	525,941,820
Gearing ratio	N/A*	N/A*
* Not applicable as the Group was in a net cash position.		
Net assets	861,746,190	714,868,713

The Group net assets have increased by RM146.88 million as compared to previous year from RM714.87 million to RM861.75 million mainly due to increase in net earnings of the Group. As at 30th June 2023, the Group has cash at bank of RM287.08 million and net borrowings of RM49.32 million (2022 RM62.81 million). The net gearing ratio is NIL (2022: NIL).

(iv) Liquidity and Financial Resources

The Group generally has been financing its operations through internally generated funds and bank borrowings.

(v) Capital Expenditures

The Group's capital expenditures for the financial year 2023 was RM56.11 million with future commitments of RM25.90 million, mainly comprising of drydocking cost and acquisition of 2 new tugboats and 1 new barge. The investment shall be financed by the Group's internal funds.

(4) REVIEW OF OPERATIONS

4.1 Shipping and marine division

4.1.1 Container shipping liner service

Harbour-Link provides container shipping liner service within the Malaysia and Intra Asia market. We have a total number of 13 container vessels of a total capacity of 6,150 teus. It is the ideal size that corresponds to the existing demands of its niche market within our achievable high rate of utilization. This division has operations offices in every calling port. These offices are located in Penang, Port Klang, Pasir Gudang, Kuching, Sibul, Bintulu, Miri, Kota Kinabalu, Tawau, Sandakan, Singapore, Brunei, Hong Kong and China. The operation offices act on behalf of their principal mainly in matters related to sales & marketing, dealing with local authorities, managing the container inventories and providing ship husbandry services. For this financial year, this operation has contributed significantly to the Group's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(4) REVIEW OF OPERATIONS (CONT'D)

4.1 Shipping and marine division (cont'd)

4.1.2 Tugboats and barges operations

Harbour-Link is actively involved in the sea transportation of timber products mainly sawn timber and round logs servicing within the Asean region namely Vietnam, Philippines and Thailand. We deploy 4 sets of tugboats and barges to service these operations. This operation has provided a stable stream of income to the Group over the years.

4.1.3 Ship agency service

Harbour-Link has manned a well experienced team of shipping personnel with vast port operation expertise to handle all types of ships calling at every port in Malaysia, Singapore, Brunei, Hong Kong and China. Vessels that we are handling are mainly container ships, bulk carriers, oil tankers, tug and barges, car carriers and offshore supply boats.

Our shipping agency service provides inward and outward ship clearance, ship chandling and husbandry services, stevedorage and provision of food supplies and materials.

This operation has provided a stable stream of income to the Group over the years.

4.1.4 Ship management service

We have established a well experienced ship management team consisting of ship masters, marine engineers and superintendents to manage and monitor the daily performance of our fleet of vessels plying between the scheduled routes. These teams have managed to keep down time to minimum, avoid cost overruns and reduce frequency of ship's delays. This team of people ensure our vessels are fully managed in accordance with the International Maritime Organization standard and environmental compliances.

4.2 Integrated logistics division

4.2.1 Multimodal Transportation

Harbour-Link operates Multimodal Transportation under the licence registered with the Ministry of Finance ("MOF") as Multimodal Transport Operator ("MTO"). We offer third party logistics ("3PL") with customized supply chain solutions to oil and gas industries, as well as manufacturing sectors. Multimodal transport systems have become the backbone of International Trade - with the objective of reducing overall transport and handling cost within the supply chain while responding to the demand for just-in-time Door-to-Door cargo services.

Our dedicated and well experienced team manages our in-built IT systems and related facilities, with high standard operating skill and efficiency. We operate from our offices in Malaysia, Singapore, Hong Kong, China and Korea and are linking to our global network.

4.2.2 Haulage activities

Harbour-Link operates a fleet of transport vehicles including container trailers, prime movers, cargo lorries, and dump trucks for carriage of containerised cargoes, minerals and ores within the state of Sarawak, Sabah and Labuan. Due to the influx of foreign investors in the heavy manufacturing industry, we see an uptrend in demand for haulage activities.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(4) REVIEW OF OPERATIONS (CONT'D)

4.2 Integrated logistics division (cont'd)

4.2.3 Project cargo logistics

Harbour-Link has a dedicated logistics team with vast experiences in project cargo handling, shipping arrangement and engineered heavy transport solutions. We also own a fleet of specialized lifting and transport equipment to cater for the transportation, plant erection and installation. With the recovery of the economy, it has allowed us to participate in new project opportunities in this region.

4.3 Engineering division

Our Engineering and Construction division is operated under a wholly owned subsidiary namely Eastern Solder Engineering and Construction Sdn. Bhd. ("ESEC"). ESEC is renowned as one of the best EPCC Contractor in this region in the engineering and construction of petroleum and chemical storage tanks, marine terminals and piping work. We have completed numerous projects in Pengerang, Kemaman, Port Dickson, Tanjung Bin, Singapore and many other locations since its inception.

4.4 Property division

We have temporarily put on hold our Kidurong Gateway Development due to a sluggish market. Remaining units of shophouses from the last project are still available for sale. Hopefully, the market will recover in early 2023.

We still have around 72.85 acres of industrial land in Tanjung Kidurong, Bintulu for future development.

(5) OUTLOOK AND PROSPECT

The days of maximum turmoil in the container shipping industry appear to have passed, but that doesn't mean the market will return to the pre-pandemic status quo. The market's fundamentals have shifted dramatically, with some formerly active trade lanes starting to fall from favor and others gaining volume and maintaining relatively high rates. Labor-market dynamics will reinforce some of the shifts in trade activity, while sharp expansion in carrier capacity will counteract any increases in demand.

With the sharp expansion in carrier capacity, it has redrawn the alliance landscape as well. Now that MSC has achieved sufficient scale to operate efficiently on its own and Maersk has focused on its strategic repositioning as an integrated supply chain provider, the two carriers have elected to dissolve the 2M alliance. Any churn among alliances, which have been a key contributor to maintaining capacity and pricing discipline, would likely heighten competition among carriers, to the ultimate benefit of shippers, especially while carrier capacity remains high and shipping demand relatively low. Disruption in alliances could lead to more rate volatility as carriers look to capture volume to maintain or rebuild utilization.

In 2023, carriers and shippers are already engaged in negotiating new contracts. Since the late-2022 rate collapse, shippers have sought to renegotiate those deals or shift volume to the spot market. And the new contract season may see even further deviations from the typical negotiating pattern, with some shippers seeking shorter terms, and carriers looking to offset rate declines via revenue increases in accessorial services.

After a spate of new orders beginning in the last quarter of 2022 and extending until January 2023, the stage is set for significant new capacity to come online in the next two to three years. A sharp decline in ocean trade, by no means a certainty, could saddle carriers with excess capacity that might take years to work off.

The new ships are among the largest ever built, which will likely reduce shipping costs per container but will also limit the flexibility of both carriers and shippers. The trend toward supersized vessels may spur an increase in the supply of smaller, more flexible feeder vessels, which will move smaller cargoes to ports specializing in consolidating smaller loads.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(5) OUTLOOK AND PROSPECT (CONT'D)

Tighter sulfur-emission limits imposed by the United Nations' International Maritime Organization could alter the supply-demand equation by slowing sailing times, removing non-compliant vessels from service, or imposing new costs in the form of fines and penalties. Of greater importance, however and representing a far greater risk is the drive toward decarbonization of the entire transport sector. The more slowly that carriers and their customers adapt to the energy transition, the greater the stranded asset risk to their banks and other funders.

Even as rates retreat and revenues moderate, stakeholders across the shipping value chain have opportunities to improve their competitive postures, optimize their operations and position themselves to outperform when the economic tide turns again.

(Adopted from AlixPartners 2023 Container Shipping Outlook February 2023)

General Economic Conditions

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions. The World Health Organization (WHO) announced in May 2023 that it no longer considers COVID-19 to be a "global health emergency." Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. The impact of higher interest rates extends to public finances, especially in poorer countries grappling with elevated debt costs, constraining room for priority investments. As a result, output losses compared with prepandemic forecasts remain large, especially for the world's poorest nations.

(Adopted from Jul 2023 - International Monetary Fund)

Malaysia Economic Outlook

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities. Governor Datuk Abdul Rasheed Ghaffour explained, "Risks to Malaysia's growth outlook is subject to downside risk stemming primarily from weaker-than-expected global growth. There are, however, upside risk factors such as stronger-than-expected tourism activity and faster implementation of projects."

(Adopted from BNM Quarterly Bulletin – 2nd Quarter 2023)

5.1 Shipping and marine division

Container liner service shall remain the key contributor to this division.

We foresee ocean freight and shipping charges to weaken slightly due to lower cargo volume and increase of shipping space due to expanding capacity in our Intra-Asia shipping routes from other competitors. While China's reopening remains supportive of the global economy, but the slower than-expected pace of recovery in recent months will weigh on the global growth.

Domestic shipping between East and West Malaysia are more stable with consistent cargo volume and favorable freight rates due to foreseen a growth for the domestic market which is supported by domestic demand, underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. There are opportunities for even better domestic-oriented sectors growth in Malaysia such as in the service sectors. Tourist arrivals is expected to continue improving in the Q2 of 2023, thus could give a boost to our economy.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(5) OUTLOOK AND PROSPECT (CONT'D)

Malaysia Economic Outlook (cont'd)

5.1 Shipping and marine division (cont'd)

The International Maritime Organization (IMO), economic blocs, and programs like the Energy Efficiency Existing Ship Index (EEXI)—a technical standard for measuring fuel consumption and emissions—are ratcheting up pressure on our fleets to reduce carbon and sulfur emissions produced by our operations. This will increase our operation cost. But fortunately, we have a well experienced ship management team who are able to manage, support and comply with all the statutory and regulatory requirements whilst still maintaining our service with high utilization and cost effectiveness.

Harbour-Link has adopted a concept of strategic alliance with partners in the “slot exchange” method in order to reduce cost and overcapacity on a “win-win” concept. It has proven its effectiveness and viability.

Overall, we need to be cautious and closely monitor the development of the world economic and local demands. We have to be flexible and innovative in our mode of operations and marketing strategies in utilizing our present fleet of vessels and equipment. We have intentions to acquire additional vessels and equipment when the prices are favorable.

5.2 Integrated logistics division

Signs of increasing activities in the oil and gas upstream and downstream industries have created more jobs to our 3PL operation team in handling project cargo logistics and haulage as well as heavy equipment sales and rental services.

With favourable market situation, we foresee our integrated logistic division will continue to deliver a positive performance. While with Brent crude oil prices trended lower at USD78 per barrel in 2Q 2023 (1Q 2023:USD82 per barrel) given weaker demand from OECD countries and higher global oil supply do give a positive impact on our profit margin.

5.3 Engineering and construction division

With lower refined petroleum production amid a decline in mining output the oil and gas sectors have shown signs of slowing down. Despite this, our engineering and construction division has secured few a projects in the construction and erection of petroleum products storage tanks and auxiliary works. We foresee our engineering and construction division shall be active in this coming year.

5.4 Property division

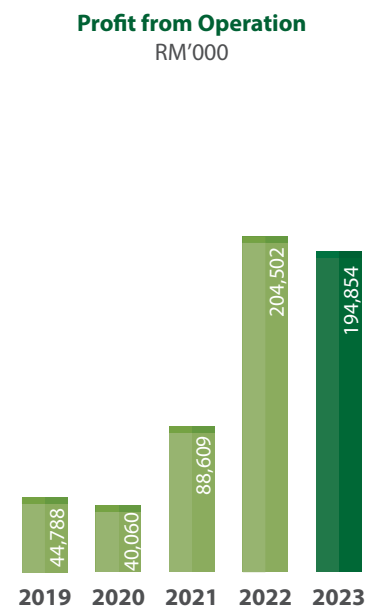
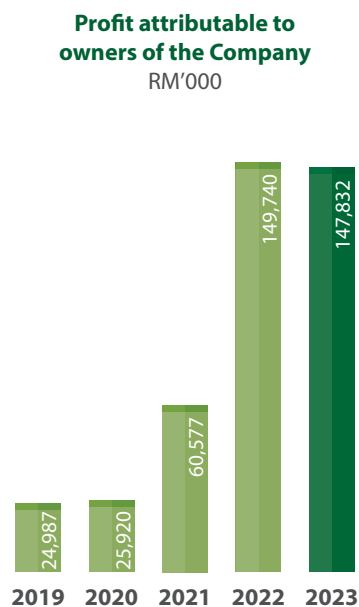
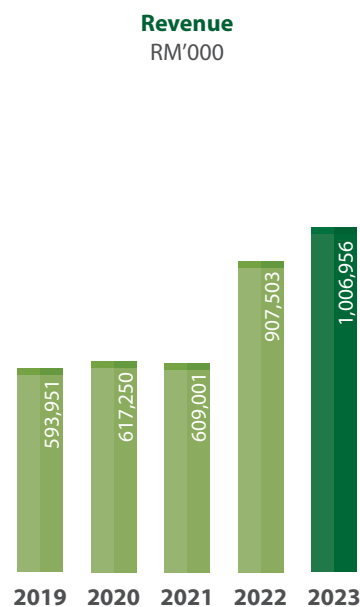
Market demand on commercial shophouse is still sluggish, but industrial building is still having market demand. Harbour-Link's property division intends to apply to the relevant authorities for our 3rd Phase of Kidurong Gateway Projects. The proposed project with area of 23.729 acres will consist of 29 semi-detached industrial buildings.

We shall commence construction after receiving the approval from the relevant authorities.

The Board expects the financial year 2024 to be challenging but we shall exercise caution and keep abreast on the economic situation whilst monitoring cost control and operation efficiency. We will also look for other business opportunities that will bring positive stream of income to our Group.

GROUP FINANCIAL HIGHLIGHTS

	2019 RM'000 (Audited)	2020 RM'000 (Audited)	2021 RM'000 (Audited)	2022 RM'000 (Audited)	2023 RM'000 (Audited)
Revenue	593,951	617,250	609,001	907,503	1,006,956
Profit from Operation	44,788	40,060	88,609	204,502	194,854
Profit before taxation	41,908	35,038	82,943	200,307	195,028
Profit after taxation	29,232	23,639	74,739	179,467	175,071
Profit attributable to owners of the Company	24,987	25,920	60,577	149,740	147,832
Total assets	651,175	673,830	733,314	962,001	1,088,276
Total liabilities	189,726	193,670	184,330	247,132	226,530
Total Borrowings	81,509	96,269	67,061	66,165	49,325
Per Share Data (sen)					
Net assets	115.36	119.92	118.68	179.28	216.21
Earning per share	6.25	6.47	15.19	37.57	37.09
Financial Ratios					
Gross profit margin (%)	13.97	16.76	22.33	28.22	19.35
Return on shareholders' funds (%)	6.28	6.18	12.75	24.37	19.89
Trade receivables' turnover (days)	84	78	96	84	67
Debt to equity	0.2	0.2	-	-	-
Interest coverage (times)	8	6	22	56	62



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Our Approach

At Harbour-Link, we strive for responsible and sustainable development in all our operations. We believe that the global imperative towards sustainable development has shaped our business world as well as the environment we operate in for the better. While we are concerned for the economic, environmental and social issues, we are also aware that there are risks in commercial, reputational and regulatory that might impact our business and affect the communities in which we operate.

At Harbour-Link, our dedication encompasses our shareholders as well as our community and we are fully committed to our approach to economic, governance, environmental and social responsibility.

Scope and Boundary

This Statement covers the reporting period from 1 July 2022 to 30 June 2023 ("FY2023"). It covers our business operations in Malaysia; continuing to focus on the sustainability progress of the Marine segment, unless otherwise stated. We will strive to include all other segments of the operations in our future reporting.

Reporting Framework and Standards

This Statement is reported in accordance with the Global Reporting Initiative Core Option and Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition). We fully recognise the importance of meeting the comprehensive frameworks requirements which is our long-term goal. As we make progress towards that we aim to ensure compliance with material requirements in the frameworks.

Assurance Statement

This Statement has not been subjected to an assurance process. Our current focus and commitment are to ensure its data collection and processes are continually being improved and as we progressively mature in our sustainability journey, we will also work towards strengthening the credibility of our reporting.

Feedback

We value all input and comments on our sustainability reporting and practices covered in this Statement. Please drop us an email at info@harbour.com.my should you have any feedback.



SUSTAINABILITY STATEMENT

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APPROACH TO SUSTAINABILITY




Sustainability Governance

The Board of Harbour-Link is ultimately responsible for managing sustainability risks and opportunities of the Company. The Board is assisted by a Sustainable Steering Committee which is led by a board executive director and comprises members from each segment of the business. The Committee will carry out the sustainability strategy set by the Board, oversees the formulation and management of Harbour-Link's sustainability initiatives and cascade them across the Group to be embedded within the businesses and operations.

Stakeholder Engagement




We are aware that sustainability depends on both internal and external factors. No business can be successful without the support and collaboration of all its stakeholders. Through continuous engagement both through formal and informal channels, we endeavour to stay abreast of the concerns of influential stakeholders as they are essential to our business decisions, operations and growth. We believe that maintaining strong stakeholder relationships improves our ESG impacts and strengthens our business growth.

In FY2023, our engagement with key stakeholders are highlighted as follows:

Key Stakeholders	Area of Interest/Concern	Engagement Mode
Shareholder/Investor 	<ul style="list-style-type: none"> Financial and operational performance Compliance with rules and regulations Corporate governance and ethical management Maximising shareholders' value Sustainable marine practices 	<p><u>Ongoing</u></p> <ul style="list-style-type: none"> Investor Relations section on Company website <p><u>Ad hoc</u></p> <ul style="list-style-type: none"> Analyst briefing <p><u>Quarterly</u></p> <ul style="list-style-type: none"> Financial reports and announcements <p><u>Annually</u></p> <ul style="list-style-type: none"> Annual General Meeting Annual Report
Employee 	<ul style="list-style-type: none"> Upskilling knowledge, skill and ability Workplace safety Workplace culture and business ethics Health and wellbeing Performance driven workforce Career development and progression 	<p><u>Ongoing</u></p> <ul style="list-style-type: none"> Internal and external training and development programmes Electronic communication via Company intranet and email Occupational safety and health programmes Social and recreational events and activities <p><u>Quarterly</u></p> <ul style="list-style-type: none"> Operational and management meeting <p><u>Annually</u></p> <ul style="list-style-type: none"> Performance review
Customer 	<ul style="list-style-type: none"> Quality service/products and delivery performance Business sustainability Equipment and cargo safety Sustainable and ethical business practices Customer service and experience 	<p><u>Ongoing</u></p> <ul style="list-style-type: none"> Electronic communication via email, social media and telephone Company website Meetings and discussions <p><u>Ad hoc</u></p> <ul style="list-style-type: none"> Site visit with customer <p><u>Annually</u></p> <ul style="list-style-type: none"> Customer survey/feedback

SUSTAINABILITY STATEMENT

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Key Stakeholders	Area of Interest/Concern	Engagement Mode
Government / Regulator 	<ul style="list-style-type: none"> Compliance Keeping updated on regulatory requirements and changes Sustainable and ethical business practices Emission and waste management 	<u>Ongoing</u> <ul style="list-style-type: none"> Regulatory audits and reporting Electronic communication via email and telephone Participation in government and regulatory events <u>Ad hoc</u> <ul style="list-style-type: none"> Dialogues and site inspections
Supplier / Contractor 	<ul style="list-style-type: none"> Sustainable supply chain management Operational performance and customer satisfaction Efficient and transparent procurement process 	<u>Ongoing</u> <ul style="list-style-type: none"> Electronic communication via email and telephone Meetings and discussions <u>Annually</u> <ul style="list-style-type: none"> Supplier performance evaluation
Community / NGO 	<ul style="list-style-type: none"> Local recruitment and education Health and well-being 	<u>Ad hoc / As needed</u> <ul style="list-style-type: none"> Community / NGO engagement Electronic communication via email and telephone

Materiality

Harbour-Link conducted its Materiality Assessment process in 2019 followed by Stakeholder Engagement activities which managed to cover the Group's main stakeholders on the perceived importance of different sustainability topics. Ten (10) key material matters were identified from the outcome of this Assessment with an additional matter on Covid-19 added in the subsequent financial year.

Management is of the opinion that these 10 key material matters remain relevant for FY2023 as there are no significant changes to the business / operational model and these matters are aligned to Harbour-Link's priorities and stakeholder expectations. Moving forward as more resources and efforts are being channeled into sustainability initiatives, we will work towards setting a periodic materiality assessment process review.

Material priorities for Harbour-Link for FY2023:

Important Issues	Meaning to Harbour-Link	Main Impact	Corresponding Section
Service quality management	A flexible business strategy is crucial to the continued operations of our companies in a changing business environment.	Harbour-Link	Business Status and Operational Strategies
Sustainable strategies and their implementation	Harbour-Link will integrate sustainable practices into the business operations throughout its Group practices.	Harbour-Link	Business Status and Operational Strategies
Compliance	Compliance forms the basis of business operations so a complete system has been put in place by Harbour-Link to ensure full compliance.	Harbour-Link, Government authorities/ Regulator	Business Status and Operational Strategies
Risk control	Complete identification and control of potential operational risks so that Harbour-Link can respond to external changes in a timely manner.	Harbour-Link	Business Status and Operational Strategies
Operating performance	Harbour-Link always strives to deliver a sound operating performance as it is our way of responding to shareholders' expectations.	Harbour-Link, shareholder/ investor	Business Status and Operating Strategies

SUSTAINABILITY STATEMENT

cont'd

Important Issues	Meaning to Harbour-Link	Main Impact	Corresponding Section
Service quality and customer satisfaction survey	Harbour-Link hopes to listen to our customers and satisfy their needs through high-quality service.	Harbour-Link, customer, supplier	Customer Management
Emissions and management	Harbour-Link is aware of our industry's impact on the environment, so strict emissions management is enforced.	Harbour-Link, community / NGO	Environmental Protection and Sustainability
Equipment and cargo safety	No compromises on equipment and cargo safety are Harbour-Link's commitment to our employees and customers.	Harbour-Link, customer	Equipment and Cargo Safety
Work environment safety and labour health protection	The safety and health of employees is an essential part of Harbour-Link's operations.	Harbour-Link	Care for Employees
Corporate governance and ethical management	The building of a sound governance system and ethical corporate culture are important business policies at Harbour-Link.	Harbour-Link, shareholder/ investor	Corporate Governance and Ethical Conduct

Management of Important Issues

Management has put systems in place for the monitoring and evaluating of all material sustainable issues. Follow-ups are done on an annual basis and future goals are set aiming to make improvements in all aspects every year.

Topic	Impact Boundary	Management Policies / Measurement & Management System	Performance Indicators / Future Goals
Service Quality Management			
Service quality management	<u>Internal</u> Harbour-Link <u>External</u> Customer, other logistics company	<u>Management Policies</u> Ensuring customer satisfaction, we are offering customers tailored solutions based on technological expertise and the highest service standard and sustainable business growth by building customer loyalty, retention and referrals, while also being a good opportunity to develop our people. <u>Measurement and Management System</u> Conduct customer review and annual selected customer survey helps us to identify potential improvements in service quality and to give customers the opportunity to share their opinion with us. The voice of the customer is an opportunity to gain insight to our customer's experiences, challenges and perceptions. Thus, it facilitates more frequent discussion and provides opportunities for us to listen, learn and improve.	<u>Performance Indicators</u> Review the attributes of other service provider of similar industries. <u>Future Goals</u> Satisfy customer demand for service and improve the competitiveness of our services.

SUSTAINABILITY STATEMENT

cont'd

Topic	Impact Boundary	Management Policies / Measurement & Management System	Performance Indicators / Future Goals
Equipment and Cargo Safety			
Equipment and cargo safety	<u>Internal</u> Employee <u>External</u> Customer	<u>Management Policies</u> <ul style="list-style-type: none"> Develop and enforce equipment and cargoes safety management systems. Implement and adhere to procedures Safety Management System. <u>Measurement and Management System</u> <ul style="list-style-type: none"> Convene safety review meetings to examine the performance on safety and environmental protection issues. Regular internal/ external audits and self-inspections. Ad hoc inspections 	<u>Performance Indicators</u> <ul style="list-style-type: none"> Verify that the requirements of the annual safety and environmental goals are met. Reduce the frequency of all job and non-job related accidents. <u>Future Goals</u> <ul style="list-style-type: none"> Evaluate cases in the fleet and set annual safety goals. Continue to engage with specialist personnel training to ensure the safety of our workforce and employees.
Compliance			
Compliance related to environmental protection	<u>Internal</u> Harbour-Link <u>External</u> Competent authority	<u>Management Policies</u> Ensure that the equipment of the Harbour-Link meet the authorities' requirements and regulations. <u>Measurement and Management System</u> Provide appropriate reports to concerned departments for further arrangements according to the laws and regulations.	<u>Performance Indicators</u> No serious violations of environmental protection regulations in 2023. <u>Future Goals</u> "Zero" violation of environmental laws or regulations.
Compliance in society and economics	<u>Internal</u> Harbour-Link <u>External</u> Competent authority	<u>Management Policies</u> Conduct educational and training programmes to strengthen employee awareness on compliance with anti-trust and competition law as well as anti-bribery and corruption law. <u>Measurement and Management System</u> <ul style="list-style-type: none"> Periodic review on compliances and breaches of relevant laws. Increasing awareness through meetings, orientation training for new employees and e-bulletins. 	<u>Performance Indicators</u> Anti-Bribery and Corruption training for managerial and supervisory level staff. <u>Future Goals</u> <ul style="list-style-type: none"> Maintain a positive relationship with competent authorities and active participation with industry association to lobby for issues relevant to the marine and shipping industry. Continue employee engagement to strengthen compliance awareness.

SUSTAINABILITY STATEMENT

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Topic	Impact Boundary	Management Policies / Measurement & Management System	Performance Indicators / Future Goals
Operating Performance			
Economic performance	<u>Internal</u> Harbour-Link <u>External</u> Shareholder/ Investor	<u>Management Policies</u> <ul style="list-style-type: none"> Conduct investment and capital management in accordance with internal management regulations and processes. Provides detailed financial performance figures on a quarterly basis to its investors and the public. To achieve steady performance growth. <u>Measurement and Management System</u> Important investments or capital management shall be reported to the Board of Directors for approval and declared according to the relevant laws and regulations.	<u>Performance Indicators</u> <ul style="list-style-type: none"> The financial report was timely submitted and important information disclosed every quarter in 2023 according to the relevant laws and regulations. At the Annual General Meeting (AGM) our shareholders vote on issues of mutual interest according to statutory requirements. <u>Future Goals</u> Strict observance of the relevant laws and regulations as well as ensuring that financial and other related information are disclosed in a timely and transparent manner.
Work Environment Safety and Labour Health Protection			
Occupational safety and health	<u>Internal</u> Harbour-Link <u>External</u> Competent authority	<u>Management Policies</u> <ul style="list-style-type: none"> Comply with the Harbour-Link fleet safety and environmental protection manual which governs workplace safety, employee health and accident prevention measures. Conduct safety and environmental education and emergency drills. <u>Measurement and Management System</u> <ul style="list-style-type: none"> Regular internal / external audits/inspections on safety and health and the convening of safety management meetings. Reports on feedback from the fleet for continuous improvements to the safety management systems. 	<u>Performance Indicators</u> <ul style="list-style-type: none"> Satisfactory audit reports issued with no major non-compliance reported. Fleet exercises and training carried out in adherence to regulations <u>Future Goals</u> <ul style="list-style-type: none"> Ensure the proper implementation of safety and environmental protection manuals throughout the fleet. Continue to improve work safety to ensure zero reports of near misses, unsafe acts and conditions as well as raising awareness on environmental impact issues.

SUSTAINABILITY STATEMENT

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Business Status and Operational Strategies

Company Profile

Established in 2002, Harbour-Link Group Berhad consolidated all related business activities and was officially listed on the Main Market of Bursa Malaysia Securities Berhad on 6 January 2004. With its roots firmly planted in the shipping, marine and integrated logistics services as well as the engineering and construction industry, Harbour-Link has grown steadily and built a diversified industry expertise covering a comprehensive range of services to fulfil its clients' needs. Today, Harbour-Link's business footprint extends across the Intra-Asian region and it has successfully established itself as a reputable brand name within the industries that it operates in.



SUSTAINABILITY STATEMENT

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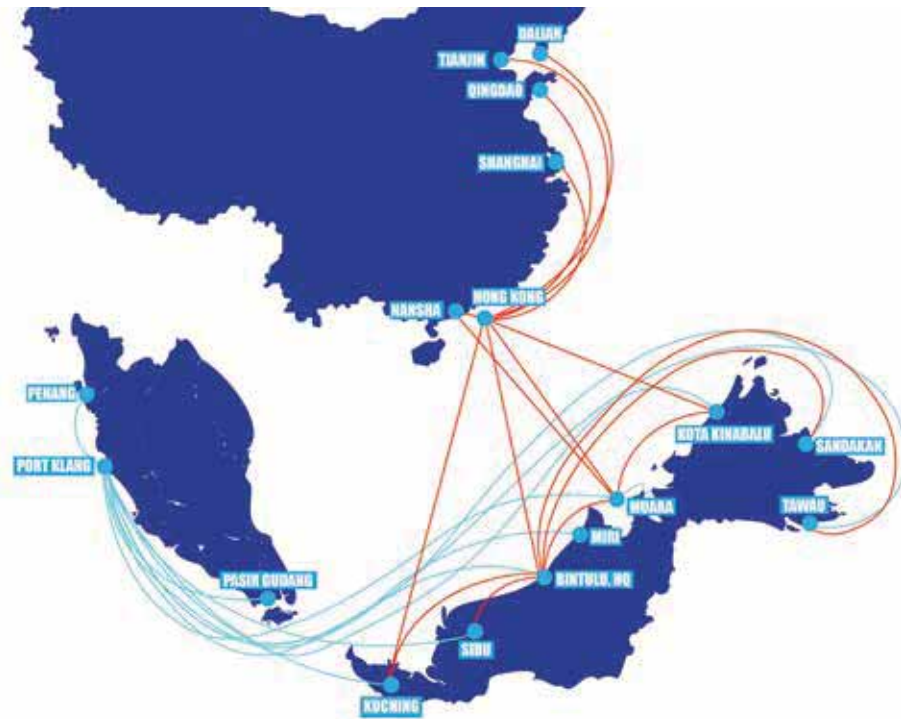
SHIPPING & MARINE DIVISION

WHAT WE DO :

- Container shipping liner service
- Tugboats and barges operations
- Ship agency service
- Ship management service

SCALE OF OPERATION :

Revenue	RM605 million
Fleet of	13 container vessels/barges, total capacity of 6,150 teus
	2 tugboat & barges



INTEGRATED LOGISTICS DIVISION

WHAT WE DO :

- Multimodal transportation
- Haulage activities
- Project cargo logistics
- Warehousing facilities

SCALE OF OPERATION :

Revenue	RM356 million
Fleet of	139 prime movers/lorries
	124 heavy equipments

ENGINEERING DIVISION

WHAT WE DO :

- EPCC contractor specialising in petroleum and chemical storage tanks, marine terminals and piping works.

SCALE OF OPERATION :

Revenue	RM51 million
Order book (as at 30 June 2023)	RM83 million

PROPERTY DIVISION

WHAT WE DO :

- Property development in the prime industrial zone at Tanjung Kidurong, Bintulu

SCALE OF OPERATION :

Revenue	RM6 million
Remaining landbank	72 acres

SUSTAINABILITY STATEMENT

cont'd

Financial Performance of Harbour-Link

	2023 RM'000	2022 RM'000	2021 RM'000
Group Revenue	1,006,956	907,503	609,001
Profit Before Tax	195,028	200,307	82,943
Profit After Tax	175,071	179,467	74,739
Group Net Profit Attributable to Shareholders	147,832	149,740	60,577
Earnings Per Share (EPS) (sen)	37.09	37.57	15.19
Return on Equity (ROE) (%)	19.89	24.31	12.75

This financial year, Harbour-Link has reached two notable milestone i.e. achieving RM1 billion in revenue and being one of nine Malaysian companies named Forbes Asia's "Best Under A Billion" for 2023. We were also awarded The Edge Malaysia Centurion Club Corporate Awards for Highest Growth in Profit After Tax Over 3 Years and Highest Return on Equity over 3 Years under Transport and Logistics category, for two (2) consecutive years in the running.



These recognition and accomplishment highlight the effectiveness and robustness of the Group's business strategy and approach as well as its ability to navigate challenges. None of this would have been possible without the exceptional dedication and hard work of our team, from our operation front liners to the boardroom, all have played pivotal role in us achieving this milestone. Moving forward, we remain committed to our goals to deliver sustained growth and continued wealth to our stakeholders.

SUSTAINABILITY STATEMENT

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Corporate Governance and Ethical Conduct

At Harbour-Link, we have deeply rooted values of integrity, honesty and commitment in delivering excellence which goes back to our formation foundation. As such, we strive to enforce good governance and ethics at all stages of our business, both internally and externally.

As a public listed company, our governance pillars are set up according to Bursa Malaysia's Main Market Listing Requirements and the Malaysian Code on Corporate Governance as well as to the Companies Act 2016. Internally, at the Director's level we have the Director's Fit and Proper Policy and the Directors Code of Ethics that lists out criteria requirement for all directors serving onboard and at the employee's level, we have the Group's core value statement and Code of Conduct & Discipline Policy to convey the values and proper conduct to which we want our employees to embody and observe. Every new joiner to Harbour-Link will be given a briefing on these policies respectively. These policies and statement outline very clearly our stand on compliance with laws, rules and regulations, conduct on matters of confidentiality and acceptance of gifts/benefits and disclosure requirement on conflict of interest situations.

The following summarises the governance controls we have in place:

- [Corporate Governance Rules](#)

Applicability	BOD members
Description	<ol style="list-style-type: none"> 1. Establish an effective corporation governance system 2. Protect shareholder's equity 3. Enhance the BOD function 4. Respect the stakeholder's rights 5. Improve the transparency of information

- [Processing of Internal Information](#)

Applicability	Directors, managers and employees; other persons who know the important internal information of the Company due to their status, occupation, or control relationship.
Description	Establish a good system for processing and disclosure of important internal information to avoid inappropriate disclosure of the information and ensure the consistency and correctness of the information that the company announces outwards.

- [Code of Ethics for Management](#)

Applicability	Directors, managers, employees, trustees, and the person who have substantial control capability.
Description	<ol style="list-style-type: none"> 1. Observe relevant rules or other laws and regulations governing business practices. 2. Conduct business activities fairly and transparently. 3. Set up an independent reporting mailbox for internal and external personnel.

- [Code of Ethics for Employees](#)

Applicability	Directors, managers, employees
Description	<ol style="list-style-type: none"> 1. Observe moralities and persist in the principle of credibility 2. Treat customers, competitors, and employees fairly 3. Enhance moral awareness.

SUSTAINABILITY STATEMENT

cont'd

Harbour-Link has also established the following policies to further strengthen our governance and business ethics:

- [Anti-Bribery and Corruption Policy](#)

Harbour-Link expects all its employees and business associates to demonstrate honesty, integrity and fairness in all aspects of their business dealings and exercise appropriate standards of professionalism and ethical conduct. We will not tolerate bribery or corruption in any form and has a 'zero tolerance' approach to any breach of this. The Group's Anti-Bribery and Corruption Policy ('ABC') has been developed in line with the Malaysian Anti-Corruption Commission ('MACC') Act 2009. The ABC Policy is made available on our company website for easy accessibility to all stakeholders. To ensure our employees are fully aware of the ABC Policy, we organise training session and encourage our employees to go for training on the topic, to stay updated on the latest development. The following are the number of employees who have received training on ABC for FY2023:

	Director	Management	Executive	Total
Number of employees trained	4	29	15	48

- [Whistleblowing Policy](#)

We have implemented a Whistleblowing Policy to meet the Malaysia regulatory practices. This policy provides a structured and safe reporting channel and guidelines for employees and any person providing services to, or having a business relationship with Harbour-Link to report any suspected misconduct and malpractice confidentially.

For FY2023, we have not recorded any incidents of corruption nor received any reports through our whistleblowing channel of any misconduct or malpractice.

- [Data Protection](#)

Harbour-Link abides by the Personal Data Protection Act ("PDPA"). Employees provide their consent for the use of their personal details for matters pertaining to their employment with the Company. In the event of the breach, we ensure critical incident reporting immediately in order to manage the situation and manage its detrimental impact across all relevant stakeholders. To ensure these data are adequately protected, our Information Technology (IT) team conducts periodic reviews on the security controls and processes of our operating system. In addition, under Harbour-Link's Code of Conduct, we are committed to ensure the confidentiality of information we collect. This also extends to the personal data of our customers and suppliers.

Throughout this reporting period, Harbour-Link received no complaints regarding any breach of customer privacy or data loss.

- [Cybersecurity](#)

As IT is evolving at such a fast pace, we need to continuously review and develop pertinent procedures and controls to address cyber threats. Our IT team is also tasked to create awareness and educate our employees on the types of cyber threats and tactics used in order to stay vigilant and secure our data. Enhancing our IT capabilities will be our focus going forward as we move towards digitalization.

For details of the Group's corporate governance practices, please refer to the *Corporate Governance Overview Statement* in this Annual Report or the Investor Relations section on Harbour-Link's website.

Risk Control

Harbour-Link's risk management framework has integrated sustainability risk consideration as part of its assessment of Strategic and Reputational risk, in addition to Operational, Financial and Regulatory risks. Our risk management structure is robust in that it comprises 12 Risk Management Committees across all segments of the business allowing material risks to be escalated in order to provide a more represented and all-inclusive approach in capturing and managing material risks. Our risk management process is guided by ISO 31000 Risk Management – Principles and Guidelines for identifying, evaluating, managing and monitoring significant risks. In line with this, we evaluate our risks continuously to prepare the business ahead of emerging threats and build resilience.

Further details on Harbour-Link's risk management framework and its key business risks are set out in the *Statement on Risk Management and Internal Control* section in this Annual Report.

SUSTAINABILITY STATEMENT

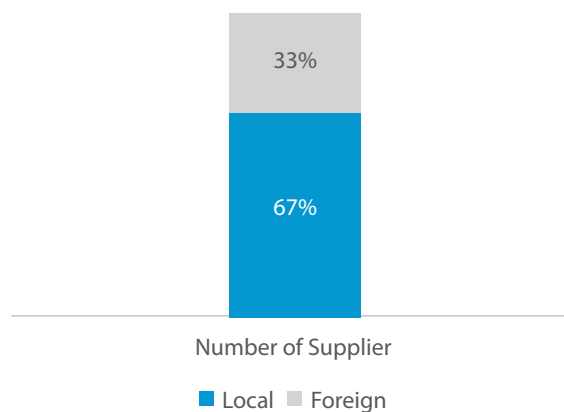
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Supplier Management

Marine Segment Value Chain

Marine segment core suppliers are consistent year on year as this is a niche market especially in the region we are operating in. Despite operating in a niche market, our business principle has always been to support local businesses wherever possible, in order to drive the economic growth of the local community. To achieve this, we prioritise sourcing from local suppliers. This of course comes at a cost to the business.

The table below reflects our commitment to local sourcing:



Supplier Evaluation

Harbour-Link has in place a formalised Procurement Policy and Operating Procedures (PPOP) that provides the fundamental principles and guideline for the sourcing and purchasing of goods and services in the Group. The objective of it is to reach uniformity and transparency regarding procurement processes across the Group and to embed sustainable and responsible procurement practices.

Our procurement procedures are regularly reviewed in order to streamline our process for better efficiencies and compliance. The following are some of the revisions made in FY2023 pertaining to our procurement process:

- ✓ added new requirements to our supplier evaluation and selection process to include HSE qualification and Anti Bribery & Corruption compliance declaration;
- ✓ formalised the Procurement Tender Policy & Procedures for transactions exceeding the prescribed threshold; and
- ✓ supplementary guidelines on the procurement and payment procedures to provide better clarity on the PPOP application.

The updated PPOP, new SOP and supplementary guides are communicated to all responsible parties in the purchasing process and rolled out to all respective business units for application.

Apart from regular reviews, our procurement process has also been subjected to our internal audit review scope for entities audited in FY2023 and all recommendations made for improvement has been duly taken up.

Harbour-Link will continue to review and improve its procurement process to promote a better and responsible procurement practices.

SUSTAINABILITY STATEMENT

cont'd

Customer Management

For Harbour-Link, satisfying our customers is a top priority. Our commitment to customers is targeted at providing each customer with a personalised, seamless experience right from the beginning of our customer relationship and to continually maintain that level of service to gain customer loyalty. To achieve this, we promote a customer-centric work environment in the Group; starting with our unit head who goes down to the ground with our sales personnel to conduct visits to customers to canvass for sales and to understand the customers' operations/business. For our customer service team, our customers are always their first priority; they diligently handle any problems faced and provide a professional and efficient service.

Our sales and customer service units will continue to drive this commitment by instantly taking corrective action to resolve any customer's dispute. Repeated corrective actions will be brought up during department meetings or team discussions to ensure these matters are addressed accordingly. An annual customer satisfaction survey is also conducted for our shipping agencies and freight forwarding services.

We are fortunate to have such committed and experienced teams working with us. As we refine our customer management process, we want to ensure our people, our team are trained and well-equipped with the tools to better support our customers' demands as well as to be able to enhance customer satisfaction in our services.



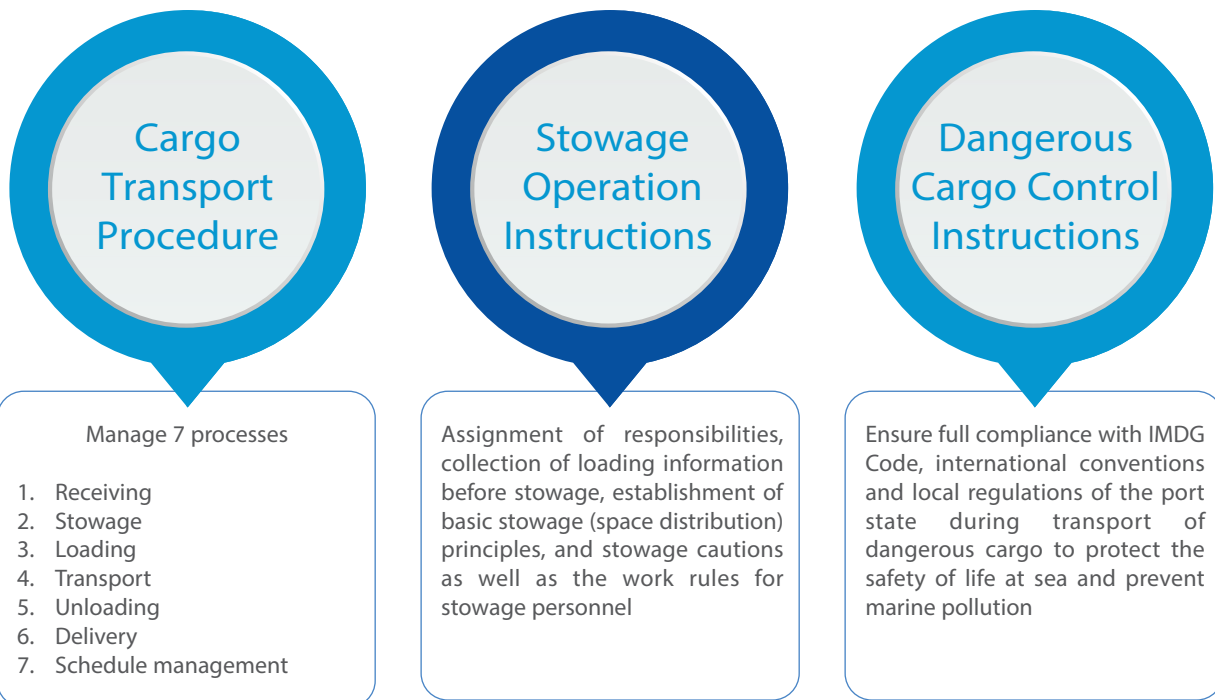
SUSTAINABILITY STATEMENT

cont'd

Equipment and Cargo Safety

Harbour-Link aims to ensure the safety of our employees, cargo and vessel by complying with all the regulations set for freight transportation. We execute regular training sessions of personnel and reduce the likelihood of accidents by implementing effective risk management measures to ensure perfectly safe transportation.

We establish three loading instructions to optimise potential risks management.



Our management of dangerous cargo includes correct labelling and proper handling of the cargo. Doing it right is a two-pronged advantage to us as it prevents us from being fined by the port administration during the transport, and improves the Harbour-Link image on the market. Harbour-Link will continue to ensure all vessels comply with the necessary manifest when transporting dangerous cargo. Harbour-Link reported no untoward accident during the financial period.

SUSTAINABILITY STATEMENT

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**Environmental Protection and Sustainability***Energy, Water and Waste Management*

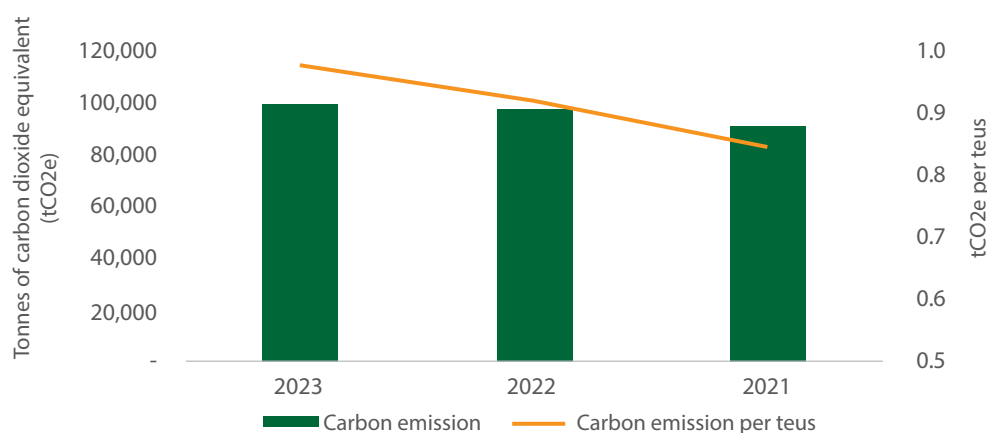
At Harbour-Link, we are committed to preventing pollution, saving energy, reducing carbon emissions and protecting the Earth. The main direct environmental impact from our business mainly arises from our operations and offices, in the form of the use of energy, emissions and generation of waste. For FY 2023, we have started some initiatives towards minimising energy use at our offices through our Environment Day campaign to Save Money, Reduce Pollution and Conserve Energy.

At our Marine segment, we have also put in place standard operating procedures to reduce our environmental footprints and pollution prevention scenario on all our ship. We make use of the available marine technology with the perspective of protecting the marine ecology, the safety of the port, and the greater good of humankind.

Although our efforts may seem small at present, we aim to further refine our policies and implement a more sustainable approach towards our energy use and in reducing our emission as a Group.

- Carbon Emission from Marine Segment

The carbon emission from Marine segment vessels as follows:-



SUSTAINABILITY STATEMENT

cont'd

Harbour-Link understands the harmful impact of these emissions and that reducing them requires a long-term commitment as the effects of both cannot be realised instantly. Therefore, we strive to make meaningful reduction efforts by implementing reduction initiatives throughout our operations as this is important to Harbour-Link.

In recent years, we have invested efforts in keeping a set of data and information such as a record of all our ship routes, shipping vessel details and vessel consumption onboard. This data provides a credible basis for the sequential verification and allows timely execution of the audit and verification activities. But most importantly, it allows us to assess and understand the data in order to set and implement appropriate measures, guidelines and monitoring plans. We have also implemented the Ship Energy Efficiency Management Plan (SEEMP), which monitors our ship energy efficiency performance and improves it over time.

We have also undertaken various initiatives to control our carbon emission rate i.e.:

- ✓ Slow down the speed of the ship and sail at a low speed;
- ✓ Monitor the consumption of the fuel oil and operation of the main engine all the time to ensure the propelling performance of the main engine;
- ✓ Weather routing - use of weather navigation to provide the fleet with real-time weather information and the best sailing route to optimise the fuel efficiency;
- ✓ Improve cargo loading and unloading efficiency and shorten the time for the ship to stay at the port;
- ✓ Plan loading capacity of the ship appropriately to ensure the best economic benefits;
- ✓ Use special anti-pollution paint for the body of the ship;
- ✓ Hull cleaning and coating improvement; and
- ✓ Replace old ships with newer and more energy efficient ones.

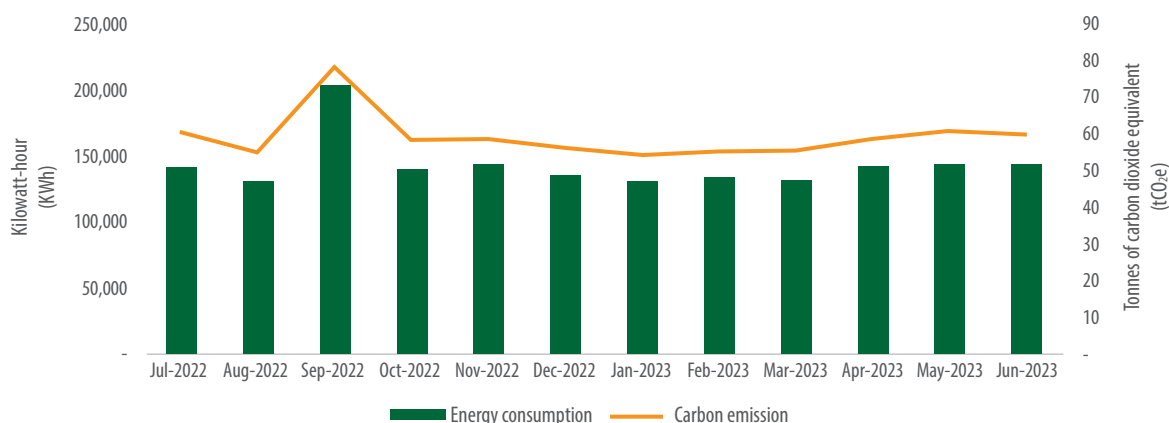
• Consumption and Emission from Office Building

Electricity Consumption

The energy used for our corporate offices is solely from purchased electricity, which is used for basic office appliances such as air-conditioners, computers, server system and lightings.

Harbour-Link continuously seek to conserve and reduce energy consumption in all our offices. Our ongoing efforts include energy efficient lightings upgrade and promoting responsible electricity use by switching off lightings and appliances that are not in used. Moving forward, we will be looking into the use of more renewable and clean energy. For starters, we have just completed an installation of solar panel system in one of our offices in Negeri Sembilan, which is able to generate around 500-800 KWh of electricity daily for the use of our office and workshop area. We estimate we will be able to offset about 55 tCO₂e yearly once the system is in operation in early FY2024.

For FY2023, our total energy consumption (KWh) and CO₂ emissions from our office buildings are as follows:



Note: Emission factors used for Sarawak and Peninsular Malaysia are sourced from 2017 CDM Electricity Baseline for Malaysia (Malaysian Green Technology and Climate Change Corporation).

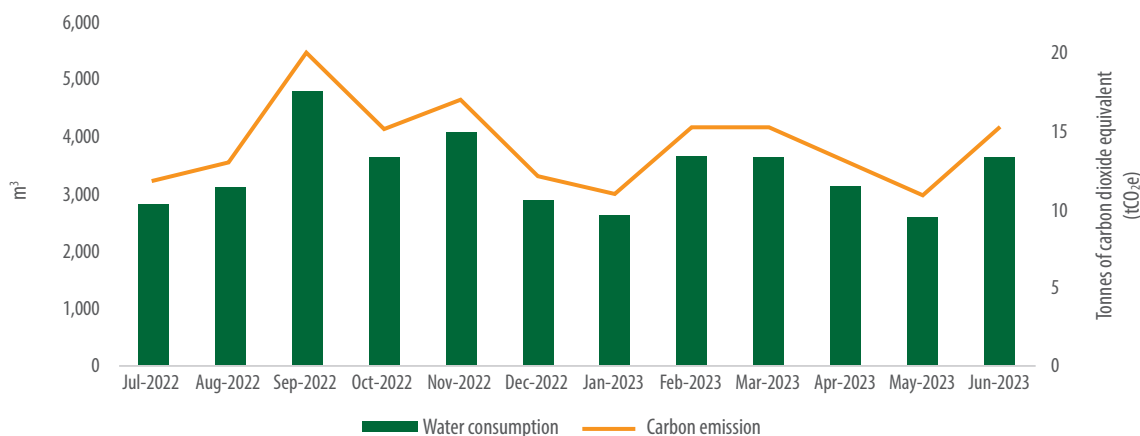
SUSTAINABILITY STATEMENT

cont'd

Water Consumption

Water consumption and water quality are important elements in Harbour-Link's environmental conservation efforts. As such, we continue to manage and work towards reducing our corporate water footprint. This requires Harbour-Link to understand its water consumption, reuse water where possible and report its water usage and leak. Most of the water usage in Harbour-Link is mainly for domestic uses such as cleaning, kitchen and toilet use and washing of vehicles.

In FY2023, the Group consumed a total of 40,511 m³ of water.



Paper Waste

Harbour-Link endeavours to dispose off all our waste in a responsible manner so as to protect the environment. In our offices, we encourage waste reduction and recycling of our office material, primarily paper and plastics. We have implemented initiatives like transitioning from 80 gsm paper to 70 gsm for everyday use and re-using single use printouts and plastic containers to extend the lifespan of these products before being disposed off at landfills.

The table below is our paper waste generated for FY2023 :

	Investment Holding	Integrated Logistics	Shipping & Marine	Engineering
Total paper waste generated (kg)	1,818	6,595	8,392	6,582

SUSTAINABILITY STATEMENT

cont'd



Care for Employees

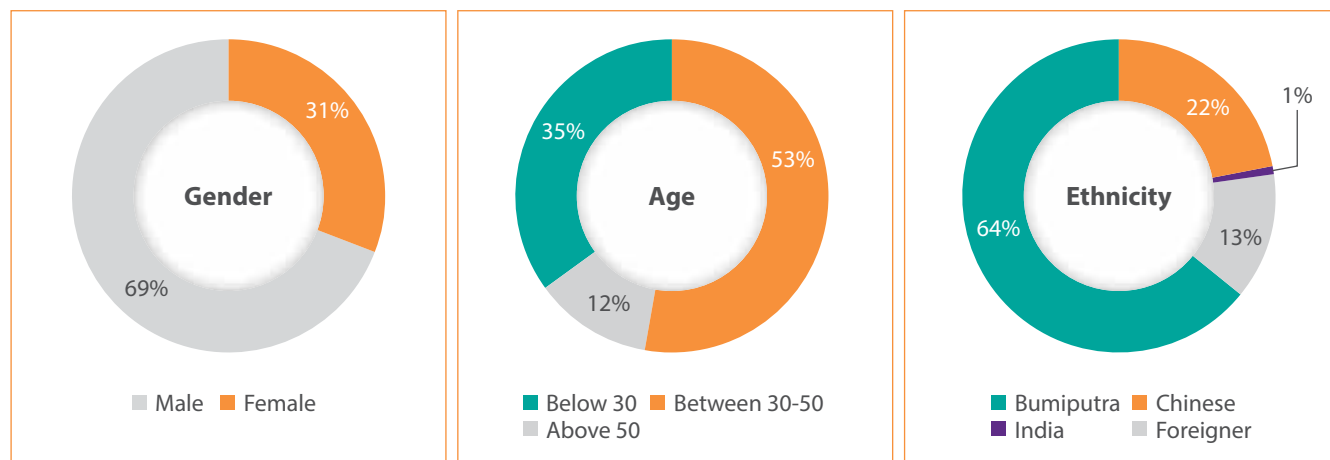
Overview of Employees Structure

Harbour-Link believes that diversity means more than recruiting and fostering a diverse workforce. It is a way of thinking differently and making sure we are getting the best ideas, effort and performance from all our people regardless of religious belief, age, creed, ethnicity, marital status, gender, family status or any disability.

Our workforce as at 30 June 2023 stands at 1,798 employees with the following composition:

Number of permanent employees	861
Number of temporary / contract employees	927
Others (interns and casual workers)	10

A summary of our diverse workforce in relation to gender, age and ethnicity are as follows:

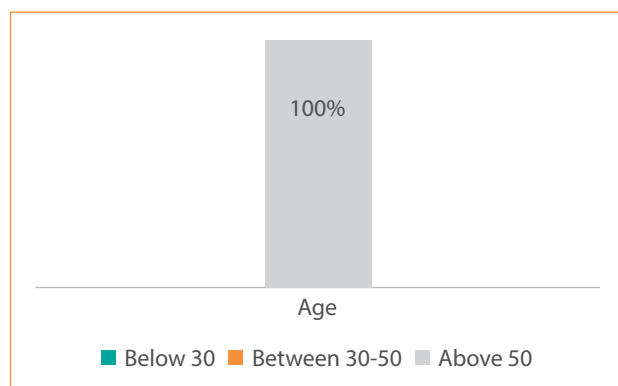
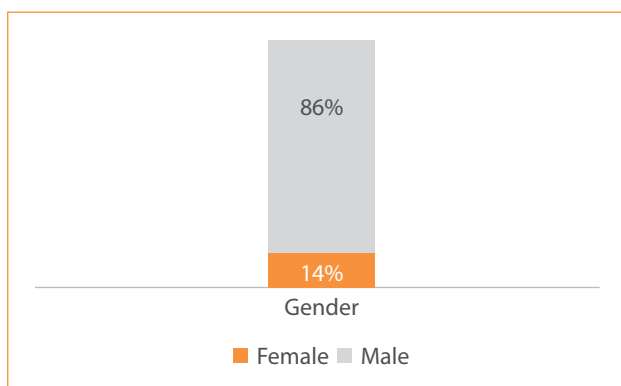


SUSTAINABILITY STATEMENT

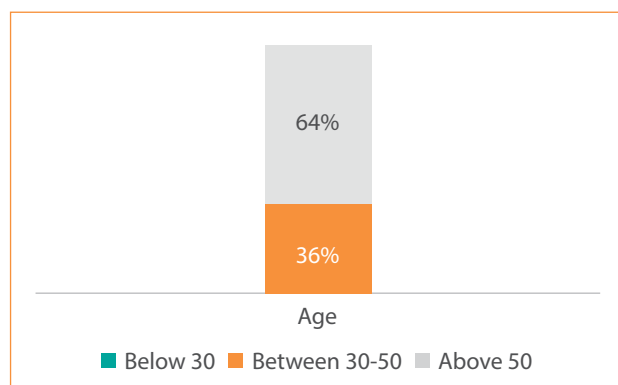
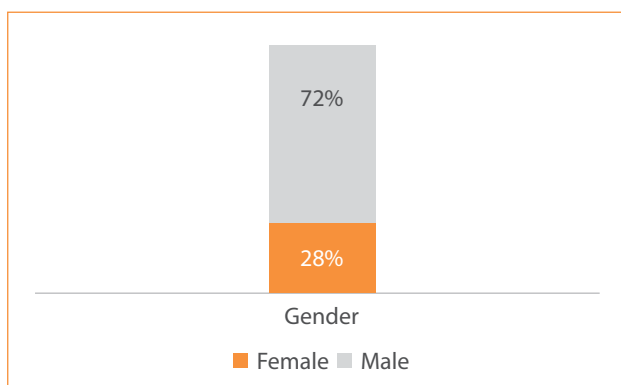
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Further demographics of our workforce by employee category as follows:

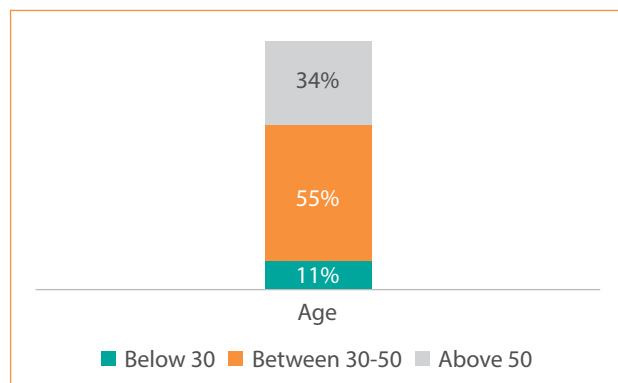
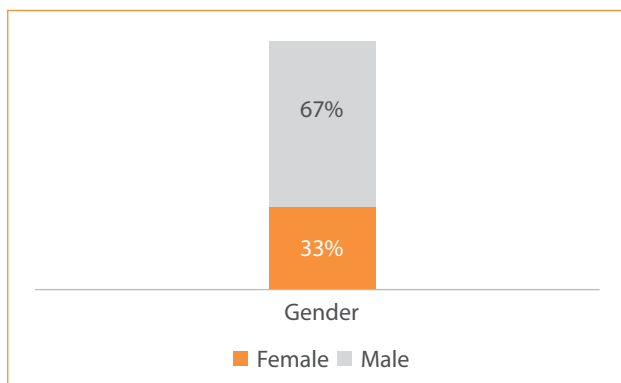
- Board



- Management



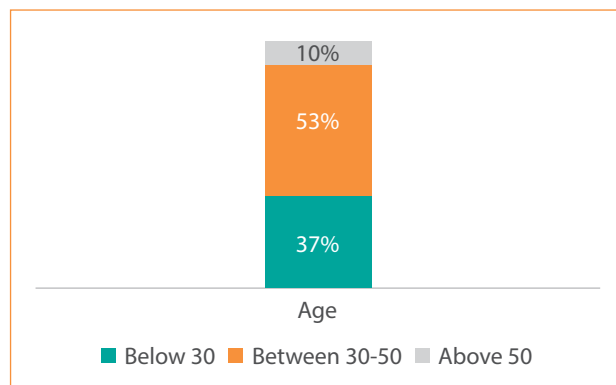
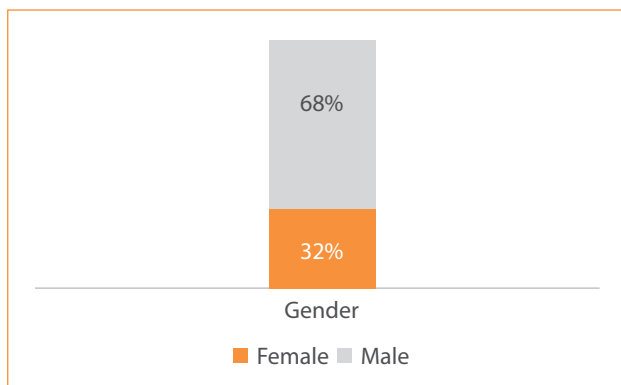
- Executive



SUSTAINABILITY STATEMENT

cont'd

• Non-Executive



Recruitment

At Harbour-Link, our recruitment is done according to the Group's Recruitment (Policy & Procedure), which is quite rigorous as our goal is to draw in the best talent, without bias and prejudice; strictly on the basis of their relevant merits and abilities. As such, our job advertisements do not stereotype or use wording that may discourage groups with a particular characteristic from applying.

FY2023, Harbour-Link recruited a total of 568 new hires as compared to 307 hires in the previous financial year with a turnover rate of 25% and a hiring rate of 31%. These numbers are predominantly from the effects of post Covid-19 pandemic, where a surge of hiring and turnover were seen in the labour market right across the industry as businesses recover and re-open for normal operation.

The breakdown of the new hires and turnover by employee category are as shown below:

	Director	Management	Executive	Non-Executive	Total
Number of new hire	0	1	4	563	568
Number of turnover	0	2	1	461	464

Training and Development

In building a strong and skilled workforce, we are committed to providing an environment for our employees to enhance their skills and knowledge to enable them achieve their career goals as well as the Group's objectives. As such, we place great emphasis on training to ensure that our employees have the required competencies to perform their work and deliver their best output. To achieve this, we annually assess our employees' training needs through a training need analysis that identifies the type of competency development most suited for their level and job role. Our training and development programme is structured into four (4) components based on category of competencies i.e.

- ✓ Personal Development competency
- ✓ People Management & Leadership competency
- ✓ Business Management competency; and
- ✓ Organizational Development competency

Training provided during the financial year spanned across a wide range of topics. In FY2023, we have invested a total of 5,167 hours in both in-house and external training programmes for our employees. The trainings attended were either physical or via online platforms.

SUSTAINABILITY STATEMENT

cont'd

List of Training Program from July 2022- June 2023

Personal Development

Stress Management: How I Feel Program
 Teknik Pengurusan Rekod dan Fail Pejabat yang Efektif
 Transform Your Performance for Life
 Webinar: Creative Thinking and Problem Solving Skills
 Webinar: Graphic Design course
 Webinar: Microsoft Excel Advance & Intermediate

People Management & Leadership



Online In-House Building A Great Team

Business Management

2023 Budget and Tax Conference
 A Dialogue with BURSA Malaysia-FTSE4GOOD ESG Rating for all PLCs
 API653 Aboveground Storage Tank Inspector (Recertification)
 Authorised Entrant & Stand-By Person For Confined Space (AESP & AESPR)
 Authorised Gas Tester & Entry Supervisor For Confined Space (AGTES & AGTESR)
 Autocad 2d Advanced
 Basic First Aid & CPR
 Basic H2S Opito
 Basic Rigging & Slinging
 Basic Safe Handling of Forklift Truck
 BOSSNET EA & BIK Training
 Certified Professional Environmental Officer in EIA Project Development
 CIDB Green Card New Application and Renewal
 Cyber Security for Business & Risk
 Dangerous Goods Regulations Initial- Category 6

Defensive Driving Training-Train-the-Trainer (Refresher)
 Drone Application For Const. & Eng.
 Environmental Compliance
 FIATA Diploma - Module 5: International Road Transport
 FIATA Diploma Module 7: Inland Waterway Transport
 Forklift Safety & Certification
 Handling Full Set of Accounts
 HRDCorp Briefing - Claim Reimbursement Guidelines
 Implementing Environmental Mainstreaming Tools (EMT) & Environmental Facilities (EF) towards ESG Compliance
 In-House: HMX Liner System Training (Agent Module)
 Kursus Integriti Kontraktor (Online)
 Lifting Supervisor
 Maritime Law & Business Conference 2023
 MICOSH Conference: Impact of New OSH (Amendment) Act 2022 and Its Regulations to Industries
 National Symposium on Islamic Banking and Finance 2023
 New Employee Induction Program (Site Office)
 NIOSH Authorized Entrant & Standby Person for Confined Space (Refresher)
 NIOSH OGSP New Application & Refresher
 Occupational First Aid and Cardiopulmonary Resuscitation (CPR)
 Occupational Safety and Health Coordinator
 Online Briefing on HRDCorp Super App
 Online FIATA Diploma Module 6: International Rail Transport
 OSH Train The Trainer Competency Based Programme
 Payroll Year End Processing
 Program Latihan Kompetensi Kemahiran Personel Binaan - Crawler Crane
 Querying Microsoft SQL Server
 Stamps System-Stamps Assessment And Payment System
 Seminar Matlamat Pembangunan Mampan - Pematuhan AKAS 1974 Siri 1
 Seminar Online Orang Yang Berwibawa ke Arah Pematuhan Berterusan-Memperkasa Pengurusan Buangan Terjadual
 Seminar Pematuhan Peraturan-Peraturan Kualiti Alam Sekeliling (Buangan Terjadual) 2005 Sempena Hari Bumi Tahun 2023
 Seminar Pengoperasian Perkastaman Pangkalan Bekalan Petroleum Kemaman: Advance course (Issues & Updates)
 Seminar Pengukuhan Pematuhan Kontraktor

SUSTAINABILITY STATEMENT

cont'd

Business Management (cont'd)

Seminar Peraturan-Peraturan Kualiti Alam Sekeliling (Buangan Terjadual) 2005 & Penyerahan Lesen PYDT Buangan Terjadual 2023/2024 Sempena Hari Alam Sekitar Sedunia Tahun 2023

Seminar Perkastaman: Pindaan Perintah Duti Kastam (PDK 2017 ke PDK 2022)

SSM National Conference 2022

Understanding of Sarawak Labour Law

Webinar: #digital4ESG Forum- Exploring the Intersection of Digitalization and ESG

Webinar: Being Audit ready- What, Why and How?

Webinar: CHEMSAFE (Use & Control of Chemicals)

Webinar: Effective Warehouse and Inventory Management

Webinar: Emergency Preparedness & Disaster Response Management

Webinar: Emergency Response towards Fire Outbreak at the Workplace

Webinar: Employer Tax Audit & Common Payroll Issues

Webinar: Employment Act 1955 & Its Amendments

Webinar: Employment Act 2022 Amendments on Flexible Work Arrangements: Implementation Masterclass

Webinar: Financial Analysis & Valuation

WEBINAR: HIRARC

Webinar: HR For Non HR Managers and Operational Line Managers

Webinar: Income Tax/PCB & EPF Act 1991, SOCSO Act 1969 & EIS (2018)- Calculations, Contributions and Benefits

Webinar: Isu Pengurusan Buangan Terjadual, Pelupusan Haram dan Impaknya kepada Alam Sekitar

Webinar: Latest Guide for Custom Agents

Webinar: Marine Cargo Insurance & Goods-In-Transit

Webinar: Memahami Dokumen Tender dan Proses-Proses Penilaian Tender

Webinar: National Tax Conference 2022

Webinar: Road Traffic Safety Management Systems ISO 39001:2015

Webinar: Scheduled Waste Tracking and Reporting

Webinar: Strategic Purchasing and Negotiation Skills

Webinar: Towards Undertsanding Customs Regulations & Updated Procedures in Malaysia

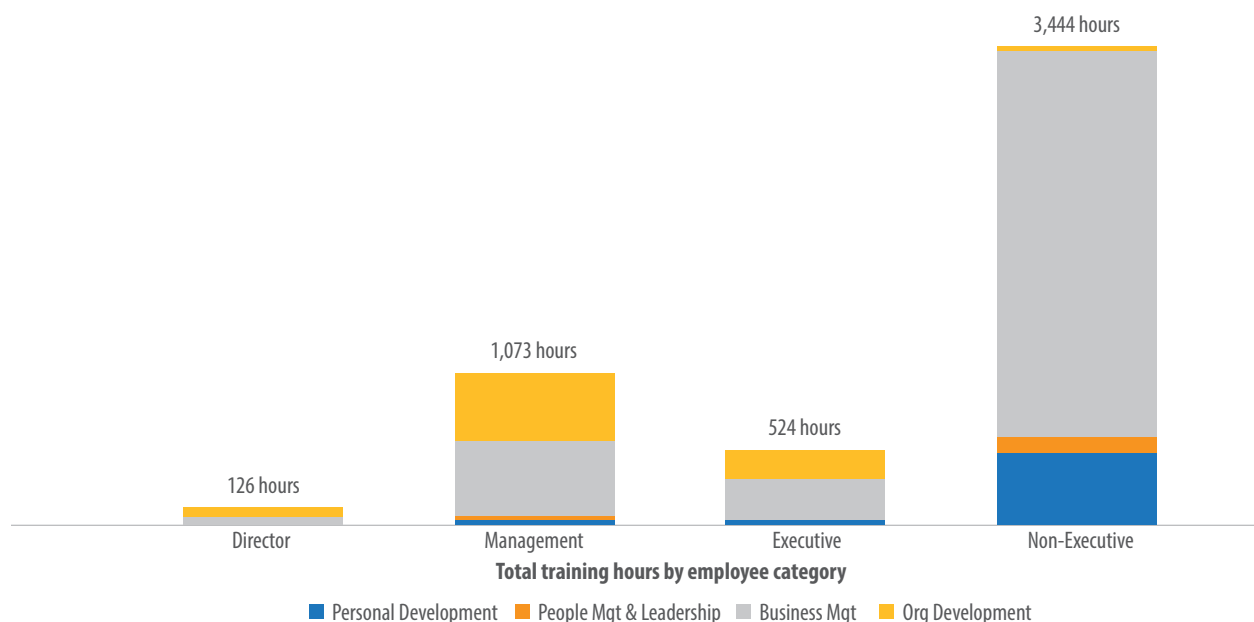
Webinar: Understanding Contract Clauses & Debt Recovery

Organizational Development

In-House Webinar: Anti-Bribery & Corruption - S.17A Corporate Liability Perspective (Awareness Session)

In-House: Embedding Sustainability Practices and Compliances with the Listing Requirements (ESG)

Breakdown of training hours by employee category for FY2023:



SUSTAINABILITY STATEMENT

cont'd

	Director	Management	Executive	Non-Executive	Overall
Average hours per employee	14	23	8	2	3

Employee Wellbeing

- Employee Remuneration and Benefits

At Harbour-Link we value the contributions of our diverse workforce and continuously seek to attract and retain talents by providing a safe and supportive working environment with competitive benefits and compensation. Our integrated compensation and welfare system treats all employees equally in all of our offices.

Harbour-Link complies fully with the various local statutory requirements and regulations on wages such as minimum wage and contribution to EPF, SOCSO and EIS, and we strive to provide various benefits to our employees.

The following summarises some of the benefits provided to our employees :

Type of Benefits	Description
Public Holidays	Gazetted public holidays as specified by law and any declared additional public holidays by the federal/state government
Leave	Annual leave, sick and hospitalisation leave, compassionate leave, maternity leave, matrimonial leave and unpaid leave
Medical	Medical insurance and expense claims for all staff regardless of rank Full subsidy for annual health screening for employees above 30 years of age Influenza vaccination for all staff
Uniform	To promote unity, all Harbour-Link staff is provided uniform for work related purposes

- Succession Planning

Succession planning at Harbour-Link is an ongoing process of identifying key roles and individuals within the Group and equipping them with the required competencies and skills set necessary for our business continuity. This planning is a joint exercise between Human Resource Department and the Management.

- Safety and Health

At Harbour-Link, the safety and health of our employees and customers at our workplace as well as the community where we operate in are important to us. We have established a Group Health, Safety and Environment Policy that outlines our commitment in practicing and promoting a healthy, safe, secure and environmentally friendly workplace and our goal of "Zero Harm - No Loss". In order to show our commitment and achieve our goal, we have invested resources into building up our Health, Safety and Environment (HSE) Department. In addition to our central HSE Committee, we have set up HSE teams across our logistics operations in different locations. Our aim is to expand and provide our support to all our offices across the Group.

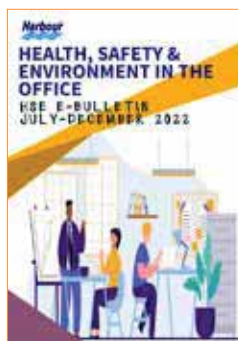
We believe that knowledge and awareness are essential to building a safety culture at workplaces. We do this through the implementation of various standard operating procedures and work process controls, organising various programmes and activities, e-bulletins to communicate best practices for various HSE topics and training.

SUSTAINABILITY STATEMENT

cont'd

The following are some of our HSE programmes for FY2023:

Group Level – Programme	Campaign
Annual Meet & Greet Blood Donation Campaign Environment Day 2022 Fruit Day 2023 HSE Survey 2023 HSE Week Influenza Vaccination Program World Health Day	Annual Housekeeping Campaign Falling Object Awareness & Campaign HSE Recognition Award I am a Safe Driver Campaign Monsoon Season Awareness Campaign PPE Inspection Program Petronas MLNG HSE Role Model Program
Compliance	
Annual Random Drug & Alcohol Check Chemical Spillage Drill	<u>Marine Segment</u> Abandon Ship Drill Fire/Serious Injury Drill Enclosed Space Entry & Rescue Drill Steering Gear / Gyro Failure Drill Oil Spill Drill Loss of Engine / Propulsion Drill Man Overboard / Search & Rescue Drill Collision Drill Grounding / Sanding Drill



SUSTAINABILITY STATEMENT

cont'd

In recognition of our commitment to workplace safety, we have received award for participation at OSHWEEK organised by Jabatan Keselamatan Dan Kesihatan Pekerjaan Sarawak and awards from our clients for remarkable achievement in maintaining good safety scores. This truly reflects the effort and commitment of all our employees in carrying out our "Safety First" slogan of being vigilant, proactive and responsible when it comes to safety, not only of their own but the people around them as well.



Marine Segment

In our Marine segment, our aim echoes that of the Group's i.e. to ensure the safety of all aboard as well as its contractors, cargo and ship as this is fundamental in ensuring a smooth running of our shipping and marine operations, to ultimately deliver good services to our customers. We have a well experienced team onboard and also ashore that manages and monitors our ships to ensure compliance to International Safety Management Code (ISM Code) and the Occupational Health & Safety Assessment Series requirements (OH&S).



With the highest priority on safety and environmental protection in mind, Harbour-Link has committed to the following:

- ✓ Providing for safe practices in ship operation and a safe working environment to prevent injury, loss of life or damage to the environment and property;
- ✓ Achieving zero accident;
- ✓ Assess all identified risks to its ships, personnel and environment and establish appropriate safeguards; and
- ✓ Continuously improving the safety management skills of shores and shipboard personnels including preparing for emergencies related to both safety and environmental protection.

In carrying out the above commitment, a set of policy, procedures and instructions are compiled into a Safety Management Manual (SMM) to serve as a uniform guide and standard to be observed by all aboard and ashore.

Across all segments of our business, whether on land or at sea, we want our employees to THINK SAFE, WORK SAFE and get HOME SAFE. For FY2023, there were no recorded incidents that led to severe injuries or fatalities. We remain committed to ensure our goal of "Zero Harm – No Loss" and will continue to work towards improving our HSE measures.

SUSTAINABILITY STATEMENT

cont'd

Employee Engagement

At Harbour-Link, we treat our employees as the most important assets to the Group. As such, we value our employees' input as it enables us to know of their needs and for us to communicate our expectations as well, ultimately creating a balanced and rewarding workplace for all.

One way of engagement with our employees is through the annual performance appraisal. Employees will do an online self-assessment of their performance for the year and this will be appraised by their immediate superior and ultimately by the unit head. Input from these supervisory levels will be recorded on the online self-assessment form as well. It is often through the appraisal interview sessions that we engage with our employees; to allow them to provide us with feedback on their work environment and concerns, share their ideas and career goals and development, at the same time engaging in competency discussions and understand from an employees' perspective how best to support and mentor them.

We also conduct various employee engagement activities through Harbour Club. Harbour Club is run by a committee consisting of members nominated and elected by the employees. Harbour Club was set up to promote togetherness and a sense of belonging for our employees across the Group through social, community and sports activities. It is also an avenue to encourage work life balance and to give back to the community. Prior to Covid-19 pandemic restrictions, Harbour Club regularly organizes activities to foster interactions and building relationship between the staff and the management through events such as Group Annual Dinner, Family Day, Festival Open House celebration and various sports meet. With the post pandemic return to normality, we hope to be able to organise more of these activities.

Amongst some of the employee engagements we had for FY2023 are :

- ✓ Harbour Club – CNY and RayaGawai celebration; lunch, office festive decoration competition and red packet distribution to all staff
- ✓ Blood Donation drive open to Harbour employees and the community
- ✓ Long service awards
- ✓ Monetary gift for newborn baby, marriage and condolence



SUSTAINABILITY STATEMENT

cont'd

Human Rights

To develop a safe and healthy workplace, we strive to provide our employees with a diverse and inclusive work environment where their human rights are respected. To show our commitment towards this, we have issued the Human Rights Policy in September 2022 specifically addressing the following matters:

- Diversity and Inclusion

We value the diversity and inclusion of our employees, regardless if they are local or foreign employees. We are devoted to ensure equal employment opportunity regardless of race, gender, colour, religion, age, disability, sexual orientation, political opinion or any other status protected by applicable law. Our commitment to that respect applies to all areas of our working environment for all the employees as we create a safe and healthy workplace that is free from discrimination and any abusive, inappropriate or harassing behaviour. Following on from the issuance of Human Rights Policy, Harbour-Link has issued a Workplace Sexual Harassment Policy Statement in addition to the Sexual Harassment Policy and Procedure.

At the same time, we are inclusive and mindful to encourage balanced participation of female employees in our business. We continue to promote and attract talents from the local community or within the same state in which we operate. We are proud to contribute to the local economies by creating employment in the communities in which we operate; majority of our office staff coming from the local communities.

- Fair Employment Conditions

All the Group's policies and practices are in compliance with the relevant employment acts and regulations. The basis of recruitment, hiring, placement, development, training, compensation and advancement are based on merit and their contribution to the Group's success.

- Privacy/Data Protection

We respect the confidentiality of our employees' personal information and uphold high integrity in keeping it confidential.

- Non-Force Labour, Human Trafficking and Child Labour

Harbour-Link prohibits any form of force labour, human trafficking and child exploitation and observes the Minimum Wages Order 2022.

All the abovementioned policies, standards and practices are communicated to our employees through e-mails, notice boards, employee engagements and Code of Conduct and Discipline Policy.

To protect our employees, our Human Resource Department has put in place an open and transparent communication process that allows discretion, trust and a safe zone for employees to report any violation of human rights issues, unethical practices or any situations which puts the employees in an unsafe and unfair work environment. In addition, employees may also report through the grievance reporting mechanism which was set up during the financial year as well as the whistleblowing channel which is overseen by the Audit and Risk Management Committee to report anonymously any serious concerns or violations.

During the reporting period, there were no recorded instances of human rights violations.

SUSTAINABILITY STATEMENT

cont'd

Care for Community

As we grow, we believe that it is our corporate social responsibility to give back to the community and make a positive impact to enrich the livelihood of the people around us. In the past, we have collaborated and supported local NGO with their community events. However, due to the pandemic many of these events were affected and we too scaled down on our community events; having organise our annual blood donation drive and a used clothing collection campaign. But, we continued with our commitment to the community through donations to local NGO and causes which aligns to our values and directly benefits the community. For FY2023, our monetary donations amounted to RM104,000 benefiting 16 charitable organisations, local NGO, schools and hospitals. We have also collected non-monetary donations such as clothing, food and basic necessities for the fire victims at Uma Bakah and Uma Sambop.

Moving forward, we will seek out more collaboration with local NGO to support their causes and will also endeavour to organize targeted initiatives to support the evolving needs of the communities around us with the aim to make meaningful and lasting impact.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out the principal features of Harbour-Link Group Berhad ("**Harbour-Link**" or the "**Company**") and its subsidiaries' (collectively referred to as the "Group") corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance.

The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25 (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**") and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report ("**CG Report**") based on a prescribed format as enumerated in Paragraph 15.25 (2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance ("**MCCG**") and is available on the Group's website, <http://www.harbour.com.my> as well as via an announcement on the website of Bursa Securities.

This Corporate Governance Overview Statement should also be read in tandem with other statements in the Annual Report namely Statement of Risk Management and Internal Control, Audit and Risk Management Committee Report and Sustainability Statement.

CORPORATE GOVERNANCE APPROACH

The Board of Directors of Harbour-Link ("**Board**") is committed towards achieving high standards of corporate governance practices, values and ethical business conducts and acknowledges the importance to set the appropriate tone from the Board level to across the entire Group. Corporate governance practices shall be the fundamental aspect in managing the business and affairs of the Group in a responsible and ethical manner.

In manifesting the Group's commitment towards sound corporate governance, the Group has complied with the provisions and applied the main principles of the MCCG for the financial year ended 30 June 2023 except for:

Practice 1.3	The positions of Chairman and CEO are held by different individuals
Practice 1.4	Chairman is not a member of any of the committees, but the board allows the Chairman to participate in any or all of the committees' meetings
Practice 5.4 (Step Up)	The Board has a policy which limits the tenure of its independent directors to nine years without further extension
Practice 5.9	The board comprises at least 30% women directors
Practice 8.2	Disclosure on a named basis of the top five Senior Management personnel's remuneration
Practice 8.3 (Step Up)	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.
Practice 12.2	Adoption of integrated reporting

The explanation for the departure, the Company's intended actions and timeframe for the departure from the above practices are available in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. THE BOARD OF DIRECTORS

1.1 Roles and Responsibilities of the Board of Directors

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

- (a) To review and adopt Harbour-Link's strategic plans to ensure that the plans support long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (b) To oversee the conduct of the Group's business and to evaluate whether the business is being properly managed;
- (c) Be accountable to the shareholders to ensure the Group has good corporate governance culture that operates efficiently and transparently as well as reinforces ethical, prudent and professional behaviour;
- (d) Establishing a succession plan;
- (e) Working together with the management to take responsibility for the governance of sustainability in Harbour-Link including setting the Group's sustainability strategies, priorities and targets;
- (f) To approve annual budget;
- (g) To review budgetary control and conformance strategies;
- (h) To review and approve annual reports to the shareholders;
- (i) To ensure the integrity of the Group's financial and non-financial reporting;
- (j) To identify principal risks and to ensure the implementation of appropriate systems that encourage enhancement of effectiveness in Board and management;
- (k) To keep pace with the modern risks of business and other aspects of governance that address material environmental, social and governance risks and opportunities relevant to the Group;
- (l) To review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (m) To oversee the development and implementation of an effective communication with stakeholders; and
- (n) To work with senior management team on Sustainability Report. Sustainability issues has been an agenda in the notice of the Board meetings where the Board proactively discusses on the Group's ESG issue, progress and performance.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee to examine specific issues within their respective terms of reference as approved by the Board and to report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

The Board Charter was last reviewed on 29 August 2022. The Board Charter aims to ensure that all Board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.1 Roles and Responsibilities of the Board of Directors (cont'd)

Board Charter (cont'd)

The Board Charter is to be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is accessible at the Company's website at www.harbour.com.my.

The Board has also adopted the Directors' Fit and Proper Policy in line with MMLR of Bursa Securities.

Code of Ethics and Conduct

The Board has established the Code of Ethics of the Group on 25 November 2019, setting out the standards of conduct expected from Directors and employees to advocate good corporate behaviour with the intention of achieving the following aims:

- To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Board recognises the importance of adhering to the Code of Ethics and has taken measure to put in place a process to ensure its compliance:

- sustainability;
- work environment;
- safety, health and environment;
- property of the Group;
- records and information;
- proprietary and confidential information;
- non-engaging in illegal activities;
- dealing with conflict of interests; and
- report of violations through Whistleblower Policy.

Whistleblower Policy

The Board has adopted the Whistleblower Policy on 25 November 2019 and is committed to transparency, integrity and accountability in the conduct of its business and affairs. It expects wrongdoings such as fraud, corruptions, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate, timely manner and given fair treatment to both whistleblower and the alleged wrongdoer. The whistleblower's identity is protected unless otherwise required by law or for the purpose of proceedings. The whistleblower will be protected from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality.

Both Code of Ethics and Whistleblower Policy are available on the Company's website at www.harbour.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.1 Roles and Responsibilities of the Board of Directors (cont'd)

Anti-Bribery & Anti-Corruption Policy

The Group has adopted and implemented the anti-bribery and anti-corruption policy on 24 February 2020 and revised on 2 November 2022 in line with the government's commitment to tackling corruption, improving integrity and implementing good corporate governance pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The Group is committed to conduct its business and operations on the concept of transparency, integrity and accountability, in compliance with the applicable laws and regulation.

1.2 Board Balance and Composition

The Board currently consists of seven (7) members, comprising of the Executive Chairman and Group Managing Director, two (2) Executive Directors and four (4) Independent Non-Executive Directors. The Board has achieved the target of at least half of the board comprises independent directors in compliance with the MCGG and exceeding the minimum one-third (1/3) requirement as out in the MMLR.

The background of each Director is contained in the "Profile of Board of Directors" as set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as accounting and audit; corporate affairs; and marketing and operations.

The Board has adopted a Board Diversity Policy in formalising its approach to boardroom diversity. The Board policy has defined that diversity includes, but is not limited to, gender, age and ethnicity.

Currently, there is one (1) female member on the Board. The Board, from time to time undertakes a review of its composition to determine areas to strengthen and improve opportunities. The Group does not set specific numerical target for appointment of candidates belonging to particular demographic groups to the Board.

The Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are deliberated and examined for the interest of shareholders and stakeholders. Independent Non-Executive Directors are essential in protecting the interests of shareholders and contribute significantly to the Company's decision by giving rational and fair judgement and to decide impartially. The Board recognizes the importance of establishing criteria on independence to be used in annual assessment of its Independent Non-Executive Directors. Although the definition of independence according to MMLR is used, the Board review and assess independence of its Independent Non-Executive Directors annually, based on substance of their conduct, ability to discuss matters objectively and make decision rationally and other independence criteria. The Board noted the recommendations of the MCGG that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' through the two-tier voting process if the Board intends to retain the Directors as Independent Non-Executive Director. The tenure of all the Independent Non-Executive Directors have not exceeded a cumulative term of nine (9) years.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group. This has also brought informed and independent judgement to the Group's strategy and performance so as to ensure that the highest standards of conduct and integrity are always at the core of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

1. THE BOARD OF DIRECTORS (CONT'D)

1.3 Roles and Responsibilities of the Chairman and Group Managing Director

Dato Yong Piau Soon was appointed as the Chairman of the Company on 25 May 2022. Dato Yong is the founder and major shareholder of Harbour-Link.

The position of Chairman and Group Managing Director are held by the same person as the Board believes that for its current size, it is more expedient for the two roles to be held by the same person with clear defining role to ensure no overlapping. As long as there is pertinent check and balance by the Independent Non-Executive Directors which made up of 60% of the current Board's size, no one person in the Board has unfettered powers to make major decision for the Company.

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of his role, to lead the Group to achieve its mission and vision. The Chairman is in a better position in this aspect for he has many years of experience and in-depth industrial knowledge in its group of businesses. Decisions of the Board are made collectively during Board meetings. In order to ensure that meetings are properly facilitated, and the Board is properly led, the Chairman plays a crucial and pivotal leadership role in ensuring that the Board works effectively. Additionally, the Chairman of the Board is usually the presiding Chairman during General Meetings of the Company.

Chairman of the Board endeavours to create an environment which promotes constructive deliberations leading to effective contributions by each Board member during Board meetings. Furthermore, the Chairman must be able to manage personal conflicts and help to focus the Board on what really matters as oppose to simply ploughing through the agenda.

The Group Managing Director is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as facilitator at Board meetings to ensure all Directors participate and deliberate at all Board meetings and that no Board member dominates the discussion. As the Group Managing Director, supported by fellow Executive Directors, he implements the Group's strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

The roles and responsibilities of the Chairman and Group Managing Director are prescribed in the Company's Board Charter which can be assessed at the corporate website at www.harbour.com.my.

2. BOARD MEETING AND ACCESS TO INFORMATION

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific request, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to facilitate informed Board decision and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members will be furnished with comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis to enable them to discharge their duties and responsibilities.

The Directors are provided with agenda of meetings and Board papers which contain operational report and financial information to be discussed, in sufficient time prior to every Board meeting to enable them to obtain further explanation, where necessary, in order to be properly informed before the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

2. BOARD MEETING AND ACCESS TO INFORMATION (CONT'D)

The Chairman of the Audit and Risk Management Committee, highlights to the Board at each Board meeting of any salient matters noted by the Audit and Risk Management Committee that may require the Board's attention or direction.

The attendance of the Directors at the Board and Board Committee meetings during the financial year under review are tabled as below:

Name	Designation	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Dato Yong Piaw Soon	Chairman and Group Managing Director	5/5	-	-	-
Wong Siong Seh	Executive Director	5/5	-	-	-
Dato' Toh Guan Seng	Executive Director	5/5	-	-	-
Bin Lay Thiam	Independent Non-Executive Director	5/5	5/5	2/2	2/2
Datuk Pau Chiong Ung	Independent Non-Executive Director	5/5	5/5	2/2	2/2
Khoi Hoay Ling	Independent Non-Executive Director	5/5	5/5	2/2	2/2
Datu Ir. Haji Mohidden Bin Haji Ishak (<i>Resigned on 2 September 2023</i>)	Independent Non-Executive Director	5/5	5/5	-	-

As stipulated in the Board Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge their duties and responsibilities besides attending meetings of the Board and Board Committees.

All Board members are required to notify the Chairman on new directorships notwithstanding that the MMLR allow a Director to sit on the boards of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

2.1 The Roles and Responsibilities of the Company Secretary

The Directors are supported by external qualified Company Secretaries who are Fellow and Associate members respectively of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary ensures that the Board is regularly updated on relevant regulatory requirements, codes or new statutes issued from time to time. The Company Secretary advises the Board on the corporate governance, rules and regulations to observe and ensure that the proceedings deliberation and resolutions reached at each Board meeting are recorded in the Minutes Book.

The appointment and removal of the Company Secretary is under the purview of the Board.

The Company Secretary updates the Board at regular intervals regarding regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

3. BOARD SELECTION AND ASSESSMENT

A Nomination Committee has been established with specific terms of reference by the Board comprising exclusively Independent Non-Executive Directors as follows:

Chairman	Datuk Pau Chiong Ung	Independent Non-Executive Director
Members	Bin Lay Thiam	Independent Non-Executive Director
	Khoi Hoay Ling	Independent Non-Executive Director

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board.

Appointments to the Board are based on merit, having regards to the contribution of the candidates to the Board as a whole. The Board believes that merit-based appointments will best enable the Group to serve its shareholders and stakeholders. The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the candidates.

The Nomination Committee also assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Independent Non-Executive Directors.

The Nomination Committee evaluates the Board components based on its diversified mix of skills and experience. It is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

The breakdown of the Board by gender, age and ethnicity as at 30 June 2023 are as follows:

Gender		Age		Ethnicity (Malaysia)	
Male	5	40 – 50	0	Chinese	6
		Above 50	6		
Female	1	40 – 50	0	Malay	1
		Above 50	1		

During the financial year, the Nomination Committee met once on 29 August 2022, attended by all members, to:

- Review the composition of the Board in terms of its balanced mix of skills, experience and expertise;
- Review the performance of each Director according to the Company's Director's Fit and Proper Policy;
- Review performance of Audit and Risk Management Committee and each of its members; and
- Review and evaluate the level of independence of a Director who has served more than nine years.

The Board is satisfied with the overall performance of the individual Directors, Board and the Board Committees for the financial year under review, with improvement seen for performance of the Board and Board Committees.

The Board is mindful of the importance for its members to undergo continuous training to keep abreast with changes in regulatory requirements and the impact of such regulatory requirements have on the Group.

The Group provides a dedicated training budget for the Board's continuing development. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

3. BOARD SELECTION AND ASSESSMENT (CONT'D)

During the financial year, all Board Members have attended pertinent training as below:

Directors' Training Records from July 2022 to June 2023

Participants	Date	Course Name	Training Provider
Dato Yong Piaw Soon	12 August 2022	Kursus Integriti Kontraktor (Online)	CIDB
	28 October 2022	Anti-Bribery and Corruption - S.17A Corporate Liability Perspective	Institute of Professional Advancement
	7-8 November 2022	Training for Embedding Sustainability Practices and Compliance with The Listing Requirements (ESG)	AI Smartual Learning Sdn Bhd
	27 February 2023	Program Outreach SSM Sarawak	Suruhanjaya Syarikat Malaysia
Wong Siong Seh (Edward)	28 October 2022	Anti-Bribery and Corruption - S.17A Corporate Liability Perspective	Institute of Professional Advancement
	7-8 November 2022	Training for Embedding Sustainability Practices and Compliance with The Listing Requirements (ESG)	AI Smartual Learning Sdn Bhd
Bin Lay Thiam	18 April 2023	ISO 9001 & ISO 14001 (Integrated Management System) Awareness Training	BSI Training Academy
Dato' Toh Guan Seng	7-8 November 2022	Training for Embedding Sustainability Practices and Compliance with The Listing Requirements (ESG)	AI Smartual Learning Sdn Bhd
Datuk Pau Chiong Ung	15 August 2022	Resolving Boardroom and Shareholders Disputes	Suruhanjaya Syarikat Malaysia
	6 December 2022	Employer Statutory Obligation	Suruhanjaya Syarikat Malaysia
	20 June 2023	Share Registration Practical Issues	Suruhanjaya Syarikat Malaysia
Khoi Hoay Ling	28 October 2022	Anti-Bribery and Corruption - S.17A Corporate Liability Perspective	Institute of Professional Advancement
Datu Ir. Haji Mohidden Bin Haji Ishak (Resigned on 2 September 2023)	28 October 2022	Anti-Bribery and Corruption - S.17A Corporate Liability Perspective	Institute of Professional Advancement
	14 April 2023	A Dialogue with BURSA Malaysia - FTSE4GOOD ESG Rating for all PLCS	Institute of Corporate Directors Malaysia

4. BOARD REMUNERATION

A Remuneration Committee has been established by the Board, comprising a majority of Independent Non-Executive Director as follows:

Chairman	Datuk Pau Chiong Ung	Independent Non-Executive Director
Members	Khoi Hoay Ling	Independent Non-Executive Director
	Bin Lay Thiam	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. BOARD REMUNERATION (CONT'D)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Independent Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Independent Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Remuneration Committee met once on 28 August 2022 attended by all members to review the remuneration package for Executive Directors and key senior management.

Details of Directors' remuneration for the financial year ended 30 June 2023 are as follows:

Directors	Salaries	Fees	Allowances	Benefits-in-kind	Contribution to defined contribution plan and social security contributions	Total
Executive Directors						
Dato Yong Piaw Soon	837,888	-	15,500	-	34,233	887,621
Wong Siong Seh	-	-	5,000	-	-	5,000
Dato' Toh Guan Seng	-	-	5,000	-	-	5,000
Non-Executive Directors						
Bin Lay Thiam	-	56,644	12,000	-	-	68,644
Datuk Pau Chiong Ung	-	55,685	12,000	-	-	67,685
Khoi Hoay Ling	-	52,685	12,000	-	-	64,685
Datu Ir. Haji Mohidden Bin Haji Ishak (Resigned on 2 September 2023)	-	38,310	8,000	-	-	46,310
Subsidiaries						
Executive Directors						
Dato Yong Piaw Soon	4,512,795	-	-	-	-	4,512,795
Wong Siong Seh	5,043,163	-	-	9,900	21,737	5,074,800
Dato' Toh Guan Seng	448,240	-	-	20,096	18,650	486,986
Total	10,842,086	203,324	69,500	29,996	74,620	11,219,526

The Company has on the 20th Annual General Meeting ("AGM") held on 28 November 2022 obtained the shareholders' mandate on payment of Director fees and allowance up to RM350,000 from 28 November 2022 to the next AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

4. BOARD REMUNERATION (CONT'D)

The aggregate remuneration of the top five (5) Senior Management staff of the Group during the financial year ended 30 June 2023 categorised into bands of RM50,000 are as follows:

Amount	Number of Key Senior Management	
	Subsidiary	Company
Above RM400,001 to RM450,000	1	-
Above RM450,001 to RM500,000	1	-
Above RM500,001 to RM550,000	1	-
Above RM550,001 to RM600,000	-	-
Above RM600,001 to RM650,000	-	-
Above RM650,001 to RM700,000	1	-
Above RM700,001 to RM750,000	-	-
Above RM750,001 to RM800,000	-	-
Above RM800,001 to RM850,000	-	-
Above RM850,001 to RM900,000	-	-
Above RM900,001 to RM950,000	-	-
Above RM950,001 to RM1,000,000	-	-
Above RM2,000,001 to RM5,700,000	1	-

The remuneration of the top five (5) Senior Management of the Group disclosed above is on an aggregate basis. At this particular juncture, The Board is of the view that disclosure on named basis of the top five senior management may affect talent retention issues as employee poaching is a common phenomenon in the shipping and logistic industry and hence, it is not in the best interest of the Group.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

5. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Securities and the annual financial statements of the Group and Company. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Audit and Risk Management Committee assists the Board to discharge its duties on financial reporting. The composition of the Audit and Risk Management Committee, including its roles and responsibilities, are set out in the Audit and Risk Management Committee Report of this Annual Report. One of the key responsibilities of the Audit and Risk Management Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

5. AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

The Board is committed in upholding the integrity of the group financial reporting. The Audit and Risk Management Committee is responsible to assess, evaluate and recommend the External Auditors to ensure they are of the right calibre with professional ethics and integrity. The Audit and Risk Management Committee also reviews the types of non-audit services permitted to be provided by the External Auditors of the Company so as not to compromise their independence and objectivity.

In assessing the independence of the External Auditors, the Audit and Risk Management Committee will require written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Having satisfied itself with Messrs Ernst and Young PLT's performance, the Audit and Risk Management Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

The Board has private sessions and dialogues through the Audit and Risk Management Committee with the External Auditors, in the absence of the Executive Directors and Management. For the year under review, there was one (1) dialogue session with the External Auditors where there were exchanges of views in relation to the financial reporting of the Group and other issues that needed attention, if any.

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

6. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board undertakes the responsibility for evaluating, reviewing and monitoring the vital enterprise risks that affect the business and operations. The management has on going process to manage and mitigate key businesses risk with the intent to strengthen the risk management and internal control system as a whole.

7. GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Relevant Internal Control Systems are implemented for the day to day operations of the Group. The Internal Audit Function undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal control and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit Function reports directly to the Audit and Risk Management Committee. Further details on the Internal Audit Function is in the Audit and Risk Management Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

8. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars when necessary, the Annual and Extraordinary General Meetings and through the Group's website where shareholders can access pertinent information concerning the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

9. SHAREHOLDERS PARTICIPATION AT GENERAL MEETINGS

The AGM, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operation in general.

The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last 20th AGM were voted by way of poll and duly passed. The outcome of the 20th AGM was announced to Bursa Securities on the same meeting day.

In the with the MMLR of Bursa Securities, all resolutions tabled at general meetings will be voted by way of poll.

The 20th AGM was conducted on a virtual basis on 28 November 2022. All the Directors together with the Senior Management team, External Auditors and Internal Auditors attended the 20th AGM to answer any queries from the shareholders.

The Notice of the 20th AGM was issued on 28 October 2022 and published in the 2022 Annual Report, The Star newspaper and Bursa Securities company announcement. The Shareholders were given sufficient time to make the necessary arrangements for appointing proxy(ies) or attending the AGM.

A notice period of at least 28 days was given prior to the 20th AGM in line with Practice 12.1 of the MCCG.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at the end of the financial year and of the financial performance and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2023, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board on 26 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 30 June 2023 to the External Auditors are set out below: -

Description	Fees paid/payable to Messrs Ernst and Young PLT (RM)		
	Company	Subsidiary	Total
Audit fees	135,000	841,000	976,000
Non-audit fees	27,000	473,000	500,000
	162,000	1,314,000	1,476,000

Description	Fees paid/payable to other auditors (SGD/BND)		
	Company	Subsidiary	Total
Audit fees	-	25,900	25,900
Non-audit fees	-	2,000	2,000

Description	Fees paid/payable to other auditors (HKD)		
	Company	Subsidiary	Total
Audit fees	-	35,000	35,000

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Group which involves directors and major shareholders' interest during the financial year.

3. RECURRENT RELATED PARTY TRANSACTIONS

There are no other recurrent related party transactions transacted by the Company and its subsidiaries except for those disclosed under related party transactions on page 152.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The principal objective of the Audit and Risk Management Committee (“**ARMC**”) is to assist the Board in discharging its statutory duties and responsibilities relating to the accounting and reporting practices of Harbour-Link Group Berhad and its subsidiaries (“**Group**”).

MEMBERS

For the financial year ended 30 June 2023 (“**FY2023**”) the ARMC comprises of four (4) members, all of whom are independent non-executive directors. Two of them, Bin Lay Thiam and Khoi Hoay Ling are members of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, respectively.

The ARMC met five (5) times during FY2023. Details of each ARMC member’s attendance are as follows:

Designation	Name of Directors	Directorship	No. of Meetings Attended
Chairman	Bin Lay Thiam	Independent Non-Executive Director	5/5
Member	Datuk Pau Chiong Ung	Independent Non-Executive Director	5/5
Member	Khoi Hoay Ling	Independent Non-Executive Director	5/5
Member	Datu Ir. Haji Mohidden Bin Haji Ishak (Resigned on 2 September 2023)	Independent Non-Executive Director	5/5

The Chairman and Group Managing Director, Financial Controller and Compliance Officer were invited to attend all the meetings to provide clarification on matters within their purview. The external auditors responsible for the Group’s financial audit were present at three (3) out of five (5) meetings held during FY2023. Private session without the Management’s presence was also held to provide an avenue for the external auditors to discuss any issues of concern, if any arising from their audit.

Minutes of each meeting were circulated to the Board at the next most practicable meeting.

The full Terms of Reference of the ARMC is available on Harbour-Link’s website at www.harbour.com.my.

SUMMARY OF ACTIVITIES OF THE ARMC

The activities undertaken by the ARMC were in accordance with the Terms of Reference that included the following:

Financial Reporting and Compliance

- Reviewed the unaudited quarterly financial results and annual audited financial statements to ensure the Group’s compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable approved accounting standards issued by Malaysian Accounting Standards Board and other legal and regulatory requirements, before recommending to the Board for consideration and approval.
- Reviewed and assessed with the Management and external auditors, the appropriateness of the Group’s accounting policies and adequacy of financial reporting and disclosure requirements with particular focus on key audit matters and the reasonableness of judgments and projections made in connection with the preparation of the financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES OF THE ARMC (CONT'D)

External Audit

- Considered the re-appointment of the external auditors and audit fees by evaluating the external auditor's suitability, independence, performance and the scope of work conducted.
- Reviewed the external auditors' Audit Plan which outlined its engagement team, audit approach, audit timeline and areas of audit emphasis for financial year prior to the commencement of audit.
- Discussed with the external auditors on updates in relation to new or proposed changes in the accounting standards and regulatory requirements and considered the implications to the financial statement's presentation and disclosure arising from the adoption of these changes.
- Reviewed and discussed with the external auditors, the auditing issues and where applicable, the impact of material adjustments and recommendations arising from the final audit.

Internal Audit and Risk Management

- Reviewed the competency of internal audit function including the processes, audit plan and resource requirements as well as the internal audit reports presented on the findings, recommendations and management's responses thereto are adequately addressed by management.
- Considered and approved the appointment of the outsourced professional service firm and their fees by evaluating their competency, independence and performance.
- Reviewed and assessed the adequacy and effectiveness of the risk management framework.
- Reviewed and recommended to the Board for approval the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2023 Annual Report.

Related Party Transaction

- Reviewed the related party transactions and any conflict of interest that may have arisen within the Group.
- Reviewed the Recurrent Related Party Transactions circular and recommended to the Board to seek shareholders' approval for renewal of Shareholders' Mandate.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit assignments to an independent professional service firm. For FY2023, the internal auditors carried out the following activities:

- Presented and obtained approval for the Internal Audit Plan which sets out the internal audit work expected to be carried out for the financial year, including any revision thereafter.
- Carried out internal audit reviews in accordance with the approved Internal Audit Plan.
- Presented the Internal Audit Reports with highlights on audit findings, recommendations to improve and management's responses.
- Performed follow-up on prior internal audits and updating the ARMC on the status of management's actions.

The total costs incurred for the internal audit and risk management function of the Group for the financial year was approximately RM117,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Harbour-Link Group Berhad ("**the Board**") is pleased to provide the following Statement which outlines the key elements and scope of the Group's risk management and internal control system for the financial year under review.

RESPONSIBILITY

The Board acknowledges its overall responsibility for safeguarding shareholders' investments and the Group's assets as well as reviewing the adequacy and effectiveness of the Group's risk management practices and internal control system. However, due to inherent limitations, the risk management and internal control system are designed to manage the Group's risks within an acceptable risk appetite rather than to eliminate the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable rather than absolute assurance against material misstatement, fraud or loss.

In carrying out this responsibility, the Board is assisted by the Audit and Risk Management Committee ("**ARMC**"). The ARMC is guided by its terms of reference to ensure the adequacy and integrity of the risk management practices and internal control system. This is done through reports to ARMC from the Risk Officer on the risk management activities carried out by the respective risk management committees, Internal Auditors on the internal control system, independent financial audit and the Management, respectively.

The Group's risk management practices and internal control system do not apply to its joint venture and associate companies where the Group does not have full management control over them. The Group's interests are secured through Board representation in the joint venture and associate companies, and periodic review of the companies' management accounts by the Management.

RISK MANAGEMENT

As the business continues to grow, the emphasis is on the importance of maintaining sound risk management practices and to establish a sustainable risk management governance framework. This is driven through ongoing efforts to embed the risk management framework and policy, where possible into the culture and operations of the Group. The risk management structure spans the entire organization, from the Board right down to the operational level that comprises 12 Risk Management Committees ("**RMC**"). Through such structure, material risks from each segment of the business are represented and escalated to respective Division Head and finally to the Board, providing a more rounded and all-inclusive approach in capturing and managing the Group's risks. This is a continuous process of identifying, evaluating and managing the Group's material risks. The activities of the RMC are monitored by the Division Head with the assistance of the Risk Officer. The approach adopted by the Group is guided by the globally accepted standard for risk management, ISO 31000 Risk Management – Principles and Guidelines for identifying, evaluating, managing and monitoring significant risks. The abovementioned risk management practice of the Group has been in place for the financial year under review and up to the date of the approval of this Statement.

Significant risks that may affect the Group's ability to meet its business objectives are being monitored. The Group has identified the following risks as significant to the business:

- Continued uncertainty in the economy impacted by the rising cost of transportation, inflation and geopolitical threats. To mitigate this risk, Management is closely monitoring and assessing impact of any imminent threats and at the same time, internally enhancing operational efficiencies across the Group by putting in place clear standard operating procedures as well as exercising prudence over its capital expenditures and investment opportunities. These measures are put in place to bolster our overall resilience in the face of potential challenges and uncertainties beyond our control.
- Managing digital transformation risk as we move towards upgrading and adopting new technology into our business to meet our customers' evolving expectations as well as for our business sustainability. Management has set aside capital and resource investments for this initiative and is committed in upskilling its workforce to adapt to these technological changes.

INTERNAL AUDIT FUNCTION

The Group's internal audit adopts a risk-based approach to provide assurance to the Board that the internal audit review covers key risk areas and core processes of the Group in accordance with the approved risk based internal audit plan. The internal audit review is outsourced to a professional service firm. They report independently and directly to the ARMC and are free from any relationships or conflicts of interests which could impair their objectivity and independence.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

The role of the internal audit in the Group includes the following:

- Review the adequacy and effectiveness of the Group's internal controls;
- Highlight significant risks and non-compliance issues relating to procedures and operations that impact the Group;
- Provide recommendations to improve on the effectiveness of controls and operations and conduct follow-up reviews to ensure that appropriate actions are being taken where applicable, to address internal control weaknesses highlighted; and
- Promote risk awareness, value and nature of an effective internal control system.

For the financial year under review, the engaged internal auditor continued to perform audits on branch operation and management, with Cycle 1 audit on an integrated logistic branch and Cycle 2 on a ship agency. The results of the internal audit reviews were discussed with the respective unit heads and subsequently, the audit findings including recommendations for improvements were presented to the ARMC as per the audit plan. In addition, follow-up reviews were conducted to ensure that corrective actions have been implemented accordingly. There were some internal control weaknesses identified from the review, all of which have been or are being addressed. None of these weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of risk management and internal control systems that further support the maintenance of a strong risk management and internal control environment in the Group are as follows:

- ARMC that comprises wholly independent non-executive directors and its activities undertaken during the financial year under review are set out in the Audit and Risk Management Committee Report;
- Establishment of other Board Committees to assist the Board in providing independent oversight function, namely Nomination Committee and Remuneration Committee with responsibilities and authorities clearly specified in their respective terms of reference;
- Active participation by the executive members of the Board in the day-to-day running of the operations and regular dialogues with senior management on operational matters;
- Effective reporting system in generating timely financial information for Management review and decision making;
- An annual budgeting process where each business unit within the Group prepares its budget for the following financial year. The budget is then reviewed by the Management after which, the budget is submitted to the Board for approval;
- Quarterly reviews of the performance and financial results of the Group by the Management and the Board;
- The Board is furnished with timely and detailed Board papers and is further briefed on all significant matters for their consideration and deliberation;
- Existence of limits of authority which provides for the approval of various transactions;
- Review and approval of all proposals relating to significant capital and investment acquisition by the Board;
- Adequate insurance coverage on major assets and transactions to prevent material losses and reduce contingent liabilities of the Group;
- Organization structure with clearly defined lines of responsibility, delegation of authority and a process of hierarchical reporting;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- Employment of qualified and capable work force to enable the Group to achieve its vision and mission ;
- Established training and development plans to ensure staff are kept up to date with necessary competencies to properly carry out their duties and responsibilities;
- Documented policies and standard operating procedures for key processes are updated from time to time in tandem with changes to business environment or regulatory guidelines;
- Continuous development and improvement on the information technology systems and platforms to support the operational efficiency in various operational activities; and
- Established Whistleblowing Policy and Anti-Bribery and Corruption Policy to manage corporate liabilities risk and promote a high standard of business integrity.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Chairman and Group Managing Director and Financial Controller that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects for the financial year ended 30 June 2023 and up to the date of this Statement.

CONCLUSION

Overall, the Board is satisfied that the assessment and review process of the Group's businesses are in place to provide reasonable assurance on the adequacy and effectiveness of the governance, risk and internal control system of the Group.

The Board and Management shall continue to review and implement measures to improve and strengthen the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG3")* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 June 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditor was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This Statement has been approved by the Board on 26 October 2023 based on the recommendation of the ARMC.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax	175,071,045	35,827,111
Attributable to:		
Owners of the Company	147,831,814	35,827,111
Non-controlling interest	27,239,231	-
	175,071,045	35,827,111

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2022 were as follows:

In respect of the financial year ended 30 June 2023:

	RM
Final tax exempt (single-tier) dividend of 2.5 sen per share on 398,576,708 ordinary shares, declared on 27 October 2022 and paid on 28 December 2022	9,967,624
First interim tax exempt (single-tier) dividend of 3.0 sen per share on 398,576,708 ordinary shares, declared on 27 February 2023 and paid on 31 March 2023	11,960,551
	21,928,175

DIRECTORS' REPORT

cont'd

DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 30 June 2023 of 3.0 sen per share on 398,576,708 ordinary shares, amounting to a dividend payable of RM11,957,301 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

DIRECTORS

The directors of the Company in office at the beginning of the financial year and up to the date of this report are:

Dato Yong Piaw Soon **
 Wong Siong Seh **
 Dato' Toh Guan Seng **
 Datuk Pau Chiong Ung
 Bin Lay Thiam
 Khoi Hoay Ling
 Datu Ir. Haji Mohidden Bin Haji Ishak (Resigned on 2 September 2023)

** *These directors are also directors of certain subsidiaries of the Company.*

The directors of the subsidiaries of the Company at the beginning of the financial year and up to the date of this report (excluding the directors listed above) are:

Aidid Bin Abd Kadir
 Alias @ Awg Alias Bin Timbang
 Bo Jow Yung (Resigned on 27 October 2022)
 Choo Wai Teck
 Haji Abdul Saman Bin Ahmad
 Hii Kwong Wui
 Hooi Yen Peng
 Kok Giot Huat
 Lau Chii Hung
 Lee Seng Chiong
 Lim Sin Sang
 Lim Yan Peng
 Mohd Irwan Bin Abdullah
 Ong Khoon Seng
 Ong Leh Kwong
 Pau Chong Dak
 Sandra Chan Lee Hung
 Simon Ngui Moh Yee
 Tan Tiong Pan
 Tang Kie Ung
 Wong King Hie
 Wong Siik Hing
 Yong Leong Hua
 Yong Leong Mew
 Yong Lin Ing

DIRECTORS' REPORT

cont'd

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Group. The total sum insured for directors and officers of the Group for the financial year amounted to RM15 million. The insurance premium paid was RM18,375. No payment was made for any indemnity during the financial year and up to the date of this report.

DIRECTORS' REMUNERATION

Details of directors' remunerations in accordance with the requirements of Companies Act 2016 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	10,731,410	5,058,512	800,400	775,000
Bonus	136,176	136,176	62,988	62,988
Contributions to defined contribution plan and social security contributions	74,620	107,637	34,234	33,353
Total executive directors' remuneration (excluding benefits-in-kind)	10,942,206	5,302,325	897,622	871,341
Estimated money value of benefits-in-kind	29,996	34,450	-	-
Total executive directors' remuneration (including benefits-in-kind)	10,972,202	5,336,775	897,622	871,341
Non-executive:				
Allowance	44,000	39,000	44,000	39,000
Fees	203,324	190,000	203,324	190,000
Total non-executive directors' remuneration	247,324	229,000	247,324	229,000
Total directors' remuneration	11,219,526	5,565,775	1,144,946	1,100,341

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	01.07.2022	Acquired	Disposed	30.06.2023
Direct interest				
Dato Yong Piaw Soon	39,826,599	-	-	39,826,599
Wong Siong Seh	22,274,360	-	-	22,274,360
Dato' Toh Guan Seng	5,060,000	-	-	5,060,000
Datu Ir. Haji Mohidden Bin Haji Ishak	-	10,000	-	10,000
Deemed interest				
Dato Yong Piaw Soon	212,819,726	-	-	212,819,726
Wong Siong Seh	212,819,726	-	-	212,819,726

By virtue of their substantial interest in shares in the Company, Dato Yong Piaw Soon and Wong Siong Seh, are deemed to be interested in the shares of the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors of the Company in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION (CONT'D)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT ("EY"), have expressed their willingness to continue in office. The total auditors' remuneration (including non-EY) of the Group and of the Company for the financial year are RM1,065,488 and RM135,000, respectively.

To the extent permitted by law, the Company has agreed to indemnify their auditors, Ernst & Young PLT, as part of the terms of their audit engagements against claims by third parties arising from their audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 June 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 October 2023.

Dato Yong Piau Soon

Wong Siong Seh

STATEMENT BY DIRECTORS

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

We, **Dato Yong Piaw Soon** and **Wong Siong Seh**, being two of the directors of **Harbour-Link Group Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 78 to 166 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performances and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 October 2023.

Dato Yong Piaw Soon

Wong Siong Seh

STATUTORY DECLARATION

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

I, **Sandra Chan Lee Hung**, being the officer primarily responsible for the financial management of **Harbour-Link Group Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 78 to 166 are in my opinion 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 **Sandra Chan Lee Hung**
at Bintulu in the State of Sarawak
on 26 October 2023

Sandra Chan Lee Hung
(MIA 14522)

Before me,

YEK SIEW LIN
NO. Q187
COMMISSIONER FOR OATHS
Bintulu, Sarawak

INDEPENDENT AUDITORS' REPORT

To the Members of Harbour-Link Group Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Harbour-Link Group Berhad**, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 166.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Harbour-Link Group Berhad
(Incorporated in Malaysia)
cont'd

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

Key audit matters (cont'd)

1. Revenue recognition

(Refer to Note 2.19(a)(i), (ii) - accounting policies for revenue recognition on revenue from freight and freight forwarding services and Note 4 - revenue)

The Group's revenue from freight and freight forwarding services is derived from a large volume of individually insignificant transactions. During the financial year, the Group recognised revenue of approximately RM786.2 million from freight and freight forwarding services which accounted for 78% of the Group's total revenue for the financial year. Accordingly, we have identified revenue from freight and freight forwarding services as a key audit matter.

Our procedures include the following:

- (i) obtained an understanding of the relevant controls over the process of recording of revenue and tested the operating effectiveness of relevant controls over the occurrence and measurement of revenue;
- (ii) used our internal data analytical tools to analyse the relationship between revenue, accounts receivables and cash;
- (iii) tested samples of revenue transactions to the supporting documents issued such as invoices, bills of lading and evidence on delivery of services; and
- (iv) tested transactions around the reporting date to determine whether such revenue was recognised in the correct accounting period.

2. Impairment assessment of trade receivables

(Refer to Note 2.13 - accounting policies for financial instruments, Note 3 significant accounting judgements and estimates on provision for expected credit losses of trade receivables and contract assets, Note 20 - trade and other receivables and Note 33(d) Credit risk)

As at the reporting date, the Group's trade receivables stood at RM173 million which is stated net of allowance for impairment of RM14 million. Trade receivables account for 16% of the Group's total assets. We focused on this area due to the significant judgement required to assess the provision for expected credit losses ("ECL") including forward-looking factors.

We have performed the following procedures to address this area of audit focus:

- (i) obtained and reperformed management's ECL computation;
- (ii) assessed the reasonableness of historical loss rates applied in the ECL computation;
- (iii) understand and discussed the forward-looking information gathered by the management in relation to the provision matrix and the application thereof; and
- (iv) reviewed management's detection of the changes in credit quality not yet detected at an individual level and probabilities of default on a collective basis, considering risk characteristics such as the industry or geographical location of the debtors.

INDEPENDENT AUDITORS' REPORT

To the Members of Harbour-Link Group Berhad
(Incorporated in Malaysia)
cont'd

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the other information in the annual report, which is expected to be made available to us after the date of this auditors' report.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Harbour-Link Group Berhad
(Incorporated in Malaysia)
cont'd

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

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Harbour-Link Group Berhad
(Incorporated in Malaysia)
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

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

ERNST & YOUNG PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuching, Malaysia

Date: 26 October 2023

AU YONG SWEE YIN

No. 03101/02/2024 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	1,006,956,289	907,503,480	34,214,500	26,604,500
Cost of sales		(746,645,748)	(651,400,605)	-	-
Gross profit		260,310,541	256,102,875	34,214,500	26,604,500
Other items of income					
Other income	5	16,408,943	16,683,570	10,114,622	1,460,957
Other items of expenses					
Administrative and other expenses		(81,865,429)	(68,284,888)	(8,013,396)	(7,532,821)
Operating profit		194,854,055	204,501,557	36,315,726	20,532,636
Finance costs	6	(3,161,514)	(3,610,582)	(249,118)	(242,554)
Share of results of associates		3,344,578	(585,505)	-	-
Share of results of joint venture		(9,557)	1,588	-	-
Profit before tax	7	195,027,562	200,307,058	36,066,608	20,290,082
Income tax expense	10	(19,956,517)	(20,840,037)	(239,497)	(234,646)
Profit net of tax		175,071,045	179,467,021	35,827,111	20,055,436
Other comprehensive (loss)/income:					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>					
Share of associates' other comprehensive (loss)/income		(975,616)	956,253	-	-
Foreign currency translation		1,852,223	179,279	-	-
Other comprehensive income, net of tax		876,607	1,135,532	-	-
Total comprehensive income for the year		175,947,652	180,602,553	35,827,111	20,055,436
Profit net of tax attributable to:					
Owners of the Company		147,831,814	149,739,839	35,827,111	20,055,436
Non-controlling interests		27,239,231	29,727,182	-	-
		175,071,045	179,467,021	35,827,111	20,055,436
Total comprehensive income attributable to:					
Owners of the Company		148,670,679	150,867,815	35,827,111	20,055,436
Non-controlling interests		27,276,973	29,734,738	-	-
		175,947,652	180,602,553	35,827,111	20,055,436
Earnings per share attributable to the owners of the Company (sen per share)					
Basic	11	37.09	37.57		
Diluted	11	37.09	37.57		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	328,889,092	318,794,170	4,980,189	5,136,649
Investment properties	14	12,767,545	13,378,162	-	-
Investment in subsidiaries	15	-	-	240,695,328	235,492,154
Investment in associates	16	6,581,474	11,107,088	752,200	1,466,200
Investment in joint venture	17	29,269	38,826	-	-
Deferred tax assets	18	1,338,220	2,789,377	-	-
Inventories	19	45,750,442	43,860,848	-	-
Trade and other receivables	20	352,274	448,400	4,955,859	7,628,881
		395,708,316	390,416,871	251,383,576	249,723,884
Current assets					
Inventories	19	39,289,131	37,091,909	-	-
Trade and other receivables	20	183,540,928	205,854,833	43,064	43,370
Other current assets	21	46,703,225	24,433,179	144,833	708,551
Investment securities	23	135,957,370	43,803,523	2,311,085	8,529,504
Cash and bank balances	24	287,077,123	260,400,671	13,070,362	1,519,862
		692,567,777	571,584,115	15,569,344	10,801,287
TOTAL ASSETS		1,088,276,093	962,000,986	266,952,920	260,525,171
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	27	19,550,636	23,964,757	1,400,000	1,830,000
Trade and other payables	28	150,527,550	151,315,370	2,352,885	9,394,523
Other current liabilities	29	3,965,847	6,027,910	-	-
Income tax payable		6,198,551	9,488,366	-	-
		180,242,584	190,796,403	3,752,885	11,224,523
Net current assets/(liabilities)		512,325,193	380,787,712	11,816,459	(423,236)

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

cont'd

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Deferred tax liabilities	18	16,513,008	17,485,998	70,399	69,948
Loans and borrowings	27	29,774,311	38,849,872	-	-
		46,287,319	56,335,870	70,399	69,948
TOTAL LIABILITIES		226,529,903	247,132,273	3,823,284	11,294,471
Net assets		861,746,190	714,868,713	263,129,636	249,230,700
Equity attributable to the owners of the Company					
Share capital	25	200,200,008	200,200,008	200,200,008	200,200,008
Treasury shares	25	(886,951)	(886,951)	(886,951)	(886,951)
Retained earnings		539,308,309	413,148,230	63,816,579	49,917,643
Foreign currency translation reserve	26	4,483,593	3,644,728	-	-
		743,104,959	616,106,015	263,129,636	249,230,700
Non-controlling interests		118,641,231	98,762,698	-	-
TOTAL EQUITY		861,746,190	714,868,713	263,129,636	249,230,700
TOTAL EQUITY AND LIABILITIES		1,088,276,093	962,000,986	266,952,920	260,525,171

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

Note	← Attributable to the owners of the Company →					Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Total equity attributed to the owners of the Company		
	(Note 25)	(Note 25)		(Note 26)			
	RM	RM	RM	RM	RM		
Group							
At 1 July 2022	200,200,008	(886,951)	413,148,230	3,644,728	616,106,015	98,762,698	714,868,713
Profit net of tax	-	-	147,831,814	-	147,831,814	27,239,231	175,071,045
Other comprehensive income	-	-	-	838,865	838,865	37,742	876,607
Total comprehensive income	-	-	147,831,814	838,865	148,670,679	27,576,973	175,947,652
Transactions with owners							
Dividends	12	-	-	(21,928,175)	-	(21,928,175)	-
Acquisition of non-controlling interest	15(b)	-	-	256,440	-	256,440	(2,428,440)
Dividend paid to non-controlling interest in subsidiaries		-	-	-	-	-	(4,970,000)
Total transactions with owners		-	-	(21,671,735)	-	(21,671,735)	(7,398,440)
At 30 June 2023		200,200,008	(886,951)	539,308,309	4,483,593	743,104,959	118,641,231
At 1 July 2021		200,200,008	(886,951)	273,372,815	2,516,752	475,202,624	73,780,924
Profit net of tax		-	-	149,739,839	-	149,739,839	29,727,182
Other comprehensive income		-	-	-	1,127,976	1,127,976	7,556
Total comprehensive income		-	-	149,739,839	1,127,976	150,867,815	29,734,738
Transactions with owners							
Dividends	12	-	-	(9,964,424)	-	(9,964,424)	-
Dividend paid to non-controlling interest in subsidiaries		-	-	-	-	-	(4,752,964)
Total transactions with owners		-	-	(9,964,424)	-	(9,964,424)	(4,752,964)
At 30 June 2022		200,200,008	(886,951)	413,148,230	3,644,728	616,106,015	98,762,698

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

cont'd

	Note	Share capital (Note 25) RM	Treasury shares (Note 25) RM	Retained earnings RM	Total equity RM
Company					
At 1 July 2022		200,200,008	(886,951)	49,917,643	249,230,700
Total comprehensive income		-	-	35,827,111	35,827,111
Transactions with owners					
Dividends	12	-	-	(21,928,175)	(21,928,175)
At 30 June 2023		200,200,008	(886,951)	63,816,579	263,129,636
At 1 July 2021		200,200,008	(886,951)	39,826,631	239,139,688
Total comprehensive income		-	-	20,055,436	20,055,436
Transactions with owners					
Dividends	12	-	-	(9,964,424)	(9,964,424)
At 30 June 2022		200,200,008	(886,951)	49,917,643	249,230,700

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating activities					
Profit before tax		195,027,562	200,307,058	36,066,608	20,290,082
Adjustments for:					
Allowance/(reversal) for impairment, net					
- trade receivables	5, 7	190,395	2,236,273	-	-
- amount due from subsidiaries	5, 7	-	-	1,455,152	492,742
- investment in subsidiaries	5	-	-	(5,203,174)	-
Bad debts written off	7	57,710	14,436	-	-
Depreciation of property, plant and equipment	7	41,628,515	31,490,211	268,696	279,906
Depreciation of investment properties	7	610,617	397,456	-	-
Dividend income	4	-	-	(32,081,500)	(24,471,500)
Dividend income from investment securities	5	(614,500)	(213,378)	-	-
Fair value gain on investment securities, net	7	(2,218,236)	(465,362)	(9,693)	(4,220)
Gain on redemption of investment securities	5	(182,189)	-	(181,241)	-
(Gain)/loss on disposal of property, plant and equipment, net	7	(294,532)	10,149	-	(2,499)
Loss/(gain) on partial disposal of investment in associate, net	5, 7	1,802,949	-	(4,264,129)	-
Impairment loss on investment in an associate	7	-	-	-	300,000
Impairment loss on property, plant and equipment	7	1,322,853	1,440,229	-	-
Reversal of allowance for impairment on property, plant and equipment	5	-	(5,965,704)	-	-
Interest expense	6	3,161,514	3,610,582	249,118	242,554
Interest income	5	(3,208,943)	(923,528)	(416,399)	(416,610)
Property, plant and equipment written off	7	264,905	41,604	1,162	507
Share of results of associates		(3,344,578)	585,505	-	-
Share of results of joint venture		9,557	(1,588)	-	-
Unrealised foreign exchange loss/(gain), net	5, 7	294,998	(511,816)	-	-
Total adjustments		39,481,035	31,745,069	(40,182,008)	(23,579,120)
Operating cash flows before changes in working capital		234,508,597	232,052,127	(4,115,400)	(3,289,038)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2023

cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating activities (cont'd)					
<u>Changes in working capital</u>					
Inventories		(4,086,816)	(4,971,763)	-	-
Trade and other receivables		22,098,916	(51,184,735)	1,218,176	1,222,548
Other current assets		(19,419,998)	(7,088,497)	541,711	(6,939)
Trade and other payables		59	57,641,106	(7,041,638)	(4,813,918)
Other current liabilities		(2,062,063)	1,337,778	-	-
Total changes in working capital		(3,469,902)	(4,266,111)	(5,281,751)	(3,598,309)
Taxes paid, net of refund		(23,414,829)	(13,528,740)	(217,039)	(337,429)
Interest received		3,208,943	923,529	416,399	416,610
Interest paid		(3,161,514)	(3,610,582)	(249,118)	(242,554)
Net cash flows generated from/(used in) operating activities		207,671,295	211,570,223	(9,446,909)	(7,050,720)
Investing activities					
Acquisition of property, plant and equipment	13	(48,664,206)	(67,862,441)	(113,398)	(59,899)
Acquisition of non-controlling interest	15(b)	(2,172,000)	-	-	-
(Acquisition)/redemption of investment securities		(89,138,922)	(16,395,451)	6,409,353	(7,506,232)
Proceeds from capital reduction of joint venture	17	-	617,500	-	-
Dividends received		113,500	251,500	32,081,500	24,471,500
Net cash inflow from disposal of investment in an associate	16	4,978,129	-	4,978,129	-
Proceeds from disposal of property, plant and equipment		898,186	107,876	-	2,500
Net cash flows (used in)/generated from investing activities		(133,985,313)	(83,281,016)	43,355,584	16,907,869

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2023

cont'd

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Financing activities					
Increase in short-term deposits with maturity more than 3 months		(13,817,718)	(245,729)	-	-
(Increase)/decrease in short-term deposits pledged with banks		(1,768,095)	174,002	-	-
Dividends paid to non-controlling interests in subsidiaries		(4,970,000)	(4,752,964)	-	-
Dividends paid on ordinary shares	12	(21,928,175)	(9,964,424)	(21,928,175)	(9,964,424)
Repayment of principal portion of lease liabilities	30	(16,419,855)	(15,746,913)	-	-
Repayment of loans and borrowings		(31,970,755)	(37,199,096)	(25,102,000)	(14,735,000)
Proceeds from loans and borrowings		26,542,000	23,066,257	24,672,000	15,750,000
Net cash flows used in Financing activities		(64,332,598)	(44,668,867)	(22,358,175)	(8,949,424)
Net increase in cash and cash equivalents		9,353,384	83,620,340	11,550,500	907,725
Effects of exchange rate changes on cash and cash equivalents		1,904,224	1,524,871	-	-
Cash and cash equivalents at the beginning of the year		255,626,394	170,481,183	1,519,862	612,137
Cash and cash equivalents at the end of the year	24	266,884,002	255,626,394	13,070,362	1,519,862

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Wisma Harbour, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak, Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board in accordance with a resolution of the directors on 26 October 2023.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that, during the current financial year, the Group and the Company adopted the following amended MFRSs (collectively known as "pronouncements"), which are mandatory for annual financial periods as follows:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2018-2020 Cycle	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Pronouncements issued but not yet effective

The standards and amendments (collectively known as “pronouncements”) that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101 and Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors do not expect any material impact from the adoption of the above standards in the period of initial application, except as disclosed below:

(a) Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to MFRS 101 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group and the Company to ensure consistency with the amended requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Pronouncements issued but not yet effective (cont'd)

The directors do not expect any material impact from the adoption of the above standards in the period of initial application, except as disclosed below: (cont'd)

(b) Amendments to MFRS 108: Definition of Accounting Estimates

The amendments introduce a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group and the Company's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Business combinations

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control

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

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investments in associates and joint ventures (cont'd)

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Current versus non-current classification (cont'd)

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

2.8 Foreign currencies

The consolidated financial statements are presented in Ringgit Malaysia ("RM"). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Foreign currencies (cont'd)

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.9 Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the remaining lease term. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	50 years to 60 years
Buildings	2% to 10%
Plant, machinery and containers	5% to 20%
Vessels	5% to 50%
Motor vehicles	12.5% to 20%
Furniture, fittings, equipment and others	5% to 20%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Investment properties

Investment properties comprises principally land and buildings held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at cost less accumulated depreciation and accumulated impairment.

Freehold land is not depreciated as it has infinite life. Leasehold land is depreciated over the remaining lease term. Depreciation of investment properties is provided for on a straight-line basis to write off the cost of the investment properties to its residual value over the estimated useful life, at the following annual rate:

Buildings	2%
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On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from an investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. For a transfer from an owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023
cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Inventories

(a) Property inventory

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Costs include:

- Freehold and leasehold rights for land
- Amount paid to contractors for construction
- Borrowing costs (in accordance with accounting policy Note 2.17), planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Land held for development are property inventory which consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, and are hence classified within non-current assets. Land held for development is reclassified to current property inventory at the point when development activities have commenced and where it can be demonstrated that the development activities can be complete within normal operating cycle

(b) Maintenance consumables

Maintenance consumables consist of bunkers, lubricants, spare parts and consumable stores and are stated at lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

(c) Equipment

Inventories are stated at the lower of cost and net realisable value. Equipment costs include costs incurred in bringing the inventories to their present location and condition.

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

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Categories and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Categories and subsequent measurement (cont'd)

For purposes of subsequent measurement, financial assets are classified in four categories: (cont'd)

(b) Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. At the reporting date, the Group and the Company do not have debt instruments at fair value through OCI.

(c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. At the reporting date, the Group and the Company do not have financial assets designated at fair value through OCI (equity instruments).

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Categories and subsequent measurement (cont'd)

For purposes of subsequent measurement, financial assets are classified in four categories: (cont'd)

(d) Financial assets at fair value through profit or loss (cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(iii) Impairment of financial assets

An allowance is recognised for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI, contract assets and lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, a simplified approach is applied in calculating ECLs. Therefore, credit risk is not tracked, but instead a loss allowance based on lifetime ECLs at each reporting date is recognised. A provision matrix is established that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For receivables of the Group that are credit impaired at the reporting date, impairment is provided based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023
cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

The Group and the Company consider a financial asset in default when contractual payments are 30-120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial liabilities (cont'd)

(ii) Categories and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

(b) Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short-term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.16 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	Lease term
Buildings and office space	1 to 3 years
Containers, plant and machinery	5 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (cont'd)

As a lessee (cont'd)

(b) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). They also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group generates its revenue from four principal services: 1) freight services, 2) freight forwarding services, 3) engineering works and 4) property development. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to customers, including for those ancillary services like custom clearance, export and import documentation, door-to-door services and other logistic arrangements, that are incidental to the principal services.

The Group also acts as an agent for certain freight forwarding services which the Group is not primarily responsible in fulfilling the promises nor has the control over the services. The fees or commission are recognised as net amount of the consideration that the Group retains after paying other parties the consideration received in exchange for the goods or services to be provided by those parties.

(i) Revenue from freight services - air, land and sea transport

Freight services for air, land and sea transport are considered as three separate performance obligations satisfied over time. The customer is able to benefit from the Group's performance as it occurs and the other entity would not need to substantially reperform the Group's performance (e.g. distance travelled) to date. The Group has selected the output measure (days travelled) which can most appropriately depict the transfer of control of the service to the customer.

(ii) Revenue from freight forwarding services

These revenue comprise mainly agency commission, customs clearance, import and export documentation, port related services rendered. These services are considered to represent one single performance obligation satisfied at a point in time.

(iii) Engineering works

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and they have an enforceable right to the payment for the performance completed to date. The stage of completion is measured using the input method, which is based on the costs incurred relative to total estimated costs.

(iv) Manpower supply

Manpower supply is recognised when the service is rendered.

(v) Maintenance services

The Group provides maintenance services that are either sold separately or bundled together with the sale of equipment to a customer. Contracts for bundled sales of equipment and maintenance services comprised two separate performance obligations because the promises to transfer equipment and provide maintenance services are capable of being distinct and separately identifiable.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue (cont'd)

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

(v) Maintenance services (cont'd)

Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and maintenance services.

The Group recognises revenue from maintenance services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the equipment is recognised at a point in time, generally upon delivery of the equipment.

(vi) Sale of equipment

Revenue from sale of equipment is recognised at the point in time when control of the assets is transferred to the customers, generally on delivery of the goods.

(vii) Property development

Sale of completed properties

The sale of completed property constitutes a single performance obligation and the Group has determined that it is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are generally received when legal title passes.

Sale of property under development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

For contracts that meet the over time revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the properties. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

For the sale of properties under development, when the Group has determined that it does not meet the criteria to recognise revenue over time, the revenue is recognised at a point in time when the control is transferred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023
cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue (cont'd)

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

Contract balances

(i) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(b) Revenue from other sources

Revenue from other sources are recognised as follows:

(i) Management fees

Management fees are recognised as services are rendered.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income

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

(iv) Hire of equipment, vessel charter fee and rental income

The Group enters as a lessor into lease agreements that fall within the scope of MFRS 16. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Taxes

(a) Current tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Company operate and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associate or jointly controlled entity on distributions of retained earnings to companies in the Group.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the tax authority is included as part of other current assets or liabilities in the statement of financial position.

2.21 Employee benefits

Defined contribution plans

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

2.22 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.25 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

2.26 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Fair value measurements (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. There were no material judgements made by the management during the financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses ("ECL") of trade receivables and contract assets

The provision of ECL is initially based on the Group's historical observed default rates. The Group will calibrate the ECL to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 33(d).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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4. REVENUE

Revenue comprised the following:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue from contracts with customers	967,828,321	880,744,155	-	-
Revenue from other sources:				
Dividend income				
- associates (Note 16(i)(b))	-	-	81,500	171,500
- subsidiaries	-	-	32,000,000	24,300,000
Management fees income	-	-	1,296,600	1,296,600
Hiring of vehicles and equipment	34,517,650	20,967,394	-	-
Rental income				
- land	564,600	229,000	-	-
- premises	88,116	116,350	836,400	836,400
- warehouse	3,280,294	4,491,191	-	-
Others	677,308	955,390	-	-
	39,127,968	26,759,325	34,214,500	26,604,500
Total revenue	1,006,956,289	907,503,480	34,214,500	26,604,500

(a) Disaggregation of revenue from contracts with customers:

	Group	
	2023	2022
	RM	RM
Freight services		
- air freight	1,532,537	1,513,042
- land transportation	13,021,322	54,873,263
- ocean freight	446,150,245	374,729,920
Freight forwarding services	325,520,373	331,122,016
Engineering works	80,801,148	42,188,456
Maintenance services	5,969,366	9,739,079
Manpower supply	4,443,566	7,654,576
Sale of completed properties	2,264,800	3,800,000
Sale of equipment	88,124,964	55,123,803
	967,828,321	880,744,155

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

4. REVENUE (CONT'D)

(a) Disaggregation of revenue from contracts with customers: (cont'd)

	Group	
	2023	2022
	RM	RM
Timing of revenue recognition:		
- At a point of time	417,442,674	358,632,287
- Over time	550,385,647	522,111,868
	967,828,321	880,744,155

Revenue from freight services and freight forwarding services are predominantly attributed to the shipping and marine services and integrated logistics segments.

(b) Transaction prices allocated to the remaining performance obligations:

	Group	
	2023	2022
	RM	RM
Within one year		
- Engineering works	32,439,888	45,092,618
- Ocean freight	11,006,730	6,906,185
	43,446,618	51,998,803

5. OTHER INCOME

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Bad debts recovered	-	33,179	-	-
Dividend income from investment securities	614,500	213,378	-	-
Fair value gain on investment securities	2,231,035	465,362	9,693	4,220
Gain on disposal of property, plant and equipment	813,027	1,170,227	-	2,499
Gain on redemption of investment securities	182,189	-	181,241	-
Interest income - third parties	3,208,943	923,528	24,132	188,458
- subsidiaries	-	-	392,267	228,152
Gain on partial disposal of investment in associate	-	-	4,264,129	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

5. OTHER INCOME (CONT'D)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Reversal of allowance for impairment on				
- trade receivables (Note 33(d))	3,586,389	2,047,052	-	-
- amount due from subsidiaries	-	-	-	1,000,000
- property, plant and equipment (Note 13)	-	5,965,704	-	-
- investment in subsidiaries	-	-	5,203,174	-
Rental income	121,580	333,653	-	-
Realised foreign exchange gain	3,905,154	3,021,917	-	-
Unrealised foreign exchange gain	371,820	511,816	-	-
Sundry income	1,374,306	1,997,754	39,986	37,628
	16,408,943	16,683,570	10,114,622	1,460,957

6. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on:				
Interest paid to subsidiaries	-	-	112,578	162,893
Lease liabilities (Note 27)	2,465,069	2,517,366	-	-
Overdraft interest	-	4,987	-	-
Revolving credit interest	136,540	134,787	136,540	79,661
Term loan interest	559,905	953,442	-	-
	3,161,514	3,610,582	249,118	242,554

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Employee benefits expense (Note 8)	107,892,722	88,402,164	4,310,462	4,081,013
Non-executive directors' remuneration (Note 9)	247,324	229,000	247,324	229,000
Auditors' remuneration				
- current year	1,065,488	877,232	135,000	98,000
- (over)/under provision in prior years	(4,500)	3,500	-	-
Allowance for impairment				
- trade receivables (Note 33(d))	3,776,784	4,283,325	-	-
- amount due from subsidiaries	-	-	1,455,152	1,492,742
Bad debts written off	57,710	14,436	-	-
Depreciation of property, plant and equipment (Note 13)	41,628,515	31,490,211	268,696	279,906
Depreciation of investment properties (Note 14)	610,617	397,456	-	-
Hiring of equipment:				
- short term leases (Note 27)	3,372,344	9,668,319	44,022	40,727
Impairment loss on				
- property, plant and equipment (Note 13)	1,322,853	1,440,229	-	-
- investment in an associate	-	-	-	300,000
(Gain)/loss on disposal of property, plant and equipment, net	(294,532)	10,149	-	(2,499)
Property, plant and equipment written off	264,905	41,604	1,162	507
Realised foreign exchange loss	552,193	628,040	-	-
Rental of premises	2,393,782	2,658,978	60,100	53,100
Unrealised foreign exchange loss/(gain), net	294,998	(511,816)	-	-
Loss on partial disposal of investment in associate	1,802,949	-	-	-
Fair value gain on investment securities, net	(2,218,236)	(465,362)	(9,693)	(4,220)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries and wages	83,423,783	66,946,101	3,559,588	3,348,298
Allowances	7,659,374	6,012,785	35,628	34,510
Bonus	6,875,045	6,706,059	262,287	267,806
Contributions to defined contribution plan and social security contributions	9,305,176	8,311,888	448,497	420,627
Other benefits	629,344	425,331	4,462	9,772
	107,892,722	88,402,164	4,310,462	4,081,013

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM10,942,206 (2022: RM5,302,325) and RM897,622 (2022: RM871,341) respectively, as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	10,731,410	5,058,512	800,400	775,000
Bonus	136,176	136,176	62,988	62,988
Contributions to defined contribution plan and social security contributions	74,620	107,637	34,234	33,353
Total executive directors' remuneration (excluding benefits-in-kind)	10,942,206	5,302,325	897,622	871,341
Estimated money value of benefits-in-kind	29,996	34,450	-	-
Total executive directors' remuneration (including benefits-in-kind)	10,972,202	5,336,775	897,622	871,341
Non-executive directors' remuneration:				
Allowance	44,000	39,000	44,000	39,000
Fees	203,324	190,000	203,324	190,000
Total non-executive directors' remuneration (Note 7)	247,324	229,000	247,324	229,000
Total directors' remuneration (Note 32(b))	11,219,526	5,565,775	1,144,946	1,100,341

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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10. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 30 June 2023 and 2022 are:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	19,265,209	20,823,536	230,793	231,921
Under/(over) provision in prior years	213,402	(323,406)	8,253	(754)
	19,478,611	20,500,130	239,046	231,167
Deferred income tax (Note 18):				
Relating to origination and reversal of temporary differences	836,903	306,307	451	348
(Over)/under provision in prior years	(358,997)	33,600	-	3,131
	477,906	339,907	451	3,479
Total income tax recognised in profit or loss	19,956,517	20,840,037	239,497	234,646

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction. The corporate tax rates applicable to the Singapore, Hong Kong and Brunei subsidiaries of the Group are 17%, 16.5% and 18.5% (2022: 17%, 16.5% and 18.5%), respectively.

Section 54A of the Income Tax Act, 1967 was amended from Year of Assessment ("YA") 2012, in which the tax exemption on shipping profits was reduced from 100% to 70%. The implementation of the amended Section 54A, however, was deferred and on 10 July 2021, the Ministry of Finance issued an approval letter for the extension of the 100% shipping tax exemption up to YA 2023. On 6 October 2023, the Income Tax (Exemption) (No. 7) Order 2023 was gazetted which provides for the exemption on shipping profits from YA 2021 until YA 2023. The exemption is subject to each qualifying entity obtaining annual verification from the Ministry of Transport that the following conditions have been fulfilled:

- (a) incurs annual operating expenditure of at least RM250,000 for each Malaysian ship; and
- (b) has met the minimum prescribed number of full-time employees for each Malaysian ship.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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10. INCOME TAX EXPENSE (CONT'D)

Reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	Group	
	2023	2022
	RM	RM
Profit before tax	195,027,562	200,307,058
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	46,806,615	48,073,694
Effect of different tax rate in other countries	(167,025)	(40,900)
Expenses not deductible for tax purposes	5,023,275	2,553,032
Income not subject to tax	(31,330,363)	(28,149,971)
Share of results of associates and joint venture	(800,405)	140,139
Deferred tax assets not recognised during the year	617,988	110,458
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowances	(47,973)	(1,556,609)
Under/(over) provision of tax expense in prior years	213,402	(323,406)
(Over)/under provision of deferred tax in prior years	(358,997)	33,600
Income tax expense for the year	19,956,517	20,840,037

	Company	
	2023	2022
	RM	RM
Profit before tax	36,066,608	20,290,082
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	8,655,986	4,869,620
Expenses not deductible for tax purposes	1,546,971	1,237,305
Income not subject to tax	(9,971,713)	(5,874,656)
Under/(over) provision of tax expense in prior years	8,253	(754)
Under provision of deferred tax in prior years	-	3,131
Income tax expense for the year	239,497	234,646

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, excluding treasury shares held by the Company. The Company does not have any dilutive instruments as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 30 June:

	Group	
	2023	2022
Profit net of tax attributable to the owners of the Company used in the computation of basic earnings per share (RM)	147,831,814	149,739,839
Weighted average number of ordinary shares in issue	398,576,708	398,576,708
Basic earnings per share (sen)	37.09	37.57

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. DIVIDENDS

	Group/Company	
	2023	2022
	RM	RM
Recognised during the year:		
Dividends on ordinary shares		
Final tax exempt single-tier dividend in respect of 2023: 2.5 sen per share	9,967,624	-
First interim tax exempt single-tier dividend in respect of 2023: 3.0 sen per share	11,960,551	-
First interim tax exempt single-tier dividend in respect of 2022: 2.5 sen per share	-	9,964,424
	21,928,175	9,964,424

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 30 June 2023 of 3.0 sen per share on 398,576,708 ordinary shares, amounting to a dividend payable of RM11,957,301 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM	Plant, machinery and containers RM	Vessels RM	Motor vehicles RM	Furniture, fittings, equipment, and others RM	Total RM
Group						
Cost						
At 1 July 2021	98,450,024	240,746,357	134,148,751	16,554,253	18,932,930	508,832,315
Additions	7,084,194	41,213,647	40,707,716	1,594,370	2,098,959	92,698,886
Disposals/written off	(578,498)	(1,315,967)	(9,089,085)	(1,013,790)	(438,916)	(12,436,256)
Exchange differences	30,589	-	-	-	23,062	53,651
Reclassification	(154,298)	-	-	-	154,298	-
Modification of leases	-	(979,375)	-	-	-	(979,375)
At 30 June 2022/1 July 2022	104,832,011	279,664,662	165,767,382	17,134,833	20,770,333	588,169,221
Additions	7,056,040	20,806,232	23,444,265	1,855,117	2,945,572	56,107,226
Disposals/written off	(805,965)	(1,422,989)	(7,201,841)	(1,084,883)	(680,062)	(11,195,740)
Exchange differences	34,802	-	-	-	49,274	84,076
Reclassification	(783,372)	1,741,966	-	-	(958,594)	-
At 30 June 2023	110,333,516	300,789,871	182,009,806	17,905,067	22,126,523	633,164,783
Accumulated depreciation and impairment						
At 1 July 2021	18,276,691	149,322,047	56,367,810	14,288,210	14,616,772	252,871,530
Depreciation charge for the year	6,000,839	17,870,234	7,178,567	892,134	1,523,984	33,465,758
Recognised in profit or loss (Note 7)	5,798,842	16,162,590	7,178,567	849,294	1,500,918	31,490,211
Recognised in construction contracts (Note 22)	201,997	1,707,644	-	42,840	23,066	1,975,547
Disposals/written off	(578,498)	(1,253,044)	(9,089,004)	(1,013,783)	(342,298)	(12,276,627)
Reversal of impairment (Note 5)	-	-	(5,965,704)	-	-	(5,965,704)
Impairment loss (Note 7)	-	1,440,229	-	-	-	1,440,229
Exchange differences	17,969	-	-	-	17,771	35,740
Modification of leases	-	(195,875)	-	-	-	(195,875)
At 30 June 2022/1 July 2022	23,717,001	167,183,591	48,491,669	14,166,561	15,816,229	269,375,051

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	* Land and buildings RM	Plant, machinery and containers RM	Vessels RM	Motor vehicles RM	Furniture, fittings, equipment, and others RM	Total RM
Group (cont'd)						
Accumulated depreciation and impairment (cont'd)						
Depreciation charge for the year	6,085,053	18,794,980	16,024,486	1,140,564	1,786,816	43,831,899
Recognised in profit or loss (Note 7)	5,883,056	16,861,543	16,024,486	1,112,047	1,747,383	41,628,515
Recognised in construction contracts (Note 22)	201,997	1,933,437	-	28,517	39,433	2,203,384
Disposals/written off	(792,267)	(840,347)	(6,965,442)	(1,084,867)	(644,258)	(10,327,181)
Impairment loss (Note 7)	-	1,322,853	-	-	-	1,322,853
Reclassification	510,106	478,306	(147)	-	(988,265)	-
Exchange differences	27,948	-	-	-	45,121	73,069
At 30 June 2023	29,547,841	186,939,383	57,550,566	14,222,258	16,015,643	304,275,691
Net carrying amount						
At 30 June 2022	81,115,010	112,481,071	117,275,713	2,968,272	4,954,104	318,794,170
At 30 June 2023	80,785,675	113,850,488	124,459,240	3,682,809	6,110,880	328,889,092

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings of the Group

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
At 30 June 2023				
Cost				
At 1 July 2021	10,104,310	25,024,788	63,320,926	98,450,024
Additions	-	-	7,084,194	7,084,194
Disposals/written off	-	-	(578,498)	(578,498)
Reclassification	-	-	(154,298)	(154,298)
Exchange differences	-	-	30,589	30,589
At 30 June 2022/1 July 2022	10,104,310	25,024,788	69,702,913	104,832,011
Additions	-	644,864	6,411,176	7,056,040
Disposals/written off	-	-	(805,965)	(805,965)
Reclassification	-	795,385	(1,578,757)	(783,372)
Exchange differences	-	-	34,802	34,802
At 30 June 2023	10,104,310	26,465,037	73,764,169	110,333,516
Accumulated depreciation				
At 1 July 2021	-	6,693,168	11,583,523	18,276,691
Depreciation charge for the year	-	1,635,703	4,365,136	6,000,839
Exchange differences	-	-	17,969	17,969
Disposals/written off	-	-	(578,498)	(578,498)
At 30 June 2022/1 July 2022	-	8,328,871	15,388,130	23,717,001
Depreciation charge for the year	-	1,927,917	4,157,136	6,085,053
Disposals/written off	-	-	(792,267)	(792,267)
Exchange differences	-	-	27,948	27,948
Reclassification	-	-	510,106	510,106
At 30 June 2023	-	10,256,788	19,291,053	29,547,841
Net carrying amount				
30 June 2022	10,104,310	16,695,917	54,314,783	81,115,010
30 June 2023	10,104,310	16,208,249	54,473,116	80,785,675

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings RM	Motor vehicles RM	Furniture, fitting and equipment and others RM	Total RM
Company				
At 30 June 2023				
Cost				
At 1 July 2022	6,482,834	1,320,639	2,332,408	10,135,881
Additions	-	-	113,398	113,398
Disposals/written off	-	-	(16,338)	(16,338)
Adjustment	377,798	-	(377,798)	-
At 30 June 2023	6,860,632	1,320,639	2,051,670	10,232,941
Accumulated depreciation				
At 1 July 2022	1,778,199	1,320,633	1,900,400	4,999,232
Depreciation charge for the year (Note 7)	133,671	-	135,025	268,696
Disposals/written off	-	-	(15,176)	(15,176)
Adjustment	377,794	-	(377,794)	-
At 30 June 2023	2,289,664	1,320,633	1,642,455	5,252,752
Net carrying amount	4,570,968	6	409,215	4,980,189
At 30 June 2022				
Cost				
At 1 July 2021	6,482,834	1,348,871	2,291,857	10,123,562
Additions	-	1	59,898	59,899
Disposals/written off	-	(28,233)	(19,347)	(47,580)
At 30 June 2022	6,482,834	1,320,639	2,332,408	10,135,881
Accumulated depreciation				
At 1 July 2021	1,648,542	1,348,864	1,768,992	4,766,398
Depreciation charge for the year (Note 7)	129,657	-	150,249	279,906
Disposals/written off	-	(28,231)	(18,841)	(47,072)
At 30 June 2022	1,778,199	1,320,633	1,900,400	4,999,232
Net carrying amount	4,704,635	6	432,008	5,136,649

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash	48,664,206	67,862,441	113,398	59,899
Lease arrangements (Note 27)	7,443,020	24,836,445	-	-
	56,107,226	92,698,886	113,398	59,899

- (b) In prior year, the Group carried out an assessment of the recoverable amounts of its assets in the containers shipping operations. As the recoverable amount determined based on the value-in-use of the Group was higher than net carrying amount, accordingly, the Group recognised a reversal of impairment loss of RM5,965,704 for the financial year ended 30 June 2022.

- (c) The net carrying amount of property, plant and equipment pledged for loans and borrowings (Note 27) are as follows:

	Group	
	2023 RM	2022 RM
Buildings	7,358,891	7,560,891
Freehold land	10,054,310	10,054,310
Leasehold land	8,676,417	12,116,271
Vessels	6,387,067	21,569,450
	32,476,685	51,300,922

- (d) Titles of certain leasehold land and buildings of the Group and of the Company with the following net carrying amounts have yet to be issued by the relevant authority:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Land and buildings	8,342,487	8,476,155	4,570,968	4,704,635

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Right-of-use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Land RM	Buildings and office space RM	Containers, plant and machinery RM	Motor vehicles RM	Total RM
Group					
At 1 July 2022	17,902,825	5,293,208	74,252,384	399,170	97,847,587
Additions	135,255	2,607,265	3,511,874	344,515	6,598,909
Depreciation charge for the year (Note 27)	(1,233,984)	(3,292,836)	(9,003,634)	(228,004)	(13,758,458)
Exchange difference	-	6,854	-	-	6,854
Derecognition upon settlement	-	-	(7,981,902)	(69,433)	(8,051,335)
Impairment for the year	-	-	(1,118,567)	-	(1,118,567)
At 30 June 2023	16,804,096	4,614,491	59,660,155	446,248	81,524,990
At 1 July 2021	14,569,690	5,094,206	58,906,475	677,836	79,248,207
Additions	4,451,318	2,958,755	26,019,913	-	33,429,986
Depreciation charge for the year (Note 27)	(1,118,183)	(1,988,874)	(10,674,004)	(278,666)	(14,059,727)
Exchange difference	-	12,621	-	-	12,621
Modification of lease	-	(783,500)	-	-	(783,500)
At 30 June 2022	17,902,825	5,293,208	74,252,384	399,170	97,847,587

The Group has lease contracts for land, buildings, containers, plant and machinery and motor vehicles used in its operations.

There are several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statements of financial position:

	Land RM	Buildings and office space RM	Containers, plant and machinery RM	Motor vehicles RM
Group				
30 June 2023				
No. of right-of-use assets leased	9	32	150	13
No. of leases with extension options	2	12	3	-
No. of leases with termination options	2	12	3	-
30 June 2022				
No. of right-of-use assets leased	9	30	168	15
No. of leases with extension options	2	12	3	-
No. of leases with termination options	2	12	3	-

The Company has no right-of-use assets as at year end.

14. INVESTMENT PROPERTIES

	Group	
	2023	2022
	RM	RM
Cost		
At 1 July	15,911,946	11,803,536
Transfer from inventories	-	4,108,411
At 30 June	15,911,946	15,911,947
Accumulated depreciation and impairment		
At 1 July	2,533,784	2,136,329
Depreciation for the year (Note 7)	610,617	397,456
At 30 June	3,144,401	2,533,785
Net carrying amount	12,767,545	13,378,162
Fair value of the investment properties	42,378,634	37,854,838

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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14. INVESTMENT PROPERTIES (CONT'D)

Investment properties with aggregate carrying amount of RM2,234,171 (2022: RM650,167) are pledged as security for borrowings as disclosed in Note 27. Investment properties comprise a number of commercial properties leased to third parties.

As at 30 June 2023 and 2022, the fair values of the properties are based on a combination of external valuations performed by accredited independent valuers and directors' valuation. The directors based their valuations on recent published prices of similar type of properties in similar locations.

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

	Group	
	2023	2022
	RM	RM
Rental income from investment properties	404,050	1,060,150
Direct operating expenses from:		
- income generating properties	(90,579)	(41,029)

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares at cost	240,835,893	240,835,893
Less: accumulated impairment losses	(140,565)	(5,343,739)
	240,695,328	235,492,154

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ⁸		% of ownership interest held by non-controlling interest ⁸	
			2023	2022	2023	2022
			%	%	%	%
Harbour-Link (M) Sdn. Bhd. ("HLM")*	Malaysia	Management services and investment holding	100	100	-	-
Harbour Agencies (Sarawak) Sdn. Bhd. ("HAS")*	Malaysia	Shipping and forwarding	100	100	-	-
Eastern Soldar Engineering & Construction Sdn. Bhd. ("ESEC")*	Malaysia	Investment holding, multi-discipline engineering and procurement	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ⁸		% of ownership interest held by non-controlling interest ⁸	
			2023 %	2022 %	2023 %	2022 %
Harbour-Link Navigation Sdn. Bhd. ("HLN")*	Malaysia	Investment holding	100	100	-	-
Harbour-Link Lines Sdn. Bhd. ("HLLines")*	Malaysia	Container shipping and agency services	85	85	15	15
HLG Resources Sdn. Bhd. ("HLG Resources")*	Malaysia	Investment holding, trading and sale, services and rental of machinery	100	100	-	-
HLG Petroleum Sdn. Bhd. ("HLG Petroleum")*	Malaysia	Investment holding, container shipping and agency services	100	100	-	-
Harbour Hornbill Sdn. Bhd.*	Malaysia	Ship owning and ship operator services	85	85	15	15
Harbour Ivory Sdn. Bhd.*	Malaysia	Ship owning and ship operator services	80	80	20	20
Arcadia Properties Sdn. Bhd. ("APSB")*	Malaysia	Investment holding and property development	51	51	49	49
Subsidiaries of HLM						
HLG Engineering Sdn. Bhd.*	Malaysia	Consultancy services and provision of engineering works	100	100	-	-
Harbour Services Corporation Sdn. Bhd.*	Malaysia	Freight forwarding, transportation and material handling	100	100	-	-
Harbour-Link Logistics Sdn. Bhd. ("HLLogistics")*	Malaysia	Equipment, hiring and transportation	100	100	-	-
Harbour Services Sdn. Bhd.* (Note (a))	Malaysia	Forwarding and shipping agencies	47	47	53	53
Harbour Services (Miri) Sdn. Bhd.*	Malaysia	Dormant	100	100	-	-

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ⁸		% of ownership interest held by non-controlling interest ⁸	
			2023	2022	2023	2022
			%	%	%	%
Subsidiaries of HLM (cont'd)						
Harbour-Link Leasing Sdn. Bhd.*	Malaysia	Leasing	100	100	-	-
Best Success Bonded Store Supply Sdn. Bhd. *	Malaysia	Provision of storage facilities	60	60	40	40
HLM Machinery Sdn. Bhd. (Formerly known as Serimaju Konsortium Sdn. Bhd.)	Malaysia	Selling of construction engineering machineries, heavy lifting machineries, common equipment, mechanical and electrical equipment products	100	100	-	-
Harbour-Link Forwarders Sdn. Bhd. *	Malaysia	Provision of logistic and agencies services	70	70	30	30
Harbour Global Forwarders Sdn. Bhd. *	Malaysia	Forwarding and transportation	70	70	30	30
Subsidiaries of HLLogistics						
Siong Jaya Sdn. Bhd.*	Malaysia	Ceased operation	100	100	-	-
Subsidiaries of HAS						
Harbour Agencies (Sabah) Sdn. Bhd.*	Malaysia	Shipping and forwarding	100	100	-	-
Union Star Shipping Pte. Ltd.**	Singapore	Shipping services	100	100	-	-
A.T. Dunia (Btu) Sdn. Bhd.*	Malaysia	Forwarding and transportation	100	100	-	-
Harbour Agencies Sdn. Bhd.*	Malaysia	Shipping	100	100	-	-
Subsidiaries of ESEC						
ESE Energy Sdn. Bhd.*	Malaysia	Civil engineering and ancillary works	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ⁸		% of ownership interest held by non-controlling interest ⁸	
			2023	2022	2023	2022
			%	%	%	%
Subsidiaries of ESEC (cont'd)						
Eastern Soldar (Singapore) Pte. Ltd.**	Singapore	Provision of civil, mechanical and engineering works, construction and procurement	100	100	-	-
Subsidiaries of HLN						
Harbour Eagle Sdn. Bhd.*	Malaysia	Ship owning and ship management	100	100	-	-
Harbour Challenger Sdn. Bhd.*	Malaysia		100	100	-	-
Satun Shipping Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour Gemini Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour Services (Kuching) Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour Agencies (Sibu) Sdn. Bhd.*	Malaysia		100	100	-	-
Navasco Shipping Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour Xtra Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour Ruby Sdn. Bhd.*	Malaysia		85	85	15	15
Harbour Zenith Sdn. Bhd.*	Malaysia		85	85	15	15
AM Lines Sdn. Bhd.*	Malaysia		85	85	15	15
Harbour-Link Shipping Sdn. Bhd.*	Malaysia		85	85	15	15
Harbour-Link Marine Services Sdn. Bhd.*	Malaysia	Ship management and consultancy services	100	100	-	-
Harbour Frida Sdn. Bhd. *	Malaysia	Dormant	85	85	15	15

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For the Financial Year Ended 30 June 2023
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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ⁸		% of ownership interest held by non-controlling interest ⁸	
			2023	2022	2023	2022
			%	%	%	%
Subsidiaries of HLLines						
Harbour-Link Lines (JB) Sdn. Bhd.*	Malaysia	Port agent, ship operator and provision of freighting and marine services	90	90	10	10
Harbour-Link Lines (KCH) Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour-Link Lines (KK) Sdn. Bhd.*	Malaysia		100	100	-	-
Harbour-Link Lines (PK) Sdn. Bhd.*	Malaysia		60	60	40	40
Harbour-Link Lines Ltd.**	Hong Kong		100	100	-	-
Harbour-Link Lines (S) Pte. Ltd.**	Singapore		100	100	-	-
Harbour-Link Lines (B) Sdn. Bhd.**	Brunei Darussalam		55	55	45	45
Harbour Jupiter Sdn. Bhd.*	Malaysia	Ship owning and ship management	100	100	-	-
Subsidiaries of HLG Resources						
HLG Equipment Sdn. Bhd.* (“HLG Equipment”) (Note 15(b))	Malaysia	Provision of port related services	80	60	20	40
Harbour-Link Trading Pte. Ltd.**	Singapore	General importer, exporter, traders and commission agents	100	100	-	-
Subsidiary of HLG Equipment						
HLG Equipment (B) Sdn. Bhd.**	Brunei Darussalam	Provision of port related services	99	99	1	1
Subsidiary of APSB						
Sarawak Edible Oils Sdn. Bhd.*	Malaysia	Property developer	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by Group ^β		% of ownership interest held by non-controlling interest ^β	
			2023	2022	2023	2022
			%	%	%	%
Subsidiary of HLG Petroleum						
Advance Mariner Lines Sdn. Bhd.*	Malaysia	Port agent, ship operator and provision of freighting and marine services	54.79	54.79	45.21	45.21
Subsidiaries of Advance Mariner Lines Sdn. Bhd.						
AML Shipping Sdn. Bhd.*	Malaysia	Port agent, ship operator and provision of freight and marine services	100	100	-	-
AML Shipping (Singapore) Pte. Ltd.**	Singapore		100	100	-	-
AML Shipping (Sabah) Sdn. Bhd.*	Malaysia		51	51	49	49

* Audited by Ernst & Young PLT, Malaysia.

** Audited by firms of auditors other than Ernst & Young PLT, Malaysia.

β Equal to proportion of voting rights held

- (a) Although the Group owns 47% (2022: 47%) of the equity interest of Harbour Services Sdn. Bhd. ("HSSB"), the Group has the power to govern the financial and operating policies of HSSB.
- (b) On 27 October 2022, HLG Resources Sdn. Bhd., a subsidiary of the Company, acquired an additional 20% interest in a subsidiary, HLG Equipment Sdn Bhd for a cash consideration of RM2.172 million.

The following is a scheduled of the additional interest acquired:

	2023 RM
Cash consideration paid to non-controlling interest	2,172,000
Carrying value of the additional interests	(2,428,440)
Difference recognised in retained earnings	(256,440)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Arcadia		Properties		Harbour-Link		Advance Mariner		HLG Equipment		Harbour Services	
	Sdn. Bhd.		Group		Lines Sdn. Bhd.		Group		Sdn. Bhd.		Sdn. Bhd.	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	52,608	51,017	114,235	151,756	9,484	2,016	1,980	1,608	594	635		
Current assets	23,406	24,421	288,324	204,609	45,569	50,372	41,467	11,803	22,413	25,444		
Total assets	76,014	75,438	402,559	356,365	55,053	52,388	43,447	13,411	23,007	26,079		
Current liabilities	2,408	3,718	88,373	130,202	13,218	22,054	30,177	1,654	14,432	19,520		
Non-current liabilities	-	47	17,731	23,519	567	221	326	255	85	20		
Total liabilities	2,408	3,765	106,104	153,721	13,785	22,275	30,503	1,909	14,517	19,540		
Equity attributable to owners of the Company	37,539	36,553	248,162	169,546	22,435	15,952	10,355	6,901	3,990	3,073		
Non-controlling interests	36,067	35,120	48,293	33,098	18,833	14,161	2,589	4,601	4,500	3,466		
Total equity	73,606	71,673	296,455	202,644	41,268	30,113	12,944	11,502	8,490	6,539		

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	Arcadia Properties Sdn. Bhd. Group											
	Properties Sdn. Bhd. Group		Harbour-Link Lines Sdn. Bhd. Group		Advance Mariner Lines Sdn. Bhd. Group		HLG Equipment Sdn. Bhd.		Harbour Services Sdn. Bhd.			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	5,902	4,621	484,589	483,428	94,834	89,466	50,246	17,425	62,761	50,482		
Profit for the year	1,932	1,712	114,609	128,368	11,334	11,948	2,586	1,093	1,951	828		
Profit attributable to:												
Owners of the Company	985	873	96,144	127,032	5,965	6,546	2,069	656	917	389		
Non-controlling interest	947	839	18,465	1,336	5,369	5,402	517	437	1,034	439		
	1,932	1,712	114,609	128,368	11,334	11,948	2,586	1,093	1,951	828		
Dividend paid to non-controlling interests	-	-	880	1,112	690	-	500	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

(iii) Summarised cash flows

	Arcadia Properties Sdn. Bhd. Group		Harbour-Link Lines Sdn. Bhd. Group		Advance Mariner Lines Sdn. Bhd. Group		HLG Equipment Sdn. Bhd.		Harbour Services Sdn. Bhd.	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from/(used in) operating activities	1,396	(110)	155,713	141,458	8,916	11,204	5,188	536	(498)	1,200
Net cash (used in)/from investing activities	-	(53)	(99,849)	(65,581)	(13,817)	(3,225)	(309)	1,567	(255)	(7)
Net cash from/(used in) financing activities	299	626	(65,505)	(38,831)	(1,388)	(655)	(696)	(681)	121	(102)
Net increase/(decrease) in cash and cash equivalents	1,695	463	(9,641)	37,046	(6,289)	7,324	4,183	1,422	(632)	1,091
Effects of exchange rate changes	-	-	102	39	253	(368)	4	(4)	-	-
Cash and cash equivalents at the beginning of the year	1,056	593	97,179	60,094	23,784	16,828	2,393	975	4,233	3,142
Cash and cash equivalents at the end of the year	2,751	1,056	87,640	97,179	17,748	23,784	6,580	2,393	3,601	4,233

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unquoted shares in Malaysia, at cost	1,570,468	2,284,468	1,052,200	1,766,200
Share of post-acquisition reserves	5,011,006	8,822,620	-	-
Accumulated impairment losses	-	-	(300,000)	(300,000)
	6,581,474	11,107,088	752,200	1,466,200

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Ownership of interest held by the Group ⁸	
			2023	2022
			%	%
Held by the Company				
ECL (Malaysia) Sdn. Bhd. **	Malaysia	Shipping and services related	19	49
HKK Jaya Sdn. Bhd. **	Malaysia	Ship owning and operator services	25 [#]	57 [#]
Poseidon Autoliners Sdn. Bhd. **	Malaysia	Ship owning and operator services	25 [#]	57 [#]
Held through Harbour-Link Lines (PK) Sdn. Bhd.				
Smart Shipping Sdn. Bhd. **	Malaysia	Shipping and services related	40	40
Held through Harbour-Link Logistics Sdn. Bhd.				
Harbour-Link Logistics (S) Sdn. Bhd.*	Malaysia	Shipping and services related	30	30
Held through AML Shipping Sdn. Bhd.				
T & T Forwarding Sdn. Bhd.*	Malaysia	Custom declaration, handling and forwarding	49	49
Held through Harbour Link (M) Sdn. Bhd.				
Harbour Global Logistics Co. Ltd**	South Korea	Global professional project forwarding business	19	19

* Audited by Ernst & Young PLT, Malaysia.

** Audited by firms of auditors other than Ernst & Young PLT, Malaysia.

β Equal to proportion of voting rights held

Represents effective interest i.e. 15% directly held by the Company and 55% (2022:85%) held through ECL (Malaysia) Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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16. INVESTMENT IN ASSOCIATES (CONT'D)

All the results of the Group's associates were consolidated using the equity method.

- (i) On 13 February 2023, the Company disposed 30% of its equity interest in an associate, ECL (Malaysia) Sdn. Bhd. for a cash consideration of RM4.98 million.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts extracted from the financial statements of the associate prepared using the MFRS framework and not the Group's share of those amounts.

The following table summarises the financial information in respect of each of the Group's material associate:

	ECL (Malaysia) Sdn. Bhd. Group	
	2023 RM	2022 RM
(a) Summarised statements of financial position		
Assets and liabilities		
Current assets	45,547,433	34,147,722
Non-current assets	226,081,896	247,539,673
Total assets	271,629,329	281,687,395
Current liabilities	28,914,146	26,395,714
Non-current liabilities	216,005,814	237,663,970
Total liabilities	244,919,960	264,059,684
Net assets	26,709,369	17,627,711
(b) Summarised statements of profit or loss and other comprehensive income		
	ECL (Malaysia) Sdn. Bhd. Group	
	2023 RM	2022 RM
Revenue	127,633,580	96,711,836
Profit/(loss) before tax	7,398,095	(3,972,910)
Income tax expense	(1,665,275)	(595,120)
Other comprehensive income	1,749,906	1,521,553
Total comprehensive income/(loss)	7,482,726	(3,046,477)
Dividend received from the associates during the year (Note 4)	81,500	171,500

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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16. INVESTMENT IN ASSOCIATES (CONT'D)

(i) The following table summarises the financial information in respect of each of the Group's material associate: (cont'd)

(c) **Reconciliation of net assets to carrying amount**

	ECL (Malaysia) Sdn. Bhd. Group	
	2023	2022
	RM	RM
As at 30 June		
Net assets	26,709,369	17,627,711
Less: Non-controlling interest	(1,974,614)	(224,432)
Net assets attributable to shareholders of the Company	24,734,755	17,403,279
Effective interest in associates	19%	49%
Group's share of net assets	4,699,603	8,527,607

17. INVESTMENT IN JOINT VENTURE

	Group	
	2023	2022
	RM	RM
Unquoted shares at cost	32,500	650,000
Capital reduction	-	(617,500)
Share of post-acquisition reserve	(3,231)	6,326
	29,269	38,826

The Group is entitled to 50% of the voting rights of its joint arrangement under the contractual arrangements and unanimous consent is required by all parties to the arrangement for all relevant activities.

The joint arrangement is structured via a separate entity and provides the Group with the rights to the net assets of the entity under the arrangement. Therefore, this entity is classified as joint venture of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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17. INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of Joint Venture	Country of incorporation	Principal activities	% of ownership interest held by the Group ^β		Accounting model applied
			2023 %	2022 %	
A&H Project Services Sdn. Bhd. **	Malaysia	Transportation and crane renting	50	50	Equity method

^β Equals to the proportion of voting right held

** Audited by firms of auditors other than Ernst & Young PLT, Malaysia.

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information represents the amounts extracted from the financial statements of the joint venture prepared using the MFRS framework and not the Group's share of those amounts.

	Group	
	2023 RM	2022 RM
(i) Summarised statements of financial position		
Assets and liabilities		
Current assets	58,537	77,652
Non-current assets	-	-
Total assets	58,537	77,652
Current liabilities	-	-
Total liabilities	-	-
Net assets	58,537	77,652

(ii) Summarised statements of profit or loss and other comprehensive income

	Group	
	2023 RM	2022 RM
Revenue	-	-
(Loss)/profit for the year	(3,231)	3,152
(Loss)/profit for the year representing total comprehensive (loss)/income	(3,231)	3,152

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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17. INVESTMENT IN JOINT VENTURE (CONT'D)

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information represents the amounts extracted from the financial statements of the joint venture prepared using the MFRS framework and not the Group's share of those amounts. (cont'd)

(iii) Reconciliation of net assets to carrying amount

	Group	
	2023	2022
	RM	RM
As at 30 June		
Net assets	58,537	77,652
Effective interest in joint venture	50%	50%
Group's share of net assets	29,269	38,826

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	RM	RM	RM	RM
At 1 July 2022/2021	(14,696,621)	(14,356,095)	(69,948)	(66,469)
Recognised in profit or loss (Note 10)	(477,906)	(339,907)	(451)	(3,479)
Exchange difference	(261)	(619)	-	-
At 30 June 2023/2022	(15,174,788)	(14,696,621)	(70,399)	(69,948)

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deferred tax assets	1,338,220	2,789,377	-	-
Deferred tax liabilities	(16,513,008)	(17,485,998)	(70,399)	(69,948)
	(15,174,788)	(14,696,621)	(70,399)	(69,948)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

cont'd

18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

		Property, plant and equipment	
		RM	RM
Group			
Deferred tax liabilities			
At 1 July 2022/2021		(19,341,880)	(17,975,552)
Recognised in profit or loss		(3,829,361)	(1,365,709)
Exchange difference		(261)	(619)
At 30 June 2023/2022		(23,171,502)	(19,341,880)

	Inventories	Unutilised tax losses	Unabsorbed capital allowances	Trade receivables	Accrued liabilities	Group Total
	RM	RM	RM	RM	RM	RM
Deferred tax assets:						
At 1 July 2022	453,588	182,312	525,456	2,292,015	1,191,888	4,645,259
Recognised in profit or loss	-	154,738	2,281,385	683,756	231,576	3,351,455
At 30 June 2023	453,588	337,050	2,806,841	2,975,771	1,423,464	7,996,714
At 1 July 2021	676,227	142,927	1,191,612	1,608,691	-	3,619,457
Recognised in profit or loss	(222,639)	39,385	(666,156)	683,324	1,191,888	1,025,802
At 30 June 2022	453,588	182,312	525,456	2,292,015	1,191,888	4,645,259

Deferred tax liabilities		Company	
		RM	RM
At 1 July 2022/2021		(69,948)	(66,469)
Recognised in profit or loss		(451)	(3,479)
At 30 June 2023/2022		(70,399)	(69,948)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax liabilities (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023	2022
	RM	RM
Unutilised tax losses	12,023,232	11,336,557
Unabsorbed capital allowances	5,456,330	4,214,141
Other deductible temporary differences	1,821,697	1,375,499
	19,301,259	16,926,197

Deferred tax assets were not recognised as it was not probable that future taxable profits will be available against which the above benefits can be utilised. The above benefits of the Group are available for offsetting against future taxable profits of the respective companies in Malaysia and are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 ("the Act") and guidelines issued by the tax authority.

Pursuant to Section 44(5F) of the Act 1967, the unutilised tax losses can be carried forward until the following years of assessment:

	Group	
	2023	2022
	RM	RM
Year of assessment 2027	-	9,878
Year of assessment 2028	5,319,432	5,397,560
Year of assessment 2029	2,536,346	2,540,053
Year of assessment 2030	739,317	717,579
Year of assessment 2031	1,977,258	1,973,213
Year of assessment 2032	1,065,822	698,274
Year of assessment 2033	385,057	-
	12,023,232	11,336,557

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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19. INVENTORIES

	Group	
	2023	2022
	RM	RM
Non-current		
At cost		
Land held for property development	45,750,442	43,860,848
Current		
At cost		
Properties held for sale	12,594,081	16,297,831
Property development cost	3,433,787	2,224,061
Bunkers and lubricants	7,403,232	9,139,650
Spare parts and consumable stores	7,987,406	5,740,385
Equipment	7,870,626	3,689,982
	39,289,132	37,091,909
	85,039,574	80,952,757
Cost of inventories recognised as expenses	205,484,780	150,153,598

NOTES TO THE FINANCIAL STATEMENTS

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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	185,479,712	208,439,292	-	-
Finance lease receivables	109,231	621,382	-	-
Associate	787,540	500,484	-	-
Trade receivables	186,376,483	209,561,158	-	-
Less: Allowance for impairment third parties	(14,023,547)	(13,770,142)	-	-
Trade receivables, net	172,352,936	195,791,016	-	-
Other receivables				
Deposits	8,689,758	3,640,093	41,550	43,184
Sundry receivables	2,498,234	6,423,724	1,514	186
	11,187,992	10,063,817	43,064	43,370
Total current	183,540,928	205,854,833	43,064	43,370
Non-current				
Trade receivables				
Third parties	284,102	448,400	-	-
Finance lease receivables	68,172	-	-	-
	352,274	448,400	-	-
Other receivables				
Amounts due from subsidiaries	-	-	14,508,700	15,726,570
Less: Allowance for impairment	-	-	(9,552,841)	(8,097,689)
Other receivables, net	-	-	4,955,859	7,628,881
Total non-current	352,274	448,400	4,955,859	7,628,881
Total trade and other receivables	183,893,202	206,303,233	4,998,923	7,672,251

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Credit terms of trade receivables range from cash terms to 120 days (2022: range from cash terms to 120 days).

Information on exposure to credit risk and its expected credit loss are disclosed in Note 33(d).

(b) Finance lease receivables

Finance lease receivables consist of the following:

	Gross receivables RM	Unearned interest RM	Net receivables RM
Group			
At 30 June 2023			
Less than 1 year	121,200	(11,969)	109,231
1 to 5 years	70,300	(2,128)	68,172
	191,500	(14,097)	177,403
At 30 June 2022			
Less than 1 year	635,420	(14,038)	621,382

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, receivable on demand and non-interest bearing, except for amounts totaling RM2,750,000 (2022: RM2,750,000) which bore interest at rates ranging from 4.50% to 6.85% (2022: 4.50% to 6.85%) per annum.

21. OTHER CURRENT ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current				
Contract assets (Note 22)	26,139,970	5,871,339	-	-
Tax recoverable	6,998,789	6,352,125	6,968	28,975
Prepayments	13,564,466	12,209,715	137,865	679,576
	46,703,225	24,433,179	144,833	708,551

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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22. CONTRACT ASSETS/(LIABILITIES)

	Group	
	RM	RM
At 1 July 2022/2021	(156,571)	(858,070)
Revenue recognised during the year	87,514,438	43,984,035
Progress billings during the year	(65,183,744)	(43,282,536)
At 30 June 2023/2022	22,174,123	(156,571)
Analysed as follows:		
Contract assets (Note 21)	26,139,970	5,871,339
Contract liabilities (Note 29)	(3,965,847)	(6,027,910)
Retention sums on contracts, included within trade receivables	3,568,114	1,851,031

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2023	2022
	RM	RM
Hire of plant and machinery	2,056,546	1,358,095
Depreciation of property, plant and equipment (Note 13)	2,203,384	1,975,547
Expenses related to short term leases (Note 27)	798,127	297,574

23. INVESTMENT SECURITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Held for trading investments, at fair value:				
Quoted money market funds	135,957,370	43,803,523	2,311,085	8,529,504

24. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash at bank and on hand	256,486,076	237,554,567	13,070,362	1,519,862
Short-term deposits with licensed banks	30,591,047	22,846,104	-	-
	287,077,123	260,400,671	13,070,362	1,519,862

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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24. CASH AND BANK BALANCES (CONT'D)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods from 1 day to 6 months (2022: 3 days to 12 months) depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2023 for the Group were 1.4% to 4.75% (2022: 1.56% to 1.90%). Short-term deposits with licensed banks of the Group amounting to RM5,257,116 (2022: RM3,489,021) are pledged as security for banking facilities utilised as disclosed in Note 27.

For the purpose of statements of cash flow, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and short-term deposits	287,077,123	260,400,671	13,070,362	1,519,862
Bank overdrafts (Note 27)	(117,311)	(284,280)	-	-
Short-term deposits pledged with banks	(5,257,116)	(3,489,021)	-	-
Short-term deposits with maturity more than 3 months	(14,818,694)	(1,000,976)	-	-
Cash and cash equivalents	266,884,002	255,626,394	13,070,362	1,519,862

25. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of Ordinary Shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid)	Treasury shares
			RM	RM
At 1 July 2022/2021 and 30 June 2022/2023	400,400,008	(1,823,300)	200,200,008	(886,951)

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Of the total 400,400,008 (2022: 400,400,008) issued and fully paid ordinary shares as at 30 June 2023, 1,823,300 (2022: 1,823,300) are held as treasury shares by the Company. As at 30 June 2023, the number of outstanding ordinary shares in issue after the set-off is therefore 398,576,708 (2022: 398,576,708) ordinary shares.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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26. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

27. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current					
Secured:					
Lease liabilities	2024	14,457,538	16,633,735	-	-
Bank overdrafts (Note 24)	On demand	117,311	284,280	-	-
Term loans - RM loan:					
BLR - 0.5%	2024	885,208	-	-	-
BLR - 0.75%	2024	450,340	423,365	-	-
BLR - 1.5%	2024	480,370	446,500	-	-
Term Financing-i	2024	530,089	397,273	-	-
BLR + 0%	2024	600,000	600,000	-	-
BLR + 0.35%	2024	395,780	359,840	-	-
BLR + 0.5%	2024	-	755,661	-	-
BLR + 1.0%	2024	234,000	-	-	-
3.38% p.a. fixed rate & BLR - 2%	2024	-	816,859	-	-
		18,150,636	20,717,513	-	-
Unsecured:					
Invoice financing	2024	-	1,417,244	-	-
Revolving credit	2024	1,400,000	1,830,000	1,400,000	1,830,000
		1,400,000	3,247,244	1,400,000	1,830,000
Total current		19,550,636	23,964,757	1,400,000	1,830,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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27. LOANS AND BORROWINGS (CONT'D)

	Maturity	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
Non-current					
Secured:					
Lease liabilities	2025	21,699,914	27,417,675	-	-
Term loans - RM loan:					
BLR - 0.5%	2025	1,492,891	2,388,672	-	-
BLR - 0.75%	2025 - 2026	708,026	1,164,988	-	-
BLR - 1.5%	2025	1,163,453	1,657,604	-	-
Term Financing-i	2025	345,412	2,409,001	-	-
BLR + 0%	2025	400,000	1,000,000	-	-
BLR + 0.35%	2025 - 2029	2,426,115	2,811,932	-	-
BLR + 1.0%	2025 – 2029	1,538,500	-	-	-
Total non-current		29,774,311	38,849,872	-	-
Total loans and borrowings		49,324,947	62,814,629	1,400,000	1,830,000

Bank overdrafts

Bank overdrafts are secured by fixed and floating charges over certain landed properties of the Group (Note 13), short-term deposits of the Group (Note 24) and against corporate guarantees from the Company. The effective interest rates as at reporting date ranged from BLR + 1% to BLR + 1.25% per annum.

Invoice financing

Invoice financing are secured against the corporate guarantee of the Company. The effective interest rate at reporting date of the previous financial year was 4.37%.

Revolving credit

The revolving credit bore interest at 5.15% (2022: 3.45%) per annum at the reporting date.

RM loan at BLR - 0.5%

This loan is secured by a fixed charge over the leasehold land of a subsidiary, Harbour-Link (M) Sdn. Bhd. ("HLM") and a corporate guarantee from the Company.

RM loan at BLR - 0.75%

This loan is secured by a fixed charge over land and buildings of a subsidiary, Harbour-Link Logistics Sdn. Bhd. ("HLLG") and a corporate guarantee from the Company.

RM loan at BLR - 1.5%

This loan is secured by a fixed charge over certain leasehold land of HLLG and a corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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27. LOANS AND BORROWINGS (CONT'D)

Term Financing-i

This loan is secured by a fixed charge over freehold land and buildings of a subsidiary, Eastern Soldar Engineering & Construction Sdn. Bhd. and a corporate guarantee from the Company.

RM loan at BLR + 0%

This loan is secured by a fixed charge over leasehold land of a subsidiary, Harbour Services Corporation Sdn. Bhd. and a corporate guarantee from the Company.

RM loan at BLR + 0.35%

This loan is secured by a fixed charge over the leasehold land of a subsidiary, HLLG. and a corporate guarantee from the Company.

RM loan at BLR + 0.5%

This loan is secured by fixed charges over the vessels of subsidiaries, Harbour Ruby Sdn. Bhd. and Harbour Zenith Sdn. Bhd. and a corporate guarantee from the Company.

RM loan at BLR + 1%

The loan is secured by way of legal charges on investment properties of HLM and a corporate guarantee from the Company.

RM bank loan at 3.38% fixed for the first year and BLR - 2% subsequently

In prior year, the loan was secured by way of legal charges on investment properties of HLM and a corporate guarantee from the Company.

Lease liabilities

The movement of lease liabilities during the financial year is as follows:

	Group	
	RM	RM
At 1 July 2022/2021	44,051,410	34,381,113
Additions (Note 13 (a))	7,443,020	24,836,445
Interest charged (Note 6)	2,465,069	2,517,366
Payments	(18,884,924)	(18,264,279)
Exchange difference	1,082,877	1,363,507
Modification of lease	-	(782,742)
At 30 June 2023/2022	36,157,452	44,051,410

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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27. LOANS AND BORROWINGS (CONT'D)

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:

	Group	
	2023	2022
	RM	RM
Depreciation of right-of-use assets (Note 13(e))	13,758,458	14,059,727
Interest expense on lease liabilities (Note 6)	2,465,069	2,517,366
Short term leases:		
- recognised in profit or loss (Note 7)	3,372,344	9,668,319
- recognised in contract assets (Note 22)	798,127	297,574

The Group had total cash outflows for leases amounting to RM18,884,924 (2022: RM28,230,172) during the financial year.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group have committed.

The effective interest rate as at reporting date ranged from 4.35% to 5.65% (2022: 2.18% to 7.75%) per annum.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables				
Third parties	122,221,032	123,547,126	-	-
Accruals	2,186,116	2,712,844	-	-
Amount due to subsidiaries	-	-	946,138	-
Amount due to associate	35,377	-	-	-
	124,442,525	126,259,970	946,138	-
Other payables				
Accrued operating expenses	13,587,285	12,359,367	478,115	438,498
Sundry payables	8,357,518	11,048,508	143,632	641,098
Amounts due to subsidiaries	-	-	785,000	8,314,927
Deposit received	4,140,222	1,647,525	-	-
	26,085,025	25,055,400	1,406,747	9,394,523
Total trade and other payables	150,527,550	151,315,370	2,352,885	9,394,523

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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28. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade and sundry payables

These amounts are non-interest bearing. Credit terms of trade and sundry payables ranged from 30 to 180 days (2022: ranged from 30 to 180 days).

(b) Amounts due to subsidiaries

These amounts are unsecured, repayable on demand and bear interest of 4.5% (2022: 4.5%) per annum.

29. OTHER CURRENT LIABILITIES

	Group	
	2023	2022
	RM	RM
Contract liabilities (Note 22)	3,965,847	6,027,910

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM	Term loans RM	Revolving credit RM	Bankers' acceptance RM	Invoice financing RM	Total RM
Group						
At 1 July 2022	44,051,410	15,231,695	1,830,000	-	1,417,244	62,530,349
New leases	7,443,020	-	-	-	-	7,443,020
Cashflows	(16,419,855)	(3,581,511)	(430,000)	-	(1,417,244)	(21,848,610)
Exchange differences	1,082,877	-	-	-	-	1,082,877
At 30 June 2023	36,157,452	11,650,184	1,400,000	-	-	49,207,636
At 1 July 2021	34,381,113	20,362,108	815,000	5,899,500	5,535,170	66,992,891
New leases	24,836,445	-	-	-	-	24,836,445
Cashflows	(15,746,913)	(5,130,413)	1,015,000	(5,899,500)	(4,117,926)	(29,879,752)
Exchange differences	1,363,507	-	-	-	-	1,363,507
Modification of leases	(782,742)	-	-	-	-	(782,742)
At 30 June 2022	44,051,410	15,231,695	1,830,000	-	1,417,244	62,530,349

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	Lease liabilities RM	Term loans RM	Revolving credit RM	Bankers' acceptance RM	Invoice financing RM	Total RM
Company						
At 1 July 2022	-	-	1,830,000	-	-	1,830,000
Cashflows	-	-	(430,000)	-	-	(430,000)
At 30 June 2023	-	-	1,400,000	-	-	1,400,000
At 1 July 2021	-	-	815,000	-	-	815,000
Cashflows	-	-	1,015,000	-	-	1,015,000
At 30 June 2022	-	-	1,830,000	-	-	1,830,000

31. COMMITMENTS

Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2023 RM	2022 RM
Approved and contracted for:		
Property, plant and equipment	25,896,109	5,776,399

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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32. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the parties during the financial year:

	Balance outstanding		Transaction values	
	2023	2022	2023	2022
	RM	RM	RM	RM
Group				
Related parties:				
Income				
Sales of services				
- Azam Teroka Sdn. Bhd.	30,606	18,409	150,605	164,395
- Herdsen Corporation Sdn. Bhd.	-	-	500	538,665
- Herdsen Quarry Sdn. Bhd.	166,217	500,479	399,200	260,342
- Herdsen Sago Industrial Sdn. Bhd.	-	3,741	60,526	44,736
- Magna Goldenway Sdn. Bhd.	30,630	500	320,156	156,673
- Marup Quarry Sdn. Bhd.	1,000	-	4,000	4,372
- Sri Minah Enterprise Sdn. Bhd.	-	2,000	-	2,100
- YC Logistic Sdn. Bhd.	13,895	-	687,313	-
Sales of property, plant and equipment				
- Herdsen Quarry Sdn. Bhd.	155,721	2,308,985	903,000	6,451,891
Sales of equipment and spare parts				
- Herdsen Quarry Sdn. Bhd.	-	-	602,181	74,147
- Marup Quarry Sdn. Bhd.	-	1,940	19,018	592,668
Expenditure				
Purchase of services				
- Azam Teroka Sdn. Bhd.	11,560	-	70,560	39,360
- Herdsen Quarry Sdn. Bhd.	-	16,265	21,371	94,044
- Ricardon Sdn. Bhd.	-	1,500	-	6,000
- Y C Logistic Sdn. Bhd.	4,638,640	908,900	9,214,686	1,942,300
Purchase of parts, tyres, materials and equipment				
- Herdsen Quarry Sdn. Bhd.	-	-	1,332	1,825
- Sri Minah Enterprise Sdn. Bhd.	-	-	-	68,032

NOTES TO THE FINANCIAL STATEMENTS

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32. RELATED PARTY DISCLOSURES (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions at terms agreed between the parties during the financial year: (cont'd)

	Balance outstanding		Transaction values	
	2023	2022	2023	2022
	RM	RM	RM	RM
Group (cont'd)				
Related parties: (cont'd)				
Rental of equipment and premises				
- Magna Goldenway Sdn. Bhd.	129,479	459,040	960,000	880,000
- Marup Quarry Sdn. Bhd.	-	1,376	4,181	7,152
- Sri Minah Enterprise Sdn. Bhd	212,661	232,212	883,996	767,588
- Director of the subsidiaries				
- Lee Jia Yen	-	-	-	14,400
- Lee Yeong Shing	-	-	20,800	19,200

Related parties represent companies/persons connected to the directors of the Company namely Dato Yong Piaw Soon, Wong Siong Seh and directors of subsidiaries namely Lee Seng Chiong, Hii Kwong Wui, Yong Leong Mew and Yong Leong Hua.

	Transaction values	
	2023	2022
	RM	RM
Group		
Transactions with associates:		
Income		
Sales of services	1,559,136	11,698,386
Dividend income	113,500	251,500
Expenditure		
Purchase of services	3,858,991	5,062,676
Company		
Transactions with subsidiaries:		
Income		
Dividend income	32,000,000	24,300,000
Interest income	392,267	228,152
Management fee income	1,296,000	1,296,000
Rental income	836,400	836,400
Expenditure		
Interest expense	112,578	162,893

NOTES TO THE FINANCIAL STATEMENTS

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32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

Key management personnel represent those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group and certain members of senior management of the Group.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Short-term employee benefits	14,104,521	14,551,254	1,129,476	1,145,334
Post-employment benefits:				
Defined contribution plan	333,484	822,207	67,284	127,967
Benefits-in-kind	86,846	81,500	-	-
	14,524,851	15,454,961	1,196,760	1,273,301
Included in the total key management personnel are:				
Directors' remuneration (Note 9)	11,219,526	5,565,775	1,144,946	1,110,341

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to foreign currency exchange risk, interest rate risk, liquidity risk and credit risk. The Group's overall financial risk management objective is to minimise any potential adverse effects from the unpredictability of financial markets on the Group's financial performance in order to ensure the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of these risks.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risks as defined by MFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

The Group is exposed to currency translation risk arising from its net investments in foreign operations, including Singapore, Brunei Darussalam and Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonable possible change in United States Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Yuan ("CNY") and Hong Kong Dollar ("HKD") exchange rates, with all other variable held constant. The impact on the Group's profit before tax are shown below:

	Group	
	2023	2022
	RM	RM
RM / USD - Strengthen 5% (2022: 3%)	2,509,039	3,879,610
RM / USD - Weaken 5% (2022: 3%)	(2,509,039)	(2,419,597)
RM / SGD - Strengthen 5% (2022: 1%)	1,227,727	522,479
RM / SGD - Weaken 5% (2022: 2%)	(1,227,727)	(409,614)
RM / CNY - Strengthen 5% (2022: 1%)	28,538	(13,679)
RM / CNY - Weaken 5% (2022: 6%)	(28,538)	61,000
RM / HKD - Strengthen 5% (2022: 3%)	(8,072,199)	(239,550)
RM / HKD - Weaken 5% (2022: 3%)	8,072,199	130,272

The currency exposure profile of the Group's financial assets and liabilities is disclosed as follows:

	Net financial receivables/(payables) and cash and bank balances held in non-functional currencies				
	USD	SGD	CNY	HKD	Total
	RM	RM	RM	RM	RM
Functional currency of Group - RM					
At 30 June 2023	50,180,784	24,554,540	570,753	(1,614,440)	73,691,637
At 30 June 2022	96,439,470	12,168,271	688,750	(2,405,764)	106,890,727

(b) Interest rate risk

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

The Group's interest bearing assets are primarily short-term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be low.

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and to achieve a certain level of protection against rate hikes.

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Interest rate risk (cont'd)

If the Group's borrowings at variable rates on which hedges have not been entered into changes in the following basis points, with all other variables being held constant, the effects on profit before tax would be as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Borrowings based on cost of funds (KLIBOR):				
- Increase by 100 basis point (2022: 75 basis point)	(14,000)	(13,725)	(14,000)	(13,725)
- Decrease by 100 basis point (2022: 75 basis point)	14,000	13,725	14,000	13,725
Borrowings based on base lending rate (BLR):				
- Increase by 100 basis point (2022: 75 basis point)	(117,675)	(116,370)	-	-
- Decrease by 100 basis point (2022: 75 basis point)	117,675	116,370	-	-

(c) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	5 years and more	Total
	RM	RM	RM	RM	RM
Group					
Financial liabilities					
At 30 June 2023					
Trade and other payables	150,527,550	-	-	-	150,527,550
Loans and borrowings	21,159,386	13,785,930	14,575,799	3,899,980	53,421,095
Total undiscounted financial liabilities	171,686,936	13,785,930	14,575,799	3,899,980	203,948,645

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	5 years and more RM	Total RM
Group (cont'd)					
At 30 June 2022					
Trade and other payables	151,315,370	-	-	-	151,315,370
Loans and borrowings	26,084,593	23,553,036	15,599,375	4,410,017	69,647,021
Total undiscounted financial liabilities	177,399,963	23,553,036	15,599,375	4,410,017	220,962,391
Company					
Financial liabilities					
At 30 June 2023					
Trade and other payables	2,352,885	-	-	-	2,352,885
Loans and borrowings	1,403,749	-	-	-	1,403,749
Financial guarantee contracts	41,210,160	-	-	-	41,210,160
Total undiscounted financial liabilities	44,966,794	-	-	-	44,966,794
At 30 June 2022					
Trade and other payables	9,557,416	-	-	-	9,557,416
Loans and borrowings	1,893,329	-	-	-	1,893,329
Financial guarantee contracts	66,931,000	-	-	-	66,931,000
Total undiscounted financial liabilities	78,381,745	-	-	-	78,381,745

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

For trade and other receivables, the Group controls these risk by the application of credit approvals, limits and monitoring procedures. The Group also minimises its exposure through analysing the counterparties' financial condition prior to entering into any services/contracts where appropriate to mitigate credit risk. Trade receivables are monitored on an ongoing basis via Group's management reporting procedures. For other financial assets (deposits, cash and bank balances with financial institutions) the Group adopts the policy of dealing only with counterparties of high credibility (i.e. banks and financial institutions).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current and forecasted industry conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in below. The Group does not hold any collateral as security.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance; and
- a nominal amount of RM41,210,160 (2022: RM66,931,000) relating to corporate guarantees provided by the Company to banks on the subsidiaries' borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the trade and other receivables on an ongoing basis. At the reporting date, approximately 18% (2022: 14%) of the Group trade receivables are two major customers located in Malaysia.

(i) Exposure to credit risk for trade receivables

Recognition and measurement of impairment loss

The following table provides information about exposure to credit risk and expected credit loss for trade receivables of the Group as at 30 June 2023 and 30 June 2022:

	Expected credit loss rate in %	Total gross carrying amount RM	Expected credit loss RM
Group			
30 June 2023			
Current (not past due)	0.45	86,067,891	387,609
Days past due:			
1-90 days	1.04	73,376,351	761,390
91-180 days	9.54	14,972,904	1,428,058
181-360 days	85.95	5,007,936	4,304,524
More than 360 days	97.79	7,303,675	7,141,966
		<u>186,728,757</u>	<u>14,023,547</u>
30 June 2022			
Current (not past due)	2.04	110,766,378	2,255,839
Days past due:			
1-90 days	1.06	74,575,749	788,148
91-180 days	12.34	11,821,700	1,458,498
181-360 days	60.81	7,485,979	4,552,576
More than 360 days	87.97	5,359,752	4,715,081
		<u>210,009,558</u>	<u>13,770,142</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

(i) Exposure to credit risk for trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movement in allowance for expected credit losses ("ECL") during the year for the Group is shown below:

	Group	
	RM	RM
At 1 July 2022/2021	13,770,142	11,498,861
Charge for the year (Note 7)	3,776,784	4,283,325
Reversal of impairment losses (Note 5)	(3,586,389)	(2,047,052)
Written off	-	14,436
Net impairment losses	190,395	2,250,709
Exchange differences	63,010	20,572
At 30 June 2023/2022	14,023,547	13,770,142

(ii) Other receivables that are impaired

Movement in allowance accounts:

	Company	
	RM	RM
At 1 July 2022/2021	8,097,689	7,604,947
Charge for the year (Note 7)	1,455,152	1,492,742
Reversal of impairment losses (Note 5)	-	(1,000,000)
At 30 June 2023/2022	9,552,841	8,097,689

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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34. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments, categories as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")

	Note	30 June 2023				30 June 2022			
		Group		Company		Group		Company	
		AC RM	FVTPL RM	AC RM	FVTPL RM	AC RM	FVTPL RM	AC RM	FVTPL RM
Financial assets									
Trade and other receivables	20	183,893,202	-	4,998,923	-	206,303,233	-	7,672,251	-
Investment securities	23	-	135,957,370	-	2,311,085	-	43,803,523	-	8,529,504
Cash and bank balances	24	287,077,123	-	13,070,362	-	260,400,671	-	1,519,862	-
		470,970,325	135,957,370	18,069,285	2,311,085	466,703,904	43,803,523	9,192,113	8,529,504
Financial liabilities									
Loans and borrowings	27	49,324,947	-	1,400,000	-	62,814,629	-	1,830,000	-
Trade and other payables	28	150,527,550	-	2,352,885	-	151,315,370	-	9,394,523	-
		199,852,497	-	3,752,885	-	214,129,999	-	11,224,523	-

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	20
Trade and other payables	28
Loans and borrowings	27

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2023 and 2022:

	Note	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group						
Assets measured at fair value						
Investment securities	23	30 June 2023	135,957,370	-	-	135,957,370
Assets for which fair values are disclosed						
Investment properties	14	30 June 2023	-	-	42,378,634	42,378,634
Assets measured at fair value						
Investment securities	23	30 June 2022	43,803,523	-	-	43,803,523
Assets for which fair values are disclosed						
Investment properties	14	30 June 2022	-	-	37,854,838	37,854,838
Company						
Assets measured at fair value						
Investment securities	23	30 June 2023	2,311,085	-	-	2,311,085
	23	30 June 2022	8,529,504	-	-	8,529,504

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, obtain new financing facilities or dispose assets to reduce borrowings.

Management monitors capital based on the Group's and the Company's gearing ratios. The Group and the Company are also required by certain banks to maintain a gearing ratio of not exceeding certain percentage varying between 100% and 200%. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

The gearing ratio is calculated as net debt divided by equity capital plus net debt. Net debt is calculated as total loans and borrowings, trade and other payables less investment securities, cash and bank balances. Capital is equivalent to capital and reserves attributable to the owners of the Company.

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Loans and borrowings	27	49,324,947	62,814,629	1,400,000	1,830,000
Trade and other payables	28	150,527,550	151,315,370	2,352,885	9,394,523
Less:					
Investment securities	23	(135,957,370)	(43,803,523)	(2,311,085)	(8,529,504)
Cash and bank balances	24	(287,077,123)	(260,400,671)	(13,070,362)	(1,519,862)
Net (cash)/debt		(223,181,996)	(90,074,195)	(11,628,562)	1,175,157
Equity attributable to the owners of the Company		743,104,959	616,106,015	263,129,636	249,230,700
Capital and net debt		519,922,963	525,941,820	251,501,074	250,405,857
Gearing ratio		N/A*	N/A*	N/A*	0.5%

* Not applicable as the Group and the Company are in a net cash position.

37. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that serves different markets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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37. SEGMENT INFORMATION (CONT'D)

(b) Business segments

The Group is organised into five major business segments:

- (i) Investment holding
- (ii) Shipping and marine services
- (iii) Integrated logistics
- (iv) Engineering works
- (v) Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Investment holding	Shipping and marine services	Integrated logistics	Engineering works	Property development	Elimination adjustments	Note	Total
	RM	RM	RM	RM	RM	RM		RM
30 June 2023								
Revenue								
External sales	-	608,421,426	342,773,605*	50,802,940	4,958,318	-		1,006,956,289
Inter-segment sales	34,214,500	26,972,856	9,817,368	-	2,651,350	(73,656,074)	A	-
Total revenue	34,214,500	635,394,282	352,590,973	50,802,940	7,609,668	(73,656,074)		1,006,956,289
Segment results								
Profit before tax	28,086,904	138,874,015	52,937,989	2,263,327	2,683,458	(29,818,131)	A	195,027,562
Depreciation	268,696	23,477,531	17,953,922	334,507	333,252	(128,776)	A	42,239,132
Impairment loss	-	-	1,322,853	-	-	-		1,322,853
Finance costs	249,118	4,288,506	1,385,862	138,115	143,833	(3,043,920)	A	3,161,514
Income tax expense	239,498	10,697,808	7,649,967	613,702	755,542	-		19,956,517
Share of results of associates	3,290,548	16,701	37,329	-	-	-		3,344,578
Share of results of joint venture	-	-	(9,557)	-	-	-		(9,557)

* Included herein is revenue from engineering works amounting to RM30 million.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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37. SEGMENT INFORMATION (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd)

	Investment holding	Shipping and marine services	Integrated logistics	Engineering works	Property development	Elimination adjustments	Note	Total
	RM	RM	RM	RM	RM	RM		RM
Assets								
Investment in associates	5,534,275	209,026	838,173	-	-	-		6,581,474
Investment in joint venture	-	-	29,269	-	-	-		29,269
Addition to non-current assets	113,397	38,462,491	17,574,149	1,173,489	-	(1,216,300)	B	56,107,226
Segment assets	31,039,666	544,197,943	365,964,960	88,413,640	75,944,895	(17,285,011)	C	1,088,276,093
Liabilities								
Segment liabilities	4,110,364	99,881,505	112,266,747	10,938,121	1,213,765	(1,880,599)	D	226,529,903
30 June 2022								
Revenue								
External sales	-	610,436,026	249,056,224	42,049,706	5,961,524	-		907,503,480
Inter-segment sales	26,604,500	19,012,826	8,608,256	-	342,011	(54,567,593)	A	-
Total revenue	26,604,500	629,448,852	257,664,480	42,049,706	6,303,535	(54,567,593)		907,503,480
Segment results								
Profit before tax	19,474,218	168,963,967	31,506,945	1,981,797	2,512,573	(24,132,442)	A	200,307,058
Depreciation	279,906	12,596,225	16,620,811	2,298,078	180,537	(87,890)	A	31,887,667
Impairment loss	-	-	1,440,229	-	-	-		1,440,229
Reversal of impairment loss	-	(5,965,704)	-	-	-	-		(5,965,704)
Finance costs	242,554	1,173,696	2,659,371	164,620	228,152	(857,811)	A	3,610,582
Income tax expense	234,645	13,781,448	5,395,114	717,499	720,035	(8,704)		20,840,037
Share of results of associates	(815,864)	(14,086)	244,445	-	-	-		(585,505)
Share of results of joint venture	-	-	1,588	-	-	-		1,588
Assets								
Investment in associates	-	11,107,088	-	-	-	-		11,107,088
Investment in joint venture	-	-	38,826	-	-	-		38,826
Addition to non-current assets	59,899	69,024,106	18,535,503	4,984,553	94,825	-	B	92,698,886
Segment assets	25,033,018	451,543,565	318,913,433	92,139,721	76,473,387	(2,102,138)	C	962,000,986
Liabilities								
Segment liabilities	2,979,544	123,110,099	105,999,284	14,343,413	3,805,797	(3,105,864)	D	247,132,273

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023

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37. SEGMENT INFORMATION (CONT'D)

A Elimination of inter-segment unrealised profit at consolidation.

B Additions to non-current assets consists of:

	2023 RM	2022 RM
Property, plant and equipment (Note 13)	56,107,226	92,698,886
	56,107,226	92,698,886

C The following items deducted from segment assets to arrive at total assets reported in the consolidated statement of financial positions.

	2023 RM	2022 RM
Inter-segment assets elimination	(16,117,582)	(361,598)
Unrealised gain on inter-segment transactions	(1,167,429)	(1,740,540)
	(17,285,011)	(2,102,138)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

	2023 RM	2022 RM
Inter-segment liabilities elimination	(1,880,599)	(3,105,864)

(c) Geographical segments

Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's five business segments operate in following geographical areas:

	Total revenue from external customers	
	2023 RM	2022 RM
Malaysia	804,171,524	615,580,354
Hong Kong/China	154,251,521	288,142,136
Singapore	47,198,804	2,417,925
Brunei	1,334,440	1,363,065
Consolidated	1,006,956,289	907,503,480

ANALYSIS OF SHAREHOLDINGS

As at 29 September 2023

Total number of Issued Shares	:	400,400,008
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS as at 29 September 2023

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100 shares	10,960	392,821	0.10
100 to 1,000 shares	2,983	817,470	0.20
1,001 to 10,000 shares	1,617	7,241,093	1.81
10,001 to 100,000 shares	640	19,998,665	4.99
100,001 to less than 5% of issued shares	118	110,211,034	27.53
5% and above of issued shares	7	261,738,925	65.37
	16,325	400,400,008	100.00

DIRECTORS' SHAREHOLDINGS as at 29 September 2023

No.	Name	Direct Interest		Indirect Interest	
		Shares	% [#]	Shares	% [#]
1.	Dato Yong Piaw Soon	39,826,599	9.99	212,819,726*	53.40
2.	Wong Siong Seh	22,274,360	5.59	212,819,726*	53.40
3.	Dato' Toh Guan Seng	5,060,000	1.27	-	-
4.	Datuk Pau Chiong Ung	-	-	-	-
5.	Bin Lay Thiam	-	-	-	-
6.	Khoi Hoay Ling	-	-	-	-

[#] Excluding a total of 1,823,300 shares bought-back by the Company and retained as treasury shares.

^{*} Deemed interest through shareholdings in Enricharvest Sdn. Bhd. and United Joy Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

As at 29 September 2023

cont'd

SUBSTANTIAL SHAREHOLDERS

as at 29 September 2023

No.	Name	Direct Interest		Indirect Interest	
		Shares	% [#]	Shares	% [#]
1.	Enricharvest Sdn. Bhd.	126,258,306	31.68	-	-
2.	United Joy Sdn. Bhd.	86,561,420	21.72	-	-
3.	Dato Yong Piau Soon	39,826,599	9.99	212,819,726*	53.40
4.	Wong Siong Seh	22,274,360	5.59	212,819,726*	53.40
5.	Quintet Luxembourg for Samarang Ucits - Samarang Asian Prosperity	26,692,600	6.70	-	-

Excluding a total of 1,823,300 shares bought-back by the Company and retained as treasury shares.

* Deemed interest through shareholdings in Enricharvest Sdn. Bhd. and United Joy Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

THIRTY (30) LARGEST SHAREHOLDERS

as at 29 September 2023

No.	Names	No. of Shares held	% [#]
1	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR UNITED JOY SDN. BHD.	47,665,420	11.96
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ENRICHARVEST SDN. BHD.	47,458,400	11.91
3	ENRICHARVEST SDN. BHD.	40,402,340	10.14
4	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YONG PIAW SOON	39,826,599	9.99
5	UNITED JOY SDN. BHD.	31,196,000	7.83
6	ENRICHARVEST SDN. BHD.	28,497,566	7.15
7	HSBC NOMINEES (ASING) SDN. BHD. QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	26,692,600	6.70
8	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG SIONG SEH	11,617,400	2.91
9	ENRICHARVEST SDN. BHD.	9,900,000	2.48
10	LEE POH IM	8,355,440	2.10
11	UNITED JOY SDN. BHD.	7,700,000	1.93
12	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG SIONG SEH	7,356,960	1.85
13	WONG NGUOK SIONG	5,696,000	1.43
14	TOH GUAN SENG	5,060,000	1.27
15	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HUI KWONG WUI	3,976,500	1.00

ANALYSIS OF SHAREHOLDINGS

As at 29 September 2023

cont'd

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
as at 29 September 2023

No.	Names	No. of Shares held	% [#]
16	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG SIONG SEH</i>	3,300,000	0.83
17	CIMB GROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR DBS BANK LTD</i>	3,246,828	0.81
18	LAU CHII HUNG	2,685,000	0.67
19	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LEE SENG CHIONG</i>	2,209,800	0.55
20	CARTABAN NOMINEES (ASING) SDN. BHD. <i>THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.</i>	1,934,300	0.49
21	LIEW KIM MAN	1,685,000	0.42
22	CARTABAN NOMINEES (ASING) SDN. BHD. <i>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND</i>	1,581,100	0.40
23	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG LING POH</i>	1,336,000	0.34
24	LOH CHAI KIAM	1,150,000	0.29
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LAU SII HIN</i>	1,012,300	0.25
26	MOHAMMAD SALLEH BIN BAJURI	901,560	0.23
27	LIM SIN SANG	827,600	0.21
28	CARTABAN NOMINEES (ASING) SDN. BHD. <i>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND, LLC</i>	824,800	0.21
29	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR FELIX WONG KHUNG CHUI</i>	778,000	0.20
30	KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG FEAI CHEE</i>	749,180	0.19

Excluding a total of 1,823,300 shares bought-back by the Company and retained as treasury shares.

LIST OF PROPERTIES

As at 30 June 2023

Description	Tenure	Existing use	Land area/ Built-up area	Approximate age of building	Net book value at 30 June 2023 (RM'000)	Date of acquisition
Harbour-Link Group Bhd						
Unit 6-12, Lot 2646, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, Bintulu, Sarawak	Leasehold land expiring on 18.02.2057	Office	2,561.7 sq metres	16 years	4,571	18 August 2006
Harbour-Link (M) Sdn Bhd						
Lot 3064, Block 26, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 11.10.2062	Workshop, storage area and warehouse	20,240.0 sq metres	21 years	4,531	20 February 1998
Lot 3065, Block 26, Kemena Land District, Bintulu Sarawak	Leasehold land expiring on 11.10.2066	Workshop, storage area and warehouse	8,096.0 sq metres	21 years	338	29 March 2000
Lot 4010, Block 26, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 24.01.2067	Workshop, storage area and warehouse	12,139.0 sq metres	21 years	1,624	2 August 2002
Lot 4052, Block 26, Kemena Land District, Kidurong Industrial Area, Bintulu, Sarawak	Leasehold land expiring on 25.03.2067	Workshop and storage Storage area	2,902.0 sq metres	17 years	437	5 July 2005
Block 5, 3rd Floor, Unit 1 of Lot 1079, Block 31, Kemena Land District, Bintulu, Sarawak	Strata title with leasehold land expiring on 26.10.2064	Residential apartment used as staff quarters	74.3 sq metres	24 years	35	7 October 1998
Lot 2525, Block 32, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 06.05.2059	Residential double-storey semi-detached house used as staff quarters	383.1 sq metres	21 years	96	18 June 2002
Lot 2526 Block 32 Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 06.05.2059	Residential double-storey semi-detached house used as staff quarters	397.1 sq metres	21 years	96	18 June 2002
Lot 660, Block 4, Muara Tebas Land District, Kuching, Sarawak	Leasehold land expiring on 31.12.2036	Container storage yard	28,730.0 sq metres	16 years	1,219	28 January 2004
		Office Cum Warehouse		5 years	8,098	1 May 2019

LIST OF PROPERTIES

As at 30 June 2023

cont'd

Description	Tenure	Existing use	Land area/ Built-up area	Approximate age of building	Net book value at 30 June 2023 (RM'000)	Date of acquisition
Lot 4054, Block 26, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 08.02.2070	Storage yard rented to 3rd party	5,798 sq metres	14 years	1,595	11 March 2009
No. 56, Lot 2630, Block 20, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 12.07.2082	3-storey intermediate shophouse	139.9 sq metres	7 years	1,080	26 July 2022
No. 57, Lot 2631, Block 20, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 12.07.2082	3-storey intermediate shophouse	139.9 sq metres	7 years	1,080	26 July 2022
Harbour Agencies (Sarawak) Sdn Bhd						
Lot 3429, Block 32, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 06.09.2058	Double-storey semi- detached house rented to 3rd party	305.8 sq metres	24 years	122	19 February 2004
Lot 1684, Block 11, Seduan Land District, Sibul, Sarawak	Leasehold land expiring on 03.12.2034	Vacant Agriculture land	9,220.0 sq metres	-	421	2 October 2003
Harbour Agencies (Sibu) Sdn Bhd						
Lot 2553, Block 7, Sibul Town District, Sibul, Sarawak	Leasehold land expiring on 28.09.2052	Office 3-storey corner shophouse	123.8 sq metres	31 years	128	25 October 1995
Harbour Services (Miri) Sdn Bhd						
Lot 2132, Kuala Baram Land District, Miri, Sarawak	Leasehold land expiring on 05.02.2064	Single storey warehouse industrial building	5,260.0 sq metres	17 years	311	6 February 2004
Harbour-Link Logistics Sdn Bhd						
Lot 3120, Block 26, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 16.01.2058	Warehouse and office	39,580.0 sq metres	7 years	13,808	26 October 2010
Lot 19, Industrial Zone 4, Kota Kinabalu Industrial Park Jalan Sepanjar, Kota Kinabalu, Sabah	Leasehold land expiring on 31.12.2098	Workshop and storage yard	12,205.8 sq metres	16 years	3,858	11 July 2005
Lot 317, Block 1, Kemena Land District at Samalaju Industrial Park, Bintulu, Sarawak	Leasehold land expiring on 20.01.2079	Storage yard	38,910.53 sq metres	5 years	2,643	1 May 2019

LIST OF PROPERTIES

As at 30 June 2023

cont'd

Description	Tenure	Existing use	Land area/ Built-up area	Approximate age of building	Net book value at 30 June 2023 (RM'000)	Date of acquisition
Lot 31, Phase 3A, Lahad Datu, Sabah	Leasehold land 99 years from the date of Registration of Lease	Vacant industrial land	4.49 acres	-	3,263	30 November 2019
Eastern Soldar Engineering & Construction Sdn Bhd						
Lot 17239, Jalan Haruan 2, Oakland Industrial Park, 70200 Seremban	Freehold	Factory and office	10,219.0 sq metres	29 years	3,793	10 November 1992
Lot No. 14849, Town of Seremban, District of Seremban, Negeri Sembilan	Freehold land	Intermediate double- storey shophouse rented to 3rd party	153.0 sq metres	34 years	154	30 June 1994
Lot No. 11441, No. 1, Jalan Kesuma 3/7, Bandar Tasik Kesuma, 43700 Beranang, Selangor	Freehold land	Vacant Corner lot three-storey shopoffice	224 sq metres	21 years	116	20 April 1999
PT 11643, Jalan Techvalley 1/2, Sendayan Techvalley 2, 71950 Bandar Sri Sendayan, Negeri Sembilan	Freehold land	Workshop	28,329.0 sq metres	6 years	13,620	22 May 2013
ESE Energy Sdn Bhd						
Lot No. 21953, Pekan of Bukit Kepayang, District of Seremban, Negeri Sembilan	Freehold land	Three-storey shopoffice Staff house and store	92.9 sq metres	23 years	219	24 June 1996
Sarawak Edible Oils S/B						
Lot 1218, Block 20, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 31.10.2071	Vacant/ Industrial Land	312,579.19 sq metres	-	46,237	26 April 2010
Lot 2701, Block 2545, Block 20, Kemena Land District, Bintulu, sarawak	Leasehold land expiring on 31.10.2071	Industrial Building	814.3 sq metres	7 years	917	1 April 2018

LIST OF PROPERTIES

As at 30 June 2023

cont'd

Description	Tenure	Existing use	Land area/ Built-up area	Approximate age of building	Net book value at 30 June 2023 (RM'000)	Date of acquisition
Lot 7 (2581), Lot 2535, Block 20, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 12.07.2082	Office 3-storey shophouse	222.8 s q metres	7 years	767	23 March 2016
Lot 59 (2633) Lot 2535, Block 20, Kemena Land District, Bintulu, Sarawak	Leasehold land expiring on 12.07.2082	Office 3-storey shophouse	140 sq metres	7 years	510	1 April 2017
Harbour Services Corporation Sdn Bhd						
PN 5048, Lot 205310934 at Kg. Bukit Kalam, Wilayah Persekutuan Labuan	Leasehold land expiring on 13.01.2056	Single storey house	17,377.2 sq metres	3 years	5,659	6 January 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting ("**AGM**") of the Company will be conducted on a virtual basis at the Broadcast Venue at Wisma Harbour, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak on Monday, 27 November 2023 at 10.00 a.m. for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Directors' and Auditors' Reports thereon.
2. To approve a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023. **(Resolution 1)**
3. To approve the payment of Directors' fees and allowances up to RM350,000.00 for the period from this AGM until the next AGM of the Company. **(Resolution 2)**
4. To re-elect the following Directors retiring in accordance with Article 86 of the Company's Constitution and being eligible, offer themselves for re-election:-
 - i) Dato' Toh Guan Seng **(Resolution 3)**
 - ii) Mr. Bin Lay Thiam **(Resolution 4)**
5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Board of Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following as ordinary resolutions:-

6. **RETENTION OF INDEPENDENT DIRECTOR** **(Resolution 6)**
 "THAT Mr. Bin Lay Thiam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years be and is hereby retained as Independent Non-Executive Director of the Company."
7. **AUTHORITY TO ISSUE SHARES AND WAIVER OF PRE-EMPTIVE RIGHTS** **(Resolution 7)**
 "THAT pursuant to Section 75 and 76 of the Companies Act, 2016 ("**the Act**") and subject to the approvals from the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors be and are also hereby empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act to be read together with Article 3 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Section 75 and 76 of the Act."

NOTICE OF ANNUAL GENERAL MEETING

cont'd

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **(Resolution 8)**

"THAT the mandate granted by the shareholders of the Company at the Twentieth AGM held on 28 November 2022 pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiary ("**HLG Group**") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(i) of the Circular to Shareholders dated 27 October 2023 with the related parties mentioned therein which are necessary for HLG Group's day-to-day operations, be and is hereby renewed.

THAT approval be and is hereby given for HLG Group to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(ii) of the Circular to Shareholders dated 27 October 2023, which are necessary for HLG Group's day-to-day operations.

THAT the HLG Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on the type of Recurrent Related Party Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT authority conferred shall continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the forthcoming Twenty-First AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

9. To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-First AGM, a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023 will be paid on 29 December 2023 to depositors whose names appear in the Record of Depositors on 30 November 2023.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 30 November 2023 in respect of transfers.
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LIM SECK WAH (MAICSA NO. 0799845)
TANG CHI HOE (KEVIN) (MAICSA NO. 7045754)
 Company Secretaries
 Sarawak

Dated: 27 October 2023

Notes:-

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Twenty-First AGM, the Company shall be requesting the Record of Depositors as at 20 November 2023. Only a depositor whose name appears on the Record of Depositors as at 20 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.*
2. *A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
3. (i) *Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
 (ii) *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.*
5. *The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.HLGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/eE7OD0> to submit the proxy appointment electronically not later than Saturday, 25 November 2023 at 10.00 a.m. For further information on the electronic submission of proxy form, kindly refer to the annexure of the Administrative Notes.*

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Explanatory Notes to Special Business

i) Ordinary Resolution 6 – Retention of Independent Director

The Board of Directors has vide the Nomination Committee conducted an assessment of independence of Mr. Bin Lay Thiam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommended that Mr. Bin Lay Thiam be retained as Independent Non-Executive Director of the Company based on the following justifications:

- i) He has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.*
- ii) He remains independent and actively participate in the Board's deliberations and provide independent and constructive opinions to the Board.*
- iii) He has in depth knowledge of the Company's business operations and he is committed to devote sufficient time and attention to the Company.*

ii) Ordinary Resolution 7 – Authority to issue shares and waiver of pre-emptive rights

The effect of the Ordinary Resolution if passed, will give the Directors of the Company, from the date of the 21st AGM, authority to allot and issue shares up to 10% of the total number of issued shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The mandate obtained last year was not exercised and hence no proceed was raised therefrom.

The Board would like to renew the mandate to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost consuming to organise a general meeting. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital, repayment of bank borrowings and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under this general mandate.

iii) Ordinary Resolution 8 – Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 8 is set out in the Circular to Shareholders dated 27 October 2023.



ADMINISTRATIVE NOTES

For the Twenty-First Annual General Meeting ("21st AGM")

Date : **Monday, 27 November, 2023**
 Time : **10.00 a.m.**
 Broadcast Venue : **Wisma Harbour, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak**

Voting via Digital Ballot Form at a Virtual 21st AGM

1. Harbour-Link Group Berhad ("**the Company**") will conduct its 21st AGM on a virtual basis through remote participation and electronic voting from the Broadcast Venue.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members will not be allowed to physically present at the 21st AGM in person at the Broadcast Venue on the day of the meeting.
3. Shareholders who wish to participate at the 21st AGM will therefore have to do so remotely. Pre-registration of attendance is required via the link at <https://vps.megacorp.com.my/eE7OD0> (please refer to paragraph 6 for further details). After the registration is validated and accepted, shareholders will receive an email with a link to grant access to the **Digital Ballot Form ("DBF")**.
4. With the DBF and Meeting Link, you may exercise your right as a shareholder of the Company to participate (including to pose questions to the Board/Management of the Company) and vote during the 21st AGM, at the comfort of your home or from any location.
5. Shareholders may use the *Questions' Pane* facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions before the meeting via email to the following e-mail address in relation to the agenda items for the 21st AGM:
AGM-support.HLGB@megacorp.com.my

Registration Procedure

6. Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Live-Streaming session to participate and vote remotely during the 21st AGM online:
 - a. Open this link <https://vps.megacorp.com.my/eE7OD0> or scan the QR code at the top right corner of this document, and submit all requisite details at least forty-eight (48) hours before the date of 21st AGM.
 - b. Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the Meeting.
 - c. Alternatively, you may deposit your Proxy Form, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator at least 48 hours before the date of the 21st AGM at:

Mega Corporate Services Sdn. Bhd.

Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan **or**;

Submit via e-mail to:

AGM-support.HLGB@megacorp.com.my

- d. For corporate shareholders/nominee accounts, please execute Form of Proxy as per step (c) above.

ADMINISTRATIVE NOTES

For the Twenty-First Annual General Meeting ("21st AGM")
cont'd

- e. Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn. Bhd., will send the following via email:
 - i. **Meeting Link** - for the Live-Streaming Session
 - ii. **DBF** - for Voting Purposes

Record of Depositors ("ROD") for the 21st AGM

- 7. The date of ROD for the Meeting is set on Monday, 20 November 2023. As such, only shareholders whose name appear in the ROD shall be entitled to participate, speak and vote at the 21st AGM or appoint proxy(ies)/corporate representative(s) to participate and vote on his/her behalf.

Poll Voting

- 8. The voting of the 21st AGM will be conducted by poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
- 9. Shareholders can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the 21st AGM, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

Enquiry

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn. Bhd.

Email : AGM-support.HLGB@megacorp.com.my
Tel : +60 (3) 2692 4271/2694 8984
Alfred : +60 (12) 912 2734
Hisham : +60 (12) 252 9136

**HARBOUR-LINK GROUP BERHAD**Registration No. 200201025239 (592902-D)
(Incorporated in Malaysia)**FORM OF PROXY**

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We* _____ NRIC/Passport/Registration No.* _____
(Full name in block)of _____
(Address)

with email address _____ Mobile phone no. _____

being a member/members* of **Harbour-Link Group Berhad** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Percentage of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

and/or*

Full Name (in Block)	NRIC/Passport No.	Percentage of Shareholdings
		%
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us and on my/our behalf at the Twenty-First Annual General Meeting ("**AGM**") of the Company to be conducted on a virtual basis at the Broadcast Venue at Wisma Harbour, Parkcity Commerce Square, Jalan Tun Ahmad Zaidi, 97000 Bintulu, Sarawak on Monday, 27 November 2023 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "x" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	To approve a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2023				
2.	To approve the payment of Directors' fees and allowances up to RM350,000.00 for the period from this AGM until the next AGM of the Company				
3.	To re-elect the director, Dato' Toh Guan Seng				
4.	To re-elect the director, Mr. Bin Lay Thiam				
5.	To re-appoint the retiring auditors, Messrs. Ernst & Young PLT				
6.	Retention of Independent Director – Mr. Bin Lay Thiam				
7.	Authority to Issue Shares and Waiver of Pre-Emptive Rights				
8.	Proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature				

* delete whichever is not applicable.

Dated this _____ day of _____ 2023

Signature of Member(s) / Common Seal

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Twenty-First AGM, the Company shall be requesting the Record of Depositors as at 20 November 2023. Only a depositor whose name appears on the Record of Depositors as at 20 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member may appoint up to two (2) proxies who need not be members of the Company to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. (i) Where a member is an authorised nominee as defined under the Central Depositories Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(ii) Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised.

Fold along this line (1)

Please Affix
Stamp

The Company Secretary

HARBOUR-LINK GROUP BERHAD
(Registration No. 200201025239 (592902-D))

c/o **Mega Corporate Services Sdn Bhd**
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Wilayah Persekutuan

Fold along this line (2)

5. The Form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn Bhd situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.HLGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/eE7OD0> to submit the proxy appointment electronically not later than Saturday, 25 November 2023 at 10.00 a.m. For further information on the electronic submission of proxy form, kindly refer to the annexure of the Administrative Notes.

PERSONAL DATA NOTICE

By submitting the duly executed Form of Proxy, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this meeting and at any adjournment thereof.

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w w w . h a r b o u r . c o m . m y

HARBOUR-LINK GROUP BERHAD

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