



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

RIDING
THE NEW WAVE OF
**SUSTAINABLE
GROWTH**



ANNUAL REPORT 2024



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 49 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato Yong Piau 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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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 2024



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

SHIPPING AND MARINE DIVISION

80%

HARBOUR IVORY SDN BHD

[200601018496 (738249-M)]
(In Members' Voluntary Winding-up)

100%

HARBOUR-LINK NAVIGATION SDN BHD

[200501001514 (678560-X)]

85%

HARBOUR HORNBILL SDN BHD

[200601013788 (733539-X)]

85%

HARBOUR-LINK LINES SDN BHD

[200601018501 (738254-T)]

100%

HLG PETROLEUM SDN BHD

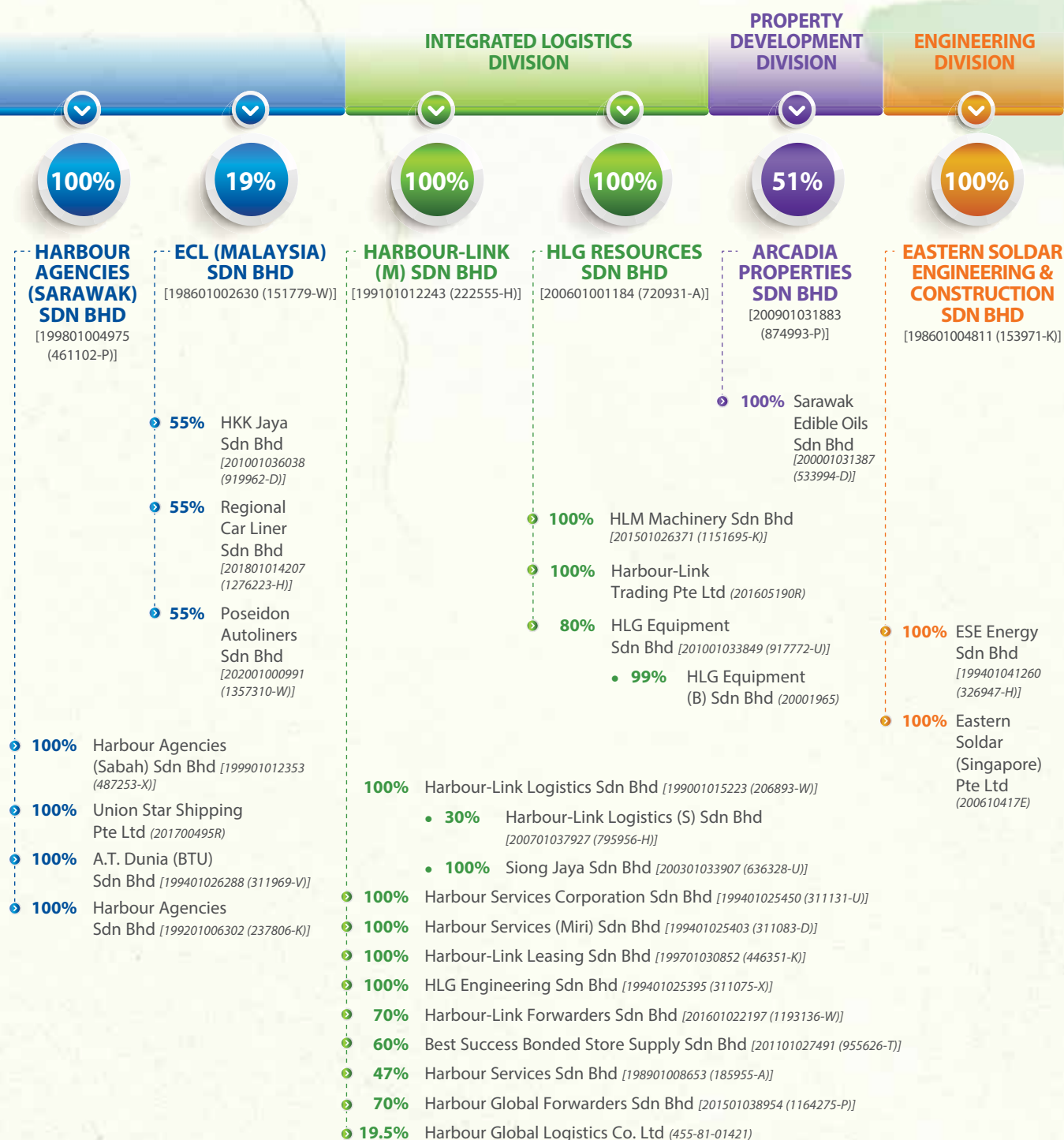
[200601003074 (722821-K)]

- 100% Harbour Challenger Sdn Bhd [200501002334 (679380-P)]
- 100% Harbour Eagle Sdn Bhd [200501005190 (682237-W)]
- 100% Satun Shipping Sdn Bhd [200501004913 (681960-T)]
- 100% Harbour-Link Marine Services Sdn Bhd [200601018500 (738253-H)]
- 100% Harbour Agencies (Sibu) Sdn Bhd [199401006065 (291744-P)]
- 100% Harbour Services (Kuching) Sdn Bhd [199501024940 (354145-A)]
- 100% Harbour Xtra Sdn Bhd [201501021029 (1146365-W)]
- 100% Navasco Shipping Sdn Bhd [199601037065 (409418-A)]
- 85% Harbour-Link Shipping Sdn Bhd [200601018499 (738252-M)]
- 85% Harbour Ruby Sdn Bhd [201501028263 (1153587-X)]
- 85% Harbour Zenith Sdn Bhd [201501028026 (1153350-W)]
- 100% Harbour Gemini Sdn Bhd [200601013791 (733542-X)]
- 85% AM Lines Sdn Bhd [201601002993 (1173919-X)]
- 85% Harbour Frida Sdn Bhd [202001042661 (1398982-P)]
- 85% Harbour Zircon Sdn Bhd [202401009364 (1555214-D)]
- 85% Harbour Adventure Sdn Bhd [202401009359 (1555209-U)]
- 85% Harbour Iconic Sdn Bhd [202401034158 (1580006-H)]

- 100% Harbour-Link Lines (S) Pte Ltd [201423615W]
- 100% Harbour Jupiter Sdn Bhd [200701001232 (759230-A)]
- 100% Harbour-Link Lines (KK) Sdn Bhd [200601019811 (739564-H)]
- 90% Harbour-Link Lines (JB) Sdn Bhd [200601019807 (739560-D)]
- 100% Harbour-Link Lines (KCH) Sdn Bhd [200601019812 (739565-T)]
- 60% Harbour-Link Lines (PK) Sdn Bhd [200601019809 (739562-P)]
- 40% Smart Shipping Sdn Bhd [200501010748 (687795-U)]
- 100% Harbour-Link Lines Limited (2701216)
- 55% Harbour-Link Lines (B) Sdn Bhd (00007861)

- 62% Advance Mariner Lines Sdn Bhd [201601002851 (1173777-U)]
- 100% AML Shipping Sdn Bhd [201601003022 (1173948-H)]
- 49% T&T Forwarding Sdn Bhd [200801027434 (828760-P)]
- 100% AML Shipping (Singapore) Pte Ltd [201620045G]
- 51% AML Shipping (Sabah) Sdn Bhd [201601033269 (1204210-A)]

CORPORATE STRUCTURE

As at 1 October 2024
cont'd

BOARD OF DIRECTORS



From left to right:-

- | | | |
|---|--|--|
| 1. Khoi Hoay Ling
<i>Independent Non-Executive Director</i> | 4. Dato' Toh Guan Seng
<i>Executive Director</i> | 6. Bin Lay Thiam
<i>Independent Non-Executive Director</i> |
| 2. Datuk Pau Chiong Ung
<i>Independent Non-Executive Director</i> | 5. Dato Yong Piaw Soon
<i>Chairman and Group Managing Director</i> | 7. Lim Seck Wah
<i>Company Secretary</i> |
| 3. Wong Siong Seh
<i>Executive Director</i> | | |

BOARD OF DIRECTORS

cont'd

DATO YONG PIAW SOON*Chairman and Group Managing Director*

Male



72 years old



Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003. He is a founder 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 four (4) Board of Directors meetings held during the financial year ended 30 June 2024.

WONG SIONG SEH*Executive Director*

Male



62 years old



Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003 and is a founder member of Harbour-Link Group. He started his career in early 1980s working as an executive in a prominent shipping company in Sibü. 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 four (4) Board of Directors meetings held during the financial year ended 30 June 2024.

BOARD OF DIRECTORS

cont'd

DATO' TOH GUAN SENG

Executive Director



Male



69 years old



Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 27 December 2003 and is a founder member of Eastern Solder Engineering & Construction Sdn. Bhd. ("ESEC"). He has more than 42 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 36 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 Honorary 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 four (4) Board of Directors meetings held during the financial year ended 30 June 2024.

BIN LAY THIAM

Independent Non-Executive Director



Male



54 years old



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 & 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 eleven (11) 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 four (4) Board of Directors meetings held during the financial year ended 30 June 2024.

BOARD OF DIRECTORS

cont'd

DATUK PAU CHIONG UNG*Independent Non-Executive Director*

Male



72 years old



Malaysian

He was appointed to the Board of Harbour-Link Group Berhad on 13 January 2015 and is also a member of the Audit & 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 been engaged in timber and shipping industries for the last 32 years.

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 was appointed and served as Senator of Malaysian Parliament for a period of six (6) years from 2007 to 2013. He is also the Chief Executive Officer of Timberwell Berhad.

He attended all the four (4) Board of Directors meetings held during the financial year ended 30 June 2024.

KHOI HOAY LING*Independent Non-Executive Director*

Female



54 years old



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 four (4) Board of Directors meetings held during her tenure in office for the financial year ended 30 June 2024.

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 2024.

KEY SENIOR MANAGEMENT

SANDRA CHAN LEE HUNG

*Financial Controller
Female | 53 | 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).
- 30 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 | 65 | 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 | 62 | Malaysian*

- 43 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 | 61 | Malaysian*

- Obtained Bachelor Degree of Science major in Computer Science & Mathematics in 1984.
- 40 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 | 73 | Malaysian*

- Co-founder of Eastern Solder Engineering & Construction Sdn. Bhd.
- Appointed as Executive Director of Eastern Solder Engineering & Construction Sdn. Bhd. in 1986.
- In charge of project estimation, contract administration and project execution of the Division.

KHEW WEE YEAP

*General Manager
Engineering and
Construction Division
Male | 53 | Malaysian*

- Obtained Bachelor Degree (BSc) in Mechanical Engineering in year 1993.
- Obtained Master of Business Administration (MBA) in year 1999.
- Registered member with IEM & BEM.
- Joined Eastern Solder Engineering & Construction Sdn Bhd in year 1994 and appointed as General Manager in year 2016.
- 30 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 | 56 | Malaysian

- 34 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 | 59 | Malaysian

- Member of Chartered Institute of Management Accountants (CIMA), UK and Malaysian Institute of Accountants (MIA).
- 35 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 | 67 | Malaysian

- Obtained professional degree in Bachelor of Art in Business Administration.
- 45 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 in 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 2024.

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 22 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 2024 with those of the previous years.

Financial Review

	2024 (RM'000)	2023 (RM'000)	2022 (RM'000)	2021 (RM'000)	2020 (RM'000)
Group Revenue	941,631	1,006,956	907,503	609,601	617,250
Group Operating Profit	127,849	194,854	204,502	88,609	40,060
Profit before tax	125,729	195,028	200,307	82,943	35,038
Profit after tax	106,614	175,071	179,467	74,739	23,639
Group net profit attributable to shareholders	86,189	147,832	149,740	60,577	25,920
Operating cash flow	121,610	207,671	211,570	93,247	79,056
Earnings per share (EPS) (sen)	21.62	37.09	37.57	15.19	6.47
Return on equity (ROE) (%)	10.69	19.89	24.31	12.75	6.18
Net Gearing (%)	-	-	-	-	2

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(3) FINANCIAL RESULT

(i) Revenue

In 2024, Group revenue has decreased by RM65.32 million from RM1,006.96 million reported in 2023. The major contributor of the decrease in the revenue is from shipping and marine division. The shipping and marine division's revenue is RM547.71 million which is RM60.71 million or 10% lower than the preceding financial year ended 30 June 2023 RM608.42 million. The decrease in the revenue due to lower freight rates resulted from stiff competition with main liners who had put more tonnage into the market.

Revenue by business divisions:

Group Revenue by Business Division	Investment Holding (RM'000)	Shipping and Marine Services (RM'000)	Integrated Logistics (RM'000)	Machineries Trading (RM'000)	Engineering Works (RM'000)	Property Development (RM'000)
2024	-	547,710	215,224	130,718	40,183	7,796
2023	-	608,421	216,664	126,110	50,803	4,958
Increase/(Decrease)	-	(60,711)	432	4,608	(10,620)	2,838
%		(10%)	N/A	4%	(21%)	57%

(ii) Profit after tax

Results

	2024 RM	2023 RM
Profit net of tax	106,613,755	175,071,045
Attributable to:		
Owners of the Company	86,188,932	147,831,814
Non-controlling interest	20,424,823	27,239,231
	106,613,755	175,071,045
Earnings per share	21.62	37.09

Profit after tax for 2024 has decreased by 39% to RM106.62 million against the RM175.07 million from the previous year. Net profit after tax attributable to shareholders has decreased by RM61.64 million to RM86.20 million in 2024 which resulted in earnings per share decreased from 37.09 sen to 21.62 sen.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(3) FINANCIAL RESULT (CONT'D)

(ii) Profit after tax (cont'd)

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)	Machineries Trading (RM'000)	Engineering Works (RM'000)	Property Development (RM'000)
2024	74,640	73,050	46,148	8,043	(3,122)	6,165
2023	28,087	138,874	47,056	5,964	2,263	2,683
Increase/(Decrease)	46,553	(65,824)	(908)	2,079	(5,385)	3,482
%	>100%	(47%)	(2%)	35%	>100%	>100%

Profit before tax for 2024 was RM125,728,592 as compared to RM195,027,562 in 2023. There was a decrease of RM69,298,970 as compared to 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.

(iii) Financial position

	2024 RM	2023 RM
Loans and borrowings	49,287,890	49,324,947
Trade and other payables	154,719,308	150,527,550
Less:		
Investment securities	(115,779,410)	(135,957,370)
Cash and bank balances	(283,376,851)	(287,077,123)
Net cash	(195,149,063)	(223,181,996)
Equity attributable to the owners of the Company	805,996,416	743,104,959
Capital and net debt	N/A*	N/A*
Gearing ratio	N/A*	N/A*
* Not applicable as the Group was in a net cash position.		
Net assets	933,918,523	861,746,190

The Group net assets have increased by RM72.17 million as compared to previous year from RM861.75 million to RM933.92 million mainly due to increase in net earnings of the Group. As at 30 June 2024, the Group has cash at bank of RM283.38 million and net borrowings of RM49.29 million (2023 RM49.32 million). The net gearing ratio is NIL (2023: NIL).

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(3) FINANCIAL RESULT (CONT'D)

(iv) Liquidity and Financial Resources

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

(v) Capital Expenditures

The Group's capital expenditures for the financial year 2024 was RM107.60 million and future commitments of RM719,640. The investment shall be financed by the Group's internal resources.

(4) REVIEW OF OPERATION

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 12 container vessels of a total capacity of 7,727 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, Muara, 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(4) REVIEW OF OPERATION (CONT'D)

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.

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 Machineries trading division

Our Machineries Trading division markets, sells and services industrial and marine power equipment from internationally renowned manufacturers. We offer more than just machines. Excellent service and customer satisfaction are the pillars upon which we stake our reputation, and we work closely with our customers to grow and deliver beyond traditional products and solutions.

4.4 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.

4.5 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 2025.

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

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(5) OUTLOOK AND PROSPECT

Ocean shipping rates has ticked upward in 2024 due to the war in the Middle East. Attacks on shipping by Houthi rebels have eliminated the Red Sea and Suez Canal as viable trade routes, with profound effects on the entire ocean shipping ecosystem. In recent years, many carriers bound for the U.S. East Coast (USEC) began to route most of their sailings through the Suez to take advantage of the shorter distance between Southeast Asia and the USEC. With the outbreak of the war, however, carriers have rerouted those sailings through the Panama Canal, which is already experiencing drought-related congestion along that route, driving reliability downward and rates upward. With ships continue to avoid the Red Sea and trade lanes impacted by the rerouting away from the Red Sea and Suez Canal, it has increase sailing distances and thus resulted in ship demand growth. Ship demand forecast to grow 3.5-4.5% if ships continue to be rerouted via the Cape of Good Hope. An average monthly fleet is forecast to grow 10.1% in 2024 and another 6.7% in 2025 due to the longer sailing distances around the Cape of Good Hope.

Growth in the Chinese economy is expected to slow further in 2025 as the population ages and productivity growth slows, and thereby contribute to lower growth in the East & Southeast Asia region. Excluding the COVID years, 2025 is predicted to be the first year in a very long time that the region will contribute less than 40% of global growth and because recent freight rate reductions indicate a faster weakening of head-haul trades than we had previously forecast. Spot freight rates from Shanghai to the US have dropped by more than 30% between early July and mid-September. In the 2010s, before COVID, the spot freight rate fell a maximum of 10% during the same period but regularly saw a slight increase in rates. Except for Durban, South Korea, West Japan and Oceania, spot freight rates from Shanghai to all other destinations have similarly developed much worse than was generally the case during the 2010s. In fact, the overall Shanghai Containerized Freight Index has also fallen more than 30% whereas it would normally fall a maximum of 5-10%. An increase in the capacity deployed may partly explain the adverse development in some trade lanes mainly being caused by weaker volumes.

Meanwhile, the war in the Middle East has forced sailings between Asia and Europe as well to re-route around the Cape of Good Hope, adding 30% more distance to sailings that account for 30% of the world's capacity, and absorbing the bulk of the industry's excess TEU. A lengthy shutdown of the Red Sea-Suez Canal route thus gives carriers a bit of breathing room at a time when seasonal declines in volumes would usually stifle any rate increases.

(Sourced from BIMCO's Container Shipping Market Overview & Outlook : Disruption remains the key demand driver September 2024)

The container shipping industry's CO₂ emissions, which rose to some 230 million tons in 2023 (out of a total of roughly 1 billion tons for all maritime shipping), are dangerously high and climbing. Far from declining on the way to a mandated 20% reduction in CO₂-equivalent emissions by 2030, the industry's combined emissions will rise sharply in 2024 as liners forgo the Red Sea for the Panama Canal, which will add roughly 30% to the length of their voyages. The worst-case projection has industry emissions approaching 350 million tons by 2050, barring concerted intervention by governments, shippers, consumers, and industry groups. Even targeted investment and conversion to alternative-fuel propulsion systems will not be sufficient to achieve the mandated 20% reduction by 2030, but net zero by 2050 remains within reach—barely—if 5% to 17% of the industry's fleet is converted to zero-emission fuels (such as ammonia, methane, or hydrogen) by 2030 and 84% to 93% is converted by 2050. Reaching that goal will require up to \$1.4 trillion in investment, with the cost burden borne by both carriers and energy suppliers and, ultimately, by shippers and end-users. But none of the required investment and emissions reductions will occur without powerful incentives and sanctions to change the behavior of carriers and shippers alike. That won't happen easily or overnight. Cross-border regulatory changes are difficult to formulate and coordinate, especially given the diverging approaches to climate change mitigation among different governments and the disparate priorities they assign to the issue. And container shipping is not a top-of-mind priority even for climate activists, since most oceangoing activity takes place out of sight of consumers and consequently claims little of their attention.

As to the macroeconomic and geopolitical environment, the only constant is continued turbulence. That is not altogether a bad thing. Most players in the global logistics space are learning to turn volatility and sudden reversals to their advantage. In a world where "it's always something", that ability to spot and seize sudden opportunities may be the most valuable survival skill of all.

(Sourced from AlixPartners 2023 Container Shipping Outlook February 2024)

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(5) OUTLOOK AND PROSPECT (CONT'D)

General Economic Conditions

Overall, risks to the outlook remain balanced, as in the April 2024 World Economic Outlook, but some near-term risks have gained prominence. These include upside risks to inflation that stem from a lack of progress on services disinflation and price pressures emanating from renewed trade or geopolitical tensions. Risks of persistent inflation in the services sector are tied to both wage and price setting, given that labor accounts for a high share of the costs in that sector. Higher nominal wage growth, which in some cases reflects the catch-up of real wages, if accompanied by weak productivity, could make it difficult for firms to moderate price increases, especially when profit margins are already squeezed. This could lead to further stickiness in wage and price inflation. The escalation of trade tensions could further raise near-term risks to inflation by increasing the cost of imported goods along the supply chain. Bumpiness along the remaining disinflation path could destabilize the return to price stability if short-term expectations spike upward as a result of disappointing inflation data.

The risk of elevated inflation has raised the prospects of higher-for-even-longer interest rates, which in turn increases external, fiscal, and financial risks. Prolonged dollar appreciation arising from rate disparities could disrupt capital flows and impede planned monetary policy easing, which could adversely impact growth. Persistently high interest rates could raise borrowing costs further and affect financial stability if fiscal improvements do not offset higher real rates amid lower potential growth.

(Sourced from Jul 2024 - International Monetary Fund)

Malaysia Economic Outlook

Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Investment activities will be supported by continued implementation of multi-year projects in both the private and public sectors and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. Private consumption will be supported by sustained growth in income along with larger policy measures. Higher spillover from global tech upcycle will lift exports while tourist arrivals and spending are expected to improve further. The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and lower-than-expected commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

(Sourced from BNM Quarterly Bulletin – 2nd Quarter 2024)

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 due to capacity influx in our Intra-Asia shipping routes from other competitors. Slower economic performance from China, (official data showed only a growth of 4.7% in April-June 2024 missing a 5.1% forecast in a Reuters poll) also contributed to the weakening of the global economy.

Domestic shipping between East and West Malaysia are more stable with consistent cargo volume and favorable freight rates due to firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Higher spillover from global tech upcycle will lift exports to further improve our economy.

In Malaysia, the Climate Change and Principle-Based Taxonomy¹ (CCPT) has been implemented since April 2021 and is progressively being integrated into credit-related processes and decisions of financial institutions, while the Energy Efficient and Conservation Act (EECA) 2023 will soon be enforced. These regulatory changes both globally and domestically will impact Malaysian firms through increased compliance costs, rising demand for sustainable products, and significant changes in global supply chains. In light of the regulatory changes, most large firms in Malaysia, in particular listed companies, have begun efforts to lower their carbon footprint. Adherence to regulations, both locally and internationally, is the foremost motivator for firms to adopt greener practices. For instance, shipping firms that provide services to major international counterparts are subject to International Maritime Organisation (IMO)'s strategy to reduce greenhouse gas (GHG) emissions by ships. This obligation necessitates their transition towards more sustainable practices and technologies. This will increase our operation cost. However, we expect future benefits such as reduced operational expenses through improved energy efficiency and minimised waste generation. We believe that with ample financial resources and strategic foresight, can lead to substantial savings or even competitive advantages in the longer term.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

(5) OUTLOOK AND PROSPECT (CONT'D)

5.1 Shipping and marine division (cont'd)

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.

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.

5.3 Machineries trading division

The first phase of the Sarawak-Sabah Link Road (SSLR) connecting Lawas to Long Lopeng Junction has reached 35 per cent completion which was announced by Deputy Minister for Infrastructure and Port Development (Infrastructure Development) Datuk Aidel Lariwoo on July 30, 2024. We foresee the demands for earth moving machineries are promising as well as material handling equipment. We shall achieve our sales target and are bidding for more supply contracts in supplying port equipment and earth work machineries.

5.4 Engineering and construction division

With the increasing activities in the oil and gas upstream and downstream industries, 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.

5.5 Property division

The newly established Borneo Oil and Gas (BOG) Supply Base is set to boost Sarawak's economy, not only through its operations as a supply base but also by facilitating the import of materials and the export of products from the state. Premier Datuk Patinggi Tan Sri Abang Johari Tun Openg stated that the launch of Sarawak's first oil and gas supply, enabling the state to fulfil its responsibility of supplying materials to the oil and gas industries, as well as other related sectors.

The anticipated increase in demand for land in terms of warehouse development and land rental will benefit our property division which has about 72.85 acres of industrial land in Tanjung Kidurong, Bintulu, Sarawak.

The Board expects the financial year 2025 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

	2020 RM'000 (Audited)	2021 RM'000 (Audited)	2022 RM'000 (Audited)	2023 RM'000 (Audited)	2024 RM'000 (Audited)
Revenue	617,250	609,001	907,503	1,006,956	941,631
Profit from Operation	40,060	88,609	204,502	194,854	127,849
Profit before taxation	35,038	82,943	200,307	195,028	125,729
Profit after taxation	23,639	74,739	179,467	175,071	106,614
Profit attributable to owners of the Company	25,920	60,577	149,740	147,832	86,188
Total assets	673,830	733,314	962,001	1,088,276	1,165,725
Total liabilities	193,670	184,330	247,132	226,530	231,807
Total Borrowings	96,269	67,061	66,165	49,325	49,288
Per Share Data (sen)					
Net assets	119.92	118.68	179.28	216.21	234.31
Earning per share	6.47	15.19	37.57	37.09	21.62
Financial Ratios					
Gross profit margin (%)	16.76	22.33	28.22	19.35	20.22
Return on shareholders' funds (%)	6.18	12.75	24.30	19.89	10.69
Trade receivables' turnover (days)	78	96	84	67	89
Debt to equity	0.2	-	-	-	-
Interest coverage (times)	6	22	56	62	50

