2021
ANNUAL REPORT

Integrated Group

INTEGRATED LOGISTICS BERHAD
199101019353 (229690-K)

TABLE OF
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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Karownakaran @ Karunakaran Ramasamy *
Chairman
Non-Independent Non-Executive Director

Tee Tuan Sem
Executive Director
Chief Executive Officer

Makoto Takahashi
Executive Director

Wan Azfar bin Dato' Wan Annuar
Independent Non-Executive Director

Dato' Wan Hashim bin Wan Jusoh
Independent Non-Executive Director

Soh Eng Hooi
Independent Non-Executive Director

Jamilah binti Kamal #
Independent Non-Executive Director

* *Redesignated as Non-Independent Non-Executive Director with effect from 8 March 2021*
\# *Appointed as Independent Non-Executive Director with effect from 1 March 2022*

AUDIT AND RISK MANAGEMENT COMMITTEE

Soh Eng Hooi - Chairman

Wan Azfar bin Dato' Wan Annuar - Member

Dato' Wan Hashim bin Wan Jusoh - Member

NOMINATION AND REMUNERATION COMMITTEE ("NRC")

Wan Azfar bin Dato' Wan Annuar - Chairman *

Soh Eng Hooi - Member **

Dato' Wan Hashim bin Wan Jusoh - Member

Datuk Karownakaran @ Karunakaran Ramasamy - Chairman ***

* *Redesignated as Chairman of NRC with effect from 8 March 2021*
** *Appointed as Member of NRC with effect from 8 March 2021*
*** *Datuk Karownakaran @ Karunakaran Ramasamy resigned as Chairman of NRC with effect from 8 March 2021*

COMPANY SECRETARY

Wong Youn Kim
MAICSA 7018778
SSM PC No. 201908000410

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2241 5800
Fax : 03-2282 5022
Email : wongyk@hmc.my

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700 *(Helpdesk)*
Fax : 03-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

AUDITORS

Messrs Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

SOLICITORS

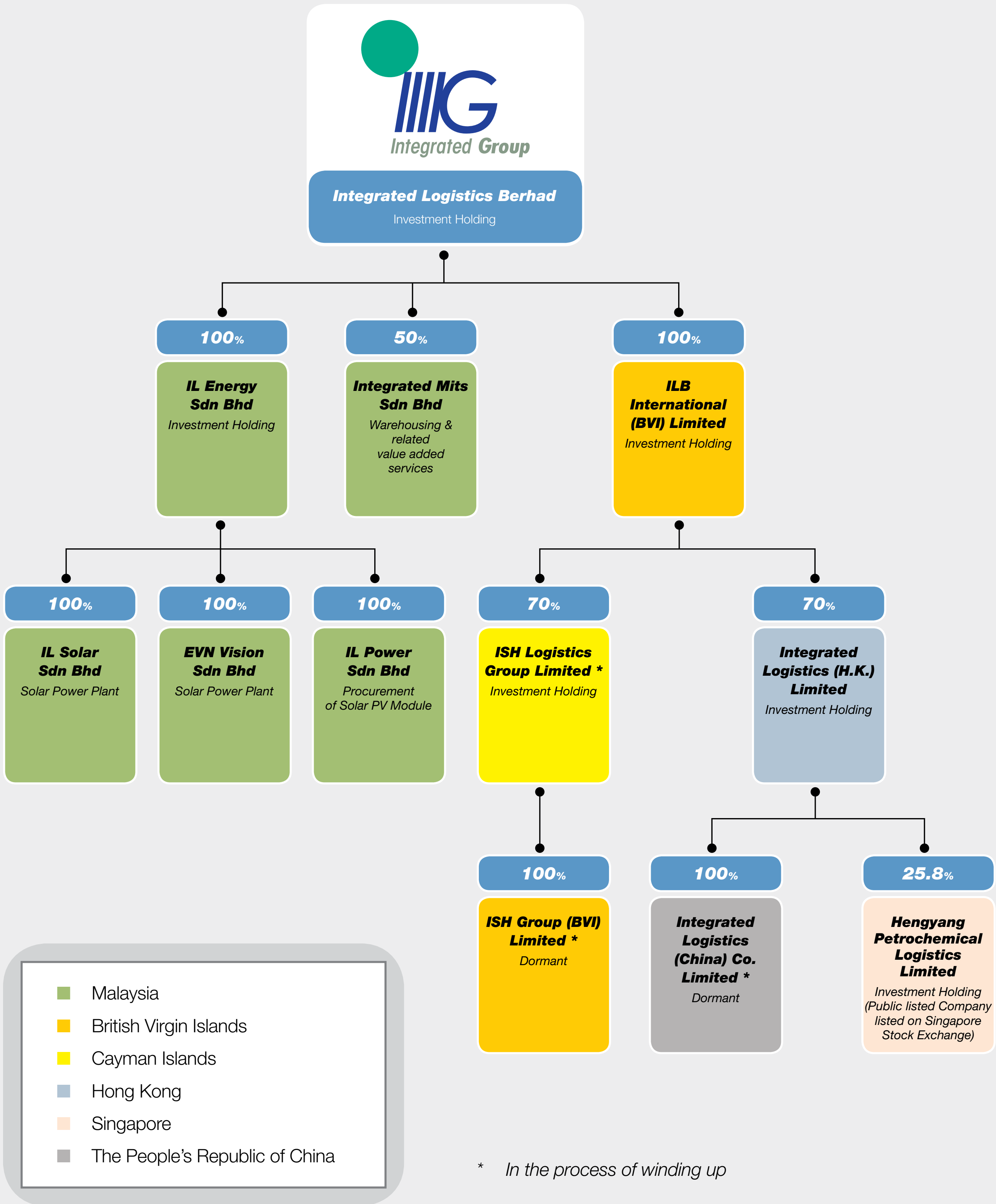
Messrs Kadir, Andri & Partners
Suite A-38-8, Level 38
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
66, Jalan USJ10/1B, UEP Subang Jaya
47620 Subang Jaya
Selangor Darul Ehsan

RHB Bank Berhad
47 & 49, Jalan USJ 10/1
UEP Subang Jaya
47620 Petaling Jaya
Selangor Darul Ehsan

CORPORATE **STRUCTURE**



* *In the process of winding up*

GROUP FINANCIAL **HIGHLIGHTS**

	2017 RM '000	2018 RM '000	2019 RM '000	2020 RM '000	2021 RM '000
Turnover	16,307	24,527	25,791	12,592	**14,761**
(Loss)/Profit before taxation	(810)	(102,310)	14,056	50,826	**13,011**
Net (Loss)/Profit Attributable to Shareholders	(9,664)	(98,298)	15,282	34,453	**8,322**
Paid-up Capital	225,671	225,671	225,671	225,671	**225,671**
Total Assets	502,737	383,537	358,558	309,226	**299,233**
Shareholders' Funds	291,640	191,153	180,130	214,792	**219,473**
Net (Loss)/ Earnings Per Share (sen)	(5.2)	(51.8)	8.1	18.2	**4.4**
Net Assets Per Share After Non-Controlling Interests (RM)	1.54	1.01	0.95	1.14	**1.16**
Gross Dividend (%)	–	–	–	2.5	**–**
Share Price as at 31 Dec (RM)	0.600	0.465	0.425	0.560	**0.375**

CHAIRMAN'S **STATEMENT**

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31st December 2021.

BUSINESS REVIEW

For the financial year 2021, the Group recorded total revenue of RM14.76 million, which grew 77.1% from RM8.33 million in 2020. Our profit for the financial year from continuing operations increased by 207.1% from RM11.62 million loss to RM12.44 million profit. This is mainly driven by the new solar related projects secured during the financial year, increase in value of investment in Hengyang Petrochemical Logistics Limited of RM14.86 million and cost savings from the effort to reduce in non-essential expenditures.

Despite the challenging economic situation, the Group's solar energy business, both the installed 11MWac capacity solar plants in Penang and Kedah, owned and operated by the Group were minimally affected by the Covid-19 pandemic.

CHAIRMAN'S **STATEMENT**

MOVING FORWARD

Moving ahead, the Group will actively invest and implement projects which complement the Government's initiatives to reduce carbon footprint and improve sustainability/environmental, social and governance ("ESG").

The Group was not successful in the tender of Large Scale Solar @ MEnTARI (LSS 4), however we will continue to bid for future LSS projects and at the same time to seek for other solar projects from both public and private sectors such as investment and outright sale of solar rooftop projects.

In 2021, the Malaysian Government has set target to reach 31% of renewable energy share in the national installed capacity mix by 2025. This target supports Malaysia's global climate commitment to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030 and a further reduction of 60% in 2035. With the continuing encouragement from the Malaysian Government through initiatives and pro-active measures, the Group sees great potential and vast opportunities in this growing renewable energy industry.

In a rapid evolving and competitive environment, we remain highly committed to continuously strengthening synergies on our focus in renewable energy industry. With the Group's proven track record in implementing and operating solar project coupled with the improved cashflow, we are well positioned to scale up our solar businesses to generate higher sustainable earnings for the Group.

APPRECIATION AND ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank and express our deepest appreciation to the management team and our employees, for their tremendous efforts and contribution during this challenging time. Last but certainly not least, I would like to express our appreciation to our valued customers, business partners, bankers, government departments and agencies, shareholders & stakeholders for their continuing support to the Group. With this continuous support from all parties, we will dedicate our efforts to improve profitability and enhance shareholders' value.

DATUK KAROWNAKARAN @
KARUNAKARAN RAMASAMY
CHAIRMAN

MANAGEMENT **DISCUSSION AND ANALYSIS**

CORPORATE OVERVIEW

The emergence of the COVID-19 has caused unparalleled disruption to economies and lives around the world. Despite the dismal year, the Group was minimally affected by the pandemic and achieve a healthy financial performance by maintaining our focus in solar renewable energy business. The Group is currently operating a total capacity of 11MWac of solar plants in Malaysia and will pursue and commit to increase its investment in the solar renewable energy business with the objective to increase its market share in this industry.

REVIEW OF OPERATIONS

During the financial year, our key priorities were to ensure business sustainability and to create a safe working environment for our team. Surrounded by all the changes to our daily routine, the Group recognised the impact of this unprecedented situation towards the wellbeing of our team. We took proactive measures on additional safety and health SOPs which were implemented across our operating locations such as social distancing policies, regular cleaning, temperature screening and restricting visitors to our office and solar plants.

The Group is actively approaching public and private entities to secure solar energy projects through the Supply Agreement with Renewable Energy to increase its revenue levels in this solar renewable energy business segment.

The Management team who took part in the large scale solar tender bids have gained enormous experience from the bidding process. With this invaluable experience gained which had helped to enhance their skills and expertise, the Group will continue to participate in future large scale solar tender bids.

FINANCIAL PERFORMANCE

Financial Year Ended 31 December			
RM' million	**2021**	**2020**	**Changes**
Revenue	14.76	8.33	77.1%
Gross Profit	4.43	2.98	48.6%
Profit / (Loss) Before Tax	13.01	(10.99)	218.4%

For the current financial year ended 31 December 2021 ("FYE 2021"), the Group posted revenue of RM14.76 million which was 77.1% higher than the revenue of RM8.33 million for the financial year ended 31 December 2020 ("FYE 2020") from continuing operations. The higher revenue from the solar energy & related business segment of the Group's operations in Malaysia is from the effort of the team in securing new solar rooftop projects and other related projects.

Group's profit before tax from continuing operations for FYE 2021 was RM13.01 million as compared to RM10.99 million loss recorded in FYE 2020. The net increase of RM24.00 million was mainly due to the following:-

	2021 (RM'million)
Reversal of impairment on interest in an associate	14.86
Revenue contributed from new solar projects	5.85
Gain on dissolution of a subsidiary	3.63
Others	(0.34)
Net increase in profit before tax	**24.00**

MANAGEMENT **DISCUSSION AND ANALYSIS**

The Group net profit from continuing operations attributable to shareholders for FYE 2021 was RM8.32 million compared to its preceding year loss of RM7.69 million.

The earnings per share decreased to 4.4 sen in FYE 2021 from 18.2 sen in FYE 2020.

BUSINESS RISKS

The Group has charted its growth in solar industry while remains cognisant of its risk factors and continues to closely monitor its financial, business, operational and strategic risks. The Group has identified and put in place mitigation initiatives to mitigate the risks identified.

The business nature of solar industry is subjected to various regulations and policies set by the authorities. As such, the Group is exposed to the risk for changes in government policies and the support mechanism relating to the solar industry. As part of the mitigation initiative, the team constantly monitor for updates through local authorities' official platforms as well as engage with the relevant business associations for latest development.

The market for solar has been increasingly competitive over the recent years and continually evolving. The Group faces competition from both local and international competitors, which resulted in competitive pricing in the market. To stay ahead of the competition, we had registered as an Engineering, Procurement, Construction, Commissioning ("EPCC") contractor with the aim to provide seamless services to our customers.

MOVING FORWARD

With the Malaysian Government encouragement through positive measures and incentives, the solar photovoltaics industry in Malaysia is on the rise as a result of strengthening government support and growing investor confidence. Solar photovoltaics industry in Malaysia is well poised for more growth given the favourable conditions that are developing.

The Group will continue to put in effort to reap the business opportunities in the solar photovoltaics industry in Malaysia to achieve growth in revenue and net profit. At the same, improve sustainability/environmental, social and governance ("ESG").

The management would like to express their gratitude to the Board of Directors, shareholders, clients, business partners, contractors and financiers for their support.

SUSTAINABILITY **STATEMENT**

At Integrated Logistics Berhad ("ILB"), we are committed to create values for our stakeholders – customers, suppliers, employees, shareholders, business partners and communities. Our sustainability approach enables us to achieve long-term growth while implementing environmentally and good sustainable practices.

The Sustainability Statement was prepared in accordance with the following regulatory and guidance:

- Practice Note 9 of Main Market Listing Requirements;
- Sustainability Reporting Guide, 2nd Edition ("SRG") issued by Bursa Malaysia Security Berhad;
- Malaysia Code of Corporate Governance, Updated April 2021; and
- Global Reporting Initiative (GRI), 2021.

SCOPE AND COVERAGE

This Sustainability Statement outlines the aspect of Economic, Environmental and Social ("EES") specifically on our main business division – solar renewable energy which operates in Malaysia from 1 January 2021 to 31 December 2021.

SUSTAINABILITY GOVERNANCE

Board of Directors

Oversee and govern overall sustainability agenda and strategy

Senior Management

Oversee sustainability efforts and advise the Board on sustainability related matters

Operational Management

- Identify, manage and assess EES risks
- Implement and monitor sustainability initiatives

ILB's sustainability governance is led by the Board of Directors ("the Board"), who oversees the ILB sustainability agenda, practices, strategies and performance and set the tone from the top regarding the importance of sustainability in creating values to stakeholders.

The Board is supported by Senior Management ("SM"), comprising Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO"). SM manages the sustainability policy, initiatives, targets as well as monitoring the effectiveness and performance of related initiatives.

To further strengthen the sustainability initiatives, SM communicates ILB's sustainability direction to Operational Management ("OM"). OM comprises of appointed representatives of various divisions, who are responsible to identify, manage, and analyse sustainability categories, as well as EES risks, and organise, implement and monitor sustainability efforts. On a daily basis, the OM executes and implements the initiatives and report their operational activities in a variety of ways, including monthly reports, project progress reports, safety and health reports, etc.

SUSTAINABILITY **STATEMENT**

While we anticipate that our key stakeholders are increasingly interested to evaluate how we have managed and embraced Environmental, Social and Governance ("ESG") agendas, the Board is identifying a candidate with the appropriate skills and experience required to elevate ILB Group's sustainability efforts in line with the latest Code of Corporate Governance updated in year 2021.

On the same note, the Board is currently reviewing the process of including material sustainability and climate-related risks and opportunities in the performance evaluation of the Board and SM as stipulated in the latest Code of Corporate Governance updated in 2021.

SUSTAINABILITY POLICIES

While there are existing rules and guidelines established by the regulators and authorities, ILB supplements the legislation governing how the Company intends to act as a trusted business partner in social, economic, governance and environmental matters. They include:

- Anti-Bribery and Corruption Policy; and
- Whistleblowing Policy.

STAKEHOLDER ENGAGEMENT

We recognise the value of interacting with our stakeholders since their feedbacks are critical in keeping our sustainability activities on track with our goal to achieving stakeholders' expectations while reinforcing our relationships with them.

At ILB, we communicate with our stakeholders through a variety of channels to identify and prioritise concerns. The table below contains a list of stakeholders, areas of interest, engagement methodologies and frequency of engagement.

Stakeholders	Areas of Interest	Method of Engagement	Engagement Frequency
Customers	• Product quality and pricing • Market demand • Product development and innovation	• Quality assessment • Performance assessment • Progress meetings and updates • Customer relationship management	• On-going • Ad-hoc • Periodically • Quarterly
Employees	• Employee health and safety • Career development and advancement • Communication and engagement	• Performance appraisals • Operational meetings and discussions • Safety at work meetings • Trainings	• Annually • On-going • Ad-hoc • Periodically • Quarterly

SUSTAINABILITY **STATEMENT**

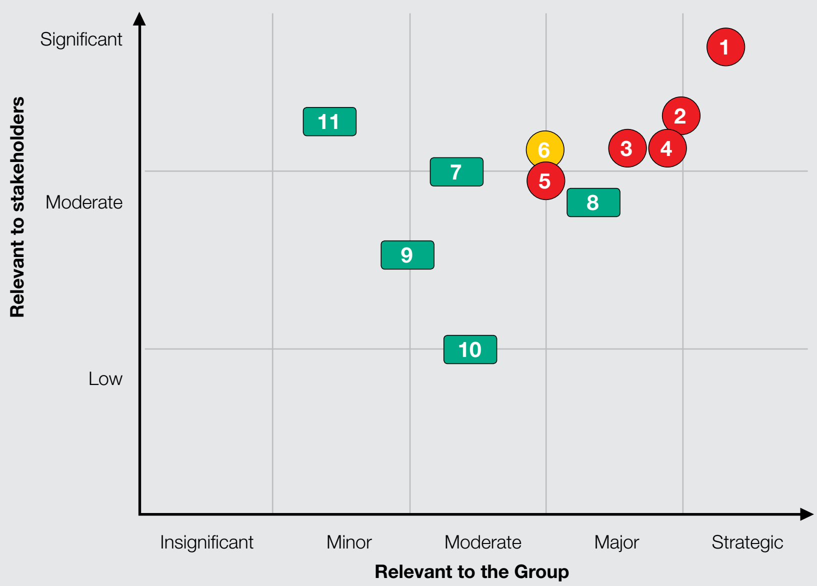
Stakeholders	Areas of Interest	Method of Engagement	Engagement Frequency
Vendors & Suppliers (Including Contractors)	• Product quality • Customer service and complaints resolution	• Supplier performance evaluations • Meetings and discussions	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Shareholders & Investors	• Financial performance • Regulatory compliance • Corporate governance • Ethical business conduct • Internal control and risk management	• Financial announcement and reporting • Meetings and briefings • Corporate website	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Government Regulators / Authorities, etc	• Regulatory compliance • Approvals and permits • Standards and certifications	• Meetings and consultations • Training programmes and dialogue • Audit and verification	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Local Communities	• Community wellbeing • Community investment	• General meetings • Media announcements • Annual report • Company website	• Annually • On-going • Ad-hoc • Periodically • Quarterly

SUSTAINABILITY **STATEMENT**

MATERIALITY SUSTAINABILITY MATTERS

At ILB, we periodically review and update our sustainability material matters we face and captured the input from our stakeholders, whom we collaborate in engaging and assessing the magnitude of risks and opportunities, shape our strategy and discuss our resources allocation in relation to EES topics. The discussion is also facilitated by selective Heads of Department and key management staff. Following that, the sustainability matters were assessed based on their relevance to the stakeholders and the Group's business.

Our methodology is still driven by the Bursa Malaysia Sustainability Reporting Guidelines and Toolkits, which include compilation and mapping material matters to a materiality matrix. The figure below depicts a list of 11 material concerns ranked based on its impacts to stakeholders and the Group.



Material Matters

1. Financial performance
2. Market presence
3. Anti-corruption
4. Product and service quality
5. Procurement
6. Environmental compliance
7. Diversity and equal opportunity
8. Occupational health and safety
9. Training and development
10. Cybersecurity
11. Local community

Legend:

- **Economic**
- **Environment**
- **Social**

1 ECONOMIC

Powering our Company by renewable energy is an integral part of our pledge and our core business activity. We are aware of that the value created by the Group has an impact on the well-being of the economy. We took on the role of establishing a progressive and sustainable economic landscape by strongly committing to ethical business practices, adhering to good governance and complying with applicable regulations.

Financial Performance

Under the leadership of our Board, in FY 2021, we worked together to expand the renewable energy business by aligning and integrating ESG values into our core values to achieve long term sustainability. We are committed to reaching our goal of 100% clean and renewable energy supply across Malaysia for the existing and future sites.

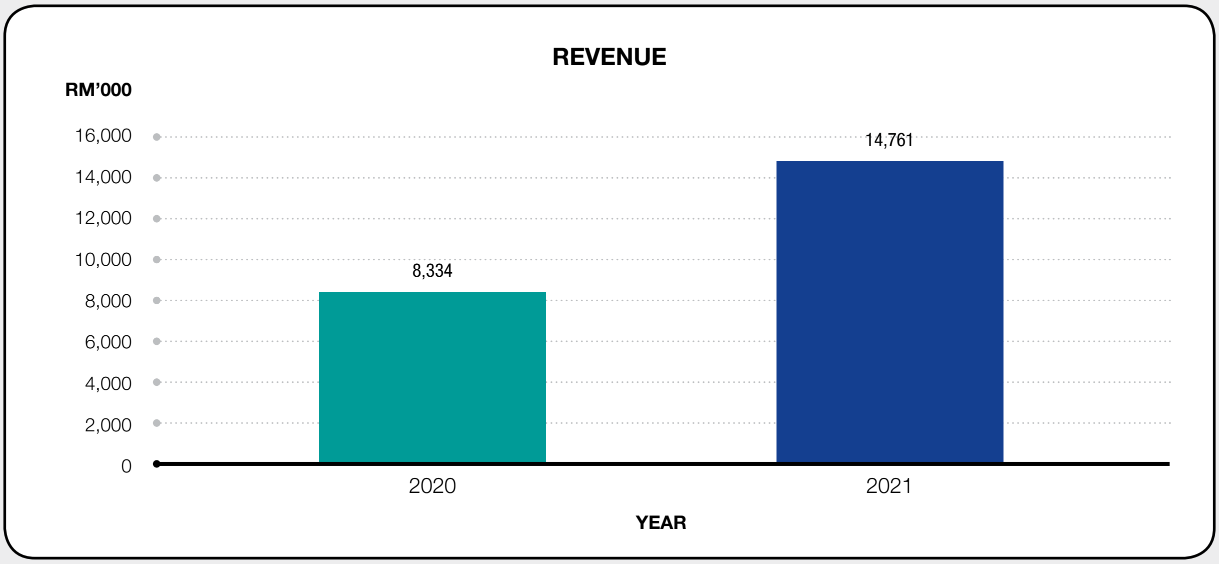
Amidst the pandemic in 2021, the Malaysia Government undertook massive vaccination programmes roll out and introduced National Recovery Plan to address the economic, environment and social impacts of Covid-19 with utmost urgency, particularly considering the spike in outbreaks of new variants. The pandemic threw businesses into a tailspin forcing companies to respond and be innovative in their business model including ILB when the pandemic took place.

SUSTAINABILITY **STATEMENT**

In FY2021, the Group's main revenue is mainly sourced from two (2) existing solar projects, namely, the large-scale solar photovoltaic plant in Bandar Bukit Kayu Hitam, Kedah and a solar farm plant in Seberang Prai, Penang, with total having 11 megawatts ("MW") solar power capacity. ILB's revenues are also contributed through business activities such as construction of solar plant and trading of solar panels.

While having a strong track record and experience in solar plant industry, the Group is constantly identifying alternative strategies to drive its financial performance by adopting a strategic plan. The said plan was developed with the discussion and participation between OM and SM, with the aim to increase the revenue stream of ILB through participation in future large scale solar ("LSS") projects and sale of solar PV system. The solar strategy plan for year 2021 which include business objectives and strategies were discussed in depth by the Senior Management to facilitate management in focusing on areas of concern. Key business risks were identified and mitigated during the business planning process and reviewed during the year.

Our strategy in FY2021 were communicated to management team to execute and implement accordingly. ILB's Audit & Risk Management Committee met up every half yearly to address the key risks that were identified while the operations team discussed the operational risks on a periodical basis.



The Group's financial review and outlook are detailed out in the Management Discussion and Analysis section of this report.

Market Presence

ILB's achievement for the award of development of the first Large Scale Solar ("LSS1") programme demonstrates the Group's commitment and its expertise in managing the solar renewable energy market in Malaysia.

We evaluate our market presence using the 2 main criteria i.e. our reputation and leadership as part of ILB's evaluation. With our market presence and ability to deliver, it has increased the economic benefit to the local community and improve ILB's capability to provide long-term value for the stakeholders in a sustainable future.

SUSTAINABILITY **STATEMENT**

Anti-Bribery & Anti-Corruption Policy

At ILB, we adopt a zero-tolerance approach against all forms of bribery and corruption in carrying out our business activities. The Group complies with the Guidelines on Adequate Procedures under Malaysian Anti-Corruption Commission ("MACC") Amendments Act 2018. The Policy aims to provide a clear guidance to all ILB personnel and business partners / associates on their commitment to address and manage bribery and corruption risks. Training on this Policy forms part of the induction process for all new employees. All existing employees will be provided with frequent, appropriate training on how to execute and adhere to this Policy. In October 2021, we conducted a training programme to instil awareness on 'Managing Corporate Liability Risk' to the staff.

This Anti-Bribery and Anti-Corruption Policy is available on our corporate website, https://www.ilb.com.my/Attachments/ILB_Anti-Bribery_And_Corruption_Policy.pdf

Whistleblowing Policy & Guidelines

The Group Whistleblowing Policy provides an avenue for employees to disclose concerns on unethical behaviour, malpractices illegal acts or failure to comply with regulatory requirements, in a safe and confidential manner. Any harassment or retaliation in any form or manner against genuine whistle blower is taken seriously by ILB and will be seen as gross misconduct, which may result in dismissal.

In FY 2021, there was no incident or complaints (FY 2020: Nil) on suspicious corruption or unethical behaviour reported to us.

Reports under this Policy shall be brought to the Group Chief Executive Officer ("Group CEO") or Chairman of Audit & Risk Management Committee ("ARMC") (for any report where management is a concern) via any one of the following channels:

By email: semtee@googlemail.com
By post: Mark Strictly Confidential

Integrated Logistics Berhad
No.6, Jalan Sungai Buloh 27/101A
Seksyen 27, 40400 Shah Alam
Selangor Darul Ehsan, Malaysia

Attention:
Group CEO

By email: enghooisoh@gmail.com
By post: Mark Strictly Confidential

Integrated Logistics Berhad
No.6, Jalan Sungai Buloh 27/101A
Seksyen 27, 40400 Shah Alam
Selangor Darul Ehsan, Malaysia

Attention:
Chairman - Audit & Risk Management Committee

The Whistleblowing Policy is available on our corporate website, https://www.ilb.com.my/Attachments/whistle_blowing_policy.pdf

Product and Service Quality

We remain responsible to produce quality products and services which we customise based on our customers' specific needs. This includes additional propositions which enhance the value of product and service offerings we provide to our customers.

ILB's mission is to assist our customers to accelerate the transition to future power by renewable energy to mitigate climate change; the objectives are to contribute to international efforts in limiting the global temperature rise in this century to lower the Paris Agreement's target of 2 degrees. With this participation, we believe we can influence efforts for a better and sustainable energy mix in Malaysia and strive to alternative option for the society in general. We are proud to announce that we are one of the pioneers in generating renewable energy supporting transition to achieve net-zero target replacing unsustainable energy sources with clean power.

SUSTAINABILITY **STATEMENT**

Periodic preventive maintenance is carried out to maintain the efficiency level of our solar plant. Since the maintenance work are conducted by our outsourced maintenance provider, we are always innovating to maintain and improve the efficiency of existing power plants.

Nonetheless, efforts to improve on the product and service quality, targets and indicators are currently being analysed to gauge our improvement efforts so that all employees understand the metrics for achieving the goal.

Procurement

Our most significant resources for achieving client satisfaction and a high-quality product are our contractors, vendors, and suppliers.

ILB remains committed to sourcing responsibly to uphold our high standards focusing in sustainability areas. Before transacting with the vendors, we conduct a vendor assessment that includes the ESG risks on 43 vendors (FY 2020: 28 vendors), incorporating the following criteria:

a) Bankability
b) Pricing
c) Reputation
d) Length of service

Based on the vendor assessment, we are satisfied and pleased to report that majority of the suppliers assessed fulfil our criteria and complied in the areas assessed. For improvement purpose, we are exploring the Procurement performance measurement tools to evaluate and monitor the efficiency of ILB's procurement management, that included setting the key performance indicators and targets.

2. ENVIRONMENT SUSTAINABILITY

As a responsible organisation, we focus on sustainable expansion of our commercial activities. We have always prioritised environmental issues and complied with applicable laws and regulations in order to reduce negative environmental effect.

The nature of ILB's subsidiary, which generates electricity as its main business function, encourages a beneficial environmental effect. This is because solar energy is turned from the sun into electrical energy, which is the cleanest and most abundant renewable energy source accessible. We formulate our strategy and align our policies to promote green technology as it is the Government of Malaysia's initiative for greener economy.

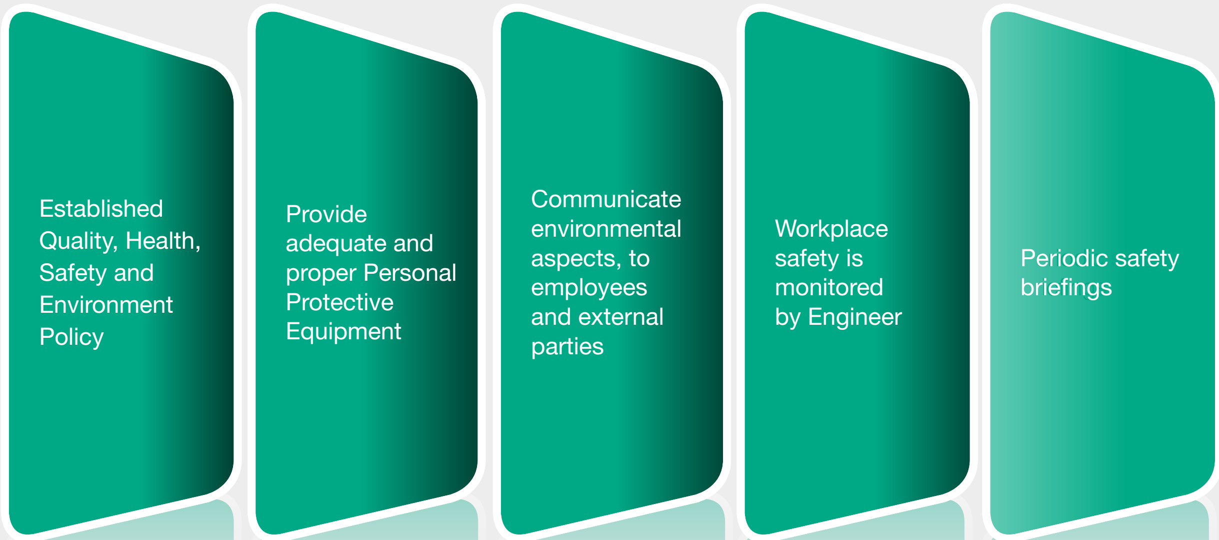
At ILB, we recognise that climate change is the single biggest health threat facing humanity, and we are responding to the health harms caused by the unfolding crisis. Undeniably, it impacted our business in terms of both risks and opportunities and affected our operations, services, goals and business strategy. Recognising the importance, we are currently compiling more relevant data and information to address the climate change and undertake the risk as part of our risk assessment.

Environmental Compliance

We are committed to abide by all applicable environmental laws and regulations in relation to climate change, energy use and waste management as per stipulated in our Quality, Health, Safety and Environmental ("QHSE") Policy. Regular review on any risks and potential challenges is essential to ensure that ILB's business operations risks are being appropriately managed.

The following list is among the actions and measures implemented to ensure all environmental factors are considered and abide by the relevant regulatory requirements.

SUSTAINABILITY **STATEMENT**



In FY2021, there was no instance of non-compliance with environmental laws and regulations and we are not fined for any environmental violations. (FY2020: Nil)

3. SOCIAL INVESTMENT

The global pandemic has amplified and accelerated the "Social" issues to ESG forefront. This intensified acknowledgement on social factors have now been ranked as a high i.e. focusing on the importance of our workforce, communities and customers. Our respond to Covid-19 is an indication of how ILB innovate to the challenging environment by being resilient and agile.

Occupational Health and Safety

SARS-CoV-2 ("Covid-19") Measures

Eliminating Covid-19 hazards remain a top priority for OSHA. For ILB, we followed strictly to our Office Safety Standard Operating Procedures ("SOPs") implemented during the pandemic period.

Our SOPs include the following:

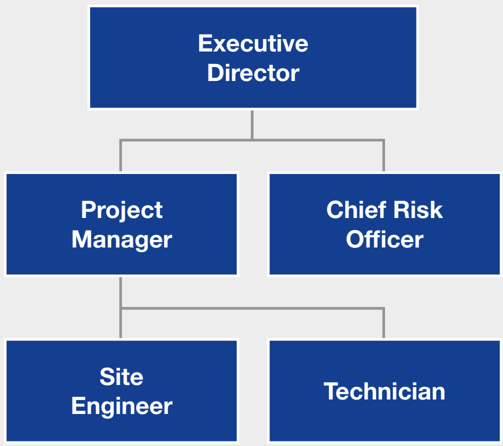
a) Safe Work Procedures for prevention of Covid-19 at Work Place (Approval Date: 4th May 2020)
b) Carry out temperature screening. Before being allowed to enter the workplace, employees, visitors and clients must have their body temperature measured and their symptoms screened on daily basis
c) Digital Self-Declaration about the Employees' Current Health. Staff will be subject to a SARS-Covid-19 Antigen Rapid Test every 2 weeks
d) Work From Home ("WFH") for some employees
e) Split Operations
f) Foot Operated Doors
g) Reposition sitting arrangements
h) Social distancing markers everywhere. Ensure physical separation i.e. minimum distance of one metre
i) Limit access to frequently shared spaces
j) Stricter meeting guidelines and encourage use of alternate communication techniques such as virtual meetings or online
k) Restrict visitors unless necessary

SUSTAINABILITY **STATEMENT**

During FY 2021, only one case of Covid-19 was reported, the staff was immediately quarantined and sanitisation exercise was conducted limiting infection to this employee.

ILB stayed up to date on the latest requirements and recommendations issued by the Ministry of Health ("MOH") or the Government to ensure ILB follows the relevant laws and regulations accordingly.

We are serious in creating a safe and healthy workplace environment for our staff and ensure safety and health culture is integrated in our daily operation. Our QHSE Policy provides structured guidelines and practices for business operation in line with relevant regulations.



KEY QHSE POLICY

- Take appropriate measures to prevent non-conformities, work-related incidents and ill health, environmental pollutions through hazard identification, risk analysis, determine controls mitigation and provisioning as a paramount standard.
- Provide secure, safe and supportive workplace for workers and other interested parties as well as being committed to eliminate hazards and risk related quality, OHS and environment in all company's activities.
- Comply with applicable laws, regulations and conditions in quality, health and safety, environmental preservation, security and business conducts

Implementation of QHSE Policy is overseen at operational level where the highest level of the Committee is Executive Director and he is supported by the Chief Risk Officer and Project Manager. The Project Manager is assisted by a Technician and Site Engineer. Relevant meetings discussing on HSSE matters are conducted, as and when necessary.

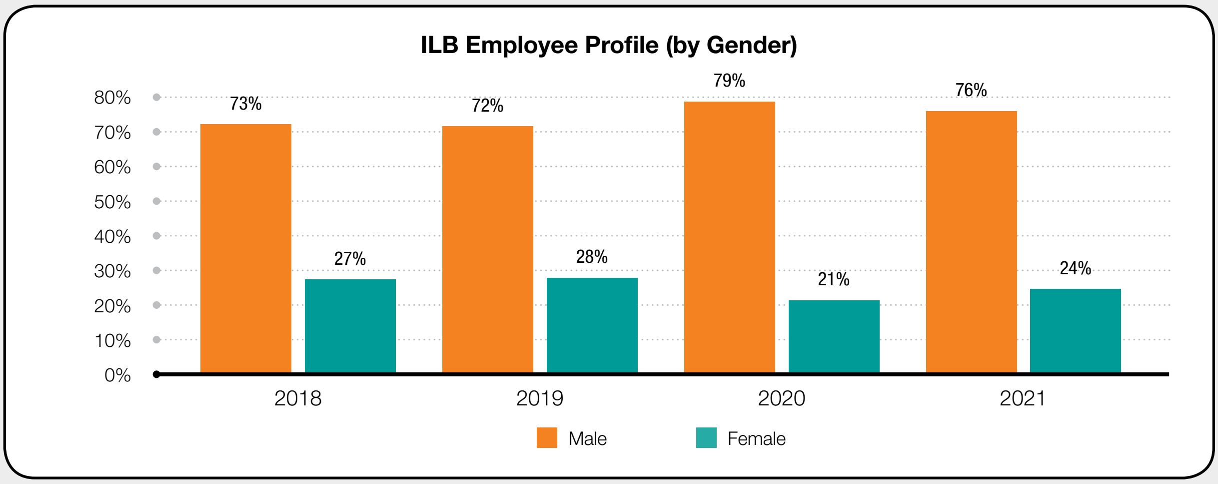
Due to our strict management and control of occupational safety and health matters, we are pleased to highlight that there is no work-related injury or accident occurred during FY 2021 (FY 2020: Nil). Ongoing awareness and education on the health and safety risks in the workplace are constantly reminded through regular safety briefing and daily safety inductions.

SUSTAINABILITY **STATEMENT**

Our People

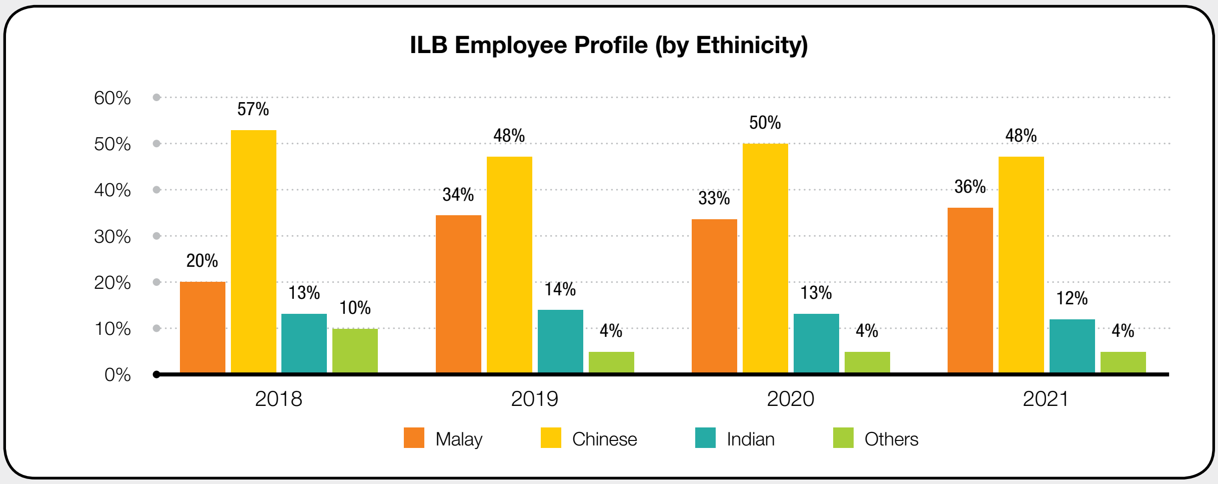
Diversity and Equal Opportunities

ILB values and recognise the benefits of diversity in people, ideas and culture. Accordingly, we are committed to providing equal employment opportunities and a working environment that is non-discriminating its employees regardless of their gender, background and experience.



Source: Extracted from ILB - Staff Head Count 2018 to 2021

Our workforce gender ratio has been consistent comprising of male – 76% and female – 24% (FY 2020:79%) and (FY 2020: 21%). Gender diversity remains a challenge to us due to the nature of the industry. We do not discriminate between gender and hire candidates who are capable of and best fitted for the job.



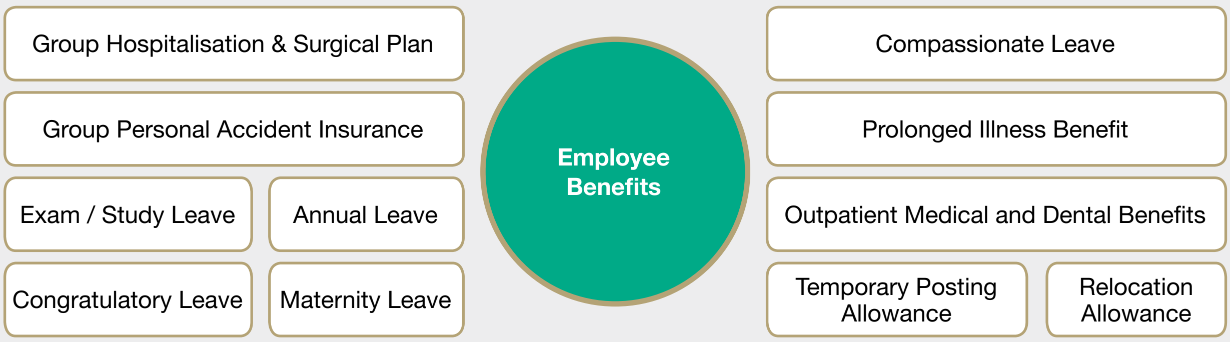
Source: Extracted from ILB - Staff Head Count 2018 to 2021

SUSTAINABILITY **STATEMENT**

Meanwhile, workforce ethnicity composition has been at consistent level for the past few years, where Malay:36% (FY 2020: 33%), Chinese:48% (FY 2020: 50%), Indian: 12% (FY 2020: 13%) and Others at 4%.

We recognise the value of having diverse workforce across different gender and age groups, enabling us to leverage on the wealth of experience and industry exposure of the more experienced talents and the more innovative perspectives of younger employees. Similar to setting the financial or other operational targets and measures within ILB, we are currently studying to establish a realistic gender and mixed of age group key performance indicators and targets based on the available analysis and data which we compiled.

The management of our employees are being governed by Employee's Scheme of Service which adhere to Employment Act 1995. The well-being of our employees is very crucial to our organisation. Thus, we offered several employee benefits covering insurance, leave, allowance and other benefits which were intended to encourage a well-balanced and conducive working environment among the employees.



Source: Extracted from Employee's Scheme of Service

In line with our aim to encourage healthy working environment, we have also established a grievance procedure for addressing employee grievances on work-related problems or complaints.

Problems or complaints must be taken up by the employee with the immediate superior or the employee agrees that the matter is not settled within further three working days, an opportunity will be given to the employee to appeal to the Grievance Committee.

We believe that any input from an employee should be reviewed and handled to achieve an agreement or resolution.

Training and Development

Focusing on employees training and nurturing them is a strong learning culture in supporting the employees' career progression and building talents for the Group. ILB has set training programmes that aim to reduce incidents by teaching employees to become more vigilant and aware of their surroundings. To take a step further, we plan to roll-out the setting of key performance indicators and targets, for the training and development in human resource department and other operational departments in FY2022.

In FY2021, the training programmes were chosen based on the operational demands, as well as regulatory requirements and the development of our people's technical, interpersonal, business and management abilities.

The trainings were conducted covered various topics such as tax, corporate liability and operational knowledge.

SUSTAINABILITY **STATEMENT**

Cybersecurity

While the world becomes more technology-driven, the Covid-19 pandemic has accelerated the digital transformation. Evidently, the cybersecurity issues are becoming more prevalent and businesses are being forced to be responsive to the rapidly escalating increase in the quantity of cybersecurity attacks or potentially disrupting information and data security. In view of the impact, ILB engaged with an external IT service provider to manage IT cyber security related issue. As of FY 2021, nil cases of cybersecurity breaches were reported for ILB. (FY 2020: Nil).

Local Community

During Covid-19, Corporate Social Responsibility ("CSR") interventions have taught ILB an important lesson. It has brought all stakeholders together to fight inequities (and faultiness) in society.

ILB's CSR interventions have served as an appropriate model of providing aid to the most vulnerable communities and sections of society. The impact of Covid-19 has been unprecedented. While we are committed to deal with the challenges to contain the spread, it is crucial for us to step forward and lend a helping hand. In FY 2021, ILB donated and sponsored approximately around RM70,822 (FY 2020:RM249,500) to non-profit organisations and Covid-19 related capaign this year.

BOARD OF **DIRECTORS' PROFILES**

DATUK KAROWNAKARAN @ KARUNAKARAN RAMASAMY

CHAIRMAN
Non-Independent Non-Executive Director (Malaysian)

Datuk Karunakaran, male aged 72, was appointed to the Board on 1 July 2008 and subsequently elected as Chairman of the Board on 19 February 2010. He was redesignated as Non-Independent Non-Executive Director with effect from 8 March 2021. Datuk Karunakaran graduated from the University of Malaya with a Bachelor of Economics (Accounting) Hons. in 1972. He was formerly the Director General of Malaysia Investment Development Authority ("MIDA") retiring in June 2008 after having served for 36 years. He had also served as Director of MIDA Singapore, Cologne (Germany) and London (England).

Datuk Karunakaran resigned as Chairman of the Nomination & Remuneration Committee on 8 March 2021. He is also the Chairman, Independent Non-Executive Director of Maybank Ageas Holdings Berhad, Etiqa International Holdings Berhad and Maybank Singapore Limited. Datuk Karunakaran is also an Independent Non-Executive Director on the Boards of Malayan Banking Berhad, Bursa Malaysia Berhad and IOI Corporation Berhad.

Datuk Karunakaran does not have any interest in the securities of the Company and its subsidiaries. He has no family relationships with any other Director and/or major shareholder of the Company.

TEE TUAN SEM

CHIEF EXECUTIVE OFFICER
Executive Director (Malaysian)

Mr Tee Tuan Sem, male aged 70, the Chief Executive Officer, was appointed to the Board on 9 June 1992. He is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Association of Certified Accountants. He joined Tet O Chong & Co., an established firm of public accountants, in 1976, and joined Integrated Forwarding & Shipping Berhad as Chief Accountant in 1981. He was promoted to the position of Finance Director of the Company in 1998 and subsequently appointed as the Chief Executive Officer in 2001. He does not hold any other directorships of public companies.

Mr Tee has a direct interest of 29,595,673 ordinary shares in the Company. He also has an indirect interest of 381,931 ordinary shares in the Company held through his wife, Yang Chiew Bi. Mr Tee does not have any family relationship with any other Director and/or major shareholder of the Company.

MAKOTO TAKAHASHI

Executive Director (Japanese)

Mr Makoto Takahashi, Executive Director, male aged 54, holds a Bachelor of Science degree from the University of San Francisco. He has working experience with a Japanese logistics company in Kobe, Japan and a trading company in Hong Kong. He joined ILB in 1998 as General Manager of Sales & Marketing and was appointed to the Board as an Executive Director on 17 September 2001.

Mr Makoto has a direct interest of 14,303,990 ordinary shares in the Company. He does not hold any other directorships of public companies and does not have any family relationship with any other Director and/or major shareholder of the Company.

WAN AZFAR BIN DATO' WAN ANNUAR

Independent Non-Executive Director (Malaysian)

En Wan Azfar bin Dato' Wan Annuar, male aged 72, was appointed to the Board as an Executive Director on 17 September 2001. He resigned as an Executive Director on 26 March 2003 but remained as a Non-Independent Non-Executive Director and was subsequently redesignated as an Independent Non-Executive Director on 19 August 2015. A Naval Officer by training, having been through Britannia Royal College, Dartmouth, United Kingdom and HMS Mercury, Royal Navy's School of Maritime Operations, Petersfield, United Kingdom, he has some 16 years service at sea and ashore. His military appointments included 2 warship commands, staff duties at the Ministry of Defence, Kuala Lumpur, Naval Headquarters in Singapore and as Naval Attache at the Malaysian High Commission, London. After leaving the Royal Malaysian Navy, he joined Malayan United Industries Berhad group of companies and pioneered the hotel division.

En Wan Azfar was re-designated as the Chairman of the Nomination & Remuneration Committee on 8 March 2021 and he is also a member of the Audit & Risk Management Committee. He does not hold any directorships of other public companies and does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

BOARD OF **DIRECTORS' PROFILES**

DATO' WAN HASHIM BIN WAN JUSOH

Independent Non-Executive Director (Malaysian)

Dato' Wan Hashim bin Wan Jusoh, male aged 64, was appointed to the Board on 1 October 2017 as an Independent Non-Executive Director.

Dato' Wan Hashim obtained his Bachelor Degree of Science (Hons) in 1981 in Resource Economy from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He joined Malaysia Investment Development Authority ("MIDA") in the same year as Assistant Director. Throughout most of his 36 years career with MIDA, he was responsible for the promotion and coordination of foreign and domestic investments and was also assigned to MIDA Los Angeles, Boston and New York. Dato' Wan Hashim was promoted to Executive Director in 2011 taking the leadership for five industry divisions namely the Electronic, ICT and Electrical, Transport Technology, Machinery and Equipment, and Textile and Non-Metallic Mineral. He became the Deputy CEO III of MIDA in July 2014 taking charge of the Strategic Planning and Investment Eco-System Development roles of MIDA and retired on the 24 September 2017 after a long distinguished career with MIDA.

Dato' Wan Hashim is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He sits on the Board of AYS Ventures Berhad as an Independent Non-Executive Director and UWC Berhad as an Independent Non-Executive Chairman and does not have any interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

SOH ENG HOOI

Independent Non-Executive Director (Malaysian)

Ms Soh Eng Hooi, female, aged 53, was appointed to the Board as an Independent Non-Executive Director on 15 May 2018. She was also appointed as a member of the Audit & Risk Management Committee (ARMC) on 15 May 2018 and subsequently re-designated as the Chairman of ARMC on 1 January 2019. Ms Soh was appointed as a member of the Nomination & Remuneration Committee on 8 March 2021.

Ms Soh graduated from University of Malaya with a Bachelor of Accounting (Honours) in 1994. Ms Soh is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Ms Soh started her career with Arthur Andersen & Co. Kuala Lumpur and was a partner in Baker Tilly Kuala Lumpur before she founded E H Soh & Partners, an accounting firm, in 2015.

Ms Soh also sits as an Independent Non-Executive Director of MN Holdings Berhad and Warisan TC Holdings Berhad. She does not have any interest in the securities of the Company and has no family relationship with any other Director and/or major shareholder of the Company.

JAMILAH BINTI KAMAL

Independent Non-Executive Director (Malaysian)

Puan Jamilah Binti Kamal, female, aged 60, was appointed to the Board on 1 March 2022 as an Independent Non-Executive Director.

Puan Jamilah obtained her BA Honours in Economics in 1985 from Carleton University, Ottawa, Ontario Canada. She started her career in 1985 with Tenaga Nasional Berhad (TNB) in various departments, from the commercial department to marketing & distribution division. From the year 2000 to 2014, Puan Jamilah was seconded to Malaysian Industrial Development Authority (MIDA) as TNB's representative to deal with matters related to electricity supply to existing and potential, local and foreign investors and participated in Trade and Investment missions abroad organised by MIDA, led by the minister of Ministry of International Trade & Industry (MITI) to major investment cities in Europe, United Kingdom, United States of America & Australia.

Puan Jamilah became the General Manager/Head of Regulatory & Stakeholder Management in the year 2014. She was instrumental in shaping favourable regulatory outcomes & produced insightful industry and energy analyses to ensure TNB's strategic advantage & business sustainability, working closely with Government agencies such as MIDA, Energy Commission, Ministry of Energy, Economic Planning Unit, and industry players such as FMM, MICCI, AMCHAM, MISIF, FOMCA and C & CA. She was involved in the program for the implementation of Advanced Metering Infrastructure (AMI)/ Smart Meters for 11 months before her retirement in January 2022, after a long distinguished career with TNB.

Puan Jamilah does not have any interest in the securities of the Company and its subsidiaries. She does not hold any other directorships of public companies and does not have any family relationship with any other Director and/or major shareholder of the Company.

Notes

1. None of the Directors have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.
2. None of the Directors have any convictions for any offences within the past 5 years other than traffic offences.
3. None of the Directors have any public sanctions & penalties imposed by any regulatory bodies during the financial year 2021.

GROUP **MANAGEMENT PROFILE**

TEE JIA JIE

Executive Director of IL Solar Sdn Bhd, IL Power Sdn Bhd and EVN Vision Sdn Bhd

Mr Tee Jia Jie, male aged 30, is an Executive Director of IL Solar Sdn Bhd and IL Power Sdn Bhd, both wholly owned subsidiaries of the Company. He graduated with a BSC (Hons) Economics from Cardiff Metropolitan University in 2014 with a Postgraduate in International Commercial Law from Cardiff University in 2015.

YEE CHAI YIN

Chief Financial Officer

Ms Yee Chai Yin, female aged 36, an Accountant with a Bachelor's (Hons) Degree in Accounting from Universiti Utara Malaysia (UUM) and holds a Master of Business Administration from Anglia Ruskin University. She is a member of the Malaysia Institute of Accountants (MIA) and has certification as an Asean Chartered Public Accountant (ACPA). She joined the Group on 1st October 2021. Ms Yee has more than 10 years of working experience as an Accountant with a demonstrated history of working in the auditing/accounting industry. Skilled in Accounting Standards, Merger & Acquisition, Consolidation, Due Diligence, Business Valuation and People Management.

She began her accounting career as an Audit Manager in a Public Accounting firm in 2011 and from 2016 as Senior Audit Manager, Director of Audit and Group Training & Development and Director of Business & Transaction Advisory in another Public Accounting firm before moving on to as General Manager in Fast Moving Consumer Goods (FMCG) industry company in 2020.

HOO PEE CHON

Chief Risk Officer

Mr Hoo Pee Chon, male aged 65, holds a Diploma in Business Studies, majoring in Finance, from Tunku Abdul Rahman College, Kuala Lumpur. Mr Hoo joined the Group in 1982 and has more than 35 years experience in the logistics industry. He has held several managerial positions in the Group and was promoted to the position of Deputy Group Operation Director (Malaysian operations) in 2005. Mr Hoo was transferred to Integrated National Logistics DWC-LLC an associate company of the Group in Dubai, United Arab Emirates as Head of Finance & Administration in 2012 and was appointed to his current position as Chief Risk Officer of the Group in 2016.

TEOH SIEW TATT

Project Director of IL Solar Sdn. Bhd.

Mr Teoh Siew Tatt, male aged 44, holds a Master of Business Administration in Engineering Management and Bachelor of Engineering in Automotive Engineering from Coventry University in United Kingdom. Mr Teoh joined the group in September 2015 and has more than 19 years experience in the project management field.

MOHD KHAIRUL NIZAM BIN MD RADZI

Chargeman of IL Solar Sdn Bhd

Mr Mohd Khairul Nizam Bin Md Radzi, male aged 38, holds a Diploma in Electrical Engineering from Politeknik Tunku Sultanah Bahiyah Kulim, Kedah. He has the competency in B4 33kV from Malaysia Energy Commision (Suruhanjaya Tenaga). Mr Khairul joined IL Solar Sdn Bhd in 2017 and has 13 years experience in Electrical Testing, Commissioning, Operations & Maintenance of Gas power plant & Renewable energy power plant.

Notes

None of the Group's Management:

1. Holds any directorships of other public companies.
2. Have any family relationship with any director &/or major shareholder of the Company, apart from Tee Jia Jie, who is the son of the Chief Executive Officer of the Company.
3. Have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.
4. Have any convictions for any offences and public sanctions & penalties imposed by any regulatory bodies other than traffic offences within past five years.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Malaysian Code of Corporate Governance defines corporate governance as: "the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders."

The Board of Directors ("Board") remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Group.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance ("MCCG 2021") known as Board Leadership and Effectiveness (Principal A), Effective Audit And Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the financial year ended 31 December 2021.

PRINCIPAL A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

The Company has an experienced Board comprising two Executive Directors, one Non-Independent Non-Executive Director and four Independent Non-Executive Directors. The Board is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The Independent Non-Executive Directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company.

The responsibilities of the Board are inclusive of but not limited to:

i. Charting the strategic direction and setting out short term and long term plans for the Group.
ii. Promoting ethical and best corporate governance culture in the Group.
iii. Monitoring and reviewing compliance with internal control policies and risk management systems.
iv. Monitoring compliance with relevant laws & regulations and accounting standards within the corporate and business environment.
v. Overseeing and reviewing business operations within a systematic and controlled environment.
vi. Monitoring the financial performance of the Group.
vii. Appointing and determining the remuneration, duration and terms of appointment of the Executive Directors.
viii. Assessing the performance of and developing the succession plan for the Executive Directors.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board had appropriately delegated specific tasks to two (2) Board Committees; namely Audit & Risk Management Committee ("ARMC") and Nomination & Remuneration Committee ("NRC"). All the Board Committees have their own terms of reference and have the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation. Both of the Board Committees are chaired by an Independent Non-Executive Director.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Chief Executive Officer ("CEO") are distinct and separated.

The Company has a clear distinction and separation of roles between the Chairman and the CEO, with clear division of responsibilities. The Board is headed by Datuk Karownakaran @ Karunakaran Ramasamy, the Non-Independent Non-Executive Chairman, who has broad exposure and extensive experience in the international trade and investment arena. As Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the CEO.

The Board has delegated to the CEO, Mr Tee Tuan Sem, the authority and responsibility for implementing policies, strategies and decisions adopted by the Board. The CEO and the management team are responsible for implementing the plans chartered out and the day to day management of the Group, with clear authority delegated by the Board.

The Board is guided by a Board Charter which sets out the principles governing the Board of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia.

The Board will review the Board Charter on an annual basis and make changes wherever necessary. The Board Charter is published on the Company's corporate website at www.ilb.com.my.

A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

In line with the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Board has approved an Anti-Bribery and Anti-Corruption Policy. The policy sets out the Group's overall position to prevent bribery and corruption practices in relation to its business activities.

The Board is supported by qualified and competent Company Secretary who is responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the Listing requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of its functions.

None of the directors of the Company hold more than five directorships of listed companies as provided under paragraph 15.06 of the Main Market Listing Requirements.

The Board is supported by Senior Management ("SM"), comprising Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO"). SM manages the sustainability policy, initiatives, targets as well as monitoring the effectiveness and performance of related initiatives.

To further strengthen the sustainability initiatives, SM communicates ILB's sustainability direction to Operational Management ("OM"). OM comprises of appointed representatives of various divisions, who are responsible to identify, manage, and analyse sustainability categories, as well as Economic, Environmental and Social ("EES") risks, and organise, implement and monitor sustainability efforts. On a daily basis, the OM executes and implements the initiatives and report their operational activities in a variety of ways, including monthly reports, project progress reports, safety and health reports, etc.

While we anticipate that our key stakeholders are increasingly interested to evaluate how we have managed and embraced Environmental, Social and Governance ("ESG") agendas, our Board is in the midst of identifying the relevant personnel with the appropriate skills and experience required to elevate ILB Group's sustainability efforts in line with the MCCG 2021.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

On the same note, the Board is currently reviewing the process of including material sustainability and climate-related risks and opportunities in the performance evaluation of the Board and Senior management as stipulated in the latest Code of Corporate Governance updated in 2021.

We recognise the value of interacting with our stakeholders since their feedbacks are critical in keeping our sustainability activities on track with our goal to achieving stakeholders' expectations while reinforcing our relationships with them.

As a responsible organisation, we focus on sustainable expansion of our commercial activities. We have always prioritised environmental issues and complied with applicable laws and regulations in order to reduce negative environmental effect.

The nature of ILB's subsidiary, which generates electricity as its main business function, encourages a beneficial environmental effect. This is because solar energy is turned from the sun into electrical energy, which is the cleanest and most abundant renewable energy source accessible. We formulate our strategy and align our policies to promote green technology as it is our Government of Malaysia's initiative for greener economy.

At ILB, we recognise that climate change is the single biggest health threat facing humanity, and we are responding to the health harms caused by the unfolding crisis. Undeniably, it impacted our business in terms of both risks and opportunities and affected our operations, services, goals and business strategy. Recognising the importance, we are currently compiling more relevant data and information to address the climate change and undertake the risk as part of our risk assessment.

At ILB, we periodically review and update our sustainability material matters we face and captured the input from our stakeholders, whom we collaborate in engaging and assessing the magnitude of risks and opportunities, shape our strategy and discuss our resources allocation in relation to EES topics. The discussion is also facilitated by selective Heads of Department and key management staff. Following that, the sustainability matters were assessed based on their relevance to the stakeholders and the Group's business.

Our methodology is still driven by the Bursa Malaysia Sustainability Reporting Guidelines and Toolkits, which include compilation and mapping material matters to a materiality matrix.

The yearly Board of Directors' Evaluations ("BOD Evaluations") have been performed by all Directors as follows:-

- Individual Directors' Evaluation Form;
- Independent Directors' Self-Assessment Checklist;
- Board Skills Matrix Form;
- Board and Board Committee Evaluation Form; and
- ARMC Members' Self and Peer Evaluation.

Based on the summary of the abovementioned BOD Evaluations assessment, it was concluded that:-

a) The Board was well-balanced after taking into account the Board members' wide experience and exposure in various fields, i.e. commercial, financial, technical, corporate and legal, their diversed skill and qualities.
b) The Company had an effective Board and each of the Directors possessed their own qualities, skills, expertise and experience in discharging their functions effectively as expected from each of them.
c) All the Independent Directors also provided written confirmation in respect of their independence respectively.

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the Main Market Listing Requirements of Bursa Malaysia. The Board met on four occasions during the financial year ended 31 December 2021 and the details of attendance at Board Meetings is set out below.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

	Number of Meetings Attended	Total Number of Meetings
Non-Independent Non-Executive Director		
Datuk Karownakaran @ Karunakaran Ramasamy *	4	4
Independent Non-Executive Directors		
Wan Azfar Bin Dato' Wan Annuar	4	4
Dato' Wan Hashim bin Wan Jusoh	4	4
Soh Eng Hooi	4	4
Jamilah binti Kamal #	N.A.	N.A.
Executive Directors		
Tee Tuan Sem	4	4
Makoto Takahashi	4	4

* *Redesignated as Non-Independent Non-Executive Director with effect from 8 March 2021*
\# *Jamilah binti Kamal was appointed as Independent Non-Executive Director with effect from 1 March 2022*

All new appointees to the Board are given an introduction to familiarise themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programme by Bursa Malaysia and thereafter to continually upgrade their knowledge and exposure through in-house training programmes as well as courses conducted by external parties. All Directors have completed the Mandatory Accreditation Programme stipulated by Bursa Malaysia.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2021 are as follows:

Name of Directors	Date	Seminar / Training Course Title
Datuk Karownakaran @ Karunakaran Ramasamy	11 March 2021	1st Distinguished Board Leadership Webinar: Rethinking Our Approach to Cyber Defence in FIs - FIDE Forum
	2 April 2021	Maybank Group Board Strategy Offsite: Banking Strategy, FinTech & Sustainability - Maybank
	6 April 2021	HLIB Stratum Focus Series XI "Renewable Energy: A Genesis for a Sustainable Future - Bursa Malaysia
	14 April 2021	FY2021 Etiqa Risk Landscape - Etiqa
		Blackrock Asia Corporate Director Forum - BlackRock
	20 April 2021	BNM-FIDE Forum MASB Dialogue on MFRS17 Insurance Contract: What Every Director must know - BNM / FIDE Forum
	2 June 2021	Dialogue on the Role of Independent Director in Embracing Present and Future Challenge - BNM / FIDE Forum
		Impact 24 - Ageas Partnership Event
	3 June 2021	Invest ASEAN 2021 # 1 : US-China Rivalry & the New Geopolitics in ASEAN - Maybank Investment Bank Berhad / Maybank Kim Eng
	17 June 2021	Invest ASEAN 2021 #3 - ASEAN Real Estate: Path to Recovery - Maybank Investment Bank Berhad / Maybank Kim Eng

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Name of Directors	Date	Seminar / Training Course Title
Datuk Karownakaran @ Karunakaran Ramasamy (continued)	23 June 2021	JC3 Flagship Conference 2021 # Finance For Change: Session: Sustainability as a Business Strategy for FIs - Bank Negara Malaysia / Securities Commission Malaysia
	25 June 2021	Annual Board Risk Workshop Risk Session - Building Sustainability in a Digital World, Compliance Session - Managing Financial Crime in Emerging Markets - Group Risk, Maybank / Group Compliance, Maybank
	30 June 2021	LSEG & Climate Risk - Bursa Malaysia
	22 July 2021	Invest ASEAN 2021 # 8: Decarbonising ASEAN - Maybank Investment Bank Berhad / Maybank Kim Eng
	5 August 2021	Carbon Markets - Bursa Malaysia
	13 August 2021	Executive Cyber Risk Update - Maybank Singapore
	20 August 2021	ESG-related Training by Ernst & Young (Etiqa)
	6-9 September 2021	The World Federation of Exchanges Annual Conference 2021 - The World Federation of Exchanges
	27 September 2021	Corporate Responsibility and Sustainability Capitalism - Ageas Partnership Event
	28 September 2021	2021 Global Market & Economic Outlook: New Beginnings and Old challenges in the New Normal - Bursa Malaysia
	11 October 2021	Briefing on Capital Market Masterplan 2021-2025 (CMP3) - Securities Commission
	14 October 2021	Invest Malaysia 2021 Series 1 : Economic Reform - Bursa Malaysia / Maybank Kim Eng
		“Fraud, Bribery and Corruption in Corporate Organization” - Community Education Division Malaysia - Anti-Corruption Commission / Bursa Malaysia
	23 November 2021	The World Federation of Exchanges (WFE) - “How Market Infrastructures Coping with Cyber Threat Amid Global Pandemic” - Bursa Malaysia
Dato’ Wan Hashim bin Wan Jusoh	7 October 2021	Managing Your Transfer Pricing Risks - BDO Tax Services Sdn Bhd
	29 October 2021	Managing Corporate Liability Risk - Tricor Axcelasia Sdn Bhd
Wan Azfar bin Dato’ Wan Annuar	7 October 2021	Managing Your Transfer Pricing Risks - BDO Tax Services Sdn Bhd
	29 October 2021	Managing Corporate Liability Risk - Tricor Axcelasia Sdn Bhd
Soh Eng Hooi	25 February 2021	Confirmation Fraud Case Studies: Leveraging on Technology to Reduce Risk of Fraud - MIA
	8 June 2021	Cyber Security Awareness Training - TC iTech Sdn Bhd
	18 June 2021	MIA Town Hall 2021 - National - MIA

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Name of Directors	Date	Seminar / Training Course Title
Soh Eng Hooi (continued)	6 September 2021	MIA Webinar Series : Briefings on Technical Changes Affecting Financial Reporting - MIA
	14 September 2021	The Updated Malaysia Code on Corporate Governance 2021: Implications of the Updates to Warisan, Its Directors, Management, Company Secretaries & Auditors
	23 September 2021	Unclaimed Money Act 1965 - MIA
	7 October 2021	Transfer Pricing Documentation – BDO Tax Services Sdn Bhd
	29 October 2021	Managing Corporate Liability Risk – Tricor Axcelasia Sdn Bhd
	2 November 2021	Complimentary Webinar on ED ISA for Less Complex Entities (LCE) and Engagement on eConfirm.my - MIA
	16 November 2021	MIA Webinar Series – SMP Forum 2021 - MIA
	6 December 2021	AOB Conversations with Audit Committees - Securities Commission Malaysia
	20 December 2021	MSWG Webinar – Covid Creates Unique Governance Issues
Tee Tuan Sem	27-07-2021	Sustainability Reporting Workshop - Scope & Materiality Sustainability Reporting - Bursa Malaysia
	7 October 2021	Managing Your Transfer Pricing Risks - BDO Tax Services Sdn Bhd
	29 October 2021	Managing Corporate Liability Risk - Tricor Axcelasia Sdn Bhd
Makoto Takahashi	7 October 2021	Managing Your Transfer Pricing Risks - BDO Tax Services Sdn Bhd
	29 October 2021	Managing Corporate Liability Risks - Tricor Axcelasia Sdn Bhd

II Board Composition

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

The Company has an experienced Board comprising two (2) Executive Directors, one Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The Non-Executive Directors are not employees of the Company and do not participate in the day to day management of the Company. All four (4) Independent Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter. The NRC has reviewed the performance of the independent directors and is satisfied that they have discharged their responsibilities in an independent manner.

The Constitution of the Company provides that all Directors of the Company shall retire from office at least once every three years but shall be eligible for re-election. At least one third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The MCCG 2021 stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, justification should be provided and shareholders' approval will be sought through a two-tier voting process.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board acknowledges the importance of age, nationality, professional background & gender diversity and recognises the benefits that such diversity can bring. The NRC considers diversity generally when making appropriate appointments to the Board, taking into account relevant skills, ethnicity, age, experience and knowledge. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Company will work towards addressing this as and when vacancies arise and suitable candidates are identified. The Company's primary responsibility in new appointments to the Board and management must always be to select the best candidates available.

The Board's current composition consists of 2 Executive Directors, 4 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director and currently the Board consists of 2 women directors which comprises 28.57% women director and aims to achieve at least 30% women directors in the near future.

Details of the Directors seeking re-election are set out in the Directors Profiles section, their shareholdings in the Company, position & relationship and details of attendance at Board Meetings are set out in the annual report.

III Remuneration

The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the board and senior management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

The NRC reviews the remuneration of the Board and Senior Management from time to time with a view to ensure the Company offers fair compensation and is able to attract and retain talent who can add value to the Company. Fees paid to Non-Executive Directors are tabled at the Company's AGM for approval.

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.

The details of the Directors' remuneration comprising remuneration received from the Company and its subsidiaries in the financial year ended 31 December 2021 are as follows:

Company

	RM'000					
	Salaries	Fees	Bonus	Other Remuneration	Benefits-in-kind	Total
Non-Executive Directors						
Datuk Karownakaran @ Karunakaran Ramasamy	–	108	–	3	7	118
Wan Azfar bin Dato' Wan Annuar	–	60	–	6	1	67
Dato' Wan Hashim bin Wan Jusoh	–	60	–	6	–	66
Soh Eng Hooi	–	90	–	6	4	100
Executive Directors						
Tee Tuan Sem	600	–	100	85	93	878
Makoto Takahashi	240	–	40	1	11	292
Total	**840**	**318**	**140**	**107**	**116**	**1,521**

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Group

	RM'000					
	Salaries	**Fees**	**Bonus**	**Other Remuneration**	**Benefits-in-kind**	**Total**
Non-Executive Directors						
Datuk Karownakaran @ Karunakaran Ramasamy	–	108	–	3	7	118
Wan Azfar bin Dato' Wan Annuar	–	60	–	6	1	67
Dato' Wan Hashim bin Wan Jusoh	–	60	–	6	–	66
Soh Eng Hooi	–	90	–	6	4	100
Executive Directors						
Tee Tuan Sem	600	–	100	85	93	878
Makoto Takahashi	240	–	40	1	11	292
Total	**840**	**318**	**140**	**107**	**116**	**1,521**

Details of the remuneration of the top Senior Management (including salary, bonus, benefits-in-kind and other emoluments) in each successive band of RM50,000 during the financial year ended 31 December 2021, are as follows:

Range of Remuneration (RM)	Name of Top Senior Management
50,000 - 100,000	* Yee Chai Yin
100,001 - 150,000	** Loh Cheng Keat, Mohd Khairul Nizam bin Md Radzi
150,001 - 200,000	Teoh Siew Tatt & Hoo Pee Chon
200,001 - 250,000	Tee Jia Jie

Note: * Yee Chai Yin appointed on 1 October 2021
***** Loh Cheng Keat resigned on 1 November 2021***

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit & Risk Management Committee ("ARMC")

There is an effective and independent ARMC. The Board is able to objectively review the ARMC's findings and recommendations. The Company's financial statements are a reliable source of information.

The ARMC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls. The ARMC had five meetings during the financial year ended 31 December 2021 and comprises:-

i. Soh Eng Hooi (Chairman)
ii. Wan Azfar bin Dato' Wan Annuar
iii. Dato' Wan Hashim bin Wan Jusoh

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board strives to provide true and fair financial reporting of the Group's performance in the audited financial statements and quarterly financial reports, in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 ("Act").

The ARMC exercises professional oversight of the integrity of the financial reports before presenting the financial statements to the Board for approval. The ARMC also represented to the Board with support and clarifications from the external auditors that the financial statements & reports presented are in compliance with applicable approved accounting standards in Malaysia and the provisions of the Act to give a true and fair view of the Group's performance and financial position.

The Board has a formal and transparent relationship with the external auditors. The ARMC recommends to the Board on the appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board. The role of the ARMC is further set out in their Report. The ARMC has private sessions and dialogues through the Committee with the external auditors, in the absence of the executive directors and the management. For the year under review, there was two such dialogue session with the external auditors.

It is the practice of the ARMC to conduct annual assessment of the external auditor. Areas of assessment include among others, the external auditors objectivity and independence, size and competency of the audit team, audit strategy, audit reporting, partner involvement and audit fees. In support of the assessment on independence, the external auditors provide the ARMC with assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the assessment result, the ARMC will make recommendation to the Board for re-appointment of external auditors accordingly. During the financial year, the amount of non-audit fees paid to external auditors was RM12,000.

The ARMC comprises Independent Non-Executive Directors and at least one member fulfills qualifications prescribed by Bursa via paragraph 15.09(1)(c) and paragraph 7.1 of Practice Note 13 of the Main Market Listing Requirements.

II Risk Management and Internal Control Framework

The Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with a reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

ILB has in place its established Risk Management Policy, which reflects the framework for Enterprise-wide Risk Management and Internal Control System. Such framework states the Company's tolerance level for risk, and process in place to identify, assess and monitor key business risks arising from the existing environment and foreseeable future event in achieving the Company's corporate objectives, safeguarding the Company's assets, as well as shareholders' investments/interest (excluding associates and jointly controlled entities).

The Board has the ultimate responsibility for reviewing and approving the Company's risk framework, risk profile and related policies. Relevant internal control systems are implemented for the day to day operations of the Group. The Chief Risk Officer and independent professional service provider, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") (the succeeding firm to NGL Tricor Governance Sdn Bhd), have an independent reporting on risk management and internal controls to the ARMC. The framework is continually monitored by Tricor Axcelasia to ensure it is responsive to the changes in the Group's Corporate Structure and is authorised to conduct independent audits of all the departments and offices within the Group. It reports its internal audit findings to the ARMC on a half-yearly basis.

The ARMC reviews, deliberates, and evaluates the effectiveness and efficiency of the internal control systems in the organisation which are designed to manage and mitigate rather than eliminate risks in achieving the Company's corporate objectives, safeguarding the company's assets as well as investors interests.

The ARMC which comprises Independent Non-Executive Directors oversees the Group's risk management and internal control function.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Board is assisted by ARMC in the oversight of risk management and internal control function of the Group and supported by the Executive Directors and senior management of the Group in the implementation of the Board's policies & procedures on risk management and internal control. Tricor Axcelasia provides independent internal audit services to the core business of the Group and adopts a risk-based approach and prepares its audit strategy and plan based on the risk assessment of the business units of the Group.

The Board is cognisant of the fact that they are responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control Function. The Board recognises the importance of good corporate governance and is committed to maintain a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and a continuous review of the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal controls of the Group during the year.

The Statement on Risk Management and Internal Control furnished on the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

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

I Communication with Stakeholders

There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders.

The Board monitors all price sensitive information potentially required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa, the media and the Company's website.

Price sensitive information is defined as any information that on becoming generally available would tend to have a material effect on the market price of the Company's listed securities. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated by Bursa Malaysia.

Apart from the provisions relating to the "closed period" for dealing in the Company's shares, the directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. The Company's website at www.ilb.com.my is regularly updated and provides relevant information on the Company which is accessible to the public to make informed decisions.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

II Conduct of General Meetings

Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decisions at general meetings.

The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company. The Chairman and Board members, with the assistance of senior management and external auditors, where appropriate, are responsible to respond and provide explanations on matters raised. In accordance with the recommendations of the MCCG 2021, the Company gives its shareholders at least 28 days prior notice of the AGM of the Company.

Information on the Group's activities is provided in the Circulars, Annual Report and Financial Statements which are despatched to shareholders. The Company also encourages shareholders and investors to access online the Company's Annual report and up to date announcements, which are made available at the Bursa Malaysia website and the Company's own website.

Investors and the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail or contact the following persons:-

Name	Contact No.	E-mail address
Tee Jia Jie, Executive Director, IL Solar Sdn Bhd	03-5614 2555	jjtee@ilb.com.my
Yee Chai Yin, Chief Financial Officer	03-5614 2555	jessieyee@ilb.com.my

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes an announcement of the detailed results showing the number of votes cast for and against on each resolution at general meetings to facilitate greater shareholder participation.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors.

OTHER **DISCLOSURES**

1. UTILISATION OF PROCEEDS

Disposal of Integrated Etern Logistics (Suzhou) Co. Limited

On 1 April 2020, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70%-owned subsidiary of ILB, had completed the closing of the conditional Share Sale Agreement ("SPA") dated 19 December 2019 entered into with SWJ CN Logiport Pte. Ltd. ("Purchaser") to dispose off the entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("IEL Suzhou") for a total purchase consideration of RMB217.2 million or approximately RM128.7 million.

On 30 June 2020, ILHK has finalised the adjustment sum and the final payment with the purchaser and received the said final payment of RMB3.6 million which is equivalent to RM2.1 million on 15 July 2020. After taking into consideration of the adjustment sum and final payment, the net sale proceeds to ILHK is RM126.3 million of which RM88.4 million is attributable to ILB.

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation	Deviation Amount RM'000	Explanation
Future investment in other complementary businesses and/or assets	50,000	40,572	Within 60 months from the closing date on 01.04.2020	–	–
Working capital of the Group	16,674	16,674	- " -	–	–
Payment of Withholding Tax	6,322	6,322	–	–	–
Defraying expenses incidental to the Proposed Disposal	7,261	7,261	–	–	–
Repayment of borrowings	8,151	8,151	–	–	–
Total	**88,408**	**78,980**			

2. AUDIT FEES AND NON-AUDIT FEES

During the financial year ended 31 December 2021, the amount of audit fees and non-audit fees paid or payable by the Group and the Company are as follows:

	Group (RM)	Company (RM)
Audit Fees	249,312	86,500
Non-Audit Fees	12,000	12,000

OTHER **DISCLOSURES**

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group which involved directors and/or major shareholders' interests during the financial year.

4. VARIANCE IN RESULTS

There is no material variance between the results for the financial year 2021 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projections during the financial year.

AUDIT & RISK MANAGEMENT **COMMITTEE REPORT**

The Board of Directors of the Group is pleased to present the Audit & Risk Management Committee ("ARMC") Report for the financial year ended ("FYE") 31 December 2021.

MEMBERSHIP
The ARMC of the Group comprises the following members:

Chairman
Soh Eng Hooi
Independent Non-Executive Director

Members
Wan Azfar bin Dato' Wan Annuar
Independent Non-Executive Director

Dato' Wan Hashim bin Wan Jusoh
Independent Non-Executive Director

The ARMC comprises three (3) Non-Executive Directors during FYE 31 December 2021, all of whom are Independent Directors. The Chairman of ARMC, Ms. Soh Eng Hooi is a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

The composition of the ARMC and the qualification of the members comply with Paragraph 15.09 (1) of the Main Market Listing Requirement of Bursa Securities ("MAIN LR").

The Committee carries out its duties and responsibilities in accordance with its Terms of Reference which is available on the Company's website at https://www.ilb.com.my.

ARMC has the authority to investigate any matter within its Terms of Reference. In this regard, ARMC has full and unrestricted access to any information pertaining to the Group, co-operation from Management, direct communication channels with the external and internal auditors and reasonable resources to enable it to discharge its functions appropriately.

MEETINGS AND MINUTES

During the FYE 31 December 2021, the ARMC held a total of five (5) meetings. The Company Secretary was in attendance during the meetings and the Chief Financial Officer ("CFO"), Chief Risk Officer, Internal Auditors, External Auditors and other senior management personnel, where necessary, were invited to the meetings to deliberate on matters within their purview.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting. After each ARMC meeting, the ARMC Chairman reported on matters deliberated to the Board for their notation including matters of significant concern as and when raised by the External Auditors or Internal Auditors. Matters reserved for Board approvals are tabled at Board meetings. Upon Board's approval, the decisions made are forwarded to the management for their actions. ARMC may also take action by way of circular resolutions in lieu of convening a formal meeting.

The details of attendance of the ARMC members are as follows:

Committee Members	Meeting Attendance
Soh Eng Hooi	5/5
Wan Azfar bin Dato' Wan Annuar	5/5
Dato' Wan Hashim bin Wan Jusoh	5/5

AUDIT & RISK MANAGEMENT **COMMITTEE REPORT**

SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC's activities for the financial year under review comprise the followings:-

1. Financial Reporting

    - In overseeing the Group's financial reporting processes, ARMC reviewed and discussed the Group's unaudited quarterly financial results and final draft audited financial statements with the management and external auditors at the ARMC meetings, to ensure compliance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016, as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.

    - Reviewed and discussed on the impact of any changes/adoption of new accounting standards, auditing and regulatory issues to the Group's financial reporting processes.

    - Reviewed and assessed the adequate of the processes and controls in place for effective and efficient financial reporting and that reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards.

2. Related Party Transactions

    - Reviewed the Chief Risk Officer ("CRO") report on recurrent related party transactions ("RPT") that may arise within the Company and its Group and apprised the Board that there were no significant RPT which arose within the Company or Group, including any transaction, procedure or course of conduct that raised questions of the Management's integrity during the financial year.

3. External Audit

    - Reviewed and discussed with the external auditors, prior to the commencement of audit, the audit planning memorandum which include matters pertaining to the audit service team, scope of the work, significant risks and areas of key audit focus, internal control plan, technical updates, independent policies and procedures, timeline, etc.

    - Reviewed and discussed with external auditors on major audit findings arising from the external audit and resolution of the findings, including key audit matters raised by the external auditors in their auditors' report.

    - Met with the external auditors without the presence of executive Board members and management personnel.

    - Reviewed the audit fees before recommending to the Board for approval.

    - Reviewed the competency, resource capacity, objectivity, professionalism and the independence of the external auditors. ARMC has also reviewed the independence and suitability of the external auditors in the provision of non-audit services to the Company and the Group. In considering the nature and scope of non-audit services and related fees, ARMC was satisfied that they were not likely to impair their independence. Baker Tilly Monteiro Heng PLT has also given their independence assurance throughout their audit works for FYE 2021. Pursuant thereto, ARMC has recommended to the Board for the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the suitability, performance, objectivity, professionalism and independence of the external auditors.

4. Internal Audit

    - Reviewed and approved the internal audit plan for year 2022 from the outsourced internal audit service provider, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") (the succeeding firm to NGL Tricor Governance Sdn Bhd) to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.

AUDIT & RISK MANAGEMENT **COMMITTEE REPORT**

- Discussed and reviewed the internal audit reports presented by Tricor Axcelasia on a half yearly basis. ARMC considered major findings and areas required improvements highlighted by Tricor Axcelasia and responses from management thereto, including follow-up on status of actions taken by Management to address issues raised in previous internal audit.

- Reviewed the independence, competency, performance and effectiveness of the internal audit function. ARMC was satisfied and approved the re-appointment of Tricor Axcelasia as the internal audit service provide for the Group.

5. Risk Management

- Assisted the Board in overseeing and reviewing the Risk Management Policy, which reflects the framework for Enterprise-wide Risk Management and Internal Control System. Such framework which is based on guidelines of ISO 31000 states the Company's tolerance level for risk and process in place to identify, assess and monitor key business risks arising from the existing environment and foreseeable future events.

- Reviewed Group's risk management process including the process in identifying, evaluating, approving and reporting risk and monitoring conflict of interest situations and transactions and the key consideration to be taken in reviewing the related party transactions or conflict of interest situation.

- Oversaw the risk management process of the Group with the support from the Executive Directors and senior management of the Group in the implementation of the Board's policies & procedures on risk management.

- Reviewed and evaluated operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks.

6. Others

- Reviewed the following prior to recommending to the Board for approval for inclusion in this Annual Report:

  o the Statement on Risk Management and Internal Control;

  o Audit & Risk Management Committee Report; and

  o Corporate Governance Overview Statement.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by Tricor Axcelasia, an outsourced service provider, which reports directly to the ARMC on its activities based on internal audit plans as approved by ARMC. Its principal function is to undertake regular and systematic review of the internal control system within the Group so as to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

On a half-yearly basis, Tricor Axcelasia presented their audit reports which included their findings and recommendations for improvements to the ARMC for review and deliberation. The ARMC evaluated the adequacy of the responses, actions and measures taken/to be taken by the management within the required timeframe in resolving the audit issues reported. Tricor Axcelasia also carried out follow-up reviews to monitor the implementation of the said actions plans and measures reported to the ARMC. The ARMC Chairman then briefed the Board on any major findings in the internal audit reports.

During the year under review, Tricor Axcelasia had performed internal control review mainly on the Group's solar power plant's operations namely, IL Solar Sdn Bhd and EVN Vision Sdn Bhd in respect on evaluating and improving the effectiveness of the systems of internal controls on corporate liability – Anti-Bribery Management System ("ABMS") and Sales & Marketing.

The total cost incurred by the Internal Audit function for the FYE 2021 amounted to RM195,873.

NOMINATION & REMUNERATION **COMMITTEE**

Details of the Composition of the Nomination & Remuneration Committee ("NRC") and its terms of reference are as follows:

COMPOSITION OF THE COMMITTEE

Wan Azfar bin Dato' Wan Annuar *	- Chairman / Independent Non-Executive Director
Dato' Wan Hashim bin Wan Jusoh	- Member / Independent Non-Executive Director
Soh Eng Hooi **	- Member / Independent Non-Executive Director
Datuk Karownakaran @ Karunakaran Ramasamy ***	- Chairman / Non-Independent Non-Executive Director

* *Redesignated as Chairman of NRC with effect from 8 March 2021*
** *Appointed as member of NRC with effect from 8 March 2021*
*** *Datuk Karownakaran @ Karunakaran Ramasamy resigned as Chairman of NRC with effect from 8 March 2021*

TERMS OF REFERENCE

1. Primary Purpose

(a) Propose and recommend suitable candidates to the Board and to fill the seats on Board committees.

(b) Review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on an annual basis.

(c) Recommend to the Board the framework on terms of employment and elements of remuneration of the Executive Directors.

(d) Review the terms of office and performance of the Committee annually.

(e) Review and recommend to the Board the annual bonus and salary increment of the Executive Directors and the remuneration of the Non-Executive Directors.

Individual Directors shall abstain from deliberations and voting on their own remuneration at the Board and Committee meetings.

2. Composition

(a) The Committee shall be wholly comprised of Non-Executive directors, a majority of whom are Independent.

(b) Members of the Committee are appointed by the Board and comprise Board members who will not benefit personally from their decisions and who will give due regard to the interests of shareholders and other stakeholders.

3. Responsibilities

(a) Ensure an appropriate balance of experience and abilities on the Board.

(b) Review from time to time the size, structure and composition of the Board.

(c) Assessment of the independence of directors who have served for a cumulative term of more than nine years, and make appropriate recommendations to the Board.

(d) Consider candidates for appointment, whether as Executive or Non-Executive Directors.

(e) Make recommendations to the Board on the re-appointment of Non-Executive Directors at the end of their term.

(f) Advise the Board and the Chief Executive Officer on the issue of succession planning.

(g) Annual Performance Assessment of the Board of Directors.

(h) Recommend to the Board a competitive compensation and remuneration package for Executive Directors in order to attract talent and experience needed for the continued progress of the Group.

(i) Recommend to the Board a competitive remuneration package for Non-Executive Directors who have the necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources for the success of the Group.

(j) Review and recommend annual compensation and reward for all Directors. A Director should abstain from discussion on his/her own remuneration.

4. Authority

The Committee is authorised by the Board to act on all matters within its terms of reference and other matters as may be approved by the Board from time to time.

5. Reporting

In discharging the above responsibilities, the Committee shall report to the Board on :-

(a) The effectiveness of the present size of the Board of Directors.

(b) The effectiveness of the composition of the Board of Directors and the mix of Executive and Non-Executive Directors.

(c) The existence of, or potential conflicts of interest involving the Board members.

(d) The contribution of individual Directors in decision making at the Board level.

(e) A continuous education program for Board members to upgrade their skills and enhance their effectiveness.

6. Meetings

(a) Meetings of the Committee shall be held as and when necessary but at least twice a year.

(b) The Committee shall be provided with sufficient resources to undertake its duties. It shall have access to the services of the Company Secretary including assisting in planning the committee's work, drawing up meeting agendas, maintenance of minutes, collection and distribution of information and provision of any necessary logistical support.

(c) The meetings of the Committee shall be transparent, with all proceedings recorded and actions documented.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

The Board is cognisant of the fact that it is responsible for the adequacy and effectiveness of the Group's system of Risk Management and Internal Control. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal controls of the Group during the financial year under review pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound risk management and internal control system as well as reviewing its adequacy and effectiveness and to put in sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of risk management and internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus, the system of internal control put in place can only provide reasonable but would not be an absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal control are financial, organisational, operational, compliance and information technology controls.

The Board does not review risk management and internal control systems of its associates as the Board does not have direct control over their operations. Notwithstanding the above, the Group interest is served through representation on the Board of the associates and review of the management accounts and enquiries thereon.

RISK MANAGEMENT

The Board is assisted by Audit & Risk Management Committee ("ARMC") in the oversight of risk management and internal control system of the Group and supported by the Executive Directors and senior management personnel of the Group in implementation of the Board's policies and procedures on risk management and internal control.

The Group has established an enterprise-wide risk management framework based on the guidelines in ISO 31000 to manage risks affecting its business and operations. The Board, with its ARMC and recommendations from the outsourced internal audit service provider ("Outsourced IA"), have established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group, i.e. solar power plant. These processes have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

In line with the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Board has approved an Anti-Bribery and Anti-Corruption Policy. The policy sets out the Group's overall measures to prevent bribery and corruption practices in relation to its business activities.

INTERNAL CONTROL

The Group has an established internal control structure and is committed to maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. Some of the key elements of the structure are:

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides ARMC and Nomination and Remuneration Committees, the Board is supported by senior management operationally. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Policies, procedures and standards have been established within the Group, periodically reviewed and updated by the management in accordance with changes in the operating environment. These standards and procedures include obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and comply with safety requirements.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

- Business plan including annual budget is prepared for the Group. The Board of Directors review and approve the annual budget.
- Executive directors conduct regular management meetings with management teams of various business units and reviews financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective business units.
- Management accounts are prepared on a monthly basis and the actual performance compared with the budgets. Quarterly accounts are prepared and reported to the Board on a quarterly basis based on actual performance compared with last year same quarter and with explanation of any major variances.
- The ARMC, Nomination and Remuneration Committee have been established with defined terms of reference.
- ARMC reviews the quarterly financial results, audited financial statements, the Group's risk profile and internal control issues identified internally and by the Internal Auditors. The ARMC also monitors the implementation of the recommendations, if any, proposed by the Internal Auditors.

INTERNAL AUDIT

During the year under review, the Board has engaged an Outsourced IA to provide independent internal audit services to the core business of the Group. The Outsourced IA adopts a risk-based approach and prepares its audit strategy and plan based on the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. On a half yearly basis, the Outsourced IA presents to the ARMC internal audit report which summarises audit findings and recommendations with respect to the system of internal control and control weaknesses; as well as the effectiveness of the implementation of these recommendations.

The Outsourced IA had performed internal control review mainly on the Group's solar power plant's operations namely, IL Solar Sdn Bhd and EVN Vision Sdn Bhd in respect on evaluating and improving the effectiveness of the systems of internal controls on corporate liability - Anti-Bribery Management System ("ABMS") and an internal control review of Sales & Marketing.

CONCLUSION

The Board is of the view that there were no material losses that resulted from weaknesses in the system of risk management and internal control. Moreover, the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. The Board is of the view that the risk management and internal control system, which is in place for the financial year under review and up to the date of this Statement, is adequate to achieve the Group's business objectives.

This statement is made in accordance with the resolution of the Board of Directors.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this statement pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and have reported that nothing has come to their attention that causes them to believe that the contents of this Statement intended to be included in the annual report are not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information & 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, issued by the Malaysian Institute of Accountants.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company for the financial year. As required by the Act and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

In preparing those financial statements, the Company's Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2016. The Directors are also responsible for the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL
STATEMENTS CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	12,442,086	6,545,247
Attributable to:		
Owners of the Company	8,321,519	6,545,247
Non-controlling interests	4,120,567	–
	12,442,086	6,545,247

DIVIDENDS

The amounts of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 30 April 2021	4,722,513

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2021.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that no allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' **REPORT**

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 and of the Company for the financial year in which this report is made.

ISSUE OF SHARES OR DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS' REPORT

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2021, the Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Karownakaran @ Karunakaran Ramasamy	
Tee Tuan Sem*	
Makoto Takahashi*	
Dato' Wan Hashim bin Wan Jusoh*	
Wan Azfar bin Dato' Wan Annuar*	
Soh Eng Hooi	
Jamilah binti Kamal	(Appointed on 1 March 2022)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Mong Tak Yeung, David	
Tam Poon Wah	
Tee Jia Jie	
Dato' Loh Chiew Hor	(Resigned on 1 November 2021)
Loh Cheng Keat	(Resigned on 1 November 2021)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, 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			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Direct interest:				
Makoto Takahashi	14,303,990	–	–	14,303,990
Tee Tuan Sem	29,595,673	–	–	29,595,673
Indirect interest:				
Tee Tuan Sem *	381,931	–	–	381,931

* held through spouse

Other than as stated above, the other directors in office at the end of the financial year did not have any interests in shares of the Company during the financial year.

DIRECTORS' **REPORT**

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

Every director and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Act 2016 in which relief is granted to him by the court in respect of any negligence, default, breach of duty or breach of trust.

During the financial year, there is no insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Date: 11 March 2022

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Continuing operations					
Revenue	5	14,760,830	8,333,556	8,456,700	57,151,683
Direct operating costs		(10,331,412)	(5,352,427)	–	–
Gross profit		4,429,418	2,981,129	8,456,700	57,151,683
Other income		4,528,593	5,598,340	4,331,554	3,673,096
Administrative expenses		(8,433,388)	(16,523,833)	(5,227,975)	(5,448,383)
Other expenses		(192,540)	(606,082)	(192,540)	(1,800,737)
		(4,097,335)	(11,531,575)	(1,088,961)	(3,576,024)
Operating profit/(loss)		332,083	(8,550,446)	7,367,739	53,575,659
Finance costs		(1,901,568)	(3,359,203)	(496,527)	(1,204,541)
Gain on dissolution of a subsidiary		3,628,727	–	–	–
Share of results of associates		(3,909,529)	884,645	–	–
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate		–	25,926,948	–	–
Reversal of impairment/(Impairment loss) on interest in an associate		14,861,467	(25,892,503)	–	–
Profit/(Loss) before tax	6	13,011,180	(10,990,559)	6,871,212	52,371,118
Tax expense	7	(569,094)	(630,103)	(325,965)	(251,960)
Profit/(Loss) for the financial year from continuing operations		12,442,086	(11,620,662)	6,545,247	52,119,158
Profit for the financial year from discontinued operation, net of tax	8	–	61,810,030	–	–
Profit for the financial year, carried forward		12,442,086	50,189,368	6,545,247	52,119,158

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Profit for the financial year, brought forward		12,442,086	50,189,368	6,545,247	52,119,158
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		5,636,836	3,031,775	–	–
Reclassification adjustment of foreign exchange translation reserve upon dissolution/disposal of a subsidiary		(3,902,742)	(1,025,090)	–	–
		1,734,094	2,006,685	–	–
Other comprehensive income for the financial year		1,734,094	2,006,685	–	–
Total comprehensive income for the financial year		14,176,180	52,196,053	6,545,247	52,119,158
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		8,321,519	(7,691,183)	6,545,247	52,119,158
- From discontinued operation		–	42,144,103	–	–
		8,321,519	34,452,920	6,545,247	52,119,158
Non-controlling interests		4,120,567	15,736,448	–	–
		12,442,086	50,189,368	6,545,247	52,119,158
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- From continuing operations		9,478,265	(5,111,339)	6,545,247	52,119,158
- From discontinued operation		–	39,922,429	–	–
		9,478,265	34,811,090	6,545,247	52,119,158
Non-controlling interests		4,697,915	17,384,963	–	–
		14,176,180	52,196,053	6,545,247	52,119,158
Earnings per share attributable to owners of the Company					
Basic/Diluted (sen)	9	4.405	18.239		

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

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	134,517,222	145,149,718	8,093,215	8,844,481
Intangible assets	12	2,076,118	2,205,875	–	–
Investment in subsidiaries	13	–	–	124,017,798	124,858,052
Interest in associates	14	54,182,125	39,038,652	9,507,500	9,507,500
Other investments	15	270,000	270,000	270,000	270,000
Receivables	16	3,228,830	16,110,974	3,228,830	16,110,974
Total non-current assets		194,274,295	202,775,219	145,117,343	159,591,007
Current assets					
Receivables	16	17,019,380	15,791,505	14,018,950	13,714,822
Contract assets	18	1,873,193	–	–	–
Contract costs	19	3,920	–	–	–
Amounts owing by subsidiaries	20	–	–	–	964,781
Tax assets		30,000	–	–	–
Other investments	15	–	2,766,164	–	2,766,164
Deposits, cash and bank balances	21	86,032,409	87,893,541	54,880,038	47,275,539
Total current assets		104,958,902	106,451,210	68,898,988	64,721,306
TOTAL ASSETS		299,233,197	309,226,429	214,016,331	224,312,313

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	225,670,706	225,670,706	225,670,706	225,670,706
Treasury shares	23	(4,797,033)	(4,797,033)	(4,797,033)	(4,797,033)
Reserves	24	18,160,832	17,078,687	–	–
Accumulated losses		(19,561,691)	(23,159,971)	(28,432,953)	(30,255,687)
		219,472,814	214,792,389	192,440,720	190,617,986
Non-controlling interests		21,190,591	21,087,594	–	–
TOTAL EQUITY		240,663,405	235,879,983	192,440,720	190,617,986
Non-current liabilities					
Term loans	25	46,842,646	53,591,160	20,380,206	22,904,720
Deferred tax liabilities	26	995,085	885,759	–	–
Total non-current liabilities		47,837,731	54,476,919	20,380,206	22,904,720
Current liabilities					
Term loans	25	4,808,448	14,789,664	584,448	10,565,664
Payables	27	5,636,553	3,759,526	579,957	216,943
Tax liabilities		287,060	320,337	31,000	7,000
Total current liabilities		10,732,061	18,869,527	1,195,405	10,789,607
TOTAL LIABILITIES		58,569,792	73,346,446	21,575,611	33,694,327
TOTAL EQUITY AND LIABILITIES		299,233,197	309,226,429	214,016,331	224,312,313

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Accumulated losses RM	Total reserves RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group											
At 1 January 2021		235,879,983	214,792,389	225,670,706	(4,797,033)	(23,159,971)	17,078,687	64,672	7,137,596	9,876,419	21,087,594
Total comprehensive income for the financial year											
Profit for the financial year		12,442,086	8,321,519	–	–	8,321,519	–	–	–	–	4,120,567
Other comprehensive income/(loss) for the financial year											
Exchange differences on translation of foreign operations		5,636,836	3,888,665	–	–	–	3,888,665	9,929	3,878,736	–	1,748,171
Reclassified to profit or loss upon dissolution of a subsidiary		(3,902,742)	(2,731,919)	–	–	–	(2,731,919)	–	(2,731,919)	–	(1,170,823)
Total other comprehensive income		1,734,094	1,156,746	–	–	–	1,156,746	9,929	1,146,817	–	577,348
Total comprehensive income for the financial year		14,176,180	9,478,265	–	–	8,321,519	1,156,746	9,929	1,146,817	–	4,697,915
Transaction with owners											
Transfer upon dissolution of a subsidiary		–	–	–	–	74,601	(74,601)	(74,601)	–	–	–
Acquisition of additional interest in a subsidiary		(1,000,000)	(75,327)	–	–	(75,327)	–	–	–	–	(924,673)
Dividends paid to non-controlling interests		(3,670,245)	–	–	–	–	–	–	–	–	(3,670,245)
Dividends paid on shares	10	(4,722,513)	(4,722,513)	–	–	(4,722,513)	–	–	–	–	–
Total transactions with owners		(9,392,758)	(4,797,840)	–	–	(4,723,239)	(74,601)	(74,601)	–	–	(4,594,918)
At 31 December 2021		240,663,405	219,472,814	225,670,706	(4,797,033)	(19,561,691)	18,160,832	–	8,284,413	9,876,419	21,190,591

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Accumulated losses RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group											
At 1 January 2020	229,871,749	180,129,688	225,670,706	(4,797,033)	(61,048,231)	20,304,246	5,257,870	241,554	4,928,403	9,876,419	49,742,061
Total comprehensive income for the financial year											
Profit for the financial year	50,189,368	34,452,920	–	–	34,452,920	–	–	–	–	–	15,736,448
Other comprehensive income/(loss) for the financial year											
Exchange differences on translation of foreign operations	3,031,775	1,383,260	–	–	–	1,383,260	–	–	1,383,260	–	1,648,515
Reclassified to profit or loss upon disposal of a subsidiary	(1,025,090)	(1,025,090)	–	–	–	(1,025,090)	–	–	(1,025,090)	–	–
Total other comprehensive income	2,006,685	358,170	–	–	–	358,170	–	–	358,170	–	1,648,515
Total comprehensive income for the financial year, carried forward	52,196,053	34,811,090	–	–	34,452,920	358,170	–	–	358,170	–	17,384,963

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Accumulated losses RM	Total reserves RM	Asset revaluation reserve RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group											
Total comprehensive income for the financial year, brought forward	52,196,053	34,811,090	–	–	34,452,920	358,170	–	–	358,170	–	17,384,963
Transaction with owners											
Transfer on disposal of a subsidiary	(24,485,169)	(148,389)	–	–	3,464,859	(3,613,248)	(5,257,870)	(206,401)	1,851,023	–	(24,336,780)
Changes in non-controlling interest in a subsidiary	1,000,000	–	–	–	–	–	–	–	–	–	1,000,000
Dividends paid to non-controlling interests	(22,702,650)	–	–	–	–	–	–	–	–	–	(22,702,650)
Transfer to statutory reserve fund	–	–	–	–	(29,519)	29,519	–	29,519	–	–	–
Total transactions with owners	(46,187,819)	(148,389)	–	–	3,435,340	(3,583,729)	(5,257,870)	(176,882)	1,851,023	–	(46,039,430)
At 31 December 2020	235,879,983	214,792,389	225,670,706	(4,797,033)	(23,159,971)	17,078,687	–	64,672	7,137,596	9,876,419	21,087,594

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Total equity RM	Share capital RM	Treasury shares RM	Accumulated losses RM
Company					
At 1 January 2020		138,498,828	225,670,706	(4,797,033)	(82,374,845)
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		52,119,158	–	–	52,119,158
At 31 December 2020		190,617,986	225,670,706	(4,797,033)	(30,255,687)
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year		6,545,247	–	–	6,545,247
Transaction with owners					
Dividends paid on shares, representing total transaction with owners	10	(4,722,513)	–	–	(4,722,513)
At 31 December 2021		192,440,720	225,670,706	(4,797,033)	(28,432,953)

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash flows from operating activities				
Profit/(Loss) before tax:				
- Continuing operations	13,011,180	(10,990,559)	6,871,212	52,371,118
- Discontinued operation	–	61,816,400	–	–
	13,011,180	50,825,841	6,871,212	52,371,118
Adjustments for:				
Addition/(Reversal) of provision for employee benefits	1,216	602	(1,803)	602
Amortisation of intangible assets	129,757	129,757	–	–
Depreciation of property, plant and equipment	4,680,321	5,240,140	797,384	1,440,363
Dividend income	–	–	(8,456,700)	(57,151,683)
Fair value gain on other investments	–	(2,525)	–	(2,525)
(Gain)/Loss on disposal of:				
- a subsidiary	–	(61,373,403)	–	–
- other investments	(16,616)	101,587	(16,616)	101,587
- property, plant and equipment	(29,999)	–	(29,999)	–
Gain on dissolution of a subsidiary	(3,628,727)	–	–	–
Income distribution from other investments	(49,625)	(97,547)	(49,625)	(97,547)
Interest expense	1,901,568	3,607,973	496,527	1,204,541
Interest income	(2,423,003)	(1,084,276)	(2,228,517)	(1,082,005)
Property, plant and equipment written off	21	13	21	13
(Reversal of impairment)/Impairment loss on interest in an associate	(14,861,467)	25,892,503	–	–
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	–	(25,926,948)	–	–
Share of results of associates	3,909,529	(884,645)	–	–
Unrealised (gain)/loss on foreign exchange	(371,477)	247,238	(398,067)	937,966
Operating profit/(loss) before working capital changes carried forward	2,252,678	(3,323,690)	(3,016,183)	(2,277,570)

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Operating profit/(loss) before working capital changes brought forward		2,252,678	(3,323,690)	(3,016,183)	(2,277,570)
Changes in working capital:					
Contract assets		(1,873,193)	–	–	–
Contract costs		(3,920)	–	–	–
Receivables		(639,601)	1,453,486	(389,247)	249,776
Payables		3,347,741	(3,246,231)	364,817	(286,425)
Net cash generated from/ (used in) operations		3,083,705	(5,116,435)	(3,040,613)	(2,314,219)
Interest paid		(1,901,568)	(3,607,973)	(496,527)	(1,204,541)
Tax paid		(529,489)	(326,767)	(301,965)	(193,426)
Net cash used in operating activities		652,648	(9,051,175)	(3,839,105)	(3,712,186)
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(697,847)	(16,371,143)	(46,140)	(65,319)
Proceeds from disposal of a subsidiary, net of cash disposed		–	105,805,579	–	–
Cash received from third party receivables		19,627,085	11,483,871	13,927,085	11,483,871
Withdrawal/(Placement) of deposits with licensed banks		17,073,245	(40,342,356)	20,282,082	(40,342,356)
Proceeds from disposal of other investments		–	2,694,562	–	2,694,562
Dividend received		–	93,500	8,456,700	51,786,631
Net withdrawal/(placement) of short-term fund		2,782,780	(2,797,547)	2,782,780	(2,797,547)
Proceeds from disposal of property, plant and equipment		30,000	–	30,000	–
Acquisition of additional interest in a subsidiary		(1,000,000)	–	–	–
Proceeds from allotment of shares in a subsidiary to non-controlling interests		–	1,000,000	–	–
Repayments from/(Advances to) subsidiaries		–	–	1,817,700	(28,814,398)
Interest received		2,472,628	1,181,823	2,278,142	1,179,552
Net cash from/(used in) investing activities		40,287,891	62,748,289	49,528,349	(4,875,004)

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from financing activities					
Drawdown of term loans	(a)	–	60,664,633	–	20,000,000
Repayments of term loans	(a)	(17,289,730)	(40,783,702)	(13,065,730)	(7,995,286)
Repayments of unsecured loan to a corporate shareholder	(a)	–	(24,121,226)	–	–
Dividends paid		(4,722,513)	–	(4,722,513)	–
Dividends paid to non-controlling interests		(3,670,245)	(22,702,650)	–	–
Payment of lease liabilities	(a)	–	(641,993)	–	(641,993)
Advances from subsidiaries	(a)	–	–	–	4,342,380
Net cash (used in)/from financing activities		(25,682,488)	(27,584,938)	(17,788,243)	15,705,101
Net increase in cash and cash equivalents		15,258,051	26,112,176	27,901,001	7,117,911
Cash and cash equivalents at the beginning of the financial year		47,551,185	23,289,209	6,933,183	479,848
Effects of exchange rates changes on cash and cash equivalents		(45,938)	(1,850,200)	(14,420)	(664,576)
Cash and cash equivalents at the end of the financial year	21	62,763,298	47,551,185	34,819,764	6,933,183

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(a) Reconciliation of liabilities arising from financing activities:

	1.1.2021 RM	**Cash flows RM**	**Foreign exchange movement RM**	**31.12.2021 RM**
Group				
Term loans	68,380,824	(17,289,730)	560,000	51,651,094
Company				
Term loans	33,470,384	(13,065,730)	560,000	20,964,654

			<--------Non-cash-------->		
	1.1.2021 RM	**Cash flows RM**	**Disposals RM**	**Foreign exchange movement RM**	**31.12.2021 RM**
Group					
Term loans	88,487,855	19,880,931	(39,728,962)	(259,000)	68,380,824
Loans from corporate shareholders	26,876,036	(24,121,226)	(2,640,889)	(113,921)	–
Lease liabilities	641,993	(641,993)	–	–	–
	116,005,884	(4,882,288)	(42,369,851)	(372,921)	68,380,824
Company					
Term loans	21,724,670	12,004,714	–	(259,000)	33,470,384
Lease liabilities	641,993	(641,993)	–	–	–
Amounts owing to subsidiaries	13,946,087	4,342,380	(18,916,657)	628,190	–
	36,312,750	15,705,101	(18,916,657)	369,190	33,470,384

NOTES TO THE **FINANCIAL STATEMENTS**

1. CORPORATE INFORMATION

Integrated Logistics Berhad ("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 of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 March 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

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

NOTES TO THE **FINANCIAL STATEMENTS**

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE **FINANCIAL STATEMENTS**

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

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

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following: (continued)

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

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

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

(b) Translation of foreign operations

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(b) Translation of foreign operations (continued)

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

3.4 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Sale of goods

Revenue from sale of electricity is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income (continued)

(b) Construction contracts

The Group designs, supplies, installs and commissions a solar PV module system under contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 10 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contact asset is reclassified to trade receivables at the point when invoice is issued or timing of billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Services

Revenue from services is recognised at a point in time when services are rendered.

(d) Dividend income

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

(e) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(f) Interest income

Interest income is recognised using the effective interest method.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and to the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

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

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Income tax (continued)

(b) Deferred tax (continued)

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 the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially 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.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.8 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments

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

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

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in 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 other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.17(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.9 **Financial instruments** (continued)

(a) **Subsequent measurement** (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) **Financial assets** (continued)

Debt instruments (continued)

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL 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 FVOCI, 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.

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

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the 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 other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) **Financial liabilities**

The Group and the Company classify their financial liabilities as financial liabilities at amortised cost.

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

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(b) 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) 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; 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.

The Group and the Company 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(d) Derecognition (continued)

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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

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

3.10 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and warehouse and office buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Freehold land and warehouse and office buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on warehouse and office buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and warehouse and office buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Office building	50
Office renovation	5
Equipment, furniture and fittings	3 – 5
Motor vehicles	5
Solar photovoltaic	21

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriately.

(d) Derecognition

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 arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases

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

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(a) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases (continued)

(a) Lessee accounting (continued)

Lease liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE **FINANCIAL STATEMENTS**

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.12 Other intangible assets

(a) Customer contract

Customer contract acquired in a business combination are recognised at fair value at the acquisition date.

Subsequent to recognition, customer contract are stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

(b) Amortisation

Amortisation of customer contract is provided for on a straight-line basis over the contract period of twenty one years. The residual value, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.13 Contract assets

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a).

3.14 Contract cost

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which it would not have incurred if the contract has not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Contract cost (continued)

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) The remaining amount of consideration that the Group and the Company expects to receive in exchange for the goods or services to which the asset relates; less

(ii) The costs that relate directly to providing those goods or services an that have not been recognised as expenses.

Before an impairment loss is recognised for contact costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets to that cash-generating unit*.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

3.15 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal of when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.16 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.17 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated 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, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.18 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.19 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Provisions (continued)

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.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

3.21 Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3.22 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 and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

NOTES TO THE **FINANCIAL STATEMENTS**

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

(a) Construction contract revenue

The Group recognised construction contract revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to the proportion of construction costs incurred for work performed to date bear to the estimated total costs for each project (input method).

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events. In making the judgement, the Group evaluates by relying on the work of specialists.

The amount of construction contract revenue recognised during the financial year is disclosed in Note 5 to the financial statements.

(b) Impairment of investment in associates

The Group and the Company assess impairment of investment in associates whenever the events or changes in circumstances indicate that the carrying amount of investment in associates may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. The Group and the Company use their judgement to evaluate the adequacy of impairment of investment in associates.

The carrying amounts of the investment in associates is disclosed in Note 14.

NOTES TO THE **FINANCIAL STATEMENTS**

5. REVENUE

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Continuing operations				
Transportation and distribution	–	263,765	–	–
Sales of electricity	8,910,734	8,069,791	–	–
Procurement of solar PV module	1,365,111	–	–	–
Construction contracts	4,484,985	–	–	–
Dividend income				
- subsidiaries	–	–	8,456,700	57,058,183
- an associate	–	–	–	93,500
	14,760,830	8,333,556	8,456,700	57,151,683
Discontinued operation (Note 8)				
Warehousing and related value added services	–	4,258,843	–	–
	14,760,830	12,592,399	8,456,700	57,151,683
Timing of revenue recognition:				
At a point in time	10,275,845	12,592,399	8,456,700	57,151,683
Over time	4,484,985	–	–	–
	14,760,830	12,592,399	8,456,700	57,151,683

NOTES TO THE **FINANCIAL STATEMENTS**

6. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Continuing operations				
Addition/(Reversal) of provision for employee benefits	1,216	602	(1,803)	602
Amortisation of intangible assets	129,757	129,757	–	–
Auditors' remuneration:				
- statutory audit:				
- current year	249,312	241,274	86,500	86,000
- non statutory audit:				
- current year	12,000	12,000	12,000	12,000
Depreciation of property, plant and equipment	4,680,321	5,240,140	797,384	1,440,363
Directors' remuneration (Note 6(a))	1,403,186	7,377,754	1,403,186	1,261,086
Expense relating to short-term lease	772,006	–	656,242	–
Expense relating to low value assets	15,540	15,540	15,540	15,540
Fair value gain on other investments	–	(2,525)	–	(2,525)
(Gain)/Loss on disposal of:				
- property, plant and equipment	(29,999)	–	(29,999)	–
- other investments	(16,616)	101,587	(16,616)	101,587
Gain on dissolution of a subsidiary	(3,628,727)	–	–	–
Income distribution from other investments	(49,625)	(97,547)	(49,625)	(97,547)
Interest expense on:				
- term loans	1,901,568	2,960,514	496,527	1,190,292
- loan from a corporate shareholder	–	384,440	–	–
- lease liabilities	–	14,249	–	14,249
Interest income on:				
- deposits, cash and bank balances	(1,187,899)	(613,851)	(993,413)	(410,374)
- financial asset measured at amortised cost	(1,235,104)	(469,284)	(1,235,104)	(469,284)
- amount owing by a subsidiary	–	–	–	(202,347)

NOTES TO THE **FINANCIAL STATEMENTS**

6. PROFIT/(LOSS) BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (continued)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Continuing operations (continued)				
Loss/(Gain) on foreign exchange:				
- realised	107,353	(1,808,411)	121,696	(966,176)
- unrealised	(371,477)	247,238	(398,067)	937,966
Property, plant and equipment written off	21	13	21	13
Rental income on:				
- warehouse buildings	(1,608,730)	(1,514,043)	(1,608,730)	(1,514,043)
- land	(9,600)	(26,000)	–	–
(Reversal of impairment)/ Impairment loss on interest in an associate	(14,861,467)	25,892,503	–	–
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	–	(25,926,948)	–	–
Staff costs:				
- salaries and others	1,863,760	4,479,917	835,070	760,134
- contribution to defined contribution plans	164,399	156,082	56,992	59,755

(a) The remuneration of the directors of the Company are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Executive directors:				
- salaries and other emoluments	1,065,186	7,038,254	1,065,186	921,586
Non-executive directors:				
- fees	318,000	318,000	318,000	318,000
- other emoluments	20,000	21,500	20,000	21,500
	338,000	339,500	338,000	339,500
	1,403,186	7,377,754	1,403,186	1,261,086

The monetary value of benefits-in-kind (which were not included in the above directors' remuneration) of the Group and of the Company received by certain directors of the Company amounted to RM105,850 (2020: RM115,750) and RM105,850 (2020: RM115,750) respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

7. TAX EXPENSE

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Statements of comprehensive income				
Continuing operations				
Current income tax:				
Taxation in Malaysia:				
- Current income tax charge	431,000	366,000	311,000	257,000
- Adjustment in respect of prior years	15,405	(5,040)	14,965	(5,040)
	446,405	360,960	325,965	251,960
Taxation outside of Malaysia:				
- Current income tax charge	13,363	135,670	–	–
	459,768	496,630	325,965	251,960
Deferred tax (Note 26):				
- Origination of temporary differences	115,061	135,632	–	–
- Adjustment in respect of prior years	(5,735)	(2,159)	–	–
	109,326	133,473	–	–
Tax expense from continuing operations	569,094	630,103	325,965	251,960
Discontinued operation				
Current income tax (Note 8):				
Taxation outside of Malaysia:				
- Adjustment in respect of prior years	–	6,370	–	–
Total tax expense recognised in profit or loss	569,094	636,473	325,965	251,960

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. **TAX EXPENSE** (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit/(Loss) before tax from continuing operations	13,011,180	(10,990,559)	6,871,212	52,371,118
Profit before tax from discontinued operation	–	61,816,400	–	–
Profit before tax	13,011,180	50,825,841	6,871,212	52,371,118
Tax at the Malaysian statutory income tax rate of 24%	3,122,683	12,198,202	1,649,091	12,569,068
Different tax rates in other countries	(1,024,054)	(3,822,332)	–	–
Tax effects arising from:				
- non-taxable income	(3,356,262)	(17,027,637)	(2,337,977)	(13,804,520)
- non-deductible expenses	2,067,864	8,010,408	981,357	1,475,175
Share of results of associates	(7,863)	(11,404)	–	–
Utilisation of deferred tax assets not recognised in prior financial years	(309,685)	(158,937)	–	–
Deferred tax assets not recognised during the financial year	66,741	1,449,002	18,529	17,277
Adjustment in respect of prior years:				
- current tax	15,405	1,330	14,965	(5,040)
- deferred tax	(5,735)	(2,159)	–	–
Tax expense recognised in profit or loss	569,094	636,473	325,965	251,960

NOTES TO THE **FINANCIAL STATEMENTS**

8. DISCONTINUED OPERATION

On 19 December 2019, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70% owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") with SWJ CN Logiport Pte. Ltd. ("SWJ") for the disposal by ILHK of its entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("IEL Suzhou").

(a) Analysis of the result of discontinued operation and the result recognised on the disposal group are as follows:

	Group 2020 RM
Revenue	4,258,843
Direct operating costs	(1,189,140)
Gross profit	3,069,703
Gain on disposal of a subsidiary	61,373,403
Other income	17,067
Administrative expenses	(2,395,004)
Operating profit	62,065,169
Finance costs	(248,769)
Profit before tax from discontinued operation	61,816,400
Tax expense	(6,370)
Profit for the financial year from discontinued operation, net of tax	61,810,030

(b) The following items have been charged/(credited) in arriving at profit before tax:

	Group 2020 RM
Auditors' remuneration	892
Interest expense:	
- term loans	156,562
- loans from corporate shareholders	92,207
Interest income	(1,141)
Gain on disposal of a subsidiary	(61,373,403)
Unrealised loss on foreign exchange	738,186
Staff salaries and others costs	1,586,960

(c) Cash flows of discontinued operation:

	Group 2020 RM
Net cash flows used in operating activities	(1,272,887)
Net cash flows from investing activities	1,141
Net cash flows from financing activities	1,150,308
	(121,438)

NOTES TO THE **FINANCIAL STATEMENTS**

9. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share is based on the profit for the financial year attributable to owners of Company divided by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2021 RM	**2020 RM**
Profit/(Loss) attributable to owners of the Company:		
- Continuing operations	4,692,792	(7,691,183)
- Gain on dissolution of a subsidiary	3,628,727	–
	8,321,519	(7,691,183)
- Discontinued operation	–	(663,778)
- Gain on disposal of a subsidiary	–	42,807,881
	–	42,144,103
	8,321,519	34,452,920
Weighted average number of ordinary shares for basic earnings per share (unit)	188,900,328	188,900,328
Basic earnings per ordinary share (sen)		
- Continuing operations	2.484	(4.072)
- Gain on dissolution of a subsidiary	1.921	–
	4.405	(4.072)
- Discontinued operation	–	(0.351)
- Gain on disposal of a subsidiary	–	22.662
	–	22.311
	4.405	18.239

Diluted earnings per share

The diluted earnings per share of the Group for the financial years ended 31 December 2021 and 31 December 2020 are same as the basic earnings per share of the Group as the Company has no dilutive potential ordinary shares.

10. DIVIDENDS

	2021 RM
Recognised during the financial year:	
Dividends on ordinary shares:	
- Single tier interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 30 April 2021	4,722,513

NOTES TO THE **FINANCIAL STATEMENTS**

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group								
2021								
Cost/Valuation								
At 1 January 2021	66,029,565	2,677,561	1,937,781	1,706,230	1,259,760	80,174,289	6,650,000	160,435,186
Additions	–	–	–	55,979	–	1,868	640,000	697,847
Written off	–	–	–	(508,040)	–	–	–	(508,040)
Disposals	–	–	–	–	(391,231)	–	–	(391,231)
Reversal	–	–	–	–	–	–	(6,650,000)	(6,650,000)
At 31 December 2021	66,029,565	2,677,561	1,937,781	1,254,169	868,529	80,176,157	640,000	153,583,762
Accumulated depreciation								
At 1 January 2021	–	203,588	1,095,947	1,173,922	1,050,601	11,761,410	–	15,285,468
Depreciation charge for the financial year	–	54,573	387,556	247,381	151,642	3,839,169	–	4,680,321
Written off	–	–	–	(508,019)	–	–	–	(508,019)
Disposals	–	–	–	–	(391,230)	–	–	(391,230)
At 31 December 2021	–	258,161	1,483,503	913,284	811,013	15,600,579	–	19,066,540
Carrying amount								
At cost	–	–	454,278	340,885	57,516	64,575,578	640,000	66,068,257
At valuation	66,029,565	2,419,400	–	–	–	–	–	68,448,965
At 31 December 2021	66,029,565	2,419,400	454,278	340,885	57,516	64,575,578	640,000	134,517,222

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Right-of-use assets RM	Total RM
Group									
2020									
Cost/Valuation									
At 1 January 2020	39,107,204	2,677,561	1,937,781	1,663,009	1,259,760	77,469,447	–	1,253,835	125,368,597
Additions	26,922,361	–	–	93,940	–	2,704,842	6,650,000	–	36,371,143
Written off	–	–	–	(70,578)	–	–	–	(1,253,835)	(1,324,413)
Exchange differences	–	–	–	19,859	–	–	–	–	19,859
At 31 December 2020	66,029,565	2,677,561	1,937,781	1,706,230	1,259,760	80,174,289	6,650,000	–	160,435,186
Accumulated depreciation									
At 1 January 2020	–	149,015	708,391	983,710	876,895	8,004,941	–	626,917	11,349,869
Depreciation charge for the financial year	–	54,573	387,556	240,918	173,706	3,756,469	–	626,918	5,240,140
Written off	–	–	–	(70,565)	–	–	–	(1,253,835)	(1,324,400)
Exchange differences	–	–	–	19,859	–	–	–	–	19,859
At 31 December 2020	–	203,588	1,095,947	1,173,922	1,050,601	11,761,410	–	–	15,285,468
Carrying amount									
At cost	–	–	841,834	532,308	209,159	68,412,879	6,650,000	–	76,646,180
At valuation	66,029,565	2,473,973	–	–	–	–	–	–	68,503,538
At 31 December 2020	66,029,565	2,473,973	841,834	532,308	209,159	68,412,879	6,650,000	–	145,149,718

NOTES TO THE **FINANCIAL STATEMENTS**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company						
2021						
Cost/Valuation						
At 1 January 2021	4,855,311	2,677,561	1,937,781	1,121,211	1,148,974	11,740,838
Additions	–	–	–	46,140	–	46,140
Written off	–	–	–	(10,554)	–	(10,554)
Disposals	–	–	–	–	(391,231)	(391,231)
At 31 December 2021	4,855,311	2,677,561	1,937,781	1,156,797	757,743	11,385,193
Accumulated depreciation						
At 1 January 2021	–	203,588	1,095,947	634,848	961,974	2,896,357
Depreciation charge for the financial year	–	54,573	387,556	225,771	129,484	797,384
Written off	–	–	–	(10,533)	–	(10,533)
Disposals	–	–	–	–	(391,230)	(391,230)
At 31 December 2021	–	258,161	1,483,503	850,086	700,228	3,291,978
Carrying amount						
At cost	–	–	454,278	306,711	57,515	818,504
At valuation	4,855,311	2,419,400	–	–	–	7,274,711
At 31 December 2021	4,855,311	2,419,400	454,278	306,711	57,515	8,093,215

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Company							
2020							
Cost/Valuation							
At 1 January 2020	4,855,311	2,677,561	1,937,781	1,126,470	1,148,974	1,253,835	12,999,932
Additions	–	–	–	65,319	–	–	65,319
Written off	–	–	–	(70,578)	–	(1,253,835)	(1,324,413)
At 31 December 2020	4,855,311	2,677,561	1,937,781	1,121,211	1,148,974	–	11,740,838
Accumulated depreciation							
At 1 January 2020	–	149,015	708,391	485,646	810,425	626,917	2,780,394
Depreciation charge for the financial year	–	54,573	387,556	219,767	151,549	626,918	1,440,363
Written off	–	–	–	(70,565)	–	(1,253,835)	(1,324,400)
At 31 December 2020	–	203,588	1,095,947	634,848	961,974	–	2,896,357
Carrying amount							
At cost	–	–	841,834	486,363	187,000	–	1,515,197
At valuation	4,855,311	2,473,973	–	–	–	–	7,329,284
At 31 December 2020	4,855,311	2,473,973	841,834	486,363	187,000	–	8,844,481

NOTES TO THE **FINANCIAL STATEMENTS**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM697,847 (2020: RM36,371,143) and RM46,140 (2020: RM65,319) respectively which are satisfied by the following:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash payments on purchase of property, plant and equipment	697,847	16,371,143	46,140	65,319
Finance by way of term loan/lease agreement	–	20,000,000	–	–
	697,847	36,371,143	46,140	65,319

(b) The carrying amount of property, plant and equipment pledged to the financial institutions as security for term loans facilities (Note 25) are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Freehold land	38,307,204	65,229,565	4,855,311	4,855,311
Office building	2,419,400	2,473,973	2,419,400	2,473,973
Solar photovoltaic	56,388,799	59,709,599	–	–
	97,115,403	127,413,137	7,274,711	7,329,284

(c) The freehold land and office building of the Group and the Company were last revalued by external independent valuers, having appropriate recognised professional qualification. The valuations are based on comparison method and direct capitalisation method respectively.

The net carrying amount of these property, plant and equipment had no revaluation been made are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Freehold land	65,558,299	65,558,299	4,855,311	4,855,311
Office building	2,419,400	2,473,973	2,419,400	2,473,973

NOTES TO THE **FINANCIAL STATEMENTS**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) Fair value information

The fair value of freehold land and office buildings of the Group and of the Company are categorised as follows:

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group				
31 December 2021				
Freehold land	–	66,029,565	–	66,029,565
Office building	–	2,419,400	–	2,419,400
	–	68,448,965	–	68,448,965
31 December 2020				
Freehold land	–	66,029,565	–	66,029,565
Office building	–	2,473,973	–	2,473,973
	–	68,503,538	–	68,503,538
Company				
31 December 2021				
Freehold land	–	4,855,311	–	4,855,311
Office building	–	2,419,400	–	2,419,400
	–	7,274,711	–	7,274,711
31 December 2020				
Freehold land	–	4,855,311	–	4,855,311
Office building	–	2,473,973	–	2,473,973
	–	7,329,284	–	7,329,284

The valuation of freehold land and office building is determined using the comparison method of valuation which compares the property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustment thereof are then made to arrive at the value of the property.

In view that there is comparable market data of similar properties in the vicinity where the Group's and the Company's property is situated, the valuation is based on significant observable inputs and is therefore recognised under level 2 of the fair value hierarchy.

There was no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2021 and 31 December 2020.

12. INTANGIBLE ASSETS

	Group 2021 RM	Group 2020 RM
Customer contract		
Cost		
At 1 January/31 December	2,724,904	2,724,904
Accumulated amortisation		
At 1 January	519,029	389,272
Amortisation charge for the financial year	129,757	129,757
At 31 December	648,786	519,029
Carrying amount		
At 31 December	2,076,118	2,205,875

The fair value of intangible assets is attributable to customer contract arising from the acquisition of a subsidiary in the previous financial year. The acquired subsidiary was granted a feed-in approval by Sustainable Energy Development Authority Malaysia pursuant to the Renewable Energy Act 2011.

A Renewable Energy Power Purchase Agreement was entered into with Tenaga Nasional Berhad with effective period of 21 years commencing from the Feed-in Tariff ("FiT") commencement.

The customer contract is amortised on a straight-line basis over the effective period of 21 years upon the commencement of the FiT.

13. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
At cost		
Unquoted shares	22,816,195	33,516,195
Less: voluntary winding-up	–	(10,700,000)
	22,816,195	22,816,195
Less: Accumulated impairment losses		
At 1 January	–	(10,700,000)
Less: voluntary winding-up	–	10,700,000
At 31 December	–	–
	22,816,195	22,816,195
Loans that are part of net investments	101,201,603	102,041,857
	124,017,798	124,858,052

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As the amount is, in substance, part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses, if any.

NOTES TO THE **FINANCIAL STATEMENTS**

13. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2021	Effective equity interest 2020
IL Energy Sdn. Bhd.	Malaysia	Investment holding	100%	100%
ILB International (BVI) Limited @	British Virgin Islands	Investment holding	100%	100%
Subsidiaries of IL Energy Sdn. Bhd.				
EVN Vision Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
IL Solar Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
IL Power Sdn. Bhd.	Malaysia	Procurement of solar PV module	100%	90%
Subsidiaries of ILB International (BVI) Limited				
ISH Logistics Group Limited @ ^	Cayman Island	Investment holding	70%	70%
Integrated Logistics (H.K.) Limited @	Hong Kong	Investment holding	70%	–
Subsidiary of ISH Logistics Group Limited				
ISH Group (BVI) Limited @ ^	British Virgin Islands	Dormant	70%	70%
Subsidiary of ISH Group (BVI) Limited				
Integrated Logistics (H.K.) Limited @	Hong Kong	Investment holding	–	70%
Subsidiary of Integrated Logistics (H.K.) Limited				
Integrated Logistics (China) Co. Limited # >	The People's Republic of China	Dormant	–	70%

@ Audited by an independent member firm of Baker Tilly International.
# Audited by auditors other than independent member firm of Baker Tilly International.
^ The subsidiary ceased business operation on 31 December 2021. It is the intention of management to dissolve these two subsidiaries after the financial year ended 31 December 2021.
> The subsidiary was dissolved by de-registration in November 2021.

NOTES TO THE **FINANCIAL STATEMENTS**

13. INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition of additional interest in IL Power Sdn. Bhd.

On 20 September 2021, IL Energy Sdn. Bhd. ("IL Energy"), a wholly-owned subsidiary of ILB, acquired 1,000,000 ordinary shares representing 10% of the issued and paid-up capital of IL Power Sdn. Bhd. ("IL Power") from Bumi Aman Sdn. Bhd. for a total cash consideration of RM1,000,000. The equity interest in IL Power held by IL Energy had changed from 90% to 100%.

(b) Members' Voluntary Winding-up

On 9 September 2021, ISH Logistics Group Limited, ISH Group (BVI) Limited and Integrated Logistics (China) Co. Limited ("ILCN") in which ILB has 70% effective equity interest ("Subsidiaries"), have commenced Members' Voluntary Winding-up ("Winding-up"). The Subsidiaries are not major subsidiaries of ILB and have ceased business operations.

As part to the Winding-up, ISH Group (BVI) Limited transferred its 70% equity stake in Integrated Logistics (H.K.) Limited ("ILHK") to ILB International (BVI) Limited ("ILB BVI") in which ILB has 70% effective equity interest, and 30% equity stake to Shun Hing China Investment Limited. There is no change of the effective interest of ILB (BVI) in ILHK.

As at the date of this report, ISH Logistics Group Limited and ISH Group (BVI) Limited are still in the process of winding-up whilst ILCN was dissolved by de-registration in November 2021. ILCN is waiting for the local bank to approve the repatriation of the remaining funds in the company to ILHK ("the Repatriation"). The winding-up process will be completed upon completion of the Repatriation.

Below are the effect of the dissolution of ILCN on financial position of the Group:

	2021 RM
Assets:-	
Other receivables	274,015
Bank balances and cash	24,053,303
Liabilities:-	
Other payables	(32,180)
Tax payable	(13,570)
Net assets disposed	24,281,568
Net assets to be repatriated upon approval	24,281,568
Less: Expenses in relation to the dissolution	(274,015)
	24,007,553
Less: Net assets as at date of dissolution	(24,281,568)
Cumulative exchange gain in respect of the net assets of the dissolved subsidiary reclassified from equity to profit or loss upon dissolution	3,902,742
Gain on dissolution of a subsidiary	3,628,727

NOTES TO THE **FINANCIAL STATEMENTS**

13. INVESTMENT IN SUBSIDIARIES (continued)

(c) Disposal of subsidiaries

(i) On 1 April 2020, Integrated Logistics (H.K.) Limited ("ILHK"), an indirect 70%-owned subsidiary of the Company, had completed the closing of the conditional Share Sale Agreement ("SPA") dated 19 December 2019 entered into with SWJ CN Logiport Pte. Ltd. ("Purchaser") to dispose off the entire 65% equity interest in Integrated Etern Logistics (Suzhou) Co. Limited ("IEL Suzhou") for a total purchase consideration of RMB217.2 million or approximately RM128.7 million.

On 30 June 2020, ILHK finalised the adjustment sum and the final payment with the Purchaser.

On 15 July 2020, ILHK received the final payment of RMB3.6 million or approximately RM2.1 million. Taking into consideration of the adjustment sum and final payment, the net sale proceeds to ILHK is approximately RM126.3 million of which RM88.4 million is attributable to the Company.

Effect of disposal on the financial position and cash flow of the Group:

	2020 **RM**
Assets:-	
Property, plant and equipment	124,106,714
Right-of-use assets	14,468,423
Trade debtors	22,279
Other debtors, prepayments and deposits	80,009
Bank balances and cash	1,306,343
Liabilities:-	
Bank loans	(60,664,633)
Deferred tax liabilities	(2,486,381)
Other creditors	(5,583,976)
	71,248,778
Less: Non-controlling interests	(24,485,169)
Net assets disposed	46,763,609
Cash consideration received	126,296,703
Less: Expenses in relation to the disposal	(19,184,781)
	107,111,922
Less: Net assets disposed	(46,763,609)
Cumulative exchange loss in respect of the net assets of the disposed subsidiary reclassified from equity to profit or loss upon disposal	1,025,090
Gain on disposal of a subsidiary	61,373,403

NOTES TO THE **FINANCIAL STATEMENTS**

13. **INVESTMENT IN SUBSIDIARIES** (continued)

(c) **Disposal of subsidiaries** (continued)

(i) (continued)

The cash flows attributable to the disposal are as follows:

	2020 **RM**
Cash consideration received	107,111,922
Cash and cash equivalents of subsidiary disposed	(1,306,343)
Net cash inflow on disposal	105,805,579

(ii) On 17 July 2020 and 11 August 2020, IL Power Sdn. Bhd. ("IL Power) had allotted 4,499,998 and 4,500,000 new ordinary shares respectively to IL Energy Sdn. Bhd. ("IL Energy") and 500,000 new ordinary shares each to Bumi Aman Sdn. Bhd. ("Bumi Aman") on both the same dates. Both IL Energy and Bumi Aman subscribed and paid for the new shares by cash resulting in them having an effective shareholding of 90% and 10% respectively.

As a result of the above two allotments, the issued share capital of IL Power had been increased from RM2 to RM10,000,000.

13. **INVESTMENT IN SUBSIDIARIES** (continued)

(d) **Non-controlling interests**

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited* RM	Integrated Etern Logistics (Suzhou) Co. Limited RM	ISH Logistics Group Limited RM	Other immaterial individual subsidiaries RM	Total RM
2021						
NCI percentage of ownership interest and voting interest	30%	–	–	30%	–	
Carrying amount of NCI	21,199,441	–	–	(8,850)	–	21,190,591
Profit/(Loss) allocated to NCI	4,209,628	9,464,908	–	(9,553,969)	–	4,120,567
2020						
NCI percentage of ownership interest and voting interest	30%	30%	–	30%	–	
Carrying amount of NCI	5,313,076	6,955,987	–	7,786,414	1,032,117	21,087,594
Profit/(Loss) allocated to NCI	15,534,033	118,523	150,216	(98,443)	32,119	15,736,448

* The subsidiary was dissoloved by de-registration in November 2021.

NOTES TO THE **FINANCIAL STATEMENTS**

13. INVESTMENT IN SUBSIDIARIES (continued)

(d) Non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Integrated Logistics (H.K.) Limited RM	ISH Logistics Group Limited RM
2021		
Assets and liabilities		
Non-current assets	45,364,264	417
Current assets	25,378,799	42,357,532
Non-current liabilities	(24,194,315)	–
Current liabilities	(78,260)	(30,332)
Net assets	46,470,488	42,327,617
Results		
Revenue	–	–
Profit/(Loss) for the financial year	14,183,261	(31,264,661)
Total comprehensive income/(loss)	14,032,094	(31,846,563)
Cash flows information		
Cash flows used in operating activities	(4,719,405)	(764,265)
Cash flows from investing activities	175,891	143,047
Cash flows used in financing activities	(8,419,200)	(12,234,150)
Net changes in cash and cash equivalents	(12,962,714)	(12,855,368)
Dividends paid to NCI	–	(3,670,245)

NOTES TO THE **FINANCIAL STATEMENTS**

13. INVESTMENT IN SUBSIDIARIES (continued)

(d) Non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited RM	ISH Logistics Group Limited RM
2020			
Assets and liabilities			
Non-current assets	48,542,535	–	25,910,000
Current assets	13,463,906	23,536,042	25,910,404
Non-current liabilities	(1,345,799)	–	(25,910,000)
Current liabilities	(26,007,207)	(349,420)	(25,910,000)
Net assets	34,653,435	23,186,622	404
Results			
Revenue	263,765	–	–
Profit/(Loss) for the financial year	51,780,111	395,078	(328,143)
Total comprehensive income/(loss)	51,780,111	395,078	(328,143)
Cash flows information			
Cash flows (used in)/ from operating activities	(8,827,294)	8,918,430	92,908,360
Cash flows from/ (used in) investing activities	117,590,701	(343,589)	–
Cash flows used in financing activities	(95,531,931)	–	(92,870,029)
Effects of exchange rate changes on cash and cash equivalents	–	1,414,177	–
Net changes in cash and cash equivalents	13,231,476	9,989,018	38,331
Dividends paid to NCI	–	–	(22,702,650)

NOTES TO THE **FINANCIAL STATEMENTS**

14. INTEREST IN ASSOCIATES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Unquoted shares, at cost				
At 1 January	4,394,800	4,488,300	9,507,500	9,507,500
Dividend received	–	(93,500)	–	–
At 31 December	4,394,800	4,394,800	9,507,500	9,507,500
Share of results				
At 1 January	4,390,036	4,342,519	–	–
Additions	32,761	47,517	–	–
At 31 December	4,422,797	4,390,036	–	–
	8,817,597	8,784,836	9,507,500	9,507,500
Quoted shares outside Malaysia, at cost				
At 1 January/ 31 December	66,096,686	66,096,686	–	–
Less: Accumulated impairment losses				
At 1 January	(65,233,958)	(39,341,455)	–	–
Additions	–	(25,892,503)	–	–
Reversal	14,861,467	–	–	–
At 31 December	(50,372,491)	(65,233,958)	–	–
Share of results				
At 1 January	25,640,946	(1,123,130)	–	–
Additions	(3,942,290)	837,128	–	–
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	–	25,926,948	–	–
At 31 December	21,698,656	25,640,946	–	–
Exchange differences	7,941,677	3,750,142	–	–
	45,364,528	30,253,816	–	–
	54,182,125	39,038,652	9,507,500	9,507,500

	Group	
	2021 RM	**2020 RM**
Market value:		
Quoted shares outside Malaysia	45,364,528	30,253,816

NOTES TO THE **FINANCIAL STATEMENTS**

14. INTEREST IN ASSOCIATES (continued)

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2021	Effective equity interest 2020
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Interest held through Integrated Logistics (H.K.) Limited				
Hengyang Petrochemical Logistics Limited * #	Singapore	Investment holding	18.1%	18.1%

* The audited financial statements and auditors' report for the financial year were not available. However, the results have been accounted for based on the public announcement for the financial year ended 31 December 2021.

\# Audited by auditors other than Baker Tilly Monteiro Heng PLT.

(a) Fair value information

As at 31 December 2021, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM45,364,528 (2020: RM30,253,816) based on the quoted market price available on the stock exchange, which has been categorised within Level 1 of the fair value hierarchy.

(b) The following table illustrates the summarised financial information of the associates:

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2021			
Assets and liabilities			
Non-current assets	334,808,782	17,435,124	352,243,906
Current assets	26,960,006	2,698,801	29,658,807
Non-current liabilities	(34,723)	(2,441,663)	(2,476,386)
Current liabilities	(819,463)	(55,425)	(874,888)
Net assets	360,914,602	17,636,837	378,551,439
Results			
Revenue	–	1,435,783	1,435,783
(Loss)/Profit for the financial year	(15,279,269)	65,521	(15,213,748)
Total comprehensive (loss)/income	(15,279,269)	65,521	(15,213,748)

NOTES TO THE **FINANCIAL STATEMENTS**

14. INTEREST IN ASSOCIATES (continued)

(b) The following table illustrates the summarised financial information of the associates: (continued)

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2020			
Assets and liabilities			
Non-current assets	328,534,136	17,795,304	346,329,440
Current assets	27,782,775	2,397,748	30,180,523
Non-current liabilities	(62,702)	(2,553,126)	(2,615,828)
Current liabilities	(1,294,982)	(68,610)	(1,363,592)
Net assets	354,959,227	17,571,316	372,530,543
Results			
Revenue	–	1,434,883	1,434,883
(Loss)/Profit for the financial year	(1,604,843)	95,033	(1,509,810)
Total comprehensive (loss)/income	(1,604,843)	95,033	(1,509,810)

(c) The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2021			
Group's share of net assets	76,503,175	7,583,835	84,087,010
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	7,941,677	–	7,941,677
Less: Accumulated impairment losses	(50,372,491)	–	(50,372,491)
Carrying amount in the consolidated statements of financial position	45,364,528	8,817,597	54,182,125
Group's share of results	(3,942,290)	32,761	(3,909,529)
2020			
Group's share of net assets	80,445,465	7,551,074	87,996,539
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	3,750,142	–	3,750,142
Less: Accumulated impairment losses	(65,233,958)	–	(65,233,958)
Carrying amount in the consolidated statements of financial position	30,253,816	8,784,836	39,038,652
Group's share of results	837,128	47,517	884,645

NOTES TO THE **FINANCIAL STATEMENTS**

15. OTHER INVESTMENTS

	Group and Company 2021 RM	2020 RM
Non-current		
Financial assets designated at fair value through other comprehensive income		
At fair value		
Golf club membership		
At 1 January/31 December	270,000	270,000
Current		
Financial assets at fair value through profit or loss		
At fair value		
Short-term fund	–	2,766,164

16. RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current:					
Other receivables	(a)	3,228,830	16,110,974	3,228,830	16,110,974
Current:					
Trade receivables	(b)	2,396,396	1,303,114	–	–
Other receivables, deposits and prepayments (Note 17)	(a)	14,622,984	14,488,391	14,018,950	13,714,822
Total trade and other receivables (current)		17,019,380	15,791,505	14,018,950	13,714,822
Total trade and other receivables (non-current and current)		20,248,210	31,902,479	17,247,780	29,825,796

(a) Included in other receivables is an amount owing by a third party which represents the balance receipts of the proceeds for the disposal of a jointly controlled entity in the previous year totalling RM41,046,582 which is receivable by 12 quarterly instalments amounting to AED3,375,000 each quarter commencing on 1 April 2020 and measured at amortised cost at interest rate of 4.34% per annum. The Group's and the Company's current and non-current amounts owing by third party are RM13,475,846 (2020: RM13,560,965) and RM3,228,830 (2020: RM16,110,974) respectively.

NOTES TO THE **FINANCIAL STATEMENTS**

16. RECEIVABLES (continued)

(b) Trade receivables are non-interest bearing and are generally on 10 to 120 days (2020: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group does not hold any collateral or other credit enhancements over these balances.

The information about the credit exposure is disclosed in Note 33(c).

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other receivables	13,620,684	13,803,075	13,751,468	13,695,772
Deposits	916,838	34,530	265,482	19,050
Prepayments	85,462	650,786	2,000	–
	14,622,984	14,488,391	14,018,950	13,714,822

18. CONTRACT ASSETS

	Group 2021 RM
Contract assets relating to construction service contracts	1,873,193

(a) Significant changes in contract balances

	Group 2021 Contract assets increase RM
Increase due to revenue recognised for unbilled goods or services transferred to customers	1,873,193

(b) Revenue recognised in relation to contract balances

	2021 RM
Revenue recognised during the financial year	4,484,985

19. CONTRACT COSTS

Costs to fulfil a contract

The costs to fulfil a contract are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. During the financial year, the amortisation of contract costs of the Group recognised were RM4,034,256 (2020: RM nil).

20. AMOUNTS OWING BY SUBSIDIARIES

Amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand by cash.

21. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Deposits with licensed banks (Note (a))	51,446,715	45,378,632	48,237,878	45,378,632
Cash and bank balances	34,585,694	42,514,909	6,642,160	1,896,907
Deposits, cash and bank balances as reported in the statements of financial position	86,032,409	87,893,541	54,880,038	47,275,539
Less: Deposits with maturity period more than 3 months (Note (a))	(23,269,111)	(40,342,356)	(20,060,274)	(40,342,356)
Cash and cash equivalents as reported in the statements of cash flows	62,763,298	47,551,185	34,819,764	6,933,183

(a) Deposits with licensed banks of the Group and of the Company bear interest at rates ranging from 1.50% to 2.20% (2020: 1.60% to 2.20%) per annum with maturity period ranging from 1 month to 6 months.

(b) At the end of the financial year, the deposits with licensed banks and cash and bank balances of the Group denominated in Renminbi (“RMB”), which are held in People Republic of China amounted to RM24,372,548 (2020: RM23,531,892). RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

(c) Included in the cash and bank balances of the Group is an amount of RM1,049,625 (2020: RM1,049,625) pledged to a financial institution as security to secure term loans of the Group as disclosed in Note 25.

(d) Included in the deposit with licensed banks of the Group, RM3,200,000 (2020: RM nil) is pledged for trade line facility of RM16,000,000 granted to a subsidiary.

NOTES TO THE **FINANCIAL STATEMENTS**

22. SHARE CAPITAL

	Number of ordinary shares		Amounts	
	2021 Unit	**2020 Unit**	**2021 RM**	**2020 RM**
Issued and fully paid up:				
At beginning/end of the financial year	195,025,503	195,025,503	225,670,706	225,670,706

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

23. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and 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.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 4 May 2021, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

The Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033 (2020: RM4,797,033).

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

24. RESERVES

		Group	
	Note	**2021 RM**	**2020 RM**
Statutory reserve fund	(a)	–	64,672
Foreign exchange translation reserve	(b)	8,284,413	7,137,596
Other reserve	(c)	9,876,419	9,876,419
		18,160,832	17,078,687

NOTES TO THE **FINANCIAL STATEMENTS**

24. RESERVES (continued)

(a) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in The People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory income after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders. The statutory reserve fund has been reversed upon dissolution of a subsidiary during the financial year.

(b) Foreign exchange translation reserve

The foreign exchange 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.

(c) Other reserve

Other reserve represents the surplus arising from the change in ownership interest of a subsidiary of an associate, Hengyang Petrochemical Logistics Limited in the previous financial year. It is not distributable and the balance in other reserve will be recycled to profit or loss when the associate is disposed.

25. TERM LOANS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Non-current:				
Term loans	46,842,646	53,591,160	20,380,206	22,904,720
Current				
Term loans	4,808,448	14,789,664	584,448	10,565,664
Total term loans	51,651,094	68,380,824	20,964,654	33,470,384

NOTES TO THE **FINANCIAL STATEMENTS**

25. TERM LOANS (continued)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Secured					
Term loan 1	(a)	1,683,206	2,267,720	1,683,206	2,267,720
Term loan 2	(b)	26,462,440	30,686,440	–	–
Term loan 3	(c)	18,697,000	18,137,000	18,697,000	18,137,000
Term loan 4	(d)	–	2,500,000	–	2,500,000
		46,842,646	53,591,160	20,380,206	22,904,720
Current					
Secured					
Term loan 1	(a)	584,448	565,664	584,448	565,664
Term loan 2	(b)	4,224,000	4,224,000	–	–
Term loan 4	(d)	–	10,000,000	–	10,000,000
		4,808,448	14,789,664	584,448	10,565,664
Total term loans		51,651,094	68,380,824	20,964,654	33,470,384

(a) Term loan 1

Term loan 1 bears interest at rates ranging from 3.44% to 3.45% (2020: 3.43% to 4.82%) per annum is repayable by monthly instalments of RM51,250 over 53 months followed by monthly instalments of RM54,514 over 60 months and last instalment of the remaining loan balance, commencing from the day of full drawdown of the term loan.

The term loan is secured by pledge of the Company's freehold land and office building included in property, plant and equipment as disclosed in Note 11.

(b) Term loan 2

Term loan 2 bears interest at rates ranging from 4.26% to 4.29% (2020: 4.26% to 5.64%) per annum is repayable by monthly instalments of RM352,000 over 131 months and last instalment of the remaining loan balance, commencing on the first day of the 13th month from the date of first drawdown of the term loan or upon receiving income from the sales of electricity to Tenaga National Berhad, whichever is earlier.

The term loan is secured by pledge of the subsidiary's freehold land and solar photovoltaic in property, plant and equipment (Note 11) and supported by corporate guarantee from the Company.

(c) Term loan 3

Term loan 3 is denominated in Hong Kong Dollar, bears interest at a rate of 3 months HIBOR plus 1% (2020: 3 months HIBOR plus 1%) per annum and is repayable on 31 March 2023.

The term loan is secured by pledge of the shares of a subsidiary and supported by a subordination deed in relation to all loans and current account balance owing by subsidiaries to the Company from time to time.

25. TERM LOANS (continued)

(d) Term loan 4

In the previous financial year, term loan 4 bore interest at rates ranging from 4.35% to 5.04% per annum and is repayable by 9 quarter instalments comprising 8 quarterly instalments of RM2,500,000 and a final instalment of RM2,000,000 via quarterly receivables from the sale of 50% equity in Integrated National Logistics DWC-LLC pursuant to the share sale agreement entered between the Company and NTDE on 13 February 2019 amounting to AED 3.375 million each quarter commencing 1 April 2020.

The term loan has fully repaid and the freehold land pledged to financial institution had been fully discharged during the financial year.

26. DEFERRED TAX LIABILITIES

	Group	
	2021	**2020**
	RM	**RM**
At 1 January	885,759	752,286
Recognised in profit or loss (Note 7)	109,326	133,473
At 31 December	995,085	885,759

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group	
	2021	**2020**
	RM	**RM**
Deferred tax liabilities		
Surplus arising from revaluation of warehouse buildings	23,563	23,563
Differences between carrying amount of property, plant and equipment and their tax base	1,201,332	1,123,304
Customer contract	498,268	529,410
	1,723,163	1,676,277
Deferred tax assets		
Unabsorbed capital allowances	(563,674)	(626,114)
Unutilised business losses	(164,404)	(164,404)
	(728,078)	(790,518)
	995,085	885,759

Pursuant to the China Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in The People's Republic of China ("PRC"). The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is liable for withholding taxes at 5% on dividends from subsidiaries established in the PRC in respect of earnings generated since 1 January 2009.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

NOTES TO THE **FINANCIAL STATEMENTS**

26. DEFERRED TAX LIABILITIES (continued)

Any unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2021 RM	**2020 RM**
Unutilised business losses	18,464,421	18,264,558
Unabsorbed investment tax allowances	50,271,503	51,560,836
Difference between carrying amount of property, plant and equipment and its carrying amount	138,648	59,641
Deductible temporary differences in respect of expenses	24,699	26,502
	68,899,271	69,911,537

27. PAYABLES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Trade payables	–	29,331	–	–
Other payables, deposits and accruals (Note 28)	5,608,835	3,703,693	555,258	190,441
Provision (Note 29)	27,718	26,502	24,699	26,502
	5,636,553	3,759,526	579,957	216,943

The normal trade credit terms granted to the Group and the Company ranging from 45 to 60 days (2020: 45 to 60 days).

28. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other payables:				
- external parties	246,711	201	246,711	201
- corporate shareholder	3,154,791	3,060,301	–	–
- an associate	109,374	109,374	109,374	109,374
	3,510,876	3,169,876	356,085	109,575
Accruals	2,093,559	533,817	199,173	80,866
Deposits received	4,400	–	–	–
	5,608,835	3,703,693	555,258	190,441

NOTES TO THE **FINANCIAL STATEMENTS**

28. OTHER PAYABLES, DEPOSITS AND ACCRUALS (continued)

The amounts owing to a corporate shareholder and an associate are non-trade in nature, unsecured, interest-free and are repayable on demand by cash.

Included in accruals of the Group is an amount of RM1,493,627 (2020: RM nil) which represents cost accrued for the solar project.

29. PROVISION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Employee benefits				
At 1 January	26,502	25,900	26,502	25,900
Additions during the financial year	3,019	602	–	602
Reversal during the financial year	(1,803)	–	(1,803)	–
At 31 December	27,718	26,502	24,699	26,502

Employee benefits are in respect of short-term accumulating compensated absences for employees of the Group and of the Company.

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at the end of the financial year.

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has three reportable operating segments as follows:

(i) Solar energy and related businesses - solar power plant

(ii) Warehousing and related value added services - rental of warehouses, handling and providing logistics solution services

(iii) Transportation and distribution - trucking

Other non-reportable segments comprise of investment holding and dormant companies.

Inter-segment pricing is determined on negotiated terms.

Management monitors the operating results of its business segments 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 is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30. SEGMENT INFORMATION (continued)

(a) Operating segments

	<Discontinued operation>		<----------Continuing operations----------				---------->						
	Warehousing and related value added services		Transportation and distribution		Solar energy and related businesses		Others		Adjustments and eliminations		Note	Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM		2021 RM	2020 RM
Revenue													
External revenue	–	4,258,843	–	263,765	14,760,830	8,069,791	–	–	–	–		14,760,830	12,592,399
Inter-segment revenue	–	–	–	–	–	–	8,456,700	57,151,683	(8,456,700)	(57,151,683)		–	–
Total revenue	–	4,258,843	–	263,765	14,760,830	8,069,791	8,456,700	57,151,683	(8,456,700)	(57,151,683)	A	14,760,830	12,592,399
Results													
Amortisation of intangible assets	–	–	–	–	129,757	129,757	–	–	–	–		129,757	129,757
Depreciation of property, plant and equipment	–	–	–	–	3,882,937	3,799,777	797,384	1,440,363	–	–		4,680,321	5,240,140
Gain on disposal of a subsidiary	–	(61,373,403)	–	–	–	–	–	–	–	–		–	(61,373,403)
Gain on dissolution of a subsidiary	–	–	–	–	–	–	(3,628,727)	–	–	–		(3,628,727)	–
Share of gain on acquisition of non-controlling interest in a subsidiary by an associate	–	–	–	–	–	–	–	(25,926,948)	–	–		–	(25,926,948)
(Reversal of impairment)/ Impairment loss on interest in an associate	–	–	–	–	–	–	(14,861,467)	25,892,503	–	–		(14,861,467)	25,892,503
Interest expense	–	248,770	–	–	1,405,041	1,770,222	496,527	1,779,225	–	(190,244)		1,901,568	3,607,973

30. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	<Discontinued operation> Warehousing and related value added services		<---Continuing operations---> Transportation and distribution		Solar energy and related businesses		Others		Adjustments and eliminations		Note	Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM		2021 RM	2020 RM
Revenue (continued)													
Interest income	–	(1,141)	–	–	–	–	(2,423,003)	(1,285,455)	–	202,320		(2,423,003)	(1,084,276)
Non-cash (income)/ expenses (other than depreciation and amortisation)	–	–	–	–	–	–	(416,855)	346,915	–	–	B	(416,855)	346,915
Expenses relating to low value assets and short-term leases	–	–	–	–	–	–	787,546	15,540	–	–		787,546	15,540
Rental income	–	–	–	–	(9,600)	–	(1,608,730)	(1,540,043)	–	–		(1,618,330)	(1,540,043)
Segment profit/(loss)	–	61,816,400	–	20,496	706,138	784,177	16,214,571	(12,679,877)	(3,909,529)	884,645	C, D	13,011,180	50,825,841

NOTES TO THE **FINANCIAL STATEMENTS**

30. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Reconciliation of reportable segment revenue, profit or loss, and other material items are as follows:

A Revenue

	2021 RM	2020 RM
Total revenue for reportable segments	14,760,830	12,592,399
Less: Discontinued operation (Note 8)	–	(4,258,843)
Revenue of the Group per consolidated statements of comprehensive income	14,760,830	8,333,556

B Other non-cash (income)/expenses consist of the following:

	2021 RM	2020 RM
Addition of provison for employee benefits	1,216	602
Fair value gain on other investments	–	(2,525)
(Gain)/Loss on disposal of other investments	(16,616)	101,587
Gain on disposal of property, plant and equipment	(29,999)	–
Property, plant and equipment written off	21	13
Unrealised (gain)/loss on foreign exchange	(371,477)	247,238
	(416,855)	346,915

C Reconciliation of profit or loss before tax

	2021 RM	2020 RM
Total profit before tax for reportable segments	13,011,180	50,825,841
Less: Profit before tax from discontinued operation (Note 8)	–	(61,816,400)
Profit/(Loss) before tax of the Group per consolidated statements of comprehensive income	13,011,180	(10,990,559)

D The following items are added/(deducted from) to segment profit/(loss) to arrive at "Profit/(Loss) before tax" presented in the statements of comprehensive income:

	Group	
	2021 RM	2020 RM
Share of results of associates	(3,909,529)	884,645

NOTES TO THE **FINANCIAL STATEMENTS**

30. SEGMENT INFORMATION (continued)

(b) Geographical segments

The Group operates in two principal geographical areas of the world:
(i) Malaysia
(ii) The People's Republic of China (including Hong Kong)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and interests in associates.

	Revenue	
	2021 RM	**2020 RM**
Malaysia	14,760,830	8,069,791
The People's Republic of China (including Hong Kong)	–	4,522,608
Total revenue for reportable segments	14,760,830	12,592,399

	Non-current assets	
	2021 RM	**2020 RM**
Malaysia	136,593,340	147,355,593

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2021 RM	**2020 RM**
Property, plant and equipment	134,517,222	145,149,718
Intangible assets	2,076,118	2,205,875
	136,593,340	147,355,593

(c) Major customers

For solar energy segment, revenue from two (2020: one) major individual customer represented approximately RM13.4 million (2020: RM8.1 million) for the Group's total revenue.

31. RELATED PARTIES

(a) Identity of related parties

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

The Company has a related party relationship with its subsidiaries, associates, corporate shareholder, and key management personnel.

(b) Significant related party transactions

Significant related party transactions are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Received or receivable from subsidiaries				
- Dividend	–	–	(8,456,700)	(57,058,183)
- Interest	–	–	–	(202,347)
(Received or receivable from)/ Paid or payable to an associate				
- Dividend	–	–	–	(93,500)
- Rental of premises	656,242	656,242	656,242	656,242
Paid or payable to a corporate shareholder				
- Interest	–	384,440	–	–

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any director of the Company.

The remuneration of the key management personnel other than those as disclosed in Note 6 is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other key management personnel:				
Short-term employee benefits	1,001,985	897,359	378,019	282,566
Post-employment benefits	75,510	73,277	18,750	16,817
	1,077,495	970,636	396,769	299,383

NOTES TO THE **FINANCIAL STATEMENTS**

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Designated fair value through other comprehensive income
(ii) Amortised cost
(iii) Fair value through profit or loss

	2021 RM	2020 RM
Group		
Financial assets		
Designated fair value through other comprehensive income		
Other investments	270,000	270,000
Amortised cost		
Receivables (excluding prepayments)	20,162,748	31,251,693
Deposits, cash and bank balances	86,032,409	87,893,541
	106,195,157	119,145,234
Fair value through profit or loss		
Other investments	–	2,766,164
Financial liabilities		
Amortised cost		
Term loans	51,651,094	68,380,824
Payables (excluding provision)	5,608,835	3,733,024
	57,259,929	72,113,848

NOTES TO THE **FINANCIAL STATEMENTS**

32. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	2021 RM	2020 RM
Company		
Financial assets		
Designated fair value through other comprehensive income		
Other investments	270,000	270,000
Amortised cost		
Receivables (excluding prepayments)	17,245,780	29,825,796
Amounts owing by subsidiaries	–	964,781
Deposits, cash and bank balances	54,880,038	47,275,539
	72,125,818	78,066,116
Fair value through profit or loss		
Other investments	–	2,766,164
Financial liabilities		
Amortised cost		
Term loans	20,964,654	33,470,384
Payables (excluding provision)	555,258	190,441
	21,519,912	33,660,825

32. FINANCIAL INSTRUMENTS (continued)

(b) Fair values measurements

The carrying amounts of deposits, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between level 1, level 2 and level 3 during the financial year (2020: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Fair value of financial instruments carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
Group and Company					
2021					
Financial assets					
Other investments					
- golf club membership	–	270,000	–	270,000	270,000
2020					
Financial assets					
Other investments					
- golf club memberships	–	270,000	–	270,000	270,000
- short-term fund	2,766,164	–	–	2,766,164	2,766,164
	2,766,164	270,000	–	3,036,164	3,036,164

NOTES TO THE **FINANCIAL STATEMENTS**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree to the policies and procedures for the management of these risks, which are exercised by the Executive Directors and the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(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.

The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings) that are denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group			Company	
	<------------Functional currencies------------>			<--Functional currencies-->	
	Chinese Renminbi RM	**Ringgit Malaysia RM**	**Total RM**	**Ringgit Malaysia RM**	**Total RM**
31 December 2021					
Financial assets and liabilities not held in functional currencies:					
Deposits, cash and bank balances					
Hong Kong Dollar	24,372,548	21,463	24,394,011	21,463	21,463
United States Dollar	586,358	3,894,078	4,480,436	3,894,078	3,894,078
Receivables					
United Arab Emirates Dirham	–	16,704,676	16,704,676	16,704,676	16,704,676
Term loans					
Hong Kong Dollar	–	(18,697,000)	(18,697,000)	(18,697,000)	(18,697,000)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows: (continued)

	Group <------------Functional currencies------------>			Company <--Functional currencies-->	
	Chinese Renminbi RM	**Ringgit Malaysia RM**	**Total RM**	**Ringgit Malaysia RM**	**Total RM**
31 December 2020					
Financial assets and liabilities not held in functional currencies:					
Amounts owing by subsidiaries					
Hong Kong Dollar	–	–	–	754,017	754,017
Deposits, cash and bank balances					
Hong Kong Dollar	23,531,892	20,816	23,552,708	20,816	20,816
United States Dollar	3,084	–	3,084	–	–
Receivables					
United Arab Emirates Dirham	–	29,671,939	29,671,939	29,671,939	29,671,939
Term loans					
Hong Kong Dollar	–	(18,137,000)	(18,137,000)	(18,137,000)	(18,137,000)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk
The Group's and the Company's principal foreign currency exposure relates mainly to United Arab Emirates Dirham ("AED"), Hong Kong Dollar ("HKD") and United States Dollar ("USD").

The following table demonstrates the sensitivity to a reasonably possible change in the AED, HKD and USD, with all other variables held constant on the Group's and the Company's profit for the financial year.

	Group Effect on profit for the financial year		**Company Effect on profit for the financial year**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
AED				
- strengthened 1% (2020: 1%)	126,956	225,507	126,956	225,507
- weakened 1% (2020: 1%)	(126,956)	(225,507)	(126,956)	(225,507)
HKD				
- strengthened 1% (2020: 1%)	43,297	41,159	(141,934)	(131,952)
- weakened 1% (2020: 1%)	(43,297)	(41,159)	141,934	131,952
USD				
- strengthened 1% (2020: 1%)	34,051	23	29,595	–
- weakened 1% (2020: 1%)	(34,051)	(23)	(29,595)	–

(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 and the Company's exposure to interest rate risk relates to bank deposits and term loans with floating interest rates.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

Sensitivity analysis for interest rate risk
As at the end of the financial year, a change of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and profit after tax by approximately RM392,548 (2020: RM519,694) arising mainly as a result of higher/lower interest expense on floating rate loans.

NOTES TO THE **FINANCIAL STATEMENTS**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with licensed banks, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile
The exposure of credit risk for trade receivables as at the end of the financial year by geographic region is as follows:

	Group			
	2021		2020	
	RM	% of total	RM	% of total
Malaysia	2,396,396	100%	1,266,019	97%
The People's Republic of China	–	0%	37,095	3%
	2,396,396	100%	1,303,114	100%

As at 31 December 2021, 100% (2020: 97%) of the Group's total trade receivables was due from two (2020: one) major customer who was involved in solar energy activities.

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

NOTES TO THE **FINANCIAL STATEMENTS**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix are as follows:

	Contract assets	Trade receivables Current	Total
Group			
At 31 December 2021			
Expected credit loss rate	0%	0%	0%
Gross carrying amount at default	1,873,193	2,396,396	4,269,589
Expected credit losses	–	–	–
At 31 December 2020			
Expected credit loss rate		0%	0%
Gross carrying amount at default		1,303,114	1,303,114
Expected credit losses		–	–

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities and deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. There is no expected credit loss being recognised for other receivables of the Group and the Company.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Other receivables and other financial assets (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.17(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM30,686,440 (2020: RM34,910,440) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33(d). As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from term loans.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that funding needs are met. The Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and by monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Maturity analysis:
The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

	Carrying amount RM	<---------- Contractual undiscounted cash flows ----------			---------->
		On demand or within one year RM	Two to five years RM	More than five years RM	Total RM
2021					
Group					
Financial liabilities					
Term loans	51,651,094	6,319,225	40,519,244	10,045,897	56,884,366
Payables (excluding provision)	5,608,835	5,608,835	–	–	5,608,835
	57,259,929	11,928,060	40,519,244	10,045,897	62,493,201
Company					
Financial liabilities					
Term loans	20,964,654	867,581	20,516,317	–	21,383,898
Payables (excluding provision)	555,258	555,258	–	–	555,258
Financial guarantees contracts	–	30,686,440	–	–	30,686,440
	21,519,912	32,109,279	20,516,317	–	52,625,596

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Maturity analysis: (continued)
The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations: (continued)

		<---------------- Contractual undiscounted cash flows --------------->			
	Carrying amount RM	**On demand or within one year RM**	**Two to five years RM**	**More than five years RM**	**Total RM**
2020					
Group					
Financial liabilities					
Term loans	68,380,824	16,878,864	44,139,530	14,773,773	75,792,167
Payables (excluding provision)	3,733,024	3,733,024	–	–	3,733,024
	72,113,848	20,611,888	44,139,530	14,773,773	79,525,191
Company					
Financial liabilities					
Term loans	33,470,384	11,250,153	23,424,110	–	34,674,263
Payables (excluding provision)	190,441	190,441	–	–	190,441
Financial guarantees contracts	–	34,910,440	–	–	34,910,440
	33,660,825	46,351,034	23,424,110	–	69,775,144

NOTES TO THE **FINANCIAL STATEMENTS**

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 9 September 2021, ISH Logistics Group Limited, ISH Group (BVI) Limited and Integrated Logistics (China) Co. Limited ("ILCN") in which ILB has 70% effective equity interest ("Subsidiaries"), have commenced Members' Voluntary Winding-up ("Winding-up"). The Subsidiaries are not major subsidiaries of ILB and have ceased business operations.

As part to the Winding-up, ISH Group (BVI) Limited transferred its 70% equity stake in Integrated Logistics (H.K.) Limited ("ILHK") to ILB International (BVI) Limited ("ILB BVI") in which ILB has 70% effective equity interest, and 30% equity stake to Shun Hing China Investment Limited. There is no change of the effective interest of ILB (BVI) in ILHK.

ILCN has completed the de-registration of the company with the relevant authorities in China. ILCN is waiting for the local bank to approve the repatriation of the remaining funds in the company to ILHK (“the Repatriation”). The winding-up process will be completed upon completion of the Repatriation.

(b) On 20 September 2021, IL Energy Sdn. Bhd. (“IL Energy”), a wholly-owned subsidiary of ILB, acquired 1,000,000 ordinary shares representing 10% of the issued and paid-up capital of IL Power Sdn. Bhd. (“IL Power”) from Bumi Aman Sdn. Bhd for a total cash consideration of RM1 million. The equity interest in IL Power held by IL Energy had changed from 90% to 100%.

(c) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company’s operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

NOTES TO THE **FINANCIAL STATEMENTS**

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern, maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

Deposits are made at varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates.

The Group reviews the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Term loans	51,651,094	68,380,824	20,964,654	33,470,384
Payables (excluding provision)	5,608,835	3,733,024	555,258	190,441
Total debts	57,259,929	72,113,848	21,519,912	33,660,825
Less: Deposits, cash and bank balances	(86,032,409)	(87,893,541)	(54,880,038)	(47,275,539)
Less: Short-term fund	–	(2,766,164)	–	(2,766,164)
Net cash	(28,772,480)	(18,545,857)	(33,360,126)	(16,380,878)
Total equity	240,663,405	235,879,983	192,440,720	190,617,986
Debt-to-equity ratio	*	*	*	*

* Not meaningful.

The Company is required to comply with the disclosure and necessary capital requirement as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

As disclosed in Note 24(a), certain subsidiaries of the Group are required by the Foreign Enterprise Law of The People's Republic of China ("PRC") to contribute and maintain a non-distributable Statutory Reserve Fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the respective PRC's subsidiaries for the financial year.

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TEE TUAN SEM** and **MAKOTO TAKAHASHI**, being two of the directors of Integrated Logistics Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 50 to 137 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 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Kuala Lumpur

Date: 11 March 2022

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **MAKOTO TAKAHASHI**, being the director primarily responsible for the financial management of Integrated Logistics Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 50 to 137 are 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.

MAKOTO TAKAHASHI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 11 March 2022.

Before me,

HADINUR MOHD SYARIF
Commissioner for Oaths (W761)
Kuala Lumpur

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Integrated Logistics Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial 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 opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

Construction contract revenue (Notes 4 and 5 to the financial statements)

The Group recognised construction contract revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to the proportion of construction costs incurred for work performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events. In making the judgement, the Group evaluates by relying on the work of specialists.

Our response:

Our audit procedures included, among others:
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms and discussing with project manager; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

Key Audit Matters (continued)

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

Information Other Than The Financial Statements And Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the *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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

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.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF INTEGRATED LOGISTICS BERHAD

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

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

- 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, related safeguards.

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 financial 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.

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 13 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2022 J
Chartered Accountant

Kuala Lumpur

Date: 11 March 2022

PROPERTIES OF **ILB GROUP**

AS AT 31ST DECEMBER 2021

Location	Description	Tenure	Area (sq. ft.)		NBV @ 31-12-2021 (RM)	Age of Land/ Building (Years)	Year of Acquisition Or Revaluation*
Lot 20265, Seberang Perai Utara, Pulau Pinang	Land with Solar Farm	Freehold	Land - Plant -	175,527	800,000 8,186,779	6 4	2015 2017
Lot 560, 561, 562, 563 & Lot 2011, Bandar Bukit Kayu Hitam, Daerah Kubang Pasu, Kedah	Agriculture Land with Solar Farm	Freehold	Land - Plant -	3,349,175	33,451,893 56,388,799	5 4	2016 2017
No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor	Land with Office Building	Freehold	Land - Build-up -	12,723 4,667	4,855,311 2,419,400	5 5	2016
Lot No. 25358, Mukim Sungai Petani, Daerah Kuala Muda, Kedah	Agriculture Land	Freehold	Land -	8,494,810	26,922,361	2	2019
				Total	**133,024,543**		

ANALYSIS OF **SHAREHOLDINGS**
AS AT 28 FEBRUARY 2022

Issued Share Capital : RM 225,670,706
Total Number of Issued Shares : 195,025,503
Class of Shares : Ordinary Shares

Size of Shareholdings	No. of Shareholders		No. of Shares *		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	808	53	25,992	920	0.01	0.00
100 - 1,000	369	4	153,235	1,125	0.08	0.00
1,001 - 10,000	2,664	43	9,744,622	164,454	5.16	0.09
10,001 - 100,000	853	30	24,385,575	1,083,141	12.91	0.57
100,001 - to less than 9,445,015 (**)	121	14	52,352,083	19,589,518	27.71	10.37
9,445,016 and above (***)	2	–	37,500,000	–	19.85	0.00
Directors shareholdings	1	1	29,595,673	14,303,990	15.67	7.57
Total	**4,818**	**145**	**153,757,180**	**35,143,148**	**81.40**	**18.60**
Grand Total		**4,963**		**188,900,328**		**100.00**

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*
** *Less than 5% of issued shares*
*** *5% and above of issued shares*

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares held *	% of issued shares
1.	Citicorp Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (1)	20,500,000	10.85
2.	Kenanga Nominees (Asing) Sdn Bhd Etern Group (HK) Co. Limited	17,000,000	9.00
3.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	14,912,998	7.89
4.	Tee Tuan Sem	14,682,675	7.77
5.	Makoto Takahashi	14,303,990	7.57
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong & Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	6,642,000	3.52
7.	Tai Me Teck	5,570,996	2.95
8.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-Res)	5,389,300	2.85
9.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.65
10.	Loh Cheng Keat	4,185,500	2.20
11.	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	3,637,600	1.93
12.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	3,279,300	1.74

ANALYSIS OF **SHAREHOLDINGS**
AS AT 28 FEBRUARY 2022

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name of shareholder	No. of shares held *	% of issued shares
13.	Anastasia Amanda Beh Gaik Sim	1,613,431	0.85
14.	Intas Sdn Bhd	1,500,000	0.79
15.	Chow Chin Yann	1,323,800	0.70
16.	Motohiko Tachibana	941,544	0.50
17.	Goh Theow Hiang	936,735	0.50
18.	Wang Jim	888,800	0.47
19.	Teoh Ean Kee	775,000	0.41
20.	Yeoh Hsiao Wye	731,900	0.39
21.	Ong Aik Bin	720,000	0.38
22.	Lee Chun Cheng	698,000	0.37
23.	Lim Hong Liang	668,144	0.35
24.	Toh Choon San	630,000	0.33
25.	Chan Xuan Yun	620,000	0.33
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	613,732	0.32
27.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Tay Guan Kee	545,200	0.29
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities account for Chin Kiam Hsung	540,268	0.29
29.	Ooi Lee Huang	500,000	0.26
30.	Yong Jee Patt	490,800	0.26
	Total	**129,814,713**	**68.71**

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

THE DIRECTORS SHAREHOLDINGS IN THE COMPANY AS AT 28 FEBRUARY 2022 ARE AS FOLLOWS :-

Name of Directors	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Datuk Karownakaran @ Karunakaran Ramasamy	–	–	–	–	–	–
Tee Tuan Sem	29,595,673	1	15.67	381,931	2	0.24
Makoto Takahashi	14,303,990	3	7.57	–	–	–
Wan Azfar bin Dato' Wan Annuar	–	–	–	–	–	–
Dato' Wan Hashim bin Wan Jusoh	–	–	–	–	–	–
Soh Eng Hooi	–	–	–	–	–	–
Jamilah binti Kamal	–	–	–	–	–	–

Notes
1. Held directly and through TA Nominees (Tempatan) Sdn Bhd.
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 28 FEBRUARY 2022

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company as at 28 February 2022 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Tee Tuan Sem	29,595,673	1	15.67	381,931	2	0.24
Makoto Takahashi	14,303,990	3	7.57	–	–	–
Urusharta Jamaah Sdn Bhd Citigroup Nominees (Tempatan) Sdn Bhd	20,500,000	4	10.85	–	–	–
Etern Group (HK) Co. Limited Kenanga Nominees (Asing) Sdn Bhd	17,000,000	5	9.00	–	–	–

Notes
1. Held directly and through TA Nominees (Tempatan) Sdn Bhd.
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.
4. Held through Citigroup Nominees (Tempatan) Sdn Bhd
5. Held through Kenanga Nominees (Asing) Sdn Bhd

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting ("AGM") of Integrated Logistics Berhad ("ILB" or "Company") will be held at Broadcast Venue at No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan on Tuesday 26 April 2022 at 10:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1 To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2021 and Auditors Report thereon. **Please refer to Explanatory Note 1**

2 To approve the payment of Directors' Fees to the Non-Executive Directors up to an amount of RM378,000 for the period from 1 April 2022 until the next Annual General Meeting of the Company. **(Ordinary Resolution 1)**

3 To approve the payment of Directors' Benefits to Non-Executive Directors amounting to RM45,356 for the period from 1 April 2022 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**

4 To re-elect the following Directors retiring by rotation in accordance with Clause 100 of the Company's Constitution:-

a) Makoto Takahashi **(Ordinary Resolution 3)**
b) Soh Eng Hooi **(Ordinary Resolution 4)**

5 To re-elect Puan Jamilah binti Kamal as a Director in accordance with Clause 107 of the Company's Constitution **(Ordinary Resolution 5)**

6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as Ordinary Resolutions:-

ORDINARY RESOLUTIONS

7 **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **(Ordinary Resolution 7)**

"**THAT**, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that :-

NOTICE OF
ANNUAL GENERAL MEETING

i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten (10) per cent of the total number of issued shares of the Company from time to time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 4 May 2021, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities.

ii) The maximum amount of funds to be allocated for the purchase of the shares pursuant to the Proposed Share Buy-Back shall not exceed the retained profits.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 127 of the Companies Act, 2016 and the Directors will deal with the shares purchased in the following manner:-

(a) to cancel the Shares so purchased; or

(b) to retain the Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or re-sell on Bursa Securities in accordance with the Main Market Listing Requirements of Bursa Securities and/or cancellation subsequently; or

(c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

AND THAT such authority to purchase the Company's own shares will be effective immediately from the passing of this resolution until the conclusion of the next Annual General Meeting ("AGM") at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally or the passing of the date on which the next AGM is required by law to be held or the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things in accordance with the Companies Act, 2016, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/ regulatory authorities."

NOTICE OF
ANNUAL GENERAL MEETING

8 **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **(Ordinary Resolution 8)**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors of the Company be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

AND THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate."

9 **PROPOSED CHANGE OF COMPANY'S NAME FROM "INTEGRATED LOGISTICS BERHAD" TO "ILB GROUP BERHAD"** **(Special Resolution)**

"**THAT** the name of the Company be changed from "Integrated Logistics Berhad" to "ILB Group Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears AND THAT the Directors and the Secretary of the Company be and is hereby authorised to take all such necessary steps to give effect to the Proposed Change of Company's Name and to carry out all necessary formalities in effecting the Proposed Change of Company's Name."

10 To transact any other ordinary business of the Company for which due notice has been received.

By Order of the Board

Wong Youn Kim (MAICSA 7018778) (SSM PC No. 201908000410)
Company Secretary
Selangor Darul Ehsan
Date: 28 March 2022

NOTES

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 April 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 30th AGM of the Company.

2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.

3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".

NOTICE OF
ANNUAL GENERAL MEETING

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.

6. The instrument appointing a proxy must reach the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 24 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

EXPLANTORY NOTES

1. Item 1 of the Agenda

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

This Agenda item is meant for discussion only as under the provisions of Section 248(2) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put to a vote.

2. Item 2, & 3 of the Agenda

PAYMENT OF DIRECTORS' FEES & BENEFITS TO NON-EXECUTIVE DIRECTORS

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board had agreed that the shareholders' approval be sought at the 30th AGM on the Non-Executive Directors' remuneration in two separate resolutions as below:

- **Ordinary Resolution 1** on payment of Directors' Fees to the Non-Executive Directors for the period from 1 April 2022 until the next AGM of the Company.

- **Ordinary Resolution 2** on payment of Directors' Benefits to the Non-Executive Directors for the period from 1 April 2022 until the next AGM of the Company.

The details of the remuneration and benefits payable to the Non-Executive Directors which have remained unchanged since May 2013 are as follows:

Directors Fees (per annum)	
Chairman of the Board	- RM108,000
Chairman of the Audit & Risk Management Committee	- RM 90,000
Board Member	- RM 60,000

Meeting Allowance (per meeting)	
Board	- RM 500
Board Committee	- RM 500

Benefits in kind
Medical and insurance coverage

NOTICE OF
ANNUAL GENERAL MEETING

3. **Item (7) of the Agenda – Ordinary Resolution No. 7**

   PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

   The proposed ordinary resolution 7, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) per cent of the total number of issued shares of the Company from time to time being quoted on Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

   For further information, please refer to the Share Buy-Back Statement, which is dispatched together with the Notice of the AGM.

4. **Item (8) of the Agenda – Ordinary Resolution No. 8**

   AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

   The proposed ordinary resolution 8 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. If the resolution is duly passed, it will give flexibility to the Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interests of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 4 May 2021 and which will lapse at the conclusion of this 30th AGM.

   The Company continues to consider opportunities to broaden its earnings potential. If any proposal involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 20% of the total number of issued shares of the Company for the time being. The renewed authority will provide flexibility to the Company for the allotment of shares for the purposes of funding future investment, working capital and/or acquisitions.

5. **Item (9) of the Agenda – Special Resolution**

   On 17 March 2022, the Company had announced to Bursa Malaysia Securities Berhad that the Board of Directors had proposed to change the Company's name from "Integrated Logistics Berhad" to "ILB Group Berhad". The approval of Companies Commission of Malaysia ("CCM") for the use of proposed name "ILB Group Berhad" which was obtained via CCM's email dated 14 March 2022 and the reservation of name is valid for a period of thirty (30) days from 14 March 2022 and a further extension of thirty (30) days until 13 May 2022 ("Validity Period"). The Proposed change of Company's name is subject to the approval of shareholders of the Company by way of Special Resolution which requires a majority of not less than three fourth of such members of the Company as being entitled so to do vote in person or by proxy at the forthcoming 30th AGM to be convened on 26 April 2022.

   The proposed Special Resolution if passed, would change the Company's name to "ILB Group Berhad" upon issuance of Notice of Registration of new name by the CCM. Please refer to the Circular to Shareholders dated 28 March 2022 for further information.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Annual General Meeting of the Company in accordance with Clause 100 of the Company's Constitution are :-

   a) Makoto Takahashi
   b) Soh Eng Hooi

   Details of the Directors seeking re-election are set out in the Directors Profiles section and their shareholdings in the Company are set out in this Annual Report.

2. To re-elect Puan Jamilah binti Kamal as Director in accordance with Clause 107 of the Company's Constitution.

   Details of Puan Jamilah binti Kamal, who is seeking re-election are set out in the Directors Profiles' section and her shareholdings in the Company are set out in this Annual Report.

3. Details of attendance at Board Meetings

   Four Board Meetings were held during the financial year ended 31 December 2021. Details of attendance of the Directors at Board Meetings are set out in this Annual Report.

4. Date, Time and Place of the 30th Annual General Meeting

   Date and Time : 26 April 2022 at 10:00 a.m.

   Place : Broadcast Venue
No. 6, Jalan Sungai Buloh 27/101A
Seksyen 27
40400 Shah Alam
Selangor Darul Ehsan

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ADMINISTRATIVE GUIDE

IN RESPECT OF THE THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM") TO BE HELD VIA AN ONLINE PLATFORM

DATE:	TIME:	BROADCAST VENUE:
Tuesday, 26 April 2022	10.00 a.m.	No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan

General Meeting Record of Depositors

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 April 2022 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the or appoint proxy(ies) to attend and/or vote on his/(her) behalf.

Proxy

2. A member entitled to participate and vote remotely at the 30th AGM using the Virtual Meeting Facilities is entitled to appoint proxy/proxies, to participate and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions set out hereunder.

3. Alternatively, if a shareholder is unable to attend the Annual General Meeting via Virtual Meeting Facilities on 26 April 2022, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting, no later than **Monday, 25 April 2022 at 10.00 a.m.**

Poll Voting

5. The voting at the 30th AGM will be conducted by poll in accordance with Clause 75 of the Company's Constitution. The Company has appointed HMC CORPORATE SERVICES SDN BHD as Poll Administrator to conduct the poll by way of online voting and Usearch Management Services as Scrutineers to verify the poll results.

6. Shareholders can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 30th AGM at 10.00 a.m. and before the end of the voting session which will be announced by the Chairman of the meeting. The QR Code will be displayed upon the commencement of the meeting. Upon completion of the voting session for the 30th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

VIRTUAL MEETING FACILITIES

7. We would like to invite the Shareholders to participate and vote remotely at the 30th AGM using the Virtual Meeting Facilities.

8. For Corporate Shareholders, please register yourself via the Registration Link provided below to provide the following documents to HMC Corporate Services Sdn Bhd no later than **Monday, 25 April 2022 at 10.00 a.m.** :

   (a) Original certificate of appointment of its Corporate Representative under the seal of the corporation; and

   (b) Corporate Representative's e-mail address and hand-phone number.

   Upon receipt of such documents, HMC Corporate Services Sdn Bhd will liaise with yourselves on the participation link.

9. For the beneficiary of the shares under a Nominee Company's CDS account who wishes to use the Virtual Meeting Facility at the 30th AGM may request its Nominee Company to appoint him/her as proxy to participate and vote remotely at the 30th AGM via the Virtual Meeting Facilities, please submit the duly executed proxy form to HMC Corporate Services Sdn Bhd no later than **Monday, 25 April 2022 at 10.00 a.m.** and register yourself via the Registration Link below.

10. Please follow the following steps to be taken for participating and voting via the Virtual Meeting facilities:

	BEFORE THE AGM	
(a)	REGISTRATION	• Please click on the following link to register yourself as Shareholder/ Corporate Representative/Beneficiary Owner of an Exempt Nominee for verification of attendance purpose. Registration Link: https://bit.ly/3hsGDhg
(b)	CONFIRMATION ATTENTANCE	• Upon verification, the participation link will be sent to your goodself before the commencement of the meeting.
(c)	SUBMISSION OF QUESTIONS	• You may submit any questions online by scanning the QR Code below or via https://forms.office.com/r/fZcD9sgfeD and to submit your questions accordingly:
	ON THE AGM DAY	
(d)	PARTICIPATION	• Click on the participation link which was provided to you via e-mail.
		• If you have any question to be raised during the meeting, you may submit by using the Q and A box. The Chairman/Board will try to address the questions submitted prior or during the accordingly.
(e)	ONLINE VOTING	• The QR Code for the Online will be displayed in the Chat Box and Q&A Box of the Virtual Meeting Room upon the Commencement of the AGM. Voting shall commence from 10.00 a.m. Tuesday, 26 April 2022 until a time when the Chairman announces the closing of the voting session at the 30th AGM venue.

CLOSURE

11. The 30th AGM will be closed upon the announcement by the Chairman, the Virtual Meeting will end.

ENQUIRY

12. If you have any enquiry or require any assistance before or during the 30th AGM, please do not hesitate to contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

HMC CORPORATE SERVICES SDN BHD
Registration No. 199601006647 (378993-D)
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 603-2241 5800
Mobile: 017 388 3989
Fax : 603-2282 5022
Email : office365support@hmc.my
Contact Person: HMC Virtual Meeting Administrator

INTEGRATED LOGISTICS BERHAD
Company No. 199101019353 (229690-K)

PROXY FORM

I/We ______________________________ NRIC No./Company No. ____________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No.: ________________________ Email Address: ________________________

being a member/members of INTEGRATED LOGISTICS BERHAD, hereby appoint ________________________
(FULL NAME IN BLOCK LETTERS)

NRIC No. ________________ of ______________________________________
(FULL ADDRESS)

Telephone No.: ________________________ Email Address: ________________________

or failing him ______________________________ NRIC No. ____________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No.: ________________________ Email Address: ________________________

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the 30th Annual General Meeting ("AGM") of the Company to be held at Broadcast Venue at No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan on 26 April 2022 at 10:00 a.m. or any adjournment thereof and to vote as indicated below:-

AS ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fees to Non-Executive Directors up to an amount of RM378,000 for the period from 1 April 2022 until the next AGM of the Company.		
Ordinary Resolution 2	To approve payment of Directors' Benefits (excluding directors' fees) to Non-Executive Directors up to an amount of RM45,356 for the period from 1 April 2022 until the next AGM of the Company.		
Ordinary Resolution 3	To re-elect Makoto Takahashi as Director in accordance with Clause 100 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Soh Eng Hooi as Director in accordance with Clause 100 of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Jamilah binti Kamal as Director in accordance with Clause 107 of the Company's Constitution.		
Ordinary Resolution 6	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.		
AS SPECIAL BUSINESS			
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority.		
Ordinary Resolution 8	To authorize the Directors to allot and issue shares in the Company pursuant to Section 75 and 76 of the Companies Act 2016.		
Special Resolution	Proposed Change of Company's Name from "Integrated Logistics Berhad" to "ILB Group Berhad"		

First Proxy	%
Second Proxy	%
Total:	100%

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

Signed this __________ day of ________________, 2022

____
Signature

NOTE :
1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 20 April 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 30th AGM.
2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.
3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.
6. Please indicate with and "X" either "For" or "Against". If neither "For" or "Against" is indicated, the proxy will vote as he thinks fit or abstain from voting.
7. The instrument appointing a proxy must reach the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 24 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:-

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes").

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

The Company Secretary
Integrated Logistics Berhad
Company No. 199101019353 (229690-K)

Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

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Fold This Flap For Sealing

Integrated Group

INTEGRATED LOGISTICS BERHAD
199101019353 (229690-K)

No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan
T: +603-5614 2555 **F:** +603-5614 3848