STRAITS INTER LOGISTICS BERHAD
199601040053 (412406-T)

OIL BUNKERING | PORT MANAGEMENT

INLAND LOGISTICS AND TRANSPORTATION | VESSEL MANAGEMENT SERVICES

ANNUAL REPORT 2020

NAVIGATING POSSIBILITIES

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OUR VISION, MISSION AND CORE VALUES

OUR VISION

To drive, to excel, and to participate in all industry-related businesses with passion, focus and professionalism.

OUR MISSION

Dedicated to deliver uncompromising products and services par excellence in every endeavour and task with the utmost integrity and full accountability.

OUR CORE VALUES

SUSTAINABILITY	Every action undertaken should be environmentally, economically and socially sustainable so as to ensure the continuity and preservation of our Group, our integrated community, business partners and stakeholders.
TRANSPARENCY	We strive to up keep the levels of professionalism and the principles of transparency in all matters pertaining to our professional conduct and business activities.
ACCOUNTABILITY	Our Group shall be accountable in every way towards our many endeavours in all aspects of our professional conduct in the marketplace especially towards the setting, executing and achieving of our goals and objectives.
RESPONSIVENESS	Upon the trust granted us by our stakeholders, shareholders, clients, customers and colleagues, we strive to uphold the practice of responding and reacting in a timely and prompt manner in every endeavour we undertake.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YAM DATO' SERI TENGKU BAHARUDDIN IBNI AL- MARHUM SULTAN MAHMUD
Non-Independent & Non-Executive Chairman

DATO' SRI HO KAM CHOY
Group Managing Director

CAPTAIN TONY TAN HAN (CHEN HAN)
Executive Director

TAN SRI MOHD BAKRI BIN MOHD ZININ
Non-Independent & Non-Executive Director

LEONG FOOK HENG
Independent & Non-Executive Director

HARISON BINTI YUSOFF
Non-Independent & Non-Executive Director

HO FOOK MENG
Independent & Non-Executive Director

HO HUNG MING
Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin

AUDIT COMMITTEE

LEONG FOOK HENG
Chairman

TAN SRI MOHD BAKRI BIN MOHD ZININ
Member

HO FOOK MENG
Member

NOMINATION & REMUNERATION COMMITTEE

HO FOOK MENG
Chairman

LEONG FOOK HENG
Member

TAN SRI MOHD BAKRI BIN MOHD ZININ
Member

BOARD RISK & COMPLIANCE COMMITTEE

TAN SRI MOHD BAKRI BIN MOHD ZININ
Chairman

HO FOOK MENG
Member

LEONG FOOK HENG
Member

COMPANY SECRETARIES

Wan Haslinda Wan Yusoff
MAICSA 7055478
SSM PC No : 202008002798

Sangar Nallappan
MACS 01413
SSM PC No : 202008002985

REGISTERED ADDRESS

No: 149A, 149B, 151B,
Persiaran Raja Muda Musa,
42000 Port Klang, Selangor.
Tel : 603-3167 3830
Fax : 603-3168 3830

CORPORATE OFFICE

B-07-06, Plaza Mont' Kiara,
2, Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur.
Tel : 603-6419 1266
Fax : 603-6419 1267

OPERATION OFFICE

No: 47-01, Jalan Molek 2/1
Taman Molek,
81100 Johor Bahru, Johor.
Tel : 607-358 4661
Fax : 607-351 9660

W-2, Labuan Liberty Port,
Jalan Merdeka, 87000 Wilayah Persekutuan Labuan.
Tel : 608-7424 188
Fax : 608-7418 118

Unit B, Lot 49, 1st Floor, Block F,
Lazenda Warehouse 3,
Jalan Ranca-Ranca, 87000 Wilayah Persekutuan Labuan.
Tel : 608-741 9100
Fax : 608-741 9200

PTD 40839, 4.7KM,
Jalan Kulai-Kota Tinggi,
81000 Kulai, Johor.
Tel : 6011-6935 6330

2 International Business Park,
The Strategy, #10-06,
609930 Singapore.
Tel : 65-6255 2737

AUDITORS

Moore Stephens Associates PLT
Unit 3.3A, 3rd Floor,
Surian Tower,
No: 1, Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya,
Selangor.
Tel : 603-7724 1033
Fax : 603-7733 1033

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

BANKERS

- CIMB Bank Berhad
- MBSB Bank Berhad
- HSBC Bank Malaysia Berhad
- Public Bank Berhad
- United Overseas Bank Limited

WEBSITE & EMAIL

http://www.straits-interlogistics.com
admin-kl@straits-interlogistics.com

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

STOCK NAME

STRAITS
STRAITS-WA

STOCK CODE

0080
0080WA

CORPORATE STRUCTURE

STRAITS INTER LOGISTICS BERHAD
199601040053 (412406-T)

100%

Quest Technology Sdn. Bhd.
Raya Consumable Sdn. Bhd.
* Quest System & Engineering Sdn. Bhd.
* Quest Equipment & Services Sdn. Bhd.
SMF Eden Maritime Ltd.

Straits Port Management Sdn. Bhd. (“SPM”)
- Fajar Maritime and Logistics Sdn. Bhd. (“FML”) (60% owned by SPM)
  # Victoria (STS) Labuan Sdn. Bhd. (70% owned by FML)
- Megah Port Management Sdn. Bhd. (51% owned by SPM)

Incorporated in Labuan

Pan Management Services Ltd.
TMD Straits Ltd.
TMD Sturgeon Ltd.

70%

Straits Alliance Transport Sdn. Bhd. (“SAT”)
- Straits Alliance Tech Sdn. Bhd. (100% owned by SAT)

Tumpuan Megah Development Sdn. Bhd. (“TMD”)

Incorporated in Labuan

(100% owned by TMD)
- Cavalla Asia Ltd.
- Dolphin Asia Ltd.
- Escolar Asia Ltd.
- Oscar Asia Ltd.
- Phoenix Asia Ltd.
- S3 Asia Ltd.

67%

Straits Marine Fuels & Energy Sdn. Bhd. (“SMF”) (26% owned by TMD)

Incorporated in Labuan

(100% owned by SMF)
- SMF Begonia Ltd.
- SMF Ixora Ltd.
- SMF Omura Ltd.
- SMF Beluga Ltd. (formerly known as Beluga Asia Ltd)

(51% owned by SMF)
- Sierra Pioneer Marine Ltd.
- Katsu Pioneer Marine Ltd.

51%

Selatan Bunker (M) Sdn. Bhd.

Incorporated in Singapore

Straits Marine Services Pte. Ltd. (“SMS”)
- Straits Maritime Services Pte. Ltd. (100% owned by SMS)

ASSOCIATE COMPANY

38%

Incorporated in British Virgin Islands

Banle International Group Limited

* in the process of striking off

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

Assalamualaikum w.b.t. and Salam Sejahtera.

On behalf of the Board of Directors ("Board"), it is my pleasure and privilege to present you with the Annual Report and Audited Financial Statements of Straits Inter Logistics Berhad ("the Company") and its subsidiaries ("the Group" or "Straits Group") for the financial year ended 31 December 2020 ("FY 2020").

2020 REVIEW

COVID-19 and the Global Economy

Due to the COVID-19, 2020 has been a challenging year for many businesses. According to the Department of Statistics, Malaysia, the COVID-19 pandemic that hit the world has affected the Malaysian economy. Malaysia's Gross Domestic Product ("GDP") performance for 2020 contracted 5.6% as compared to a positive growth of 4.3% in 2019 influenced by the fall of all economic sectors.

Meanwhile, according to the 2020 Annual Report of Bank Negara Malaysia, inflationary pressures were muted with average headline inflation turning negative for the year at -1.2% (2019: +0.7%) mainly due to the substantially lower global oil prices during the year.

The pandemic has brought new challenges to Companies and changed the way we work and connect with each other. In response to the COVID-19, we placed our Employees' health as a priority and acted swiftly in implementing additional pandemic preventive measures than what was required by the relevant Government advisories.

With the rapidly evolving situation surrounding the pandemic, it is crucial for businesses to remain agile in order to ensure profitability.

Overall Performance

Apart from our efforts to curb the COVID-19 spread, we continued strengthening our business portfolios to better serve our customers' needs by placing focus on ensuring smooth operations and improving coordination and long-term business relationships with our key customers.

A key highlight in 2020 for Straits Group is our diversification into the Port Operation and Facility Management business in addition to our current core business of oil bunkering.

The Group recorded a 1.82% growth in its revenue from RM663.2 million in FY 2019 to RM675.3 million in FY 2020, generated mainly from its new port operation and facility management operation.

Nevertheless, the Group recorded a lower profit after tax ("PAT") of RM4.0 million in FY 2020 compared to RM9.4 million in FY 2019 as losses were suffered by the inland transportation and logistics services caused by disruption of the construction industry activities from the COVID-19 and reduced deliveries upon completion of the merger and strategic alliances of two major cement manufacturers. In addition there were initial operational and business setup cost incurred by the new port operation and facility management operation that had commenced operation in Q2 of FY 2020.

CHAIRMAN'S MESSAGE

cont'd

BUSINESS OUTLOOK IN 2021

Straits has a diversified business portfolio, comprising Oil Trading & Bunkering Services, Inland Transportation & Logistics, Vessel Management and the recent Port Operation & Facility management services, which is a key business sector undertaken by its indirect subsidiary, Megah Port Management Sdn Bhd.

The Board expects that the net profit attributable to the port management business segment may represent more than 25.0% of the total net profit of Straits Group in the financial years moving forward.

In addition, the Board believes that the Group's increased equity interest in Tumpuan Megah Development Sdn Bhd ("TMD") from 55% to 70% which took place in first quarter of 2021 will further contribute positively to the Group's future net profit, premised on the established technical expertise and resources of TMD in oil bunkering services and trading of oil and petroleum products.

Straits is also pleased to welcome Avarga as its new strategic shareholder in March 2021. Avarga Investment Pte Ltd, a wholly owned subsidiary of Avarga Ltd ("Avarga"), a public listed company on Singapore SGX has become a substantial shareholder of Straits and Avarga has expressed its interest to pursue further strategic collaborations with Straits in the long run.

The Board is strongly committed to a pro-active and uncompromising safety environment throughout the Group and wider industry to ensure that the right safety practices, behaviours, policies and culture are in place. As we embark on a new financial year, we are cognisant of the continuing economic uncertainty in the markets which we serve and the inevitable business headwinds and ensuring that we have the established systems and policies in mitigating any risks ahead.

With COVID-19 vaccines being made available worldwide, we can look forward with optimism that the storm is expected to pass on and it can only get better in 2021.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express our deepest appreciation and gratitude to our capable and reliable management team and staff, for their continuous dedication, commitment and support.

I would also wish to record our sincere appreciation to our financiers, business partners, and relevant approving authorities for their understanding and continuous support and cooperation.

To all our valued shareholders, thank you once again for your confidence in us. Rest be assured that the Board and management are constantly monitoring Straits financial health and exercising business prudence in the best interest of investors and shareholders.

I wish to place on record my deepest appreciation to my fellow members of the Board, both at the Group level as well as the various subsidiaries for their wise counsel, guidance and invaluable contributions.

As we wait patiently for better days to come, please do not forget to protect yourself by observing the new normal that includes wearing a face mask at work, doing temperature check and practising hand sanitisation before entering premises and keeping social distancing.

Lastly, I hope all our valued stakeholders stay safe and stay healthy.

Thank you.

Y.A.M DATO' SERI TENGKU BAHARUDDIN
IBNI AL-MARHUM SULTAN MAHMUD
Chairman, Non-Independent & Non-Executive
18 May 2021

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

The Management Discussion and Analysis aims to provide shareholders and investors a better understanding of Straits' financial performance, risk exposure and future prospects through management's viewpoints.

It is with great pleasure that we are presenting to you this annual report for financial year ended 2020 ('FY 2020"). A year that began full of vigor but ended, unanticipatedly, depressed by the manifestation of worldwide COVID-19 pandemic ("Pandemic") phenomenon. Amidst the general concerns arising from the impact of Pandemic on our businesses, we took this opportunity to address these concerns, discuss and analyse the past performance of the Group, and also share the strategies and actions that the Group has undertaken as we brave this global challenging time ahead.

Straits Inter Logistics Berhad ("Straits" or "the Company") is essentially engaged in investment holding activities and the provision of management services and the principal activities of the Subsidiaries/Associate are as follows:-

(i) Oil trading and oil bunkering services

(ii) Inland transportation and logistics services

(iii) Port operation and facility management services and related business activities

(iv) Vessel management services

GROUP FINANCIAL PERFORMANCE

Notwithstanding the very challenging business environment brought on by the Pandemic, the Company and its Subsidiaries ("the Group") performed relatively well. For the FY 2020, the Group's revenue has increased by 1.82% to RM675.3 million from RM663.2 million recorded in 2019. The increase in the revenue was mainly generated from the new division i.e Port operation and facility management services.

Oil trading and bunkering services division contributed a hefty RM662.2 million or 98.06% to the Group's revenue. Port operation and facility management services division generated RM9.6 million or 1.42% to the Group's revenue since the Group diversified its existing principal activities to include port operation and facility management and related business activities in April 2020.

The revenue recorded from the inland transportation and logistics services declined by 21.05% to RM3.0 million from RM3.8 million as reported in 2019. Meanwhile, our vessel management services division which commenced its vessel management services in July 2019 by managing the Group's internal fleet of vessels had in 2020 expanded its services to external vessel owners and generated RM0.5 million in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

GROUP FINANCIAL PERFORMANCE (cont'd)

The Group reported a 47.58% reduction in Profit Before Tax ("PBT") of RM6.5 million despite its higher revenue in FY 2020 as compared to the preceding year of RM12.4 million, as administrative cost had increased by RM8.3 million to RM21.5 million in FY 2020. This was mainly due to the initial startup cost and administrative cost amounting to RM4.3 million incurred by the new port operation and facility management business segment. The Group's diversification exercises in FY 2019 into vessel management services, inland transportation and logistics services together with the bunkering of Marine Fuel Oil ("MFO") and Low Sulphur Fuel Oil ("LSFO"), had increased the Group's overall administration cost by RM1.6 million, RM0.2 million and RM2.2 million respectively in FY 2020. In conjunction with these diversifications resulting in an enlarged Group, RM0.6 million was incurred for the setting up of a corporate compliance and management team and additional corporate expenses.

The acquisition of vessels in FY 2019 too has the full year effect of depreciation cost felt in FY 2020 as Other Operating Cost increased by RM2.7 million to RM5.8 million. The financing of these new vessels together with the doubling of banking facilities had contributed to a RM2.2 million increase in Finance Cost to RM6.0 million.

Profit contribution from its associate company, Banle Energy International Ltd had increased by RM2.5 million to RM5.3 million as a result of increase in sales volume and enlarged customer base.

The Group's effective tax rate for FY 2020 is high at 38.6% as compared to 24.1% in FY 2019 due to provision for deferred tax liabilities from early enjoyment of tax benefits.

Profit After Tax and Minority Interest ("PATMI") was RM2.8 million as against RM7.1 million recorded in FY 2019.

Earnings Per Share ("EPS") for FY 2020 was 0.44 sen as compared with 1.12 sen the year before while Shareholders' Funds increased to RM113.7 million from RM110.6 million as reported in FY 2019. The Group's Assets continued to expand by 6.7% or RM19.7 million during the year under review as compared in the prior financial year. In addition, the Group continue to practise sound financial management with healthy cash and bank balances of RM11.6 million at the close of the FY 2020.

Despite the challenges that arose from the present economic situation, the Group is confident that its ongoing contracts and operational efficiency will enable the Group to seize good business opportunities should there be a positive change in the macroeconomic environment.

BUSINESS AND OPERATIONAL REVIEW

Oil Trading and Bunkering Services

The Group continues to seek strategic business opportunities and investments in its oil trading and bunkering services segment to further grow profitability as the outlook for the oil and gas ("O&G") industry in Malaysia as well as the maritime industry is expected to improve in 2021. The Malaysian economy is expected to benefit from the higher oil prices and robust recovery in global trade amid the COVID-19 vaccine being rolled out in Malaysia and globally.

Straits is one of the largest licensed bunker operators in Malaysia and is currently operating from 19 ports in both Peninsula and East Malaysia servicing its numerous customers in both the maritime transportation and oil and gas industries. Over the last few years as the Group strategically expanded its business footprint, there was a need to enlarge its vessels fleet to cater for the jump in cargoes demand and wider market logistics coverage.

Pursuant to this objective, Straits had acquired additional vessels, named M.T MO Satu in third quarter 2020 and M.T. Guo Kang No. 1 in February 2021 to expand its business in the supply of High Sulphur Fuel Oil ("HSFO") Market to cater for the increasing demand of HSFO in Malaysia.

The addition of the 2 vessels has enlarged the fleet size of Straits and provided the Group with added flexibility in respect of its allocation and utilization of vessels in undertaking its business activities.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

BUSINESS AND OPERATIONAL REVIEW (cont'd)

Oil Trading and Bunkering Services (cont'd)

The Group is currently operating in 19 ports in Malaysia, which includes Pasir Gudang Port, Tanjung Pelepas Port, Johor Bahru Port, Kuantan Port, Kemaman Port, Kuala Terengganu Port, Labuan Port, Miri Port, Desaru Port, Melaka Port, Port Klang, Tok Bali Port, Dungun Port and Pulau Tioman Port, Lumut Port, Pengerang Port, Bintulu Port, Kota Kinabalu Port and Sepangar Bay Oil Terminal, all of which are licenced under Petroleum Development Act 1974 ("PDA Licence(s)") for its bunkering services.

In addition, the Group also owns 3 PDA Licences for the distribution and wholesale of petroleum products and petroleum materials (for a foreign-based oil company) in states of Pahang, Terengganu and Johor, 1 PDA Licence for the distribution and wholesale of petroleum products and petroleum materials (for a local-based oil company) throughout Malaysia, as well as 3 PDA Licences for transportation of petroleum products by oil tanker throughout Malaysia. For shareholders' information, petroleum products and petroleum materials include, inter alia, marine gas oil, marine fuel, marine diesel oil, oil, kerosene and lubricating oil.

In March 2021, the Company completed the acquisition of an additional 15% equity interest in Tumpuan Megah Development Sdn Bhd ("TMD") increasing the total equity interest of the Company in TMD from 55% to 70%. The Group expects the acquisition of this additional equity interest in TMD to further contribute positively to the Group's future profit attributable to shareholders, premised on the technical expertise and resources of TMD in oil bunkering services and trading of oil and petroleum products.

Since January 2020, International Maritime Organization ("IMO") had enforced a new 0.5% global Sulphur cap on marine fuel content lowering it from the present average 3.5% limit of the MFO. The implementation of IMO 2020 0.5% Sulphur cap has caused demand of cleaner LFSO to increase.

As MGO is more costly initially than the MFO used by the majority of ships today, ships can also continue to purchase MFO by installing "scrubbers" to reduce the output of Sulphur Oxides. The installation of scrubbers however leads to downtime and space limitation.

Taking into consideration of the IMO ruling, the Group had since 2019, expanded its bunkering products line to provide MFO in addition to its mainstay business of Marine Gas Oil ("MGO") as a strategy to diversify its revenue stream. The foray into the MFO market which is essentially to bunker for international container ships of the maritime transportation sector has allowed Straits to be less dependent on supplying to vessels in the O&G industry.

Inland Transportation and Logistics Services

The Group's business activities expanded into inland transportation and logistics business since 2019. This has enabled the Group to encompass both onshore (inland transportation) and offshore (marine/ sea transportation) and logistics businesses. The inland transportation and logistics services which was undertaken by its 70% subsidiary company i.e Straits Alliance Transport Sdn Bhd ("SAT") had further contributed to the increase of the revenue of the Group.

Despite the logistics and transportation industries being classified as essential services by the Malaysian Government, it was also one of the industries that were severely and negatively impacted by the spillover effect from the global pandemic on the global and local supply chain.

The Group experienced a weaker performance for this division in FY 2020 due to the COVID-19 pandemic which hindered the growth of land transport operations segment.

The imposition of Movement Control Order ("MCO") had affected this segment of our business in the FY 2020 as movements of goods were restricted and our business curtailed but the fixed overheads need to be borne for the running of our operations. This was further exacerbated by a reduction in the demand of cement transportation arising from the merger between YTL Cement Marketing Sdn Bhd ("YTL") and Lafarge Cement Sdn Bhd ("Lafarge").

The Group opines that in the near-term, the logistics sector will remain volatile on both regional and domestic fronts. As such, the Group will continue to be in the state of readiness to mitigate the potential upcoming challenges.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

BUSINESS AND OPERATIONAL REVIEW (cont'd)

Port Operation and Facility Management Services

Port management services and the Group's Existing Business are complementary businesses serving the same customer base. This will allow the Group to leverage on its existing business platform to widen its provision of integrated services at ports to current and future clients.

On 20 January 2020, the Board announced that the Company had received a letter of award ("LOA") from Labuan Port Authority ("LPA") for the Port Management Services of Labuan Liberty Terminal in the Federal Territory of Labuan (also known as Labuan Port) for a period of 6 years commencing from 1 April 2020. Subsequently on 24 January 2020, the Board announced the acceptance of LOA.

The acceptance of LOA provided an opportunity for the Group to venture into port management services, which the Board deems that the new business activities are complementary to the Existing Business. The port management services involves the provision of services, which include, but are not limited to, container operations, break bulk (warehouse/ container freight station/ open yard), berthing and mooring, harbor tug services, stevedoring, bunkering, ship chandler to container and conventional vessels such as bulk carrier, general cargo ship, tanker, car carrier and fishing vessel operators.

Straits' 51% indirect subsidiary i.e Megah Port Management Sdn Bhd ("MPM") had commenced port management services at Labuan Port in April 2020 and is currently offering the following facilities:-

1) Berthing Facilities
   The wharf has two outer berths and two inner berths and is 19.5m wide and 244m in length. Dolphins are 30.5m from each end. It can accommodate vessels up to 16,000 DWT.

2) Storage Facilities
   Two warehouses, a container yard and an open storage area with gross storage capacity of 15,600 sq. meters within the port. Dedicated storage area is provided for chemicals and other O&G cargo. A 10,000 sq. meters yard and warehouses are also available outside the port.

In charting our future journey, MPM has taken strategic steps to further improve the business performances. These initiatives include the provision of technologically advanced infrastructure facilities, acquisition of modern machineries, rationalizing operating costs and other high impact corporate initiatives upholding our stakeholders' interest.

The container and cargo volume managed by MPM was 13,657 teus and 40,106 MT respectively, from April 2020 to December 2020.

MPM is currently upgrading its infrastructure and facilities to cater for more vessels and also to meet the growing market demand.

Moving forward, the Group is bracing itself towards having to operate under more trying conditions. Nevertheless, we are convinced that the seeds we have sown, which include investing in the right people, putting in place an effective operational structure, as well as expanding and redeploying our assets and infrastructure effectively, will enable the Group to thrive and operate profitably.

For FY 2020, the port operating activities contributed RM9.6 million to the Group's revenue.

Vessel Management Services

The establishment of a vessel management services business segment in July 2019 through Straits Marine Services Pte Ltd was intended to provide in-house vessel management service to enable the Group to better manage its cost and operational efficiency while maintaining its enlarged fleet of vessels. With a capable and efficient vessel management team, the Group is now prepared to provide similar services to other vessel owners, and this had since contributed RM0.5 million towards the Group's revenue. With the positioning of this team in the entreport of Singapore which enjoy a high maritime traffic, this business segment is expected to enjoy positive growth in the future.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

RISK MANAGEMENT AND OUTLOOK

The Group is mindful of the anticipated risks which we are exposed to, which might affect our operations and financial performance.

With the recent ongoing COVID-19 outbreak, the Group in carrying out port management services, may also be exposed to the risk of COVID-19 impacting the business operations of MPM. The impact of COVID-19 is dependent on the severity and duration of the coronavirus disease, which is beyond the Group's control. While port management is deemed as an essential service and port management companies are allowed to operate during the national lockdown period in Malaysia, the national lockdown has restricted other industries from operating. Further, the implementation of national lockdown policies in other countries have led to a slowdown in manufacturing activities worldwide and this is expected to lead to less shipments and trans-shipments of products.

Notwithstanding the above, the Group will continuously monitor the COVID-19 outbreak and take mitigating action against the coronavirus disease if necessary, such as splitting team operations to reduce the number of employees working on-site, health screening of visitors who pass through Labuan Port, home-quarantine for employees who have had close contact with suspected and confirmed COVID-19 cases, and increased daily sanitisation in the workplace. However, there can be no assurance that the continuation of COVID-19 or any other disease outbreak will not adversely impact the Group's performance in providing port management services.

The Group will continue to take proactive measures to remain competitive in this business by inter-alia, maintaining its port facilities and procedures to be of industry-leading quality and when appropriate, expanding its port infrastructure to maximize its share of regional trade volume. However, there can be no assurance that the Group will be able to compete effectively with existing players and new entrants in business similar to the port management services in the future, which may materially affect the Group's financial performance.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily United States Dollar ("USD"). Straits Group will continue to monitor foreign currency exposures and will take necessary measures to minimise exchange rate exposures such as implementing hedging policy on foreign currency in respect of the purchases of supplies, whenever deemed necessary.

Furthermore, the maintenance of vessels of the Group are mainly carried out in Singapore and the costs of such maintenance are quoted and made in Singapore Dollar ("SGD"). Therefore, any fluctuations in the foreign exchange rate of RM against USD and SGD may affect the financial performance of the Group.

We remain cautious over the short-term prospects of our business. We expect the challenging international and domestic business environment and continuing impacts of the COVID-19 pandemic to prevail through FY 2021. However, we remain positive on the outlook of the Group in the long term and will remain steadfastly focused on growing its businesses with the goal to create long-term sustainable value to our shareholders. Notwithstanding the difficult and challenging environment, there are still opportunities to be seized and contracts to be clinched. The management team is actively taking strategic measures to sustain the profitability of the Group.

We believe we are well-positioned to tap on new opportunities that will grow our business to be an even more sustainable one.

Our key strength continues to be our people. We will continue to inspire them to perform at their best with a culture of being caring and inclusiveness. We share our joys and sorrows, and our people recognizes the relationship similar to a big extended family.

Last but certainly not the least, a sincere thank you to our employees and crew. Thank you for your hard work, commitment and dedication to the Group.

DATO' SRI HO KAM CHOY
Group Managing Director
18 May 2021

BOARD OF DIRECTORS' PROFILE

YAM DATO' SERI TENGKU BAHARUDDIN IBNI AL-MARHUM SULTAN MAHMUD
Non-Independent & Non-Executive Chairman

Date of Appointment:
1 December 2019

YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud, male aged 45, was appointed as the Non-Independent & Non-Executive Director on 5 August 2016 and subsequently re-designated as Non-Independent & Non-Executive Chairman on 3 March 2017. However, on 28 June 2019, he resigned as the Director of the Company due to health reason and was re-appointed as Non-Independent & Non-Executive Chairman on 1 December 2019.

Qualifications & Working Experience and Occupation

He obtained a Hotel Management Certificate from Singapore Hotel and Tourism Education Centre (SHATEC) in 1994. In 2008, he was appointed as Director of Haisan Resources Berhad until his resignation in April 2016.

Currently, he is a Director of some of the Subsidiaries of the Group and also sits on the Board of other Private Companies.

Board Committees(s) served on:

Nil

Length of service as Director since the last appointment up to 18 May 2021:

1 year 5 months

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

He does not hold any shares in the Company.

BOARD OF DIRECTORS' PROFILE
cont'd

DATO' SRI HO KAM CHOY
Group Managing Director

Date of Appointment:
5 August 2016

Dato' Sri Ho Kam Choy, male aged 58, was appointed as Non-Independent and Non-Executive Director on 5 August 2016 and subsequently re-designated as Executive Director on 12 January 2017. He was then appointed as the Group Managing Director on 30 August 2017.

Qualifications & Working Experience and Occupation

He obtained his GCE "A" Level from Christ Church Secondary School, Singapore in 1983. Dato' Sri Ho Kam Choy has more than 30 years of experience in commercial management of vessels in the shipping industry. From 1988 to 1989, Dato' Sri Ho Kam Choy joined Tai Kuang Hang Co. Pte. Ltd, Singapore as a Shipping Executive and was in-charge with ship chartering and operations of vessels.

Subsequently, from 1989 to 1991, Dato' Sri Ho Kam Choy joined a Hong Kong trading and shipping company, Kelway Enterprise Ltd as a Manager and was in charge for the commercial management of the company owned fleet vessels. Since 1991, he is a director of RH Pacific Shipping Agencies Ltd, a company involved in shipping and transportation of bulk/bagged cargo and shipping.

Board Committee(s) served on:

Nil

Length of service as Director since the last appointment up to 18 May 2021:

4 years 9 months

Family Relationship with any Director and/or Major Shareholder of the Company:

Mr. Ho Hung Ming, an Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin is his son.

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

He attended his shareholdings are disclosed in page 153 of the Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd

CAPTAIN TONY TAN HAN (CHEN HAN)
Executive Director

Date of Appointment:
24 March 2015

Captain Tony, male aged 45, was appointed to the Board as an Independent & Non-Executive Director on 24 March 2015 and subsequently re-designated as Executive Director on 12 January 2017.

Qualifications & Working Experience and Occupation

He obtained his Master of Science (Maritime Studies) from Nanyang Technological University Singapore in 2018 and Diploma in Nautical Studies from Singapore Polytechnics in 1999. In 2009, he obtained a Specialist Diploma in Workplace Safety and Health from Ngee Ann Polytechnics. Captain Tony has a Certificate of Competency ("COC") Class 1 Master Mariner (foreign-going) issued by the Maritime and Port Authority of Singapore.

He started his career as a Marine Superintendent / Senior Marketing Executive with EZRA Marine Services Pte Ltd in 2007 where he was responsible to ensure smooth implementation of the Safety and Environmental Management System on all the fleet vessels.

Subsequently, he joined Hako Offshore Pte Ltd in 2010 as a Senior Safety Manager/ Designated Person Ashore where he was tasked to manage and implement the Safety Management System throughout the organisation and for the fleet vessels, addressing deficiencies pertaining to manning requirement and training, conducting internal audits and participating in the emergency response team and ensuring that adequate resources and shore-based support are applied as required.

He established Skips Marine Services in Singapore in 2012 and was the Managing Director where he oversees the business and contractual obligation to the company's clients and implementation of safety standards. Captain Tony is well versed in the maritime industry and has over 20 years of professional marine experience in both sea-going and shore-based operations which include container, tanker, oil and gas, offshore fleet and ship management, ship operations and marine safety operations.

He was also involved in audit, incident investigation as well as implementation of International Safety Management ("ISM") appointments. Captain Tony is in charge of the Group's vessel management and maintenance business segment. He is also responsible for formulating strategies to secure oil-related product supplies and building a customer base.

The ship management services division via Straits Marine Services Pte Ltd is also currently under the direct supervision of Captain Tony, where he is responsible to oversee and ensure the Vessels owned by the Group are well maintain and the cost of maintenance and management is kept at a very competitive level.

Board Committees(s) served on:

Nil

Length of service as Director since the last appointment up to 18 May 2021:

6 years 1 month

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

BOARD OF DIRECTORS' PROFILE
cont'd

CAPTAIN TONY TAN HAN (CHEN HAN) *(cont'd)*

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

His shareholdings are disclosed in page 153 of the Annual Report.

BOARD OF DIRECTORS' PROFILE

cont'd

TAN SRI MOHD BAKRI BIN MOHD ZININ
Non-Independent & Non-Executive Director

Date of Appointment:
3 June 2016

Tan Sri Mohd Bakri, male aged 67, was appointed as Non-Independent & Non-Executive Director of the Company on 3 June 2016.

Qualifications & Working Experience and Occupation

He obtained his Diploma in Police Science from Universiti Kebangsaan Malaysia in 1989. He started his career in the police force on 6 November 1975 as a probationary inspector. Tan Sri Mohd Bakri was appointed as Deputy Inspector General of the Royal Malaysia Police Force on 17 May 2013.

He served as Police Chief of Kudat, Sandakan, Police Chief and Deputy Police Chief of Kota Kinabalu, Seremban District Deputy Police Chief, Police Chief Lahad Datu District, Police Chief of Cheras and Dang Wangi District.

Tan Sri Mohd Bakri has also served as Assistant Director of the Criminal Intelligence Unit in the Bukit Aman Criminal Investigation Department before being appointed as Sabah CID Chief in 2003.

In 2005, he was appointed as the Deputy Police Commissioner. In 2006, he was appointed as Deputy Director (Intelligence/Operations) CID Narcotics and became its Director a year later.

In 2008, he was appointed as Director of the Criminal Investigation Department, Bukit Aman. Since June 2016, he is a member of the Police Force Commission Board.

Board Committee(s) served on:

- Chairman of the Board Risk & Compliance Committee
- Member of the Audit Committee
- Member of the Nomination & Remuneration Committee

Length of service as Director since the last appointment up to 18 May 2021:

4 years 11 months

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

He does not hold any shares in the Company.

BOARD OF DIRECTORS' PROFILE
cont'd

LEONG FOOK HENG
Independent &
Non-Executive Director

Date of Appointment:
17 August 2015

Mr. Leong Fook Heng, male aged 62, was appointed as an Independent & Non-Executive Director of the Company on 17 August 2015.

Qualifications & Working Experience and Occupation

He is an Associate Member of the Institute of Chartered Secretaries and Administrators and Chartered Institute of Management Accountants (United Kingdom) and is also a Member of the Malaysian Institute of Accountants.

Mr. Leong began his career as the Marketing Officer in a Credit & Leasing Company in 1981 and subsequently rose to the rank of a Branch Manager. He was then promoted as Senior Manager, Head of Corporate Banking, specializing in Equipment Finance/SME lending at a Financial Institution for more than 14 years.

In 2001, he joined Citibank Bhd as Vice President, Head of Asset Based Finance Division and was also appointed a Director of Citicorp Capital (Malaysia) Bhd. Thereafter, he joined a local Bank and held the position of General Manager, Business Banking for more than 5 years.

Subsequently, he joined an International Banking Group, which owns Banks operating in 14 countries, as its Group Head, Risk Management. He was also a Regional CEO at one of the Banks and a Board Member of another two Banks within the Banking Group.

Board Committee(s) served on:

- Chairman of the Audit Committee
- Member of the Nomination & Remuneration Committee
- Member of the Board Risk & Compliance Committee

Length of service as Director since the last appointment up to 18 May 2021:

5 years 9 months

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

He does not hold any shares in the Company.

BOARD OF DIRECTORS' PROFILE

cont'd

HARISON BINTI YUSOFF
Non-Independent &
Non-Executive Director

Date of Appointment:
1 March 2020

Puan Harison, female aged 64, was appointed as Non-Independent & Non-Executive Director of the Company on 1 March 2020.

Qualifications & Working Experience and Occupation

Puan Harison obtained her Bachelor of Science with Education (Honours) Degree from University Malaya in 1983. In order to equip herself better in the corporate world, she obtained her Diploma in Public Relations in 1995 from International Correspondence Schools. In 2011, she completed her Master in Managerial Psychology from HELP University. She started her career as a secondary school teacher in government schools before joining the private sector in 1993. Subsequently, for the next five (5) years, Puan Harison served in several companies, as a PR and Communications practitioner with Silicon Communications, Mahir Events and Yaohan Berhad.

In 1998, she joined Petrosains Discovery Centre, a subsidiary of PETRONAS, as Head of Public Relations. She helped develop standard processes and procedures for communication, issue management and crisis preparedness. In 2006, Puan Harison was seconded to the PETRONAS Corporate Affairs Department to handle corporate social responsibility programmes (CSR) and stakeholder management. Appointed as a team leader for the flagship CSR programme called "Program Bakti Pendidikan PETRONAS", she was responsible for strategising and implementing the programme, groupwide. She succeeded in taking the programme to greater heights and managed to recruit and develop over 600 volunteers.

From 2008 to 2012, Puan Harison was assigned as Learning Manager with the PETRONAS Leadership Centre. During the four (4) year tenure in the Centre, she was involved in several high profile talent pipeline development programmes, like the Global Mindset for Leaders programme in collaboration with the US-based Thunderbird School of Global Management and Building Leaders Programme (BLP). BLP uses an innovative approach in identifying critical skills for future leaders through EQ assessment and intervention to bridge the skill gaps and address competency issues.

Board Committee(s) served on:

Nil

Length of service as Director since the last appointment up to 18 May 2021:

1 year 1 month

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

She attended seven (7) out of eight (8) Board meetings held since her appointment.

Shareholdings in the Company:

She does not hold any shares in the Company. However, she is deemed interest by virtue of her spouse's direct shareholdings in Straits Inter Logistics Berhad.

BOARD OF DIRECTORS' PROFILE

cont'd

HO FOOK MENG
Independent & Non-Executive Director

Date of Appointment:
24 March 2015

Mr. Ho Fook Meng, male aged 63, was appointed as an Independent & Non-Executive Director of the Company on 24 March 2015.

Qualifications & Working Experience and Occupation

He graduated from the University of Malaya, Kuala Lumpur with a Bachelor of Economics (Honours) degree in 1981 and holds a Masters of Business Administration from Kent State University, Ohio, USA.

Mr. Ho started his career in the banking and financial services industry in 1981 and has over 30 years experience in the said industry. He specialized in lending to SMEs and mid and large Corporations. As a senior banker he is very often tapped for his expertise and wide ranging experience by his banking clients and investors in their growth and expansion strategies.

He has established a very wide business network that was built over the years as banker and advisor to a wide range of his banking customers.

Board Committee(s) served on:

- Chairman of the Nomination & Remuneration Committee
- Member of the Audit Committee
- Member of the Board Risk & Compliance Committee

Length of service as Director since the last appointment up to 18 May 2021:

6 years 1 month

Family Relationship with any Director and/or Major Shareholder of the Company:

Nil

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

He attended all ten (10) Board meetings held in the financial year ended 31 December 2020.

Shareholdings in the Company:

His shareholdings are disclosed in page 153 of the Annual Report.

BOARD OF DIRECTORS' PROFILE
cont'd

HO HUNG MING
Alternate Director

Date of Appointment:
12 January 2017

Mr. Ho Hung Ming, male aged 29, was appointed as an Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin on 12 January 2017.

Qualifications & Working Experience and Occupation

In July 2019, he was promoted from his current position as the General Manager of Selatan Bunker (M) Sdn Bhd ("Selatan Bunker"), a position he has held since December 2016 to be the Marketing Director of Tumpuan Megah Development Sdn Bhd ("TMD") to oversee the development and expansion of the Group's oil bunkering services, product and its customer base. Mr. Ho Hung Ming holds a Bachelor Degree (Hons) in Economics and Politics and a Masters Degree in Project Management from Manchester Metropolitan University, UK obtained in 2013 and 2014 respectively.

After graduation, he joined TMD as a management trainee and was attached to various functions of the company's business operations, specifically in marketing division.

He was then promoted as a manager of TMD in charge of sales and marketing and management. TMD is involved in the business of supplying bunkering services, oil trading and barging to customers in the shipping industry of Marine Gas Oil (MGO). On 1 July 2019, he was re-designated as Marketing Director on TMD.

Board Committee(s) served on:

Nil

Length of service as Director since the last appointment up to 18 May 2021:

Not Applicable

Family Relationship with any Director and/or Major Shareholder of the Company:

He is the son of Dato' Sri Ho Kam Choy, the Group Managing Director of the Company.

Disclosure of Conflict of Interests with the Company:

Nil

Conviction for Offences within the past 5 years and any Public Sanction or Penalty imposed by relevant regulatory bodies (other than Traffic Offences) during the financial year end:

Nil

Present Directorship(s) in other Public/Listed Companies:

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

Number of Board Meetings Attended from 1 January 2020 to 31 December 2020:

Not Applicable.

Shareholdings in the Company:

He does not hold any shares in the Company.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

CAPTAIN DJIE KWANG LIONG
Chief Operating Officer
Straits Marine Services Pte Ltd
44 years old, Singaporean Male

Qualifications

He obtained his Bachelor Degree in Maritime Operations from the Maritime Institute of Willem Barentsz, the Netherlands sponsored by the Maritime and Port Authority of Singapore in 2007 and a Diploma of Nautical Studies from Singapore Polytechnic in 1999. In 2009, he obtained a Specialist Diploma in Workplace Safety and Health from Ngee Ann Polytechnic. Captain Wilson has a Certificate of Competency ("COC") Class 1 Master Mariner (Foreign-going) issued by the Maritime Port Authority of Singapore.

Working Experience

He started his shore-based career as a Marine Officer/Senior Marine Officer with the Maritime and Port Authority of Singapore in 2007 where he worked in the Port Operations Department responsible to ensure smooth operations of the Port Operation Control Centre 1 ("POCC 1") and thereafter worked in the Marine Safety Department ensuring the Safety and Environmental Enforcement within Singapore Port waters.

Subsequently, he joined the Braemar Technical Offshore Services under the Braemar Group in 2009 as a Marine Warranty surveyor/ CIMD/Offshore Vessel Inspection Database Inspector where he attended to various types of Anchor Handling & Supply Tugs, Towing Tugs, Seismic Operations vessel, & supervising Load Out operation, Towage Approval and Float On/Off of Jack-Up Rigs around the world.

In 2011, he joined the Jaya Offshore Company as Marine Safety Manager / Designated Person / Company Security Officer managing a fleet of 20 odds offshore vessels.

In 2012, he co-founded Skips Marine Services Pte Ltd in Singapore and was the Safety Director where he responsible to secure the Document of Compliance with the relevant authorities and maintaining the ISO 9001 and the OHSAS 18001 system.

In 2019, he joined and set up Straits Marine Services Pte Ltd where he is responsible for the implementation of the International Safety Management and International Ship Security Management for the fleet.

Additional Notes on Key Senior Management

- Joined the Group on 1 July 2019.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2020.
- He does not hold any directorship in other public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

IDJAL BIN TAHIR
Chief Executive Officer
Megah Port Management Sdn Bhd
50 years old, Malaysian Male

Qualifications

He obtained the Malaysian Examination Certificate in 1988.

Working Experience

He has approximately 30 years of experience in the general cargo and container operations in the Labuan port. He commenced his career in 1990 with Standard Marine Agencies Sdn Bhd as Shipping Clerk who responsible to oversees and keeps records of all shipping and receiving.

He left Standard Marine Agencies Sdn Bhd in 1993 and joined Mercury Line Sdn Bhd as Shipping Assistant which he was mainly responsible to process incoming and outgoing shipments.

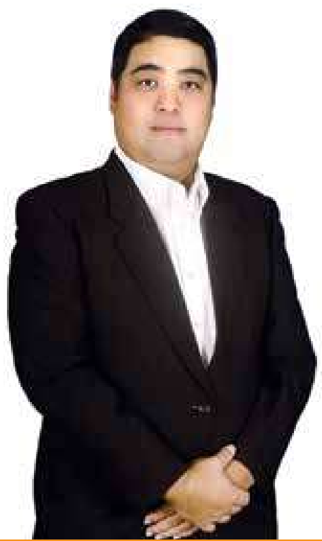
In 1999 he was appointed as a Director and Operation Manager in Sailion Shipping Sdn Bhd where he was responsible for various tasks such as packaging, verifying content for shipping, receiving packages, ordering supplies, leading and managing staff.

The port management division via Megah Port Management Sdn Bhd is currently under his direct supervision where he is in charge of the implementation of business operations activities in Labuan Port and ensuring the company's policies meet Labuan Port Authority's regulations.

Additional Notes on Key Senior Management

- Joined the Group on 25 February 2020.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2020.
- He does not hold any directorship in other public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd



CHAI YIING JEN
Managing Director
Straits Alliance Transport Sdn Bhd
42 years old, Malaysian Male

Qualifications

He graduated from Ferris State University, USA, with an Associate Degree majoring in Automotive Service Technology in 2000.

Working Experience

He began his career as a Coordination Engineer with General Motors, USA in 2001 which he was mainly responsible for the research and development of motor vehicles and trucks, apart from monitoring and providing training to its technicians on new automotive technology, as well as developing a new system to monitor recruitment and performance of its employees. He left General Motors in 2002.

In 2004, he joined Kee Fatt Motor Works Distributors Sdn Bhd ("Kee Fatt") as its executive director, where he was responsible for overseeing the overall daily operational matters and formulating the business development plans and activities of Kee Fatt. He was also taking charge of the logistics related matters which include, amongst others, the coordination of drivers on duty, the arrangement of truck maintenance, as well as to monitor and implement the safety requirements and transportation issued so as to be in compliance with the requirements set by the company's clients.

In 2014, he founded Am Alliances Sdn Bhd ("Am Alliances"), a transportation service provider, and as an executive director, he was mainly involved in the provision of land transportation services for his customers who are mainly construction players. In 2015, he left Kee Fatt and fully devoted his time in Am Alliances. He had since left Am Alliances in 2018, to fully devote his time in Straits Alliances Transport Sdn Bhd ("SAT") from February 2019 onwards.

Additional Notes on Key Senior Management

- Joined the Group as director of SAT on 19 February 2019.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2020.
- He does not hold any directorship in other public companies and listed issuers.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

HOH CHEE MUN
Financial Controller
56 years old, Malaysian Male

Qualifications

He is a Chartered Accountant. He completed his Malaysian Institute of Certified Public Accountant Professional ("MICPA") Examination in 1993 (formerly known as Malaysian Association of Certified Public Accountant), and was admitted as a Member of MICPA on 29 January 1994, and subsequently admitted into the Malaysian Institute of Accountants ("MIA") as a Chartered Accountant on 24 October 1994.

Working Experience

He commenced his accountancy career in 1985, with a 4-year articleship with BDO Binder as an Article Clerk before furthering his career in 1990 with Ernst & Young as an Audit Assistant, where he had completed his MICPA examination.

Thereafter, he left Ernst & Young in 1995 as an Audit Senior and joined Fella Design Group, a regional furniture manufacturer cum retailer as the Group Accountant, overseeing the accounts, finance, internal audit, human resources and information technology in 1996.

In 2005, he became the Finance Director of VHQ Group of Companies, overseeing the accounts, finance and corporate secretarial matters in Malaysia, Singapore, Indonesia, Thailand, Vietnam and China.

Before he was appointed as the Financial Controller of the Group, between 2012 to 2017, he provided general management consultancy and GST services in Malaysia.

Additional Notes on Key Senior Management

- Joined the Group on 1 April 2017.
- No family relationship with any director and / or major shareholder of the Company and has no conflict of interest with the Company.
- No convictions for any offences within the past five years and no public sanctions by any regulatory bodies during the financial year ended 31 December 2020.
- He is currently an Independent Non-Executive Director of QES Group Berhad.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the Report of the Audit Committee ("AC") for the financial year ended 31 December 2020 ("FYE 2020") to provide insight into the approach taken by the AC in discharging its function during the year. The AC is tasked to assist the Board to ensure the effective discharge of its fiduciary duties for financial reporting, Corporate Governance as well as internal control and risk management.

MEMBERSHIP

The AC comprises three (3) members, all of whom are Non-Executive Directors, namely:-

Chairman	:	Leong Fook Heng Independent & Non-Executive Director
Member	:	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent & Non-Executive Director
	:	Ho Fook Meng Independent & Non-Executive Director

The AC Chairman, Mr. Leong Fook Heng is a member of the Malaysian Institute of Accountants ("MIA") and Associate Member of Chartered Institute of Management Accountants (United Kingdom). Accordingly, the Company complies with Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements ("Listing Requirements").

The performance and effectiveness of the AC are reviewed and assessed annually by the Board through its Nomination & Remuneration Committee ("NRC") which also include self and peer evaluation. For financial year ("FY") 2020, the Board is satisfied that the AC has effectively discharged its duties, functions and responsibilities in accordance with the Terms of Reference ("TOR") of AC.

The TOR of the AC is reviewed as and when the need arises. The TOR of AC was last reviewed on 11 March 2021. The revised TOR of AC is accessible to the public for reference on the Company's website at http://www.straits-interlogistics.com.

There were six (6) AC meetings held during FY 2020. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification.

The details of attendance of Committee members are as follows:

No	Name of Directors	No of Meetings attended	%
1.	Leong Fook Heng - *Chairman*	6/6	100
2.	Ho Fook Meng - *Member*	6/6	100
3.	Tan Sri Mohd Bakri Bin Mohd Zinin - *Member*	6/6	100

The meetings deliberated amongst others the Internal Audit ("IA") annual plan and reports, the quarterly results, related party transactions as well as the External Auditors reports; i.e. Audit Planning Memorandum and Audit Review Memorandum.

Representatives of the External Auditors shall attend meetings where matters relating to the audit of the statutory accounts are to be discussed and to present the Audited Financial Statements at the specific meeting.

At the AC meetings, the Executive Directors and Management were invited to brief the AC on specific issues arising from the audit reports or any matters of interest.

The AC was also briefed by the External Auditors on the findings of the external audit. The AC had private session with the External Auditors twice in FY 2020 to facilitate discussions without the presence of Executive Board members and Management. These meetings were held to discuss any key audit challenges.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES

During FY 2020, the AC has carried out its functions and duties in accordance with its TOR. The works carried out by the AC comprised the following:-

1) **Financial Reporting**

Reviewed the Group's quarterly financial report and Audited Financial Statements of the Company and the Group for FYE 2020 through discussions with Management before recommending to the Board for consideration and approval, focusing particularly on financial reporting issues, significant judgement made by the Management and significant and unusual events or transactions and how these matters are addressed.

The review also involved discussion with the External Auditors to ensure they were drawn up in accordance with the applicable accounting standards approved by Malaysian Accounting Standards Board ("MASB") and other legal requirements.

2) **Internal Control**

Based on reports presented by the Management, External and Internal Auditors during the AC meetings, the AC assessed the adequacy of the internal control system of the Group.

3) **Internal Audit**

- Reviewed the annual audit plan proposed by the Internal Auditors to ensure the adequacy of the scope and coverage of work.
- Reviewed the internal audit reports presented by the Internal Auditors on their findings and recommendations including Management's response.
- Considered Internal Auditors' recommendations and the Management's response with respect to system and control weaknesses, before proposing those system and control weaknesses be rectified and recommendations to be implemented.

4) **Related Party Transactions**

- Reviewed the related party transactions by scrutinising the business dealings between the Group, and its subsidiaries companies to ensure arm's length and always on a commercial basis.
- The reviews were carried out on a quarterly basis and reports to ascertain that the disclosure procedures established to monitor the related party transactions have complied with the Listing Requirements.
- Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transaction ("RRPT") of a Revenue or Trading Nature dated 28 May 2021.
- Reviewed the Circular to Shareholders in relation to the Proposed New Shareholders' Mandate for RRPT of a Revenue or Trading Nature dated 28 May 2021.

5) **External Auditor**

- At the Annual General Meeting ("AGM") held on 22 June 2020, the shareholders had approved the re-appointment of Messrs. Moore Stephens Associates PLT ("Moore Stephens") as auditors of the Company.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES (CONT'D)

5) External Auditor (cont'd)

- The Board has in place, a formalised External Auditor Assessment Policy to enhance the External Auditors assessment processes and procedures. This Policy provides a structured, formalized/documented assessment, review and supervision of the performance, suitability, objectivity and independence of External Auditors, to facilitate accountability and transparency of the Group's dealing with its External Auditors.

  The AC had conducted an evaluation of the External Auditors, for the FYE 2020, encompassing technical competencies, adequacy of specialist support and partners'/directors' accessibility and time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communications to the AC.

  On the basis of the evaluation by the AC, a recommendation was made to the Board to re-appoint Moore Stephens for the ensuing financial year. The re-appointment will be put to the shareholders for approval at the forthcoming AGM.

- Reviewed the Audited Financial Statements for the FYE 2020. The AC would take note of the External Auditors' observations arising from the audit that are significant e.g. any material variance between the financial results of the fourth quarter and the audited figures, any unadjusted audit differences above the threshold or material weaknesses in internal controls.

- Reviewed the External Auditors' report to the AC for the FYE 2020 in relation to the audit.

- Reviewed the assistance and cooperation given by the employees to the External Auditors in respect of the audit for the FYE 2020.

- Reviewed assessment on the impact of COVID-19 on the Group's and the Company's financial statements, including management's strategies and measures in managing the impact on COVID-19.

- Reviewed with the External Auditors the Audit Planning Memorandum for the FYE 2020 which comprised inter alia, the declaration by the External Auditors of their professional independence, the audit objectives, the statutory/other responsibilities of the auditors and directors, scope of the audit and its workflow, audit materiality threshold, areas of audit emphasis, new Malaysian Financial Reporting Standards ("MFRS") issued and effective/not yet effective, amendments to Bursa Malaysia's Listing Requirements relating to disclosure and Corporate Governance and the External Auditor's deliverables and key dates in the audit.

- Considered the audit fee payable and the nature, scope and fees for non-audit services provided by the External Auditors and ensured that the services were justified and reasonable and in line with the laid down policy and procedures on non-audit services in order to safeguard the independence and objectivity of the External Auditors and reduce potential conflicts of interest.

- Private session with the External Auditors, without the presence of the Executive Directors and Management.

6) Anti-Bribery and Corruption Policy

AC reviewed the Anti-Bribery and Corruption Policy to ensure parameters are available that support zero tolerance against bribery and corrupt practices in relation to the business of the Group. The review was to ensure adherence to the Malaysian Anti-Corruption Commission Act 2009 and its Amendments 2018 ("MACCA") and the Guidelines of Adequate Procedures by the Prime Minister's Office. This Policy was adopted and applied to all companies within the Group. This includes all individual workings at all levels and grades.

7) Other Activities

Reviewed disclosure statements on Corporate Governance, AC Report and the Statement on Risk Management and Internal Control for the FYE 2020 and recommended their adoption to the Board.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION

The role of the Internal Auditors is to assist the AC in evaluating the adequacy and effectiveness of the governance, risk management and internal control systems and recommending improvements to the systems.

The function of the professional and independent Internal Auditors is vital in assisting the AC in reviewing the state of internal controls being implemented by Management. The IA function is outsourced to Messrs. Tricor Axcelasia Sdn. Bhd., an independent professional services company that carries out regular IA reviews in accordance with the approved risk based internal audit plan.

The Internal Auditors, reports directly to the AC and provides assistance in implementing and maintaining effective internal controls systems to mitigate risks and to safeguard the assets of the Group.

During the FYE 2020, the Internal Auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries, based on the IA plan approved by the AC. The Internal Auditors reported their findings and recommendations to the AC for deliberations together with the Management. Where areas of improvements were required, this was highlighted to the Management for implementation. The AC monitored the progress of the implementation.

During the period under review, the Internal Auditors carried out the following activities:

1) <u>Internal Control Review of Finance Function for Straits Alliance Transport Sdn Bhd</u>

The scope of the review of internal control system on RRPT covers the following processes:

(a) Review of Sales and Receivables
- Invoicing and Collection Process
- Credit Term & Credit Limit Application Process
- Credit Monitoring Process
- Provision & Impairment of Doubtful Debts

(b) Review of Purchase and Payables
- Payment Process
- Supplier Reconciliation Process

(c) Review of Cash and Cash Equivalent
- Control Procedures on Bank Reconciliation
- Petty Cash Reimbursement and Disbursement Process
- Safeguarding of Petty Cash

(d) Review of Financial Reporting
- Reporting of Financial Reporting Process (including timeliness, accuracy, reviewing, and etc.)

2) <u>Internal Control Review on RRPT</u>

The scope of the review of the internal control system on RRPT covers the following processes:-

(a) Review accuracy and completeness of the information contained in the Company's circular to obtain shareholders' mandate (the "Circular").

(b) Ascertain whether the guidelines and Review Procedures established by the Board and management have been complied with and are operating effectively as intended.

(c) Determine whether the guidelines and procedures established are sufficient to ensure that the RRPT is being effectively monitored.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

2) Internal Control Review on RRPT (cont'd)

   (d) To support the assertion of the AC statement on the followings:-

   "that they have seen and reviewed the Review Procedures mentioned in the Circular and is of the view that the said procedures are sufficient to ensure that the RRPT had been in compliance with Paragraph 10.08, 10.09 and Guidance Note 8 of Bursa Malaysia's Listing Requirement; and undertaken on an arm's length basis."

3) Reviewed the amended Related Party Transaction framework

   Based on the review, the Internal Auditors had suggested that the following be included in the framework:-

   (a) identification of related party process
   (b) review of Arm's Length Transactions
   (c) completeness of RRPT Register

The professional fee and other cost incurred in respect of the internal audit function for the FYE 2020 was RM29,680.

This report is made in accordance with the approval of the Board on 18 May 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement is prepared in accordance with ACE Market Listing Requirements ("Listing Requirements") and the Malaysian Code on Corporate Governance ("MCCG"). This Statement gives the shareholders an overview of the corporate governance practices of the Group during financial year ended 2020 ("FYE 2020").

The Board of Directors ("the Board") recognizes the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Group to deliver long term sustainable value to the shareholders and other stakeholders. With this in mind, the Board are pleased to present the corporate governance overview statement which takes guidance from the key Corporate Governance principles as set out in the MCCG.

This Statement provides an overview of the Company's application of the 3 key principles of good corporate governance set out in the Code that has been in place during the FYE 2020.

This Statement is to be read together with the Company's Corporate Governance Report ("CG Report"). This CG Report is available for reference at the Company's website at www.straits-interlogistics.com as well as on the Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com.

In order to provide the latest status update of the Company, this Overview Statement on Corporate Governance also includes information up to 18 May 2021.

The manner in which the Corporate Governance framework is applied is summarized as follows:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

1.1 Roles & Responsibilities

The Board's role is to provide stewardship and control of the Group's business and affairs on behalf of shareholders with due consideration on the impact of the Group's activities on its stakeholders. The Board has overall responsibility for the proper conduct of a Company's business in achieving the objectives and long-term goals of a Company. The Board strives to ensure that it is practised throughout the Company as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and raise the performance of the Company.

The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 and the Listing Requirements as well as the Company's policies, Company's Constitution and Board Charter in discharging its fiduciary duties and responsibilities.

The Group has established a Delegation Authority Limit ("DAL") which indicates the specific powers of the Board, the Board Committees and the Group Managing Director ("Group MD"). The Management has to adhere to the DAL in carrying out its day-to-day functions.

In the discharge of the Board's duties and responsibilities, the Board has delegated certain duties and responsibilities to three (3) Board Committees with clearly defined Terms of Reference ("TOR"). They are the Nomination & Remuneration Committee ("NRC"), Board Risk & Compliance Committee ("BRCC") and Audit Committee ("AC").

While the Board Committees have their functions and delegated roles, duties and responsibilities, the respective Board Committee Chairman will report to the Board on the outcome of the Board Committee meetings and resolutions, which would also include the key issues deliberated at the Board Committee meetings.

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CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.0 Board Responsibilities (cont'd)

1.2 Chairman and Group MD

The roles and responsibilities of the Chairman and the Group MD are held by two (2) separate individuals and are distinct and separate with each having a clear scope of duties and responsibilities to ensure there is a balance of power and authority.

The Chairman of the Board, YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud plays a key role in ensuring the effective functioning of the Board, provides effective leadership, strategic direction and necessary governance to the Group.

The Chairman also ensure that the Agenda covered all matters required to be discussed, resolved and considered and that the meetings are convened and properly attended by all Directors who are given the opportunity to express their views and that decisions made during all meetings adequately reflect the views of the meeting as a whole.

The Chairman is responsible for ensuring the effectiveness of the governance process of the Board while the Group MD has overall responsibility, with the support of the key management team, for the day-to-day management of the business and operations of the Group as well as the implementation of the Board's policies, directives, strategies and decisions.

1.3 Qualified and Competent Company Secretaries

The Company is supported by two (2) suitably qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures and advocate the adoption of corporate governance best practices. Both Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016. The Company Secretaries are external company secretaries from MegaWan Corporate Secretarial PLT with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

All Directors have full and unrestricted access to the advice and services of the Company Secretaries. The Board was regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries. The Company Secretaries constantly keep themselves abreast with the evolving regulatory changes and developments in corporate governance realm by attending the necessary training programmes, conferences, seminars and/or workshops to ensure effective discharge of their advisory role to the Board.

1.4 Access to Information and Advice

All Directors are provided with the meeting materials on a timely basis prior to the scheduled Board meetings. All Board papers, including those on complicated issues or specific matters and minutes of meetings, are distributed on a timely basis to ensure Directors are well informed and where necessary, obtain additional information or clarification prior to the meeting to ensure the effectiveness of the proceeding of the meeting.

In most instances, the Key Senior Management is invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. Every Director also has unrestricted access to all information with regard to the activities of the Group.

In addition, all Directors have access to the management and auditors for independent view and advice. In furtherance of their duties, the Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.0 Board Responsibilities (cont'd)

1.5 Board Charter

The Directors are expected to maintain the highest levels of integrity, honesty and accountability and a strong commitment to corporate governance practices.

The respective roles and responsibilities of the Board and Board Committees, Independent Directors and Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties. The Board Charter is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members, and the various legislations and regulations affecting their conduct, and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of the Company.

The Board Charter incorporates provisions that provide for clear demarcation of the respective roles and responsibilities of the Board.

The Board Charter is subject to review, if required, due to a change of law or of company policy that affects the Board Charter. Any amendments to the Board Charter shall be approved by the Board.

The Board Charter is available on the Company's website at www.straits-interlogistics.com.

1.6 Directors' Code of Ethics and Whistleblowing Policy

(i) Directors' Code of Ethics

The Code of Conduct works as an ethical framework to guide actions and behaviours of all Directors and employees while at work. The Code of Conduct is made available to all directors, Key Senior Management and all employees of the Group. The Code of Conduct is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The Company has adopted the Directors' Code of Conduct and Ethics ("Code of Ethics") with the aims to encourage high standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors as well as to foster standards to protect and promote the interests and maintain the confidence of all shareholders and stakeholders.

This Code is adapted from the Company Directors' Code of Ethics issued by the Suruhanjaya Syarikat Malaysia ("SSM"). It should be read together with the Board Charter, MCCG and Bursa Securities' Corporate Governance Guide in order to provide a comprehensive overview of what is expected from the Straits Board and all appointed company directors in the Group.

The Code of Ethics is published on the Company's website at www.straits-interlogistics.com.

(ii) Whistleblowing Policy

The Company have established adequate and secured Whistleblowing reporting channels for the employees and external parties to report any suspected fraud, corruption, criminal activity or unethical conduct/behaviour in the workplace without facing any adverse consequences such as retaliation.

The Company's culture encourages open communication, constructive feedback and suggestion across all levels of functionalities and positions. Employees have access to and can bring their matters and issues to immediate superiors or to any member of management or any director for appropriate action.

The Whistleblowing Policy is published on the Company's website at www.straits-interlogistics.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

1.0 Board Responsibilities (cont'd)

1.7 Anti-Bribery and Corruption Policy

Following the introduction of corporate liability provision for bribery and corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Board of Directors had in November 2020 adopted an Anti-Bribery and Corruption Policy which reflects the Group's stand on zero-tolerance against all forms of bribery and corruption as well as its commitment to lawful and ethical conduct at all times.

The Board of Directors has entrusted the task to the AC to review and monitor the anti-corruption activities of the Group and the implementation of its anti-corruption strategies and programme.

The Policy serves to provide guidance to all the Directors, Employees, Customers, Suppliers, Contractors, Agents and any person associated with the Group on how to deal with improper solicitation, bribery and other corrupt activities in order to achieve business or personal gains for themselves or others, that can be construed as having contravened the anti-corruption laws of Malaysia.

The Anti-Bribery and Corruption Policy is published and available on the Company's website at www.straits-interlogistics.com.

2.0 Board Composition

2.1 Composition of the Board

The current Board has seven (7) Directors comprising two (2) Executive Directors, three (3) Non-Independent & Non-Executive Directors and two (2) Independent & Non-Executive Directors. This composition complies with Paragraph 15.02 of the Listing Requirement which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director under paragraph 1.01 and Guidance Note 9 of the Listing Requirements.

The Independent & Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgment in the Board without fear or favour. The independent directors participated actively in providing independent advice, views and judgement in the decision-making process, thus ensuring that a balanced and unbiased deliberation process is in place to safeguard the interest of all stakeholders.

Although all Directors shared equal responsibility for the Group's business directions and operations, the presence of Independent & Non-Executive Directors is essential in ensuring that the management proposals are fully discussed, challenged and evaluated, by taking into account the interests not only of the Group but also all interested parties, including shareholders, employees, customers, suppliers and the communities as a whole.

Therefore, the lack of the necessary number of Independent & Non-Executive Directors does not jeopardise the independence of Board deliberations as all decisions have been made in the best interest of the Company and the Group. Nonetheless, the Board will address Board succession planning to ensure that Independent & Non-Executive Directors form 50% of Board composition.

The profile of each member of the current Board is set out in the Directors' Profile of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.0 Board Composition (cont'd)

2.2 Tenure of an Independent Director

Independent Directors play an important role in improving corporate credibility and governance standards functioning.

The Board had included in its Board Charter that the tenure of an Independent Director should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. If the Board desires to retain them beyond nine (9) years, upon recommendation of the NRC, the Board should justify and seek annual shareholders' approval.

As at to-date, the tenure of all the Independent Directors does not exceed nine (9) years.

During the financial period under review, the Board had, through the NRC, assessed the independence of its Independent Directors and is satisfied that the Independent Directors have demonstrated independence in their conduct and behaviour and that each of them is independent of the Management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the Group.

2.3 Board Diversity

The Group sees a diverse Board and Key Senior Management as an essential element in supporting the attainment of strategic aims. In this regard, the Group has, at all times, practices non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background or geographic region when selecting Board member and Key Senior Management.

The present Directors, with their diverse background and professional specialisations, collectively, bring with them a wealth of experience, technical knowledge and skills in the fields that are related to oil trading and bunkering services as well as business management, operations and administration within the Group.

2.4 Gender Diversity

The Board, when making appointments, will consider skills and experience needed as well as gender balance to expand the perspective and capability of the Board as a whole. The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workplace.

The evaluation on the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender, age, ethnicity, religion and culture background.

Although currently, the Company do not have a formalised Board Diversity Policy or Gender Diversity Policy, the Company does not practise any gender discrimination and the Group currently has two (2) female Directors on the Board i.e one in the Company and one in the subsidiary.

2.5 Foster Commitment of the Directors

During the FYE 2020, the Board had convened a total of ten (10) Board Meetings for the purposes of deliberating on the Company's quarterly financial results and discussing other strategic and important matters. During the Board Meetings, the Board reviewed the operations and performance of the Group and other strategic issues that may affect the Group's business. Relevant Key Senior Management members were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.0 Board Composition (cont'd)

2.5 Foster Commitment of the Directors (cont'd)

The Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FYE 2020. Board meetings are also supplemented by resolutions circulated to the Directors for decision between the scheduled meetings.

The attendance of Directors during the FYE 2020 is set out below:

No	Name of Directors	No of Meetings attended during the time the Directors hold office	%
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Non-Independent & Non-Executive Chairman	10/10	100
2.	Dato' Sri Ho Kam Choy Group Managing Director	10/10	100
3.	Captain Tony Tan Han (Chen Han) Executive Director	10/10	100
4.	Ho Fook Meng Independent & Non-Executive Director	10/10	100
5.	Leong Fook Heng Independent & Non-Executive Director	10/10	100
6.	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent & Non-Executive Director	10/10	100
7.	*Puan Harison Binti Yusoff Non-Independent & Non-Executive Director	07/08	88

Note:-

* *Puan Harison Binti Yusoff was appointed as Board member of Straits on 1 March 2020.*

All Directors do not hold more than 5 directorships as required under Rule 15.06 of the Listing Requirements.

The attendance of all the Directors at Board meetings held during the FYE 2020 surpassed the minimum requirements stipulated under the Listing Requirement.

2.6 Training Programmes and Seminars

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. All Directors are mindful that they should receive appropriate continuous training and to attend seminars and briefings in order to broaden their perspective and to keep abreast with new developments.

Directors are encouraged to evaluate their own training needs on a continuous process and to determine the relevant programmes, seminars and briefings that would enhance their knowledge to enable the Directors to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.0 Board Composition (cont'd)

2.6 Training Programmes and Seminars (cont'd)

As at the date of this Annual Report, the training programmes and seminars attended by the Directors are as follows:

No	Name of Director	Training/Seminar/Programmes Attended	Date
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
2.	Dato' Sri Ho Kam Choy	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
3.	Captain Tony Tan Han (Chen Han)	Understanding Ship Sale and Purchase (Speaker for the training) Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
4.	Ho Fook Meng	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
5.	Leong Fook Heng	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021
7.	Puan Harison Binti Yusoff	Understanding Ship Sale and Purchase Update on statutory compliance Corporate Liability Awareness Training in relation to Corporate Liability Provision (Section 17A) of the MACC Act 2009	20/04/2020 20/04/2020 03/02/2021

Besides their individual training as per listed, the Board members are also briefed and updated by both the Company Secretary and External Auditors, when appropriate, on changes and developments relating to their respective scope and areas of specialisation. These briefings would include subject matter in relation to Company law and regulations, corporate procedures, SSM requirements, Bursa's advisory on rules and regulations, Listing Requirements, Corporate Governance and new auditing standards under Malaysia Financial Reporting Standards ("MFRS").

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

2.0 Board Composition (cont'd)

2.7 Appointment, Retirement and Re-Election of Directors

The NRC is responsible to recommend the appointment of new candidates to the Board, review the effectiveness and its performance assessment of the Board and the Board Committees. The Board delegates to NRC to ensure that the Board has a sufficient size with the appropriate balance of skills and experience to meet the Group's present and future needs.

The NRC considers candidates proposed by the Directors, Major Shareholders or independent sources. The NRC is responsible to ensure a formal and transparent procedure for the appointment of new Directors to the Board and recommend individuals for nomination as members of the Board.

In identifying and assessing the suitability of a candidate for appointment as director, the NRC takes into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, gender diversity, competencies and other qualities, before recommending to the Board for appointment. In the case of candidates for the position of Independent & Non-Executive Director, the NRC shall also evaluate the candidates' ability to discharge such responsibilities and functions as are expected from Independent & Non-Executive Director.

The retirement and re-election of Directors is made in accordance with the Company's Constitution where one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided that all directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

The re-election of Directors will be tabled for shareholders' approval at every Annual General meeting. To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of the Directors standing for re-election is disclosed in the Annual Report.

2.8 Annual Assessment

The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board Committees as well as the performance of each individual Director through the NRC.

These assessment processes comprise Board Assessment, Board Skills Matrix, Individual Directors Assessment, Board Committee's Self and Peer Assessment, and Assessment of Independence of Independent Directors.

The summary of the activities of the NRC is set out on pages 44 to 45 of this Annual Report.

3.0 Level and composition of Remuneration of Directors and Managing Director/Chief Executive Officer

3.1 Remuneration policy

The NRC is responsible for determining and recommending to the Board the remuneration packages of the Executive Director and Managing Director / Chief Executive Officer of the Company. It is also responsible for reviewing and recommending to the Board, the remuneration of the Non-Executive Directors.

The remuneration policy of the Company was established to attract, motivate and retain Directors with the relevant experience, qualifications and expertise required to assist in managing the Company effectively. The reward levels commensurate with the competitive market and business environment in which the Company operates while being reflective of the person's experience, level of responsibilities and linked to corporate performance, where applicable, and consistent with the Company's culture, objective and strategy, in particular.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3.0 Level and composition of Remuneration of Directors and Managing Director/Chief Executive Officer (cont'd)

3.1 Remuneration policy (cont'd)

The NRC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The executive Board members played no part in deciding their remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration. As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, contribution, level of responsibilities and the onerous challenges in discharging their fiduciary duties. The determination of Directors' fees for all Non-Executive Directors is a matter for the Board as a whole. The Non-Executive Directors receive fixed fees and meeting allowance.

The Directors' fees and benefits payable for the Directors are endorsed by the Board for approval by the shareholders at the Annual General Meeting ("AGM") prior to payment.

3.2 Remuneration of Directors and Key Senior Management

3.2.1 The Board applies Practice 7.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown.

The details of the remuneration of Directors of the Company for FYE 2020 are as follows:

COMPANY LEVEL

Non-Executive Directors

No	Name	Fees RM	Allowance RM	Total RM
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	54,000	8,800	62,800
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	48,000	22,400	70,400
3.	Leong Fook Heng	48,000	22,400	70,400
4.	Ho Fook Meng	48,000	22,400	70,400
5.	Harison Binti Yusoff	40,000	6,400	46,400

COMPANY LEVEL

Managing Director and Executive Directors

No	Name	Salaries RM	Bonus RM	EPF RM	Benefit in Kind RM	Total RM
1.	Dato' Sri Ho Kam Choy *Group Managing Director*	360,000	30,000	43,200	1,018	434,218
2.	Captain Tony Tan Han (Chen Han) *Executive Director*	-	-	-	-	-

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3.0 Level and composition of Remuneration of Directors and Managing Director/Chief Executive Officer (cont'd)

3.2 Remuneration of Directors and Key Senior Management (cont'd)

3.2.1 The Board applies Practice 7.1 of the MCCG to disclose Directors' remuneration on named basis for individual Directors with detailed remuneration breakdown. (cont'd)

GROUP LEVEL

Non-Executive Directors

No	Name	Fees RM	Allowance RM	Total RM
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	285,000	8,800	293,800
2.	Tan Sri Mohd Bakri Bin Mohd Zinin	273,000	22,400	295,400
3.	Leong Fook Heng	48,000	22,400	70,400
4.	Ho Fook Meng	48,000	22,400	70,400
5.	Harison Binti Yusoff	40,000	6,400	46,400

GROUP LEVEL

Managing Director and Executive Directors

No	Name	Salaries RM	Bonus RM	Fees RM	EPF RM	Benefit in Kind RM	Total RM
1.	Dato' Sri Ho Kam Choy *Group Managing Director*	720,000	55,000	27,000	89,400	1,942	893,342
2.	Captain Tony Tan Han (Chen Han) *Executive Director*	541,862	-	-	42,416	-	584,278
3.	Ho Hung Ming *Alternate Director to Tan Sri Mohd Bakri*	180,000	10,000	-	22,800	924	213,724

3.2.2 Pursuant to Practice 7.2 of the MCCG 2017, the Top Five (5) Key Senior Management's total remuneration inclusive of salary, bonus and other emoluments in bands of RM50,000 are disclosed as follows:

Range of Remuneration per annum (RM)	Key Senior Management
RM 50,000 and below	-
RM 50,001 - RM 100,000	1
RM 100,001 - RM 200,000	1
RM 200,001 - RM 300,000	1
RM 300,001 - RM 400,000	2
More than RM 400,000	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

3.0 Level and composition of Remuneration of Directors and Managing Director/Chief Executive Officer (cont'd)

3.2 Remuneration of Directors and Key Senior Management (cont'd)

3.2.2 Pursuant to Practice 7.2 of the MCCG 2017, the Top Five (5) Key Senior Management's total remuneration inclusive of salary, bonus and other emoluments in bands of RM50,000.00 are disclosed as follows: (cont'd)

The Board is of the view that the disclosure of the Key Senior Management's remuneration components would not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

As an alternative, the Board is of the view that the disclosure of the remuneration paid to the top five (5) Key Senior Management for the FYE 2020 on unnamed basis in the bands of RM50,000.00 is adequate.

The remuneration packages of Key Senior Management are always benchmarked against the industry to ensure that the remuneration packages are commensurate with individual duties, responsibilities and performance as well as the Group's performance.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

4.0 Effective and Independent Audit Committee ("AC")

The AC comprises three (3) members, majority of whom are Independent & Non-Executive Directors. The composition, authority as well as duties and responsibilities of the AC are set out in its TOR and is available on the Company's website at www.straits-interlogistics.com.

The members of the AC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the AC.

The AC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The AC reviewed the unaudited quarterly financial reports and year-end financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

The AC is chaired by Leong Fook Heng, who is an Independent & Non-Executive Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, with one (1) of the member of the AC is a member of the Malaysian Institute of Accountants.

The AC undertakes an annual review of the suitability, objectivity and independence of the External Auditors. The External Auditors have confirmed that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. However, none of the AC members were former key audit partners and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
cont'd

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT (cont'd)

4.0 Effective and Independent Audit Committee ("AC") (cont'd)

The AC has adopted an External Auditors Assessment Policy which lays down the criteria to be considered in the selection, appointment and re-appointment of the External Auditors, the need to obtain written assurance from the External Auditors confirming that they are, and have been, professionally independent throughout the conduct of the audit engagement in conformity with all regulatory requirements and practices, as well as ensuring that the audit fees payable to the External Auditors are reasonable, fair and realistic in terms of complexity and the size of the audit so as to preserve their professional independence.

The Board maintains a transparent and professional relationship with the External Auditors through the AC. Under the existing practice, the AC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and findings on the Company's yearly financial statements. In addition, the AC will also have private meetings with the External Auditors without the presence of the Management to enable exchange of views on issues requiring attention.

The summary of the activities of the AC during the financial year are set out in the Report of the AC on pages 25 to 29 of this Annual Report.

5.0 Risk Management and Internal Control Framework

5.1 Risk Management Framework

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

The Board through the Board Risk & Compliance Committee ("BRCC") which comprises all Non-Executive Directors, reviews the key risks identified to ensure proper management and mitigation of risks and report to the Board.

In November 2020, the Board restructured the Risk Management Committee ("RMC") to oversees the implementation of risk management and enhanced the Enterprise Risk Management ("ERM") Framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

5.2 Internal Audit Function

The internal audit function of the Group is carried out by an outsourced professional service firm i.e Messrs. Tricor Axcelasia Sdn Bhd.

The outsourced Internal Auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report on page 47 to page 51.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

6.0 Compliance with Statutory and Financial Reporting Standards

In presenting the Annual Reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's financial position and prospects.

The Board and assisted by the AC, review the financial statements to ensure that the Group's financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable approved Financial Reporting Standards.

The Statement of Directors' Responsibility in relation to the Financial Statement is presented in the appropriate section of this Annual Report as shown on page 46.

The AC reviewed all financial reports prepared by the management prior to submission to the Board for deliberation and approval. The External Auditor and the Financial Controller provide assurance to the AC that appropriate accounting policies have been adopted and applied consistently and the relevant financial statements gave a true and fair view of the state of affairs of the Group in compliance with the MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016.

7.0 Communication with Stakeholders

7.1 Corporate Communication and Disclosures

The Board recognises the importance of maintaining transparency and accountability to its shareholders.

The Board is aware that a key element of good corporate governance is the effective communication and dissemination of relevant information which is readily accessible by the Company's shareholders and various stakeholders.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa Link (The Listing Information Network) of Bursa Securities and establishing a dedicated section for "Investors" on the Company's website where updates on the corporate information, Group structure, Directors' Profile, announcement and Annual Reports can be accessed.

The contact details of the designated person to address any queries are also published on the Company's website at www.straits-interlogistics.com.

The Company's general meetings remain an informative platform for the shareholders to engage directly with the Company's Directors. Shareholders are encouraged to attend the general meetings and they are given sufficient time and opportunity to participate in the proceedings, raise concerns on the resolutions being proposed and the operations of the Group and also to communicate their expectations on the Group.

8.0 Conduct of General Meetings

8.1 Shareholder's Participation at General Meetings

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate in these meetings.

Shareholders are given the opportunity to raise questions on issues pertaining to the Group's operational and financial performance. At the AGM, the shareholders can exercise their voting rights in compliance with the laws and procedures of a general meeting.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (cont'd)

8.0 Conduct of General Meetings (cont'd)

8.1 Shareholder's Participation at General Meetings (cont'd)

To promote good attendance at AGM and allow shareholders to seek clarifications or ask questions on pertinent and relevant matters, notices of AGM and Extraordinary General Meetings ("EGM") of the Group and related papers are sent out to shareholders within a reasonable and sufficient time frame in accordance with the Company's Constitution. The said notice will also be advertised in a nationally circulated English or Bahasa Malaysia newspaper.

Key Senior Management and the Group's External Auditors as well as the Company's advisers are also available to respond to shareholders' questions during the AGM/EGM as the case may be.

The results of all the resolutions set out in the Notice of AGM and EGM were announced on the same day via Bursa Link which is accessible on the website of the Company and Bursa Securities.

8.2 Poll voting

In line with the Listing Requirements of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, during the 23rd AGM held on 22 June 2020, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was appointed to verify the poll results and the outcome of the AGM was announced to Bursa Securities on the same day.

If a shareholder is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint any person, who may but need not be a member of the Company, to be his/her proxy. A proxy appointed to attend and vote at the General Meetings shall have the same rights as the shareholders to speak at the General Meetings.

8.3 Leverage Technology for Remote Participation and Voting by Shareholders

In line with the Government's initiative to curb the spread of COVID-19 pandemic and as part of the Company's precautionary measures, the Company conducted its 23rd AGM on 22 June 2020 on a fully virtual basis through live streaming and online remote voting via remote participation and voting ("RPV") facilities.

This allows shareholders and proxies to fully participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely from any locations via RPV facilities.

This is in line with the Guidance Note on the Conduct of General Meetings for listed issuers issued by the Securities Commission Malaysia.

This Corporate Governance Overview Statement together with the CG Report was approved by the Board on 18 May 2021.

NOMINATION & REMUNERATION COMMITTEE REPORT

The Board had established a Nomination & Remuneration Committee ("NRC") comprised majority of Independent & Non-Executive Directors as follows:-

Chairman	:	Ho Fook Meng Independent & Non-Executive Director
Member	:	Leong Fook Heng Independent & Non-Executive Director
Member	:	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent & Non-Executive Director

The establishment of the NRC is to assist the Board of Directors in nominating new directors, assessing annually the effectiveness of the Board and its Committee, as well as recommending to the Board the remuneration of the Executive Directors/Chief Executive Officer and Non-Executive Directors of the Company.

The Terms of Reference ("TOR") of the NRC is available on Company's corporate website at www.straits-interlogistics.com.

The NRC met twice since the date of the last Annual Report and all members attended the Meetings.

A summary of the activities undertaken by the NRC in the discharge of its duty for the Financial Year Ended 31 December 2020 ("FYE 2020") up to 18 May 2021 are as follows:

1) <u>Reviewed recommendations of new appointments to the Board of the Group</u>

   Any new nomination received, shall be reviewed by the NRC and subsequently submitted to the Board for assessment and approval.

   In the process of selecting and evaluating candidates, the NRC takes into consideration suitability for the role, Board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age and ethnic background.

   Assessed and recommended for Board's consideration, the appointment of additional Director in the Company's and the Subsidiary's Board.

2) <u>Reviewed the composition of the Board and Board Committees</u>

   Reviewed and discussed the Board composition and in its endeavour to fulfil the recommended practice under the Malaysian Code on Corporate Governance ("MCCG") to have at least half of the Board composition to be Independent & Non-Executive Directors.

3) <u>Reviewed the independence of Independent Directors and their length of tenure in office through Evaluation Questionnaires</u>

   The evaluation was carried out and deliberated and duly tabled to the Board. Each independent director had abstained in the deliberation of their independence during the evaluation. It was concluded that the independence of all Independent Directors was not compromised or impaired after considering the following factors:

   - The Independent Directors fulfilled the criteria and definition of an independent director as set out under Para 1.01 of ACE Market Listing Requirement; and

   - The Independent Directors have never transacted or entered into any transactions with, nor provided any service to the Company and its subsidiaries, the Executive Directors, major shareholders or management of the company.

NOMINATION & REMUNERATION COMMITTEE REPORT
cont'd

4) Reviewed and assessed the performance and effectiveness of the Board and the Board Committees as a whole

Carried out the assessment based on the annual evaluation questionnaires which were then reviewed and deliberated by the NRC before its findings and recommendations were tabled to the Board.

These assessment processes comprise Board Assessment, Board Skills Matrix, Individual Directors Assessment, Board Committee Self and Peer Assessment, and Assessment of Independence of Independent Directors are overseen by NRC. Based on this assessment, the Board was satisfied with the overall performance of individual Director, Board and Board Committees for the financial year under review.

5) Reviewed the retirement by rotation and recommended the re-election of Directors at the forthcoming Annual General Meeting ("AGM")

A Director who is subjected to re-election and/or re-appointment at an AGM is assessed by the NRC before a recommendation is made to the Board and shareholders.

The NRC (save for the members who abstained from deliberations on their re-election) recommended to the Board that the following Directors who are due to retire pursuant to the Company's Constitution be proposed for re-election at the forthcoming AGM:

1) Tan Sri Mohd Bakri Bin Mohd Zinin
2) Captain Tony Tan Han (Chen Han)

6) Reviewed and recommended Directors' Fees and benefits payable to Non-Executive Directors to the Board for recommendation and approval at the forthcoming AGM

In its deliberation, NRC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and performance of the individual Directors. No Directors will be involved in deciding his or her remuneration.

The NRC also reviewed the remuneration package of the Group Managing Director and Executive Director of the Company. The remuneration package for each Executive Director is structured to reflect his experience, performance and scope of responsibilities.

The remuneration of Independent & Non-Executive Directors is in the form of Directors' Fees which reflects the diverse experience, skill sets and the level of responsibilities expected of the Independent & Non-Executive Directors.

The Board recommends the Directors' Fees and benefits payable to Non-Executive Directors to the shareholders for approval at the AGM.

This report is made in accordance with the approval of the Board on 18 May 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

In Respect of Audited Financial Statements

The Directors are required by the Companies Act 2016 ("CA 2016") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year then ended.

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2020 ("FYE 2020") are drawn up in accordance with the applicable approved accounting standards in Malaysia and the CA 2016 to give a true and fair view of the affairs of the Company and its Group.

The Statement by the Directors pursuant to Section 251(2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the FYE 2020.

In preparing the financial statements for the FYE 2020, the Directors have:

a) adopted and applied consistently accounting policies;

b) made judgment, estimates and assumptions based on their past experience and best knowledge of current events and actions;

c) ensured that accounting records are properly maintained; and

d) prepared the financial statements on a going concern basis.

The Directors have also taken the necessary steps to ensure that appropriate internal controls are in place to enable the preparation of the financial statements that are free from material misstatements, as well as to safeguard the assets of the Group and take reasonable steps for prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 18 May 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2017 (“The Code”) stipulates that the Board of Directors (“the Board”) of Listed Companies should maintain a sound Risk Management Framework and Internal Control System to safeguard shareholders’ investments and the Group’s assets.

The Board is pleased to present the Statement on Risk Management and Internal Control (“the Statement”) which is in compliance with paragraph 15.26 (b) of Bursa Malaysia Securities Berhad’s ACE Market Listing Requirements (“Listing Requirements”).

RESPONSIBILITY OF THE BOARD

The Board acknowledges that it is imperative for the Group to have ongoing process for identifying, evaluating and managing its principal risks and to maintain adequate and effective risk management and systems of internal control to manage its risks.

The Board reviews the processes, responsibilities and assesses for reasonable assurance that risk has been managed within the Group’s risk appetite and tolerable ranges and to ensure that the system is viable and robust. In view of the inherent limitations in any such system, the Board recognises that the system of risk management and internal control are designed to manage and mitigate risks rather than eliminate risks which may hinder the achievement of the Group’s objectives and would therefore provide only reasonable and not absolute assurances against material misstatements or losses.

The Board delegated to the Board Risk & Compliance Committee (“BRCC”) and Audit Committee (“AC”) the task to identify and assess the risks faced by the Group, and thereafter design and implement appropriate internal controls to mitigate and address those risks.

Both the BRCC and AC assist the Board to oversee the management of all identified material risks including review of the adequacy and effectiveness of the Group’s risk management and internal control system to ensure that appropriate measures are carried out by the Management to obtain the level of assurance required by the Board.

The BRCC’s authority and duties are governed by its Terms of Reference (“TOR”), which available on the Company’s corporate website at http://www.straits-interlogistics.com.

The members of the BRCC comprise a majority of Independent Non-Executive Directors as follows:

No	Name of Directors	Designation
1.	Tan Sri Mohd Bakri Bin Mohd Zinin Non-Independent & Non-Executive Director	Chairman
2.	Leong Fook Heng Independent & Non-Executive Director	Member
3.	Ho Fook Meng Independent & Non-Executive Director	Member

There were nine (9) BRCC meetings held during the Financial Year Ended 31 December 2020 (“FYE 2020”) to discuss key risks and the relevant mitigating controls.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

RISK MANAGEMENT

The Group has adopted a Risk Management Framework ("Framework") that provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability. This framework provides a comprehensive approach for the company to adopt in order to identify and manage risks that could be prevented, to effectively achieve its business goals and strategies.

The Group adopts the Enterprise Risk Management Policy ("ERM Policy") which is designed to manage risks in an integrated, systematic and consistent manner. The risk assessment methodology adopted by the Group, which is guided by the globally accepted standard for risk management i.e. International Risk Management Standard ISO 31000:2018 is outlined as follows:

- Mission, Vision and Strategies
- Sources of Risks
- Risk Identification
- Identification of Controls
- Evaluation of Controls
- Rating of Risks After Controls
- Residual Risks
- Action Plans
- Continuous Monitoring and Update

During the year under review, the ERM policy was reviewed and changed from current key risk areas to sources of risks. In addition, ERM principles are embedded in the corporate culture, processes and structures of the Group.

Under the ERM Framework, the detailed risk management process is the responsibility of the Risk Management Committee ("RMC") comprising of members of the Management team. The RMC meets on a bi-annual basis to review, identify and assess key risks facing the Group within the boundaries set by the ERM Policy, prior to escalation to the BRCC.

Supporting the RMC in its roles are the Risk Management Reporting Satellite who are representatives from the respective sections of the Group and business units, who will be responsible for identifying, evaluating, managing and monitoring key risks. The responsibility for day-to-day risk management resides with the Management of each function/ business unit where they are the risk owners and are accountable for managing the risks identified and assessed.

An annual Risk Register is formalised, with identified Heads of Departments being responsible for setting up action plans to manage and mitigate the risks to be completed within an agreed timeframe.

The monitoring of risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on an internal audit plan approved by the AC.

ENTERPRISE RISK ASSESSMENT PROCESS

Risks identified are assessed to determine their likelihood of occurrence and potential impact on the relevant business strategies/objectives. The outcome of the risk assessment process at respective functional or business unit levels will then be consolidated at the Group level which enables subsidiaries within the Group to report risks and risk status using a common platform.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The key components of the Group's internal control system include:

1. The Group has a clear organisational structure that formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. In addition, the Board and its various Board Committees are all governed by clearly defined TOR.

2. The Group has clear limits of authority via its Delegation of Authority Limit ("DAL") which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with changes in the organization.

3. Standard Operating Procedures and Policies are documented in manuals, which are reviewed and revised periodically to meet changing business and operational requirements as well as statutory reporting needs.

4. The Board has adopted a Code of Ethics for Directors which outlines the standards of ethical behaviour which the Directors should possess in discharging their duties and responsibilities.

5. The Board reviewed and approved the Anti-Bribery and Corruption Policy in compliance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018), which came into force on 1 June 2020. This implementation is to uphold good corporate governance and to prevent, detect and respond to bribery and corruption risks.

6. The External Auditors independently test certain internal controls as part of their audit of the financial statements, and provide recommendations on significant findings detected. Management takes appropriate action on these internal control recommendations.

7. A whistleblower policy is in place and anyone who has a genuine concern about detrimental actions or improper conduct may raise it using the confidential channels laid out in the policy.

8. Business plan including the annual budget is prepared for the Group. The Board of Directors reviews and approve the annual budget.

9. AC reviews the quarterly financial results, audited financial statements and internal control issues identified internally and by the Internal Auditors. The AC also monitors the implementation of the recommendations, if any, proposed by the Internal Auditors.

10. Internal audit function includes performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Group. The AC reviews the Internal Audit Reports and highlights to the Board on its activities, findings and recommendations.

11. Management ensures that safety regulations within the Group are being considered, implemented and adhered to accordingly. The Group undertakes adequate insurance coverage on both its employees and its vessels to ensure both are sufficiently insured against any untoward incidents that could result in material losses.

12. Board and Board Committees Meetings are scheduled regularly and the respective meeting papers are distributed on a timely basis to enable members to have access to all relevant information for reviews and queries to be raised.

13. Periodic review of Related Party Transactions by the AC and the Board to ensure compliance with the Listing Requirements.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Messrs. Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia") and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework ("IPPF"). The number of staff deployed for the internal audit reviews ranged from 4 to 5 staff per visit including the Engagement Director. The staff involved in the internal audit reviews possessed professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia.

The internal audit function includes undertaking reviews of the Group's system of internal controls, its operations and selected key activities based on risk assessment and in accordance with the annual internal audit plan which is presented and approved by the AC.

The Audit Plan sets out the areas of coverage and the rationale for their selection and is presented to the AC for comments and subsequent approval before actual internal audit work is carried out.

The Internal Audit Reports, which comprise of observations raised, potential impact, recommendations by Tricor Axcelasia and management actions, are issued and reported directly to the AC. Representatives from Tricor Axcelasia are invited to attend AC meetings to table the Internal Audit report. The Financial Controller provides clarification to the AC on the matters highlighted, including the action plans to address the issues highlighted.

The Internal Auditors also conducted follow up audits on the status of the Management action plans to address issues highlighted in the preceding cycles of internal audit before reporting to the AC.

The activities and areas of review undertaken during the FYE 2020 are stated in the AC Report on page 25 to page 29.

BOARD ASSURANCE AND LIMITATION

Based on the review process undertaken, the Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the internal and External Auditors during the period have been, or are being addressed.

For the financial year under review, there were no material losses as a result of weakness in the internal control system that would require disclosure in this Annual Report. The Board will continue to improve and enhance the existing system of internal control to ensure its adequacy and relevance in safeguarding the shareholders' interests and the Group's assets.

Nonetheless, all stakeholders shall note that all systems of risk management and internal control are designed to manage rather than eliminate the risk threatening the achievement of business objectives. Hence, these systems can only provide reasonable but not absolute assurance against material misstatement and records, or against financial losses or fraud.

In recent times, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the COVID-19 pandemic that has affected businesses globally. As 'work-from-home' arrangements for employees have increasingly become a norm, necessary adjustments were made to various processes without compromising on the internal control system.

The Board has also received assurance from the Group Managing Director and Financial Controller that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Securities, the External Auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Information and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

The External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers or is factually inaccurate.

This statement is made in accordance with a resolution of the Board passed on 18 May 2021.

SUSTAINABILITY STATEMENT

Straits Inter Logistics Berhad ("Straits" or the "Company") and our subsidiaries ("the Group") remain committed to conducting its businesses in a sustainable manner.

The Board of Directors ("Board") is pleased to present its Sustainability Statement for the financial year ended 31 December 2020 ("FYE 2020") which reflects on the sustainability efforts undertaken by the Group in the area of sustainability management. We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment, economy and society through innovation and overall operational excellency. We understand our decisions today have an impact on our stakeholders and the success of their businesses in the future. It is imperative for us to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

Our Sustainability Report 2020 is in accordance with Bursa Malaysia's requirements and its Sustainability Reporting Guidelines.

In addition, the Group is taking into consideration the increasing importance and relevance of corporate sustainability measures in view of the COVID-19 global pandemic and its devastating impact on lives and livelihoods.

We are committed to implementing initiatives for the responsible management of Economic, Environmental and Social ("EES") sustainability.

1. Governance Structure

The Group develops a Sustainability framework with assessment of environmental, economical and social factors that revolve around the business environment, industry, countries and various stakeholders that we are operating and working with, to address our sustainability agenda and align our business focus towards driving sustainability growth. We hold onto our framework as a tool to lead us to an effective long-term sustainability journey.

We had in January 2020 established our Sustainability Management Committee ("SMC") which comprises key management personnel with direct reporting to the Group Managing Director ("Group MD"). SMC is to provide leadership and direction for the implementation of sustainability initiatives and reporting throughout the Group and all our subsidiaries.

SMC is responsible for the development of management action plans towards achieving the Group's goal of being a sustainable organisation and drives various initiatives to identify and improve pertinent economic, environmental and social matters and other areas of concerns with the ultimate aim of achieving the goals of the Group.

2. Stakeholder Engagement

As part of its sustainability process, specifically in determining vital matters that are crucial for the Group and the environment, Straits continues to actively engage various stakeholders as our business involves environmental-related activities. Thus, our stakeholders are not limited to authorities, clients, employees and shareholders only, but the communities as well. The Group has always been working closely with various stakeholders, which allows Straits to fully comprehend and complement various expectations and requirements from the stakeholders and enables us to better manage matters pertaining to sustainability and materiality. Hence, this directly improves our business operations and standings.

2. Stakeholder Engagement (cont'd)

The engagement approach to key stakeholders can be summarised as below:

Stakeholder Group	Areas of Interest	Engagement Channels
Employees	• Work life balance • Safe and conducive workplace • Compensation, welfare, and employee care • Career enhancements • Job security • Development through training • Fair HR policies and practices • Equitable treatment of its employees irrespective of gender, age, ethnicity, nationality or religion	• Business Unit Meetings • Management Meetings • In-House Communication • Informal periodic departmental meetings • Training programmes • Whistle-blowing channel • Open Door Culture • Company Dinners & Functions • e-Bulletin board, newsletter • Annual Performance review • Telephone and e-mail
Client/Customers	• Pricing • Service Delivery • Protection of customer privacy • Product risk • Equipment and cargoes safety • Service quality management • Business continuity	• Customer feedback via customer satisfaction survey • Market researches • Site Visits • Website, social media • Proposals/Quotations/Agreements • Brochures • Corporate events • Promotion campaigns
Suppliers/ Contractors/ Vendors	• Transparent Vendor Selection Process • Prompt Payment schedule. • Competitive price and terms of payment • Clear procurement policies and practices. • Sustainable supply chain management • Service quality • Health & safety policies • Maintaining good relationship	• Supplier/Vendor Registration • Business Meetings • Site Visits • Supplier assessment review and performance • Pricing review - Approaching new suppliers for best price (Proposals / Quotations / Agreements) • Tenders are conducted in compliance with Limits of Authority ("LoA") and Standard Operating Procedures and Policies ("SOPP") requirements
Shareholders or Investors	• Ethics and integrity • Corporate transparency • Sustainable framework • Financial Performance • Business Strategy • Regulatory compliance • Corporate governance • Ethical business conduct • Internal control and risk management	• Annual General Meetings • Announcement of financial results and other material matters on Bursa Malaysia's platform • Analyst Briefing • Annual Report • Press releases • Company's website
Regulatory Authorities	• Regulatory compliance • Approvals and permits Standards and certifications	• Consultation sessions & Conferences • Meetings • Training programmes and dialogue • Audit and verification • Updating and renewal of permits & license • ISO and OHSAS certificate compliance

SUSTAINABILITY STATEMENT
cont'd

2. Stakeholder Engagement (cont'd)

The engagement approach to key stakeholders can be summarised as below: (cont'd)

Stakeholder Group	Areas of Interest	Engagement Channels
Financiers	● Business direction and key corporate development ● Business Strategy & Economic Performance	● Meetings and continuous correspondences ● Annual reviews
Communities	● Community Welfare & Engagement ● Creating a positive impact on the surrounding communities ● Responsible corporate citizen - giving back to the community ● Employment opportunity	● Local recruiting and hiring ● CSR Activities ● Public engagement programmes ● Internship programme

3. Sustainability Matters

The SMC has identified and assessed material sustainability matters that are relevant to the Group's business operations and influence stakeholders' decisions. These material EES issues are determined based on their likelihood and potential impact on the Group's business and long-term growth.

4. Key Sustainability Matters

4.1 Economic and Business Performance

The COVID-19 pandemic has brought about an unprecedented impact on businesses in various industries worldwide. Together with the Board, the management also identifies opportunities relevant to the long-term success of the Group. At the same time, various efforts are continuously being made to improve efficiency and profitability.

The Group has also undertaken the following commitments and overall corporate governance practices:-

- Adhering to the International Organisation for Standardisation ("ISO") requirement in relation to our operation and processes;

- Adhering to International Safety Management ("ISM") Code; and

- Compliance with all applicable laws and regulations, including but not limited to the Malaysian Anti-Corruption Act, Malaysian Penal Code (revised 1977) (and its amendments), the Companies Act 2016 (Malaysia) and other relevant regulations enforced in countries where we operate. These laws prohibit bribery and corruption. In response to the latest Malaysian regulatory development pertaining to anti-corruption, Straits has established its Anti-Bribery and Corruption Policy ("ABC Policy") in 2020.

The Group sets out to extend our market presence and expand customer base by constantly improving our service quality, reliability and efficiency. At the same time, we also prioritise business ethics and integrity as well as good governance to build trust and maintain the confidence of our customers.

Economic Growth is one of the primary factors that contribute to the business sustainability of the Group and it is crucial that the Group continues to be prepared and resilient against potential disruptions in our business strategies or operations. The Group is committed to achieve sustainable economic growth to enhance our shareholder's returns and deliver fair rewards to our employees.

The pandemic has accelerated the need for the Group to find greater flexibility and innovation in order to successfully navigate through this challenging situation. From the adoption of technology and changes to working arrangements, the Group has taken measures to ensure that the interests of stakeholders are safeguarded during the pandemic.

4. Key Sustainability Matters (cont'd)

4.2 Occupational Safety and Health

The Group is committed to providing high standards of safety and working conditions for its employees and to the continual improvement of its safety performance.

As the safety, health and welfare of our employees at the workplace have always been of paramount importance, Straits seeks to continuously improve in providing a safe work environment as far as practicable for our employees and those who may be affected by the work activities. We are thus committed towards compliance with the relevant laws and regulations prescribed by the Department of Occupational Safety and Health ("DOSH"). To this end, we have drawn up our Occupational Safety and Health Policy.

Our Health, Safety and Environment ("HSE") Policy is implemented through defined objectives and targets in achieving and sustaining:

- The safe and healthy working environment;
- The prevention and elimination of work-related injuries and illness;
- The prevention of pollution to the environment from our activities; and
- The compliance with legal and other requirements related to health, safety and environment

The Group also strictly abides with the statutory rules and requirements relating to Health, Safety and Environment protection which include those under International Maritime Organization ("IMO") and ISM Code and Health, Safety and Environment Management System ("HSEMS").

The Group's vessels are also in compliance with international marine regulations and codes, including the following:-

(a) International Ship and Port Facility Security ("ISPS"); and
(b) Safety Management System ("SMS").

Under the requirement of ISO, enforcement is carried out within the Group to ensure continuous adherence to safety measures are observed at all times to prevent injuries at the workplace. The Group's occupational health and safety policy provide a clear emphasis on the principles and values that we subscribe to. We also adhere to the strictest standards in marine safety to maintain and achieve target in Incident Injury Free ("IIF").

<u>Coronavirus Disease - COVID-19</u>

As the situation evolves, the critical priority for Straits Group is to ensure the health and safety of employees and people involved in its operation. Broadly, the Group implemented several measures in line with the standard operating procedures ("SOP") outlined by Malaysia's Ministry of Health ("MOH"), Ministry of International and Trade Industry ("MITI") and Ministry of Home Affairs ("MOHA") to ensure the health and safety of our employees. In order to protect the wellbeing of our employees, customers, and the viability of the business a Work from Home programme was implemented during the lockdown. Employees were gradually allowed to return to the office after the lockdown was eased during the Recovery Movement Control Order ("RMCO"). Following the resumption of office hours, employees and visitors to our office are required to strictly adhere to the prevailing SOP as part of the efforts against the pandemic.

Straits Marine Services Pte. Ltd., a subsidiary of the Company had in June 2020 signed a Collaboration Agreement with Ecom Solution Pte Ltd. ("Ecom") to offer and market the vessel disinfecting and sanitisation services against contaminants such as viruses, bacteria, mould, mildew and odour ("Services") to vessels operators in Ports of Singapore and Malaysia.

SUSTAINABILITY STATEMENT
cont'd

4. Key Sustainability Matters (cont'd)

4.3 Environmental Compliance

Straits places great importance in ensuring a sustainable environment and as such, the Group continuously strives to take the necessary measures and initiatives in our operations to minimise our impact on the environment. The Company strictly complies with all laws and regulations related to protecting the environment and we regularly conduct internal and external monitoring to ensure that our organisation meets these standards.

We devote ourselves to preventing pollution, energy savings and reducing carbon, and protecting the earth by putting in place strict standards and operation procedures in every area of environmental protection and pollution prevention.

A range of pollution risks is associated with our activities. These include risks related to planned and unplanned discharges and waste management. We strive to continually operate in a safe manner to avoid spills, leaks or accidental discharges of polluting materials.

Being in the maritime and transport industry, we ensure all our vessels and lorries are compliant with the statutory requirements related to Marine Pollutions Regulation and Road Transport Department's Regulations respectively.

Within our office and work environment, we are working to adopt the best possible environmentally friendly practices such as recycling used paper, prioritising paperless communications and engagements, and minimising energy consumption with energy-saving lighting and timed utilisation for the air-conditioning and lighting.

4.4 Human Capital - Employee Diversity

As an organisation focused on being an employer of choice, we are passionate about doing our level best to ensure the welfare of all its employees through a diverse spectrum of people-centred initiatives that are designed to establish a high performance driven working culture and supportive work environment within the Group.

It is only possible to deliver our strategic objectives with highly engaged, talented employees. We are a business that believes in doing the right thing and this is demonstrated daily by our teams.

Diversity and inclusivity continue to be a major focus. Our staff force comes from diverse race, gender and background. Straits is committed to providing equal opportunities for our employees and sees diversity as a strength in building the Group's competitiveness. We believe that our people should be treated on the basis of their work performance and merits, without discriminating them based on religious belief, age, creed, marital status, gender or any disability. Employees are required to observe and adhere to all relevant Group policies and practices.

The human resources department ensures that all employees receive a certain standard of welfare stipulated by the company's policies. Employees are given proper training on safety and health to ensure they are well-versed with all safety procedures, including in the event of emergencies at the workplace. Focus is also placed on employees development as they are the most important assets of the Group.

Their commitments, skills and quality of their work are key success factors for the business and future development of the Group.

SUSTAINABILITY **STATEMENT**
cont'd

4. Key Sustainability Matters (cont'd)

4.5 Customer

Serving the needs of our customer is our highest priority and maintaining the highest level of professional service is a must for business divisions within the Group. As a service provider, client satisfaction is of utmost importance to ensure the continued success of the Group.

The Group strives to meet the expectations of its customers through the provision of quality products and services. Gathering customer feedback is critical to understand the areas we need to focus on for improvement.

The Group's customers' service engagement includes obtaining customer feedback via customer surveys, which cover aspects ranging from quality, reliability, delivery, service, price to responsiveness. Taking customers' feedback as part of the key considerations, the Group assesses its strength and weaknesses and aims to maintain the performance of areas it did well, as well as enhancing areas where it could further improve, in order to provide better quality products and fulfilment to the Group's customers.

4.6 Community

Straits play an integral role in the society it operates in, and is vital for creating economic growth and social value. It takes great responsibility for how it acts, to enable society to continue to develop in a sustainable way. We hope that the Group's presence and activities will promote economic growth and prosperity in the area. Additionally, it pays taxes and fees according to rules and regulations.

As part of our way to serve and give back to the community, we have from time to time made donations to various charitable organization and giving aids to the less fortunate members of our community.

CONCLUSION

The Group remains committed to carrying out its corporate responsibilities in preserving and creating shared values for its stakeholders even in challenging times. The Group continues to focus on managing its Material Sustainability Matters by seeking new areas where it can play a part in long-term value creation.

This Statement has been approved by the Board on 18 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company had on 1 March 2021 announced the completion of the private placement of a total of 130,131,649 new ordinary shares ("Private Placement") for a total cash consideration of RM20,431,000 (to the nearest thousand).

As at 30 April 2021, the status of utilisation of proceeds raised from the Private Placement are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe For Utilisation
Cash consideration for the acquisition of Tumpuan Megah Development Sdn Bhd	11,715	11,715	Fully utilised
Working capital	8,386	8,000	Within 12 months
Defray estimated expenses	330	330	Fully utilised
TOTAL	**20,431**	**20,045**	

2. AUDIT AND NON-AUDIT FEES

For the financial year ended ("FYE") 31 December 2020, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

	Company RM	Group RM
Audit Fees	52,000	313,644
Non-Audit Fees	37,800	37,800

3. MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS , CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no existing material contracts of the Company and its subsidiaries involving the interests of the Directors, Chief Executive (The Chief Executive is the Group Managing Director) or major shareholders, either still subsisting at the end of the FYE 31 December 2020 or entered into since the end of the previous FYE 31 December 2019.

4. RECURRENT RELATED-PARTY TRANSACTIONS

The Company had obtained mandate from its shareholders in respect of recurrent related party transactions of a revenue and/or trading nature ("RRPTs") ("RRPT Mandate") at the Annual General Meeting ("AGM") held on 22 June 2020.

Details of the RRPTs are disclosed in Note 24 to the Audited Financial Statements in this Annual Report. The RRPT Mandate will lapse at the conclusion of the forthcoming Annual General Meeting ("24th AGM") unless such authority is renewed by a resolution passed at the 24th AGM. Accordingly, the Company will be seeking its shareholders' approval to renew the RRPT Mandate at the 24th AGM.

5. MATERIAL PROPERTIES

The Company and its subsidiaries presently do not own any properties.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year apart from the port facility management and operation as disclosed in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Profit/(loss) for the year, net of tax	3,972,150	(2,271,928)
Attributable to:		
Owners of the Company	2,839,990	(2,271,928)
Non-controlling interests	1,132,160	-
	3,972,150	(2,271,928)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial year.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

WARRANTS

During the financial year, none of the Warrants 2017/2022 ("Warrants") were exercised. As at 31 December 2020, the total numbers of Warrants that remain unexercised were 153,267,500.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year other than the above-mentioned warrants.

DIRECTORS' REPORT
cont'd

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:

YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud*
Tan Sri Mohd Bakri Bin Mohd Zinin*
Dato' Sri Ho Kam Choy*
Tony Tan Han (Chen Han)*
Ho Fook Meng
Leong Fook Heng
Ho Hung Ming* (alternate director to Tan Sri Mohd Bakri Bin Mohd Zinin)
Harison Binti Yusoff*

* Being a Director of one or more subsidiaries

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries of the Company since the beginning of the financial year to the date of this report excluding those who are already the Directors of the Company are as follows:

Raja Ismail Bin Raja Mohamed	
Chai Yiing Jen	
Dato' Seri Tiong Chiong Kui	
Dato' Mohd Suhaimi Bin Hashim	
Idjal Bin Tahir	
Ti Le-June	
Chia Teck Lim	Resigned on 30 September 2020
He Yuan	Resigned on 30 September 2020

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of the Directors in office at the end of the financial year in shares or in debentures of the Comapny and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
	As at 1.1.2020	**Bought**	**Sold**	**As at 31.12.2020**
	Unit	**Unit**	**Unit**	**Unit**
Ordinary Shares of the Company				
Direct interest				
Dato' Sri Ho Kam Choy	45,632,200	8,125,200	-	53,757,400
Ho Fook Meng	4,000,000	-	-	4,000,000
Tony Tan Han (Chen Han)	36,790,438	-	-	36,790,438
Indirect interest				
Dato' Sri Ho Kam Choy ^	58,651,800	150,000	-	58,801,800
Harison Binti Yusoff ^^	12,400	-	-	12,400

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS (cont'd)

	Number of Warrants over Ordinary Shares			
	As at 1.1.2020	**Bought**	**Sold**	**As at 31.12.2020**
	Unit	**Unit**	**Unit**	**Unit**
Warrants over Ordinary Shares of the Company				
Direct interest				
Dato' Sri Ho Kam Choy	1,779,700	-	-	1,779,700
Ho Fook Meng	1,000,000	-	-	1,000,000
Indirect interest				
Dato' Sri Ho Kam Choy ^	5,464,900	-	-	5,464,900

^ deemed interest by virtue of his indirect shareholding in Sturgeon Asia Ltd. pursuant to Section 8(4) of the Companies Act 2016 and his brothers' direct shareholdings in the Company.

^^ deemed interest by virtue of her spouse direct shareholdings in the Company.

The above Directors are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares of the Company.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company	**Subsidiaries**
	RM	**RM**
Directors' fee	238,000	483,000
Salaries and allowances	442,400	1,081,862
Bonus	30,000	35,000
Contributions to defined contribution plan	43,200	111,416
Social security contributions	1,018	1,657
Other benefits	-	190
	754,618	1,713,125

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 24 to the financial statements.

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

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

   (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

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

   (iii) 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; or

   (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

   (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

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

   (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

   (iii) no item, transaction or event of a material and unusual 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.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is disclosed in Note 5 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

DIRECTORS' REPORT
cont'd

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 May 2021.

YAM DATO' SERI TENGKU BAHARUDDIN IBNI AL-MARHUM SULTAN MAHMUD

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 71 to 151, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 2020 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 18 May 2021.

YAM DATO' SERI TENGKU
BAHARUDDIN IBNI AL-MARHUM SULTAN MAHMUD

TAN SRI MOHD BAKRI BIN MOHD ZININ

STATUTORY DECLARATION

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

I, Hoh Chee Mun (MIA No.: 8891), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 71 to 151 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 18 May 2021

HOH CHEE MUN

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Inter Logistics Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Straits Inter Logistics Berhad, which comprise the statements of financial position as at 31 December 2020 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 71 to 151.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with 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' *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 IESBA Code.

Key Audit Matters

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was 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 the matter.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Inter Logistics Berhad
cont'd

Key Audit Matters (cont'd)

Key Audit Matters	Our audit performed and responses thereon
Impairment review of goodwill and investments in subsidiaries *Goodwill* The goodwill arising from the acquisition of a subsidiary as disclosed in Note 11 to the financial statements represented approximately 10% of the Group's total assets as at 31 December 2020. The Group is required to perform an annual impairment test or more frequently when indication of impairment exists on goodwill. The Group applies the value-in-use ("VIU") method to estimate the recoverable amount of the goodwill. *Investments in subsidiaries* As at 31 December 2020, as disclosed in Note 9 to the financial statements, the carrying amount of the Company's investments in subsidiaries amounted to RM81.9 million which represented 69% of the Company's total assets. The Company assesses whether there is any indication of impairment in investments in subsidiaries and when there are indicators of impairment, the Company estimates the recoverable amounts to compare against their respective carrying amounts. The recoverable amount is measured at the higher of fair value less cost to sell for that asset and its VIU. We have identified the impairment review of investments in subsidiaries and goodwill as a key audit matter as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculations and of the fair value less costs of disposal calculations. The recoverable amounts of investment in subsidiaries and goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Compared the key assumptions used in the preparation of VIU calculations including projected revenue, gross margin and discount rates against our knowledge of the subsidiaries' historical performance, business and cost management strategies based on facts and circumstances currently available; • Tested the mathematical accuracy of the cash flows projections calculation; and • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investments and goodwill.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Inter Logistics Berhad
cont'd

Key Audit Matters (cont'd)

Key Audit Matters	Our audit performed and responses thereon
Recoverability of trade receivables As at 31 December 2020, as shown in Note 14 to the financial statements, the Group's trade receivables amounted to RM63.7 million which represented 20% of the Group's total assets. We focused on this area due to the substantial sum outstanding and the significant judgements made by the Directors over assumptions about the risk of default, expected loss rate and timing of collection. In making these assumptions, the Directors selected inputs to the impairment calculation, based on historical trend of collection and forward-looking estimation.	We have performed the following audit procedures: • Obtained a list of long outstanding and past due trade receivables and identified any debtors with financial difficulty through discussion with management; and • Reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through individual assessment (reference to subsequent settlement) and collective assessment (reference to historical payment pattern of the customers, historical trend of bad debts or impairment provided for, correlation with macroeconomic factors and the impact of Covid-19).

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 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Inter Logistics Berhad
cont'd

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:

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

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

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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.

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the Members of Straits Inter Logistics Berhad

cont'd

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matter

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

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG
02963/07/2021J
Chartered Accountant

Petaling Jaya, Selangor
Date: 18 May 2021

STATEMENTS OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	675,316,189	663,187,565	1,692,000	2,684,179
Cost of sales		(643,416,469)	(634,082,196)	-	-
Gross profit		31,899,720	29,105,369	1,692,000	2,684,179
Other income		2,638,279	1,038,700	5,735	6
Administrative expenses		(21,533,000)	(13,237,980)	(3,791,381)	(3,649,451)
Other expenses		(5,842,244)	(3,179,202)	(167,176)	(163,325)
Profit/(loss) from operations		7,162,755	13,726,887	(2,260,822)	(1,128,591)
Finance costs		(5,972,745)	(3,823,503)	(11,106)	(16,263)
Share of results of an associate, before tax		5,276,657	2,522,988	-	-
Profit/(loss) before tax	5	6,466,667	12,426,372	(2,271,928)	(1,144,854)
Income tax expense	6	(2,494,517)	(3,001,670)	-	-
Profit/(loss) for the year		3,972,150	9,424,702	(2,271,928)	(1,144,854)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation difference for foreign operations		(459,357)	(27,028)	-	-
Total comprehensive income for the year		3,512,793	9,397,674	(2,271,928)	(1,144,854)
Profit/(loss) for the year attributable to:					
Owners of the Company		2,839,990	7,084,907	(2,271,928)	(1,144,854)
Non-controlling interests		1,132,160	2,339,795	-	-
		3,972,150	9,424,702	(2,271,928)	(1,144,854)
Total comprehensive income for the year attributable to:					
Owners of the Company		2,380,633	7,057,879	(2,271,928)	(1,144,854)
Non-controlling interests		1,132,160	2,339,795	-	-
		3,512,793	9,397,674	(2,271,928)	(1,144,854)
Earnings per share attributable to Owners of the Company:					
Basic (sen)	7	0.44	1.12		
Diluted (sen)	7	0.40	1.00		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	8	121,343,350	98,584,469	370,097	517,544
Investments in subsidiaries	9	-	-	81,850,914	76,710,497
Investments in associates	10	21,317,737	17,136,227	15,013,639	15,013,639
Goodwill	11	30,558,958	30,558,958	-	-
Deferred tax assets	12	-	213,966	-	-
		173,220,045	146,493,620	97,234,650	92,241,680
Current assets					
Inventories	13	18,175,403	31,862,561	-	-
Trade receivables	14	63,708,039	59,371,866	-	-
Other receivables	15	47,440,818	48,823,138	1,219,186	159,460
Amounts due from subsidiaries	16	-	-	19,898,925	18,714,538
Amount due from an associate	17	23,980	14,538	23,980	14,538
Tax recoverable		301,221	3,197	-	-
Cash and bank balances		11,601,154	8,264,430	414,542	237,804
		141,250,615	148,339,730	21,556,633	19,126,340
Total Assets		314,470,660	294,833,350	118,791,283	111,368,020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

cont'd

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	104,465,174	104,465,174	104,465,174	104,465,174
Retained earnings/(accumulated losses)		9,834,381	6,273,919	(8,606,272)	(6,334,344)
Reserves	19	(594,874)	(135,517)	-	-
Total equity attributable to Owners of the Company		113,704,681	110,603,576	95,858,902	98,130,830
Non-controlling interests		12,460,665	12,141,839	-	-
Total Equity		126,165,346	122,745,415	95,858,902	98,130,830
Non-current liabilities					
Deferred tax liabilities	12	1,117,534	-	-	-
Lease liabilities	20	7,824,060	3,254,374	100,070	175,338
Other payables	22	24,899,127	22,570,375	-	-
		33,840,721	25,824,749	100,070	175,338
Current liabilities					
Lease liabilities	20	2,539,386	1,113,790	75,268	102,546
Trade payables	21	38,030,869	70,021,166	-	-
Other payables	22	41,457,849	38,475,308	1,247,266	780,239
Amount due to a subsidiary	16	-	-	21,509,242	12,160,945
Amount due to an associate	17	842,730	17,587	-	17,587
Tawarruq working capital financing-i	23	70,898,324	35,664,685	-	-
Tax payable		695,435	970,650	535	535
		154,464,593	146,263,186	22,832,311	13,061,852
Total Liabilities		188,305,314	172,087,935	22,932,381	13,237,190
Total Equity and Liabilities		314,470,660	294,833,350	118,791,283	111,368,020

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

	Attributable to Owners of the Company								
	Non-Distributable								
	Share Capital RM (Note 18)	Other Reserve RM (Note 19)	Sub-total RM	Warrant Reserve RM (Note 19)	Foreign Currency Translation Reserve RM (Note 19)	Distributable Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,273,919	110,603,576	12,141,839	122,745,415
Transactions with Owners of the Company:									
Acquisition of subsidiary	-	-	-	-	-	-	-	1,470,000	1,470,000
Capital contribution from shareholder	-	-	-	-	-	-	-	990,000	990,000
Changes in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	-	720,472	720,472	(3,273,334)	(2,552,862)
Total transactions with Owners of the Company	-	-	-	-	-	720,472	720,472	(813,334)	(92,862)
Balance carried forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,994,391	111,324,048	11,328,505	122,652,553
Balance brought forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,994,391	111,324,048	11,328,505	122,652,553
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	(459,357)	-	(459,357)	-	(459,357)
Profit for the year	-	-	-	-	-	2,839,990	2,839,990	1,132,160	3,972,150
Total comprehensive income for the year	-	-	-	-	(459,357)	2,839,990	2,380,633	1,132,160	3,512,793
At 31 December 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(594,874)	9,834,381	113,704,681	12,460,665	126,165,346

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2020
cont'd

	Attributable to Owners of the Company — Non-Distributable								
	Share Capital RM (Note 18)	Other Reserve RM (Note 19)	Sub-total RM	Warrant Reserve RM (Note 19)	Foreign Currency Translation Reserve RM (Note 19)	(Accumulated Losses)/ Distributable Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2019	86,286,865	(20,806,662)	65,480,203	20,806,662	(108,489)	(810,988)	85,367,388	5,504,412	90,871,800
Transactions with Owners of the Company:									
Issuance of ordinary shares	14,997,840	-	14,997,840	-	-	-	14,997,840	-	14,997,840
Share issuance expenses	(431)	-	(431)	-	-	-	(431)	-	(431)
Exercise of warrants	3,180,900	3,180,900	6,361,800	(3,180,900)	-	-	3,180,900	-	3,180,900
Change in equity shareholdings in subsidiaries (Note 9)	-	-	-	-	-	-	-	4,297,632	4,297,632
Total transactions with Owners of the Company	18,178,309	3,180,900	21,359,209	(3,180,900)	-	-	18,178,309	4,297,632	22,475,941
Balance carried forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(108,489)	(810,988)	103,545,697	9,802,044	113,347,741
Balance brought forward	104,465,174	(17,625,762)	86,839,412	17,625,762	(108,489)	(810,988)	103,545,697	9,802,044	113,347,741
Foreign currency translation differences for foreign operations, representing total other comprehensive income	-	-	-	-	(27,028)	-	(27,028)	-	(27,028)
Profit for the year	-	-	-	-	-	7,084,907	7,084,907	2,339,795	9,424,702
Total comprehensive income for the year	-	-	-	-	(27,028)	7,084,907	7,057,879	2,339,795	9,397,674
At 31 December 2019	104,465,174	(17,625,762)	86,839,412	17,625,762	(135,517)	6,273,919	110,603,576	12,141,839	122,745,415

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

cont'd

	Attributable to Owners of the Company					
	Non-Distributable					
	Share Capital	Other Reserve	Sub-total	Warrant Reserve	Accumulated Losses	Total Equity
	RM	RM	RM	RM	RM	RM
	(Note 18)	(Note 19)		(Note 19)		
Company						
At 1 January 2019	86,286,865	(20,806,662)	65,480,203	20,806,662	(5,189,490)	81,097,375
Transactions with Owners of the Company:						
Issuance of ordinary shares	14,997,840	-	14,997,840	-	-	14,997,840
Share issuance expenses	(431)	-	(431)	-	-	(431)
Exercise of warrants	3,180,900	3,180,900	6,361,800	(3,180,900)	-	3,180,900
Total transactions with Owners of the Company	18,178,309	3,180,900	21,359,209	(3,180,900)	-	18,178,309
Loss for the year, representing total comprehensive income for the year	-	-	-	-	(1,144,854)	(1,144,854)
At 31 December 2019/ 1 January 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(6,334,344)	98,130,830
Loss for the year, representing total comprehensive income for the year	-	-	-	-	(2,271,928)	(2,271,928)
At 31 December 2020	104,465,174	(17,625,762)	86,839,412	17,625,762	(8,606,272)	95,858,902

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash Flows from Operating Activities					
Profit/(loss) before tax		6,466,667	12,426,372	(2,271,928)	(1,144,854)
Adjustments for:					
Allowance for expected credit losses on trade receivables		551,985	559,145	-	-
Depreciation of property, plant and equipment		11,816,894	6,279,316	158,440	159,699
Bad debt written off		-	2,380	-	-
Deposits written off		5,640	804	5,640	-
Gain on disposal of a subsidiary		-	-	-	(2)
Interest income		(13,139)	(22,809)	(2)	-
Interest expense		5,972,745	3,823,503	11,106	16,263
Loss on disposal of property, plant and equipment		160,596	166,969	-	-
Property, plant and equipment written off		9,632	-	2,165	-
Reversal of allowance for expected credit losses on trade receivables		(603,885)	(240,331)	-	-
Share of results of an associate		(5,276,657)	(2,522,988)	-	-
Unrealised loss/(gain) on foreign exchange		1,157,649	587,549	931	(142)
Operating profit/(loss) before working capital changes		20,248,127	21,059,910	(2,093,648)	(969,036)
Changes in working capital:					
Inventories		13,687,158	(25,626,720)	-	-
Receivables		(4,609,065)	(56,610,594)	(1,065,366)	346,412
Payables		(38,740,699)	75,374,112	471,148	(255,561)
Cash (used in)/generated from operations		(9,414,479)	14,196,708	(2,687,866)	(878,185)
Interest paid		(5,644,568)	(3,026,301)	(11,106)	(16,263)
Interest received		13,139	22,809	2	-
Tax paid		(899,145)	(1,100,147)	-	-
Tax refund		-	393,560	-	-
Net cash (used in)/from operating activities		(15,945,053)	10,486,629	(2,698,970)	(894,448)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

cont'd

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	8(a)	(8,622,337)	(19,868,492)	(13,158)	(10,077)
Proceeds from disposal of property, plant and equipment		178,029	102,000	-	-
(Increase)/decrease in capital contribution		-	-	(3,610,000)	4,440,000
Capital contribution from non-controlling interest of a subsidiary		990,000	-	-	-
Investment in an associate	10	-	(15,309)	-	(15,309)
Additional investments in subsidiaries	9	-	-	(1,530,417)	(8,546,365)
Advance to an associate		(9,442)	(3,192)	(9,442)	(3,192)
Advances to subsidiaries		-	-	(1,185,244)	(10,824,525)
Net cash outflow for increased equity interest in a subsidiary	9	(1,633,413)	-	-	-
Sales proceed from disposal of a subsidiary	9	-	-	-	2
Net cash used in investing activities		(9,097,163)	(19,784,993)	(6,348,261)	(14,959,466)
Cash Flows from Financing Activities					
(Repayment to)/advance from an associate	(i)	(17,587)	17,587	(17,587)	17,587
Advances from/(repayment to) Directors	(i)	478,624	1,055,612	(4,121)	2,138
Advances from subsidiaries	(i)	-	-	9,348,297	12,160,945
Drawdown of Tawarruq working capital financing-i, net	(i)	34,905,462	5,753,654	-	-
Shares issuance expenses		-	(431)	-	(431)
Proceeds from exercise of warrants		-	3,180,900	-	3,180,900
Proceeds from issuance of ordinary shares to non-controlling interest		1,470,000	4,297,632	-	-
Repayment of lease liabilities	(i)(ii)	(1,179,708)	(339,995)	(102,546)	(97,389)
Repayment of vendor financing	(i)	(7,277,737)	(2,933,439)	-	-
Net cash from financing activities		28,379,054	11,031,520	9,224,043	15,263,750
Net increase/(decrease) in cash and cash equivalents		3,336,838	1,733,156	176,812	(590,164)
Cash and cash equivalents at beginning of the year		8,264,430	6,510,358	237,804	827,964
Effect of exchange rate changes on cash and cash equivalents held		(114)	20,916	(74)	4
Cash and cash equivalents at end of the year		11,601,154	8,264,430	414,542	237,804

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

cont'd

(i) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Amount Due to An Associate RM	Amounts Due to Directors RM	Tawarruq Working Capital Financing-i RM	Lease Liabilities RM	Vendor Financing Liabilities RM
Group					
2020					
At 1 January	17,587	1,092,612	35,664,685	4,368,164	27,105,511
Addition (Note 8a)	-	-	-	7,175,576	16,952,593
Drawdown	-	-	45,000,000	-	-
Capital contribution	-	(990,000)	-	-	-
(Repayment to)/advance from	(17,587)	1,468,624	(10,094,538)	(1,179,708)	(7,277,737)
Net changes from financing cash flows	(17,587)	478,624	34,905,462	(1,179,708)	(7,277,737)
Balance purchase consideration (Note 9,17)	919,449	-	-	-	-
Unrealised foreign exchange	(76,719)	-	-	-	-
Foreign currency translation reserve	-	-	-	(586)	(526,546)
Interest expense payable	-	-	328,177	-	-
At 31 December	842,730	1,571,236	70,898,324	10,363,446	36,253,821
2019					
At 1 January as previously reported	-	37,000	29,188,926	621,796	-
Effect of adoption of MFRS 16	-	-	-	931,133	-
Addition	-	-	-	3,159,000	30,795,032
Drawdown	-	-	169,475,611	-	-
Advance from/(repayment to)	17,587	1,055,612	(163,721,957)	(339,995)	(2,933,439)
Net changes from financing cash flows	17,587	1,055,612	5,753,654	(339,995)	(2,933,439)
Foreign currency translation reserve	-	-	-	(3,770)	(756,082)
Interest expense payable	-	-	722,105	-	-
At 31 December	17,587	1,092,612	35,664,685	4,368,164	27,105,511

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 December 2020
cont'd

(i) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

	Amount Due to An Associate RM	Amounts Due to Directors RM	Amount Due to a Subsidiary RM	Lease Liabilities RM
Company				
2020				
At 1 January	17,587	39,138	12,160,945	277,884
Repayment to	(17,587)	(4,121)	-	(102,546)
Advances from	-	-	9,348,297	-
Net changes from financing cash flows	(17,587)	(4,121)	9,348,297	(102,546)
At 31 December	-	35,017	21,509,242	175,338
2019				
At 1 January as previously reported	-	37,000	-	269,548
Effect of adoption of MFRS 16	-	-	-	105,725
Repayment to	-	-	-	(97,389)
Advances from	17,587	2,138	12,160,945	-
Net changes from financing cash flows	17,587	2,138	12,160,945	(97,389)
At 31 December	17,587	39,138	12,160,945	277,884

(ii) Cash outflow for leases as a lessee are as follows:

	Group RM	Company RM
2020		
Included in net cash (used in)/from operating activities:		
Interest paid in relation to lease liabilities	492,634	11,106
Payment relating to short term lease rental and low value asset	278,509	19,383
Included in net cash from financing activities:		
Payment for the principal portion of lease liabilities	1,179,708	102,546
	1,950,851	133,035
2019		
Included in net cash (used in)/from operating activities:		
Interest paid in relation to lease liabilities	53,553	16,263
Payment relating to short term lease rental and low value asset	168,676	9,000
Included in net cash from financing activities:		
Payment for the principal portion of lease liabilities	339,995	97,389
	562,224	122,652

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 149A, 149B, 151B, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan.

The principal place of business of the Company is located at B-07-06, Plaza Mont Kiara, 2, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 9. There has been no significant change in the nature of these activities of the Group and of the Company during the financial year apart from the port facility management and operation as disclosed in Note 9.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 18 May 2021.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7 and MFRS 9	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Amendments to References to the Conceptual Frameworks in MFRSs.

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 – Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 to 2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 2 - 25 years. The Group and the Company anticipate that the certain residual values of their property, plant and equipment will be insignificant, other than oil tankers. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The residual value of the oil tankers is based on the scrap value which was determined using the respective oil tankers' lightship weight multiplies by estimated scrap prices at the expected port the vessels are to be scrapped.

(ii) Capitalisation of dry-docking expenditures

Dry-docking expenditures include a number of components (e.g. inspection, manual and certificate, engine maintenance, spare part, painting, vessel maintenance etc.) which require either replacement or major overhaul at intervals during the vessel's operational life cycle.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(ii) Capitalisation of dry-docking expenditures (cont'd)

These components may also have substantially similar useful lives and residual values, in which case MFRS 116 *Property, Plant and Equipment* allows such components to be grouped together. It may be pragmatic to strive for a basic presumption that components have similar economic and accounting useful lives.

Predicated on the above, only dry-docking expenditure which are capital in nature are capitalised and depreciated over a period of 30 months until the next expected dry-docking date.

(iii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(iv) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied as disclosed in Note 3(n)(i) depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) Carrying value of investments in subsidiaries

Investment in a subsidiary is reviewed for impairment whenever indication of impairment arises in accordance with its accounting policy whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiary, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(vii) Right-of-use assets

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstance including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of respective leases.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Consolidation (cont'd)

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

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

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

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

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

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Business combination (cont'd)

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

Subsidiaries

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

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

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

Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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 to fund the associate's operations or has made payments on behalf of the associate.

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

The Group treats a change in a parent's controlling interest in a subsidiary that does not result in a loss of control as a transaction with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, is recognised directly in equity and attributed to the Owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Transactions eliminated on consolidation

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

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

(b) Foreign Currency

(i) Foreign Currency Transactions

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operation.

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost.

On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue Recognition and Other Income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Other revenue earned by the Group and the Company is recognised on the following basis:

- Interest income is recognised on an accrual basis using the effective interest method.
- Management fees are recognised when services are rendered.
- Government grant/assistance received from Government on wages subsidy is recognised on monthly basis over the qualified period under the criteria set by the Government.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Employee Benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiary to respective state pension funds. Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Income Tax

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured 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 site on which it is located, less any lease incentives received.

The right-of-use assets pertaining to lease of premise are presented as part of property, plant and equipment in the statements of financial position.

The right-of-use asset is subsequently 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. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) Earnings Per Share

Basic earnings per share ("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 year, 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 share held, for the effects of all dilutive potential ordinary shares, which comprise warrants granted to shareholders.

(h) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually or whenever indication of impairment arises. Impairment losses recognised are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Goodwill (cont'd)

Upon the disposal of investment in a subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of comprehensive income.

(i) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Dry-docking expenditures represent major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent dry-docking generally performed. The Group has included the initial dry-docking costs incurred during the purchase of new oil tanker as part of the acquisition costs of vessel in accordance with MFRS 116 *Property, Plant and Equipment.*

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property, Plant and Equipment (cont'd)

(iii) Depreciation (cont'd)

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Oil tankers	10 to 25 years
Dry-docking expenditures	30 months from date of dry dock
Shipping equipment	10 years
Furniture and fittings and office equipment	5 to 10 years
Computers	2 to 10 years
Renovation	6 to 10 years
Cement tankers	5 to 15 years
Motor vehicles	5 years
Stackers	5 years
Machinery	5 years
Lease of premises*	3 to 6 years

* Included in lease of premises is the lease of a port in Labuan for a tenure of 6 years with further renewal option of 6 years subject to terms and conditions of the port's operation and facility management agreement.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment is retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of this property, plant and equipment.

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

(j) Capital Work-in-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment or intangible assets.

(k) Inventories

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

The cost of inventories is measured based on first-in-first-out ("FIFO") method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see note 3(n)(i)] where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment under Note 3(n)(i).

NOTES TO THE **FINANCIAL STATEMENTS**
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

Amortised cost

Other financial liabilities not recognised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) 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 is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity 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 expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and the Company are measured on either of the following bases:

- 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments and financial guarantee contracts (cont'd)

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider an event of default for internal credit risk management purposes when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is 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 the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources 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 or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (other than inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(o) Equity Instrument

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

Ordinary shares

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.

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Warrants Reserves

Amount allocated in related to the issuance of warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(s) 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 controls of the Group and of the Company.

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

(t) Borrowing Costs

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

Borrowing costs directly attributable to the acquisition 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(u) Fair Value Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Fair Value Measurement (cont'd)

For 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 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.

4. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Recognised point in time:				
Oil trading and bunkering services	659,128,899	659,374,399	-	-
Inland transportation services	2,958,711	3,809,076	-	-
Ship management services	546,943	4,090	-	-
Port operation and facility management services	9,566,719	-	-	-
Management fee	-	-	1,692,000	2,684,179
Recognised over time:				
Chartering of vessel	3,114,917	-	-	-
	675,316,189	663,187,565	1,692,000	2,684,179

Disaggregation of revenue by segment is disclosed in Note 25.

<u>Oil trading</u>

The Group carries out oil trading activities for Marine Gas Oil, Marine Fuel Oil and Low Sulphur Fuel Oil (collectively refer as "Cargo Oil") whereby customers place their order with an agreed Cargo Oil price per litre and subsequent arrangement would be made with the Group's supplier to arrange for delivery of the Cargo Oil ordered direct to the customer. Revenue recognition is based on issuance of cargo manifest which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

NOTES TO THE **FINANCIAL STATEMENTS**
31 December 2020
cont'd

4. REVENUE (cont'd)

Oil trading (cont'd)

Performance obligation ("PO")

Contracts with individual customer is considered as a single PO in relation to the sale of Cargo Oil with a single transaction price. The PO is satisfied upon delivery of the Cargo Oil to the customer by way of acknowledgement of cargo manifest. Payment is generally due between 30 to 60 days from the invoice date.

Timing of recognition

Revenue is recognised when control over the Cargo Oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the cargo manifest. Therefore, revenue is recognised at a point in time when customers have acknowledged the cargo manifest.

Oil bunkering services

The Group carries out oil bunkering services of Cargo Oil by entering into written contracts with external customers. Customer places its order with an agreed Cargo Oil price per litre and the Group will arrange for delivery of the Cargo Oil ordered to the customer. Revenue recognition is based on issuance of bunker delivery note which requires customer's acknowledgement that the Cargo Oil have been accepted by the customer.

Performance obligation ("PO")

The Group provides oil bunkering services which consist of the following services:

- Sales of Cargo Oil; and
- Delivery services

Contracts for bunkering services of Cargo Oil comprised of two POs but are not capable of being distinct and separately identifiable. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The POs are satisfied upon completion of the sales of Cargo Oil and delivery services which are completed simultaneously by way of acknowledgement of customers' bunker delivery note. Payment is generally due within the range of 30 days from the date when the PO is satisfied.

Timing of recognition

Revenue is recognised when control over the cargo oil have been transferred to the customer. An enforceable right to payment does not arise until the customers have acknowledged the bunker delivery note. Therefore, revenue is recognised at a point in time when customers have acknowledged the bunker delivery note.

Inland transportation services

The Group carries out inland transportation services for delivery and unloading bulk cement as the customer wish to have the cements transported to the recipient's destination. Revenue is recognised upon acknowledgement of the delivery order by the intended recipient of the goods.

Performance obligation ("PO")

Contracts for inland transportation services comprised of one PO. Accordingly, the Group charges the customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of the delivery and unloading of cements to the recipient by way of acknowledgement of delivery order note. Payment is generally due within the range of 60 days from the date when the PO is satisfied.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

4. REVENUE (cont'd)

Inland transportation services **(cont'd)**

Timing of recognition

Revenue is recognised when control over the goods delivered has been transferred to the recipient. An enforceable right to payment does not arise until the recipient has acknowledged the delivery order note. Therefore, revenue is recognised at a point in time when the recipient has acknowledged the delivery order note.

Ship management services

The performance obligation is satisfied at a point in time and payment is generally due from 30 days upon completion of services rendered and acceptance by customers.

Port operation and facility management services

The Group carries out port operation and facility management services related to mooring, unmooring and berthing of vessel, cargo handling charges, storage charges, container lifting charges, use of yard for stuffing and unstuffing. Revenue is recognised upon acknowledgement of the integrated container advise form by the port customers.

Performance obligation ("PO")

Contracts for port services comprised of one PO. Accordingly, the Group charges the port customers based on a single transaction price stated in the contract. The PO is satisfied upon completion of services rendered to the port customers upon acknowledgement of integrated container advise form and issuance of invoice to the port customers. Payment is generally due within the range of 30 to 60 days from the date when the PO is satisfied.

Timing of recognition

The PO is satisfied at a point in time and payment is generally due from 30 to 60 days upon completion of services rendered and acceptance by the port customers.

Management fee

The performance obligation is satisfied at a point in time and payment is generally due upon completion of services rendered and acceptance by the subsidiaries.

Chartering services

Revenue is recognised over time as the Group satisfies its obligation based on time elapsed between the delivery of a vessel to a charterer and the redelivery of a vessel from the charterer and invoicing is done on a monthly basis.

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020

cont'd

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging/(crediting):

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Group auditors' remuneration:				
- Statutory audit	283,149	227,488	52,000	52,000
- Non-audit services	37,800	103,240	37,800	103,240
Other auditors' remuneration:				
- Statutory audit	30,495	27,267	-	-
Allowance for expected credit loss on trade receivables	551,985	559,145	-	-
Bad debt written off	-	2,380	-	-
Depreciation of property, plant and equipment	11,816,894	6,279,316	158,440	159,699
Deposit written off	5,640	804	5,640	-
Employee benefits expense [Note (a)]	13,631,427	7,267,543	2,220,251	1,751,029
Finance costs:				
- Tawarruq working capital financing-i	3,414,572	2,992,639	-	-
- Lease liabilities	492,634	53,553	11,106	16,263
- Vendor financing	2,065,539	777,311	-	-
Gain on disposal of a subsidiary	-	-	-	(2)
Incorporation fees	27,679	24,286	-	-
Interest income	(13,139)	(22,809)	(2)	-
Loss on disposal of property, plant and equipment	160,596	166,969	-	-
Property, plant and equipment written off	9,632	-	2,165	-
Short term leases on:				
- Rental of premises	226,454	120,305	18,000	9,000
- Rental of equipment	52,055	48,371	1,383	-
Reversal of allowance for expected credit loss on trade receivables	(603,885)	(240,331)	-	-
Wages subsidy	(798,714)	-	-	-
Realised (gain)/loss on foreign exchange	(769,705)	(357,112)	267	-
Unrealised loss/(gain) on foreign exchange	1,157,649	587,549	931	(142)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

5. PROFIT/(LOSS) BEFORE TAX (cont'd)

(a) Employee benefits expense comprise of:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Staff costs				
Salaries and allowances	8,209,237	4,247,056	1,173,059	905,462
Bonus	513,301	103,300	74,500	5,759
Contributions to defined contribution plan	1,022,853	490,227	139,358	95,801
Social security contributions	98,163	43,366	9,167	7,708
Other benefits	597,207	278,766	69,549	72,570
	10,440,761	5,162,715	1,465,633	1,087,300
Directors' remunerations				
Directors' fee	813,871	427,000	238,000	145,000
Salaries and allowances	2,019,262	1,482,254	442,400	474,700
Bonus	136,650	13,350	30,000	-
Contributions to defined contribution plan	214,316	177,708	43,200	43,200
Social security contributions	5,667	3,830	1,018	829
Other benefits	900	686	-	-
	3,190,666	2,104,828	754,618	663,729
Total employee benefits expense	13,631,427	7,267,543	2,220,251	1,751,029

6. INCOME TAX EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Income tax				
Based on result for the year	306,104	1,567,190	-	-
Under/(over) provision in prior year	19,802	(172,558)	-	-
	325,906	1,394,632	-	-
Deferred tax (Note 12)				
Origination of temporary differences	1,302,500	1,082,300	-	-
Underprovision in prior year	29,000	124,828	-	-
	1,331,500	1,207,128	-	-
Share of tax of associate	837,111	399,910	-	-
Income tax expense for the year	2,494,517	3,001,670	-	-

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020
cont'd

6. INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable result for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction. For Labuan Trading activity, the chargeable profits would subject to tax under Labuan Business Activity Act, 1990 ("LBATA") of which 3% of net audited profits would be taxed and the statutory tax rate for Singapore is 17% of the estimated assessable result for the year.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	6,466,667	12,426,372	(2,271,928)	(1,144,854)
Tax at Malaysian statutory income tax rate of 24%	1,552,000	2,982,300	(545,300)	(274,800)
Effect of different tax rate in Singapore	(170,476)	(46,424)	-	-
Effect of different tax rate under LBATA	(476,963)	10,800	-	-
Expenses not deductible for tax purposes	375,290	573,424	219,300	383,400
Utilisation of previously unrecognised deferred tax assets	-	(156,800)	-	(108,600)
Income not subject to tax	(757,247)	(713,810)	-	-
Deferred tax assets not recognised	1,086,000	-	326,000	-
Under/(over) provision of tax expense in prior year	19,802	(172,558)	-	-
Underprovision of deferred tax in prior year	29,000	124,828	-	-
Share of tax of associate	837,111	399,910	-	-
Income tax expense for the year	2,494,517	3,001,670	-	-

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	17,447,400	14,433,700	2,849,800	1,530,500
Unabsorbed capital allowances	12,976,500	11,493,100	37,100	-
	30,423,900	25,926,800	2,886,900	1,530,500

The comparative figures have been restated to reflect the actual unutilised tax losses and unabsorbed capital allowances carry forwards available to the Group and the Company.

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profits.

Any unutilised tax losses in a year of assessment ("YA") can only be allowed carried forward up to a maximum of 7 consecutive years of assessment effective from YA 2019.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

7. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	**2019**
Profit after tax attributable to the Owners of the Company (RM)	2,839,990	7,084,907
Weighted average number of ordinary shares		
Number of ordinary shares at beginning of the year	650,658,246	559,127,651
Effect of new ordinary shares issued	-	74,883,447
Weighted average number of ordinary shares at the end of the year	650,658,246	634,011,098
Basic earnings per ordinary share (sen)	0.44	1.12

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2020	**2019**
Profit after tax attributable to the Owners of the Company (RM)	2,839,990	7,084,907
Weighted average number of ordinary shares		
Issued ordinary shares at end of the year	650,658,246	634,011,098
Effect of dilutive potential ordinary shares (Warrants)	53,616,546	75,506,783
Weighted average number of ordinary shares	704,274,792	709,517,881
Diluted earnings per ordinary share (sen)	0.40	1.00

8. PROPERTY, PLANT AND EQUIPMENT

	Oil Tankers	Dry-docking Expenditures	Shipping Equipment	Machinery	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Motor Vehicles	Asset Under construction	Container	Stackers	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group														
Cost														
2020														
At 1 January	94,149,457	7,404,748	384,900	51,850	741,468	187,478	563,029	6,666,891	1,367,081	-	-	-	927,680	112,444,582
Additions	17,444,378	3,874,236	23,136	34,712	243,479	378,175	1,649,513	770,000	-	1,455,026	24,000	2,950,881	7,175,576	36,023,112
Disposals	-	-	-	-	-	-	-	(396,000)	-	-	-	-	-	(396,000)
Written-off	(7,782)	-	-	-	(3,268)	-	-	-	-	-	-	-	-	(11,050)
Reclassifications	-	-	-	-	3,587	(3,587)	-	-	-	-	-	-	-	-
Foreign exchange difference	(1,201,727)	(55,377)	(3,430)	-	(451)	(108)	(55)	-	(1,532)	-	-	-	(695)	(1,263,375)
At 31 December	110,384,326	11,223,607	404,606	86,562	984,815	561,958	2,212,487	7,040,891	1,365,549	1,455,026	24,000	2,950,881	8,102,561	146,797,269
Accumulated depreciation														
At 1 January	9,333,426	2,884,706	57,381	2,595	258,479	80,471	189,701	255,259	619,786	-	-	-	178,309	13,860,113
Charge for the year	5,080,486	3,385,822	40,553	6,911	114,749	62,414	250,896	880,833	209,540	-	2,000	442,632	1,340,058	11,816,894
Disposals	-	-	-	-	-	-	-	(57,375)	-	-	-	-	-	(57,375)
Written-off	(315)	-	-	-	(1,103)	-	-	-	-	-	-	-	-	(1,418)
Reclassifications	-	-	-	-	666	(666)	-	-	-	-	-	-	-	-
Foreign exchange difference	(119,550)	(41,812)	(394)	-	(424)	(51)	(59)	-	(1,118)	-	-	-	(887)	(164,295)
At 31 December	14,294,047	6,228,716	97,540	9,506	372,367	142,168	440,538	1,078,717	828,208	-	2,000	442,632	1,517,480	25,453,919
Net carrying amount														
At 31 December	96,090,279	4,994,891	307,066	77,056	612,448	419,790	1,771,949	5,962,174	537,341	1,455,026	22,000	2,508,249	6,585,081	121,343,350

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Oil Tankers	Dry-docking Expenditures	Shipping Equipment	Machinery	Furniture, Fittings, and Office Equipment	Computers	Renovation	Cement Tankers	Motor Vehicles	Lease of Premises	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group (cont'd)											
Cost											
2019											
At 1 January, previously stated	51,813,885	4,599,624	365,163	-	535,044	92,963	378,785	-	1,025,067	-	58,810,531
Effect on adoption of MFRS 16	-	-	-	-	-	-	-	-	-	931,133	931,133
At 1 January, restated	51,813,885	4,599,624	365,163	-	535,044	92,963	378,785	-	1,025,067	931,133	59,741,664
Additions	43,156,218	2,813,980	19,812	51,850	206,424	94,929	184,244	6,951,891	343,176	-	53,822,524
Disposals	-	-	-	-	-	-	-	(285,000)	-	-	(285,000)
Written-off	-	-	-	-	-	(400)	-	-	-	-	(400)
Foreign exchange difference	(820,646)	(8,856)	(75)	-	-	(14)	-	-	(1,162)	(3,453)	(834,206)
At 31 December	94,149,457	7,404,748	384,900	51,850	741,468	187,478	563,029	6,666,891	1,367,081	927,680	112,444,582
Accumulated depreciation											
At 1 January	5,638,505	1,201,322	22,400	-	171,427	66,192	136,604	-	380,376	-	7,616,826
Charge for the year	3,709,286	1,688,576	34,983	2,595	87,052	14,684	53,097	271,290	239,761	177,992	6,279,316
Disposals	-	-	-	-	-	-	-	(16,031)	-	-	(16,031)
Written-off	-	-	-	-	-	(400)	-	-	-	-	(400)
Foreign exchange difference	(14,365)	(5,192)	(2)	-	-	(5)	-	-	(351)	317	(19,598)
At 31 December	9,333,426	2,884,706	57,381	2,595	258,479	80,471	189,701	255,259	619,786	178,309	13,860,113
Net carrying amount											
At 31 December	84,816,031	4,520,042	327,519	49,255	482,989	107,007	373,328	6,411,632	747,295	749,371	98,584,469

NOTES TO THE **FINANCIAL STATEMENTS**
31 December 2020
cont'd

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Computers RM	Furniture, Fittings, and Office Equipment RM	Renovation RM	Motor Vehicle RM	Lease of Premises RM	Total RM
Company						
2020						
Cost						
At 1 January	40,198	254,224	29,235	355,700	105,725	785,082
Additions	8,108	5,050	-	-	-	13,158
Written-off	-	(3,268)	-	-	-	(3,268)
At 31 December	48,306	256,006	29,235	355,700	105,725	794,972
Accumulated depreciation						
At 1 January	9,148	101,984	4,384	106,711	45,311	267,538
Charge for the year	4,163	34,903	2,923	71,140	45,311	158,440
Written-off	-	(1,103)	-	-	-	(1,103)
At 31 December	13,311	135,784	7,307	177,851	90,622	424,875
Net carrying amount						
At 31 December	34,995	120,222	21,928	177,849	15,103	370,097
2019						
Cost						
At 1 January, previously stated	30,325	254,020	29,235	355,700	-	669,280
Effect on adoption of MFRS 16	-	-	-	-	105,725	105,725
At 1 January, restated	30,325	254,020	29,235	355,700	105,725	775,005
Additions	9,873	204	-	-	-	10,077
At 31 December	40,198	254,224	29,235	355,700	105,725	785,082
Accumulated depreciation						
At 1 January	5,698	65,110	1,461	35,570	-	107,839
Charge for the year	3,450	36,874	2,923	71,141	45,311	159,699
At 31 December	9,148	101,984	4,384	106,711	45,311	267,538
Net carrying amount						
At 31 December	31,050	152,240	24,851	248,989	60,414	517,544

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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Acquisition of property, plant and equipment

During the year, the Group and the Company made the following cash payment for purchase of property, plant and equipment:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Total additions	36,023,112	53,822,524	13,158	10,077
Less: Financed through lease arrangement	(7,175,576)	(3,159,000)	-	-
Amount owing to vendor	(3,272,606)	-	-	-
Vendor financing	(16,952,593)	(30,795,032)	-	-
Cash payment	8,622,337	19,868,492	13,158	10,077

(b) Carrying amounts of property, plant and equipment pledged for banking facility of the Group as disclosed in Note 23 are as follows:

	Group	
	2020	2019
	RM	RM
Oil tankers	29,380,166	37,802,160
Dry-docking expenditures	3,347,484	4,168,966
Shipping equipment	241,125	325,204
Furniture, fittings and office equipment	182,453	165,345
Computers	14,697	20,669
Renovation	144,208	174,048
	33,310,133	42,656,392

(c) Right-of-use assets

The net carrying amount of right-of-use assets recognised by the Group and the Company are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Motor vehicles	438,355	616,298	177,849	248,989
Cement tankers	3,558,849	3,576,182	-	-
Lease of premises	6,585,081	749,371	15,103	60,414
	10,582,285	4,941,851	192,952	309,403

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31 December 2020
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8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

The expenses charged to profit and loss during the financial year are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Depreciation of right-of-use assets	2,008,245	468,269	116,451	116,452
Interest expense of lease liabilities	492,634	53,553	11,106	16,263
	2,500,879	521,822	127,557	132,715

(d) Certain titles of the oil tankers are in the midst of being transferred to the Group or its nominated subsidiaries.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
Unquoted shares at cost:		
1 January	46,340,497	38,294,132
Addition	1,530,417	8,546,365
Disposal	-	(500,000)
31 December	47,870,914	46,340,497
Accumulated impairment losses:		
1 January	890,000	1,390,000
Disposal	-	(500,000)
31 December	890,000	890,000
Capital contribution to subsidiaries	34,870,000	31,260,000
Net carrying amount	81,850,914	76,710,497

The capital contribution to subsidiaries amounting to RM34,870,000 (2019: RM31,260,000) was in relation to advances that are not expected to be repaid in foreseeable future and in substance, represents additional investments into the subsidiaries by the Company.

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of subsidiaries are as follows:

Name	Country of Incorporation	Principal Activities	Effective equity interest 2020	Effective equity interest 2019
Quest Equipment & Services Sdn. Bhd. ("QES")	Malaysia	Dormant	100%	100%
Quest Technology Sdn. Bhd.	Malaysia	Provision of oil trading	100%	100%
Raya Consumable Sdn. Bhd.	Malaysia	Provision of oil trading	100%	100%
Quest System & Engineering Sdn. Bhd. ("QSE")	Malaysia	Dormant	100%	100%
Selatan Bunker (M) Sdn. Bhd. ("SBSB")	Malaysia	Provision of oil trading and bunkering services for marine fuel and petroleum based products	51%	51%
Straits Alliance Transport Sdn. Bhd. ("SAT")	Malaysia	Inland transportation services	70%	70%
Straits Marine Fuels & Energy Sdn. Bhd. ("SMF")	Malaysia	Investment holding	81%*	77%**
Straits Port Management Sdn. Bhd. ("SPM")	Malaysia	Investment holding	100%	-
Straits Marine Services Pte Ltd ^ ("SMS")	Singapore	Provision of ship management services	51%	51%
Tumpuan Megah Development Sdn. Bhd. ("TMD")	Malaysia	Provision of bunkering services for marine fuel and petroleum based products	55%	55%
Pan Management Services Ltd ("PAN")	Malaysia	Provision of management services	100%	100%
TMD Straits Ltd ("STR")	Malaysia	Provision of vessel chartering services	100%	100%
TMD Sturgeon Ltd ("STU")	Malaysia	Provision of vessel chartering services	100%	100%
SMF Eden Maritime Ltd ("EDEN")	Malaysia	Provision of vessel chartering services	100%	-

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31 December 2020
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name	Country of Incorporation	Principal Activities	Effective equity interest 2020	Effective equity interest 2019
Subsidiaries of TMD				
Cavalla Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Dolphin Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Escolar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Phoenix Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
Oscar Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
S3 Asia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Beluga Ltd (f.k.a Beluga Asia Ltd)	Malaysia	Provision of vessel chartering services	100%	-
Subsidiaries of SMF				
SMF Begonia Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Ixora Ltd	Malaysia	Provision of vessel chartering services	100%	100%
SMF Omura Ltd	Malaysia	Provision of vessel chartering services	100%	-
Subsidiaries of SAT				
Straits Alliance Tech Sdn. Bhd. ("SA Tech")	Malaysia	Traders of trucks and automotive spare parts and service station for trucks and motor vehicles	100%	100%
Subsidiaries of SPM				
Megah Port Managament Sdn. Bhd. ("MPM")	Malaysia	Port operation and facility management services	51%	-

^ *Audited by a member firm of Moore Global Network Limited*

* *The equity interests held through TMD is 14%*

** *The equity interests held through Banle is 10%*

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2020

Changes in group structure

(i) On 10 February 2020, the Company incorporated a new wholly-owned subsidiary, SPM, an investment holding company with an issued share capital of RM1,530,000 comprising of 1,530,000 ordinary shares each.

Subsequently on 25 February 2020, SPM has subscribed and paid for 1,530,000 MPM's shares, representing 51% of the enlarged issued shares of MPM. Following the subscription, MPM became a 51% owned subsidiary of SPM.

(ii) On 21 February 2020, SMF Beluga Ltd (f.k.a Beluga Asia Ltd) ("Beluga"), an indirect wholly-owned subsidiary of the Company, was incorporated under the Labuan Companies Act, 1990 via its 55% owned subsidiary, TMD in Labuan.

The issued share capital of Beluga is USD100 (approximately RM417) comprising of 100 ordinary shares of USD1 each.

(iii) On 25 February 2020, SMF Omura Ltd ("SMF Omura"), an indirect wholly-owned subsidiary of the Company, was incorporated under the Labuan Companies Act, 1990 via its 67% owned subsidiary, SMF in Labuan.

The issued share capital of SMF Omura is USD100 (approximately RM414) comprising of 100 ordinary shares of USD1 each.

(iv) On 18 August 2020, the Company incorporated a new direct wholly-owned subsidiary, EDEN under Labuan Companies Act, 1990 with an issued and paid-up share capital of USD100 (approximately RM417) comprising 100 ordinary shares each.

(v) On 30 September 2020, TMD, being the Company's 55% owned subsidiary, entered into a sales and purchase agreement ("SPA") with the associate of the Company, Banle Energy International Limited ("Banle") to acquire 260,000 units of ordinary shares, representing 26% of equity interest of Banle in SMF, a 67% owned subsidiary of the Company for a purchase consideration of USD127,578 (RM532,639). The Company's effective equity interest in SMF shall increase by 4.4% to 81.3% upon completion of the said acquisition.

In addition, TMD took over the entire share application monies that Banle previously invested in SMF (pending allotment of ordinary shares) with purchase consideration of USD646,167 (equivalent to RM2,740,695) of which a discount amounted to USD169,864 (equivalent to RM720,472) was granted by Banle upon completion of the said acquisition.

The final settlement sum for share application monies of USD476,303 (equivalent to RM2,020,223) shall be satisfied by cash by remitting the same directly into the bank account of Banle in five (5) months installments as follow:

Installment No.	Payment Date	RM	USD
1	2 October 2020	109,814	26,303
2	31 October 2020	500,760	120,000
3	30 November 2020	490,200	120,000
4	31 December 2020*	525,400	120,000
5	31 January 2021*	394,049	90,000
		2,020,223	476,303

* *Paid subsequent to financial year end*

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31 December 2020
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2020 (cont'd)

Changes in group structure (cont'd)

(v) The balance purchase consideration for the acquisition of SMF by TMD as at the reporting date are as follows:

	2020 RM
Purchase consideration as per SPA dated 30 September 2020	3,273,334
Less: Discount received	(720,472)
Less: Payments made during the financial year	(1,633,413)
Balance purchase consideration (Note 17)	919,449

The additional acquisition of shares and share application monies in SMF resulted in decrease in non-controlling interests ("NCI") amounted to RM3,273,334 to the Group.

(vi) On 29 December 2020, the Company submitted separate applications to the Suruhanjaya Syarikat Malaysia ("SSM") for striking off its two (2) 100% owned dormant subsidiaries, namely QSE and QES of which the approval has yet to be obtained as at the reporting date.

2019

Changes in group structure

(i) On 18 February 2019, the Group incorporated SMF Begonia Ltd and SMF Ixora Ltd as indirect subsidiaries under the Labuan Companies Act, 1990 via its wholly-owned subsidiary, SMF with issued share capital of USD100 (approximately RM409) of USD1 each.

(ii) On 20 February 2019, the Company divested its 30% equity interest in SAT, a wholly-owned subsidiary, to Chai Yiing Jen ("Mr. James Chai") via subscription of 450,000 new ordinary shares in SAT as follows:

- 15,000 new ordinary shares in SAT or RM15,000 by the Company; and
- 435,000 new ordinary shares in SAT or RM435,000 by Mr. James Chai.

The abovementioned share subscription has resulted in the divestment of the Company's equity interest in SAT from 100% to 70%. Pursuant to the said divestment, SAT shall be a 70% subsidiary instead of a wholly-owned subsidiary and this gave rise to additional NCI of RM435,000 to the Group.

(iii) On 23 April 2019, the Company completed its subscription of 51,000 new shares of SGD1 each representing 51% of the enlarged issued share capital of SMS for a total cash subscription price of RM157,365 and this gave rise to additional NCI of RM151,193 to the Group.

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2019 (cont'd)

Changes in group structure (cont'd)

(iv) On 3 May 2019, the Company divested its 33% equity interest in SMF, a wholly-owned subsidiary, to the following parties via subscription of 999,000 new ordinary shares in SMF as follows:

- 669,000 new ordinary shares in SMF or RM669,000 by the Company;
- 260,000 new ordinary shares in SMF or RM260,000 by Banle Energy International Ltd ("Banle"); and
- 70,000 new ordinary shares in SMF or RM70,000 by Raja Ismail Bin Raja Mohamed ("Raja Ismail").

The abovementioned share subscription has resulted in the divestment of the Company's equity interest in SMF from 100% to 67%. Pursuant to the said divestment, SMF shall be a 67% subsidiary of the Company.

As at end of the prior financial year, SMF received additional RM11,086,439 of share application monies from the following:

- RM7,705,000 share application monies by the Company;
- RM2,740,695 share application monies by Banle; and
- RM640,744 share application monies by Raja Ismail.

The share application monies received by the Company, Banle and Raja Ismail represents monies invested pending allotment of ordinary shares in SMF. As at prior financial year end, the allotment of shares has yet to be completed.

The divestment and share application monies in SMF gave rise to additional NCI of RM3,711,439 to the Group.

(v) On 12 November 2019, the Group had undergone an internal restructuring involving the transfer of one of its wholly-owned dormant subsidiary of the Company, SA Tech to SAT, which is a 70% owned subsidiary for a cash consideration of RM2. The effect of the internal transfer resulted SA Tech to be a 70% an indirect subsidiary of the Company.

Subsidiaries of the Group that have NCI

	NCI percentage of ownership and voting interest	(Loss)/profit allocated to NCI (RM)
2020		
SAT	30%	(967,967)
SBSB	49%	(70,492)
SMF	19%	465,952
SMS	49%	609,130
TMD	45%	1,355,852
MPM	49%	(260,315)
		1,132,160

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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2019 (cont'd)

Subsidiaries of the Group that have NCI (cont'd)

	NCI percentage of ownership and voting interest	(Loss)/profit allocated to NCI (RM)
2019		
SAT	30%	(372,625)
SBSB	49%	422,965
SMF	23%	(266,140)
SMS	49%	288,249
TMD	45%	2,267,346
		2,339,795

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	49% SMS RM	30% SAT RM	49% SBSB RM	45% TMD RM	19% SMF RM	49% MPM RM	Total RM
2020							
Assets and liabilities							
Non-current assets	406,793	6,160,201	250,166	42,734,375	40,072,133	12,098,193	101,721,861
Current assets	5,010,917	1,629,017	7,864,696	133,830,942	1,429,466	2,187,173	151,952,211
Non-current liabilities	(112,255)	(2,361,333)	(36,215)	(1,303,343)	(17,241,763)	(5,028,378)	(26,083,287)
Current liabilities	(3,174,395)	(3,851,078)	(323,719)	(134,197,304)	(11,059,889)	(6,788,242)	(159,394,627)
Net assets	2,131,060	1,576,807	7,754,928	41,064,670	13,199,947	2,468,746	68,196,158
Results							
Revenue	3,766,934	2,958,711	2,619,365	645,328,132	7,213,924	9,566,719	671,453,785
Profit/(loss) for the year, representing total comprehensive income for the year	1,243,122	(3,226,558)	(143,860)	3,108,645	2,491,724	(531,254)	2,941,819
Cash flows from:							
- Operating activities	33,015	(1,900,973)	(288,724)	(16,311,246)	4,118,470	981,845	(13,367,613)
- Investing activities	602,034	530,359	29,471	(19,539,863)	(130,615)	(2,985,883)	(21,494,497)
- Financing activities	(300,509)	1,314,669	218,318	38,254,684	(4,268,181)	2,892,485	38,111,466

NOTES TO THE FINANCIAL STATEMENTS
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9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of each of the Group's subsidiary that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations. (cont'd)

	SBSB	TMD	SMF	Total
	RM	RM	RM	RM
2019				
Assets and liabilities				
Non-current assets	332,765	43,062,705	42,179,138	85,574,608
Current assets	9,691,478	122,021,773	1,367,169	133,080,420
Non-current liabilities	(77,791)	(404,636)	(22,570,375)	(23,052,802)
Current liabilities	(2,047,664)	(126,728,966)	(10,142,956)	(138,919,586)
Net assets	7,898,788	37,950,876	10,832,976	56,682,640
Results				
Revenue	31,312,106	499,773,203	505,605	531,590,914
Profit/(loss) for the year, representing total comprehensive income for the year	907,448	5,038,558	(1,269,010)	4,676,996
Cash flows from:				
- Operating activities	(186,048)	8,878,125	(1,347,397)	7,344,680
- Investing activities	4,002,422	(3,858,521)	(12,221,671)	(12,077,770)
- Financing activities	(3,962,521)	(3,142,776)	14,088,966	6,983,669

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At cost				
Unquoted shares				
At 1 January	15,013,639	490	15,013,639	490
Addition	-	15,013,149	-	15,013,149
At 31 December	15,013,639	15,013,639	15,013,639	15,013,639
Share of post-acquisition reserve				
At 1 January	2,122,588	(490)	-	-
Addition	4,181,510	2,123,078	-	-
At 31 December	6,304,098	2,122,588	-	-
Net carrying amount	21,317,737	17,136,227	15,013,639	15,013,639

NOTES TO THE **FINANCIAL STATEMENTS**
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10. INVESTMENTS IN ASSOCIATES (cont'd)

In previous financial year, the Company had completed the acquisition of 38% equity interest in Banle Energy International Limited ("Banle") for a purchase consideration of RM14,997,840 which was satisfied entirely via issuance and allotment of 63,820,595 new ordinary shares of the Company at the issue price of RM0.235 per share and payment of stamp duty amounting to RM15,309.

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activity	Effective equity interest 2020	2019
Fajar Maritime And Logistics Sdn. Bhd. ("FML")	Malaysia	The company has not commenced operations.	49%	49%
Banle Energy International Ltd ("Banle")	Hong Kong	Provision of bunkering services for marine fuel and petroleum based products.	38%	38%

The summarised financial information of the associates are as follows:

	Banle		FML	
	2020	2019	2020	2019
	RM	RM	RM	RM
As at 31 December				
Assets and liabilities				
Non-current assets	2,476,005	3,615,185	-	-
Current assets	92,117,532	87,133,970	1,640	1,710
Current liabilities	(73,188,909)	(80,670,160)	(30,240)	(21,827)
Non-current liabilities	(368,927)	(47,273)	-	-
Net assets/(liabilities)	21,035,701	10,031,722	(28,600)	(20,117)
For the financial year ended 31 December				
Results				
Revenue	984,737,458	723,525,563	-	-
Profit/(loss) for the year, representing total comprehensive income for the year	11,003,974	5,587,041	(8,483)	(6,591)

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10. INVESTMENTS IN ASSOCIATES (cont'd)

The reconciliation of the associates' net assets to the carrying amount of the investments in associates are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Reconciliation of net assets to carrying amount at the end of the financial year		
Group's share of net assets	7,993,566	3,812,056
Goodwill	13,324,171	13,324,171
Carrying amount in the statements of financial position	21,317,737	17,136,227
Group's share of results for the financial year ended 31 December		
Profit for the financial year, representing total comprehensive income for the year	4,181,510	2,123,078

11. GOODWILL

	Group	
	2020	**2019**
	RM	**RM**
Gross amount		
At 1 January/31 December	30,558,958	30,558,958
Accumulated impairment loss		
At 1 January/31 December	-	-
Net amount	30,558,958	30,558,958

Impairment testing for cash-generating units ("CGU") containing goodwill

Goodwill has been allocated to the Group's CGU identified according to subsidiary as follow:

	Group	
	2020	**2019**
	RM	**RM**
TMD	30,558,958	30,558,958

For the purpose of impairment testing, goodwill is allocated to the Group's CGU which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Management has assessed the recoverable amount of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGUs projected based on the financial budget for 2021 and projected revenue growth covering a period of 5 years.

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11. GOODWILL (cont'd)

The key assumptions used in the determination of recoverable amount are as follows:

(i) Budgeted gross margin

The budgeted gross margin range from 2.36% to 2.91% (2019: 3.43% to 5.22%). Gross margins are based on values achieved previously preceding the start of the budget period. These are increased over the budget for anticipated efficiency improvements.

(ii) Annual average growth rate

The annual average growth rate of the product mix in the business operation range from 1% to 12% (2019: 5% to 19%). Pre-tax cash flows projections based on the most recent financial budgets approved by the management covering a 5 years period based on the growth rate.

(iii) Pre-tax discount rate

A pre-tax discount rate of 10% (2019: 10%) was applied to the calculations in determining the recoverable amount of the CGUs. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amount of the CGU. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

12. DEFERRED TAX LIABILITIES/(ASSETS)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
At 1 January	(213,966)	(1,421,094)	-	-
Recognised in profit or loss (Note 6)	1,331,500	1,207,128	-	-
At 31 December	1,117,534	(213,966)	-	-

Presented after appropriate set-off as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	(8,012,960)	(7,922,669)	(21,694)	(18,139)
Deferred tax liabilities	9,130,494	7,708,703	21,694	18,139
	1,117,534	(213,966)	-	-

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31 December 2020
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12. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

The components of deferred tax (assets)/liabilities during the year prior to offsetting are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Unutilised tax losses	(2,711,356)	(2,988,696)	(9,156)	(17,434)
Unabsorbed capital allowances	(2,905,813)	(4,642,596)	(8,913)	-
Other deductible temporary differences	(2,395,791)	(291,377)	(3,625)	(705)
	(8,012,960)	(7,922,669)	(21,694)	(18,139)
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax bases	7,631,469	7,708,703	18,069	18,139
Other taxable temporary differences	1,499,025	-	3,625	-
	9,130,494	7,708,703	21,694	18,139
	1,117,534	(213,966)	-	-

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	6,150,100	2,313,300	2,811,600	1,455,400
Unabsorbed capital allowances	868,900	47,600	-	-
Other deductible temporary differences	139,900	273,200	2,300	-
	7,158,900	2,634,100	2,813,900	1,455,400

NOTES TO THE **FINANCIAL STATEMENTS**
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13. INVENTORIES

	Group	
	2020	**2019**
	RM	**RM**
At cost:		
Bunkering marine oil	18,046,187	31,622,414
Spare parts	129,216	240,147
	18,175,403	31,862,561
Inventories recognised in cost of sales	571,191,700	479,827,229

14. TRADE RECEIVABLES

	Group	
	2020	**2019**
	RM	**RM**
Gross amounts	65,015,820	60,731,547
Less: Allowance for expected credit losses		
At 1 January	(1,359,681)	(1,054,151)
Additions	(551,985)	(559,145)
Written off	-	13,284
Reversal	603,885	240,331
At 31 December	(1,307,781)	(1,359,681)
Net carrying amount	63,708,039	59,371,866

The Group's normal trade credit term ranging from 30 to 60 days (2019: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is an amount of RM180,891 (2019: RM Nil) which were due from related parties of which certain Director of a subsidiary has substantial financial interest.

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15. OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables	40,697,530	40,712,337	120,409	125,920
Less: Allowance for expected credit losses	(12,756)	(12,756)	-	-
	40,684,774	40,699,581	120,409	125,920
Deposits	3,010,390	6,280,418	16,502	20,021
Prepayments	3,745,654	1,843,139	1,082,275	13,519
	47,440,818	48,823,138	1,219,186	159,460

Included in other receivables of the Group is an amount of RM39,409,064 (2019: RM38,305,670) being advance payment to suppliers for purchase of cargo oil.

Included in deposits of the Group is an amount of RM750,000 (2019: RM5,120,000) being deposits paid for bank guarantees extended to third party supplier and an amount of RM983,185 (2019: RM Nil) being 10% deposit paid for acquisition of a vessel as disclosed in Note 30(ii).

Included in the prepayments of the Group and of the Company is an amount of RM1,033,304 (2019: RM Nil) which relates to consultancy fees paid for planning framework of a potential future port venture arrangement in Labuan.

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
Amounts due from subsidiaries		
Gross amount	19,898,925	18,720,394
Less: Allowance for expected credit losses		
At 1 January	(5,856)	(5,856)
Wriiten off	5,856	-
At 31 December	-	(5,856)
Carrying amount	19,898,925	18,714,538
Amount due to a subsidiary	(21,509,242)	(12,160,945)

These amounts are non-trade in nature, unsecured, interest free and are collectible/(repayable) on demand.

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17. AMOUNT DUE FROM/(TO) ASSOCIATES

The amount due from/(to) associates are non-trade in nature, unsecured, interest free and are collectible/(repayable) on demand.

Included in amount due to associate is an amount of RM919,449 (2019: RM Nil) due to balance purchase consideration to Banle as disclosed in Note 9, net of foreign exchange difference RM76,719 (2019: RM Nil).

18. SHARE CAPITAL

	Group and Company Number of Ordinary Shares		Group and Company Amount	
	2020	2019	2020	2019
	Units	Units	RM	RM
Issued and fully paid:				
At 1 January	650,658,246	559,127,651	104,465,174	86,286,865
Issued during the year	-	63,820,595	-	14,997,840
Share issuance expenses	-	-	-	(431)
Exercise of warrants	-	27,660,000	-	3,180,900
	650,658,246	650,608,246	104,465,174	104,465,174
Warrants conversion monies	-	50,000	-	-
At 31 December	650,658,246	650,658,246	104,465,174	104,465,174

In the previous financial year, the issued and paid-up share capital of the Company was increased from RM86,286,865 to RM101,284,705 by way of issuance of 63,820,595 new ordinary shares at RM0.235 each for the acquisition of 38% equity interest in Banle.

Share issuance expenses of RM Nil (2019: RM431) was written off against share premium which was transferred to share capital in accordance with the transitional provision under Section 618(3)(b)(ii) of the Companies Act 2016.

In the previous financial year, 27,710,000 of Warrants 2017/2022 ("Warrants") were exercised at an exercise price of RM0.115 per Warrant.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
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19. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-distributable:				
Warrant reserve [Note(a)]	17,625,762	17,625,762	17,625,762	17,625,762
Other reserve [Note(b)]	(17,625,762)	(17,625,762)	(17,625,762)	(17,625,762)
Foreign currency translation reserve [Note(c)]	(594,874)	(135,517)	-	-
	(594,874)	(135,517)	-	-
Attributable to:				
Owners of the Company	(594,874)	(135,517)	-	-

(a) Warrant reserve

In the previous financial year, 27,660,000 of Warrants were exercised at an exercise price of RM0.115 per Warrant. The movement of the warrant reserve is as follows:

	Group and Company	
	2020	2019
	RM	RM
At 1 January	17,625,762	20,806,662
Exercised	-	(3,180,900)
At 31 December	17,625,762	17,625,762

As at 31 December 2020, the total numbers of Warrants that remain unexercised were 153,267,500 (2019: 153,267,500).

(b) Other reserve

Other reserve represents the discount on issuance of shares and the value of which is represented by the fair value of the warrants. The other reserve, in substance, form part of the issued and paid-up share capital and is presented separately for better understanding.

(c) Foreign currency translation reserve

The foreign exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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20. LEASE LIABILITIES

	Lease of Premises RM	Motor Vehicles RM	Total RM
Group			
2020			
Minimum lease payments:			
Within 1 year	1,848,703	1,121,880	2,970,583
More than 1 year and less than 2 years	1,710,651	1,109,768	2,820,419
More than 2 years and less than 5 years	3,960,000	1,694,435	5,654,435
	7,519,354	3,926,083	11,445,437
Less: Future finance charges	(784,705)	(297,286)	(1,081,991)
Present value of lease payables	6,734,649	3,628,797	10,363,446
Present value of lease liabilities payables:			
Within 1 year	1,557,801	981,585	2,539,386
More than 1 year and less than 2 years	1,499,354	1,015,198	2,514,552
More than 2 years and less than 5 years	3,677,494	1,632,014	5,309,508
	6,734,649	3,628,797	10,363,446
Representing:			
Current	1,557,801	981,585	2,539,386
Non-current	5,176,848	2,647,212	7,824,060
	6,734,649	3,628,797	10,363,446
2019			
Minimum lease payments:			
Within 1 year	340,950	989,136	1,330,086
More than 1 year and less than 2 years	345,950	985,044	1,330,994
More than 2 years and less than 5 years	113,774	2,109,915	2,223,689
	800,674	4,084,095	4,884,769
Less: Future finance charges	(42,696)	(473,909)	(516,605)
Present value of lease payables	757,978	3,610,186	4,368,164
Present value of lease liabilities payables:			
Within 1 year	313,762	800,028	1,113,790
More than 1 year and less than 2 years	331,839	847,119	1,178,958
More than 2 years and less than 5 years	112,377	1,963,039	2,075,416
	757,978	3,610,186	4,368,164
Representing:			
Current	313,762	800,028	1,113,790
Non-current	444,216	2,810,158	3,254,374
	757,978	3,610,186	4,368,164

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

20. LEASE LIABILITIES (cont'd)

	Lease of Premise RM	Motor Vehicle RM	Total RM
Company			
2020			
Minimum lease payments:			
Within 1 year	16,000	65,652	81,652
More than 1 year and less than 2 years	-	65,652	65,652
More than 2 years and less than 5 years	-	38,285	38,285
	16,000	169,589	185,589
Less: Future finance charges	(155)	(10,096)	(10,251)
Present value of lease payables	15,845	159,493	175,338
Present value of lease liabilities payables:			
Within 1 year	15,845	59,423	75,268
More than 1 year and less than 2 years	-	62,355	62,355
More than 2 years and less than 5 years	-	37,715	37,715
	15,845	159,493	175,338
Representing:			
Current	15,845	59,423	75,268
Non-current	-	100,070	100,070
	15,845	159,493	175,338
2019			
Minimum lease payments:			
Within 1 year	48,000	65,652	113,652
More than 1 year and less than 2 years	16,000	65,652	81,652
More than 2 years and less than 5 years	-	103,937	103,937
	64,000	235,241	299,241
Less: Future finance charges	(2,102)	(19,255)	(21,357)
Present value of lease payables	61,898	215,986	277,884
Present value of lease liabilities payables:			
Within 1 year	46,053	56,493	102,546
More than 1 year and less than 2 years	15,845	59,424	75,269
More than 2 years and less than 5 years	-	100,069	100,069
	61,898	215,986	277,884
Representing:			
Current	46,053	56,493	102,546
Non-current	15,845	159,493	175,338
	61,898	215,986	277,884

The effective interest rates per annum at the reporting date for the lease liabilities of the Group and the Company are ranging from 4.25% to 5.99% (2019: 4.25% to 5.91%) and 4.87% (2019: 4.87%) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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21. TRADE PAYABLES

The normal trade credit terms granted to the Group are ranging from cash in advance to 30 days (2019: cash in advance to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

22. OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-current				
Vendor financing liabilities (Note a)	24,899,127	22,570,375	-	-
Current				
Other payables	13,958,951	9,262,115	740,738	194,231
Accruals	14,572,968	23,585,445	471,511	546,870
Amount due to Directors	1,571,236	1,092,612	35,017	39,138
Vendor financing liabilities (Note a)	11,354,694	4,535,136	-	-
	41,457,849	38,475,308	1,247,266	780,239
	66,356,976	61,045,683	1,247,266	780,239

Included in the other payables of the Group is an amount of RM4,364,413 (2019: RM1,668,273) owing to vendors pertaining to acquisition of the Group's property, plant and equipment. An amount of RM2,854,607 (2019: RM1,211,962) out of RM4,364,413 (2019: RM1,668,273) were due to related parties of which certain Directors of subsidiaries have substantial financial interests.

Also included in the other payables of the Group is an amount of RM630,568 (2019: RM Nil) which relates to payment on behalf by related parties of which certain Directors of a subsidiary have substantial financial interests.

Note a

The Group has entered into Memorandum of Agreement ("MOA") with third parties (hereinafter "Vendor") for financing arrangement for the purchase of oil tankers (SMF Begonia, SMF Ixora and SMF Eden). The salient terms of the agreements are as follows:

SMF Begonia:

(i) The first component is a sum of USD900,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on the date of the signing of MOA;

(ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor a sum of USD60,000 per month of the 28th day of each month beginning from the first to the 60th calendar months after the date of the signing of MOA. The first instalment was due on 29 July 2019; and

(iii) For the third component (hereinafter "Third Component"), the Group shall pay the Vendor a final lump sum of USD800,000 on the 1st day of 61st calendar month after the date of the signing of MOA.

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22. OTHER PAYABLES (cont'd)

Note a (cont'd)

SMF Ixora:

(i) The first component is a sum of USD1,300,000 (hereinafter "First Component"). The First Component was paid by the Group to the Vendor on 16 September 2019;

(ii) For the second component (hereinafter "Second Component"), the Group shall pay the Vendor a sum of USD600,000 in three separate payments. USD200,000 each on the 16th day of 1st, 2nd and 3rd calendar month after the date of the signing of MOA on 12 September 2019. These payments were due on 16 October 2019, 16 November 2019 and 16 December 2019 respectively; and

(iii) For the third component (hereinafter "Third Component"), the Group shall pay the Vendor a sum of USD64,920 per month on the 16th day of each month beginning from the fourth to the 59th calendar months after the date of the signing of MOA. The first instalment is due on 16 January 2020.

SMF Eden:

(i) The first component is the sum of USD550,000 (hereinafter "First Component"). The First Component was paid by the Company to the Vendor on 17 September 2020 and 29 September 2020;

(ii) For the second component (hereinafter "Second Component"), the Company shall pay the Vendor the sum of USD100,000 per month beginning from the first to the 35th calendar months after the date of the vessel being delivered; and

(iii) For the third component (hereinafter "Third Component"), the Company shall pay the Vendor the sum of USD550,000 in on the date falling thirteen months from the delivery date of the vessel.

	SMF Begonia	SMF Ixora	SMF Eden	Total
	RM	RM	RM	RM
Group				
2020				
Minimum payments:				
Within 1 year	2,889,360	3,126,288	7,022,750	13,038,398
More than 1 year and less than 2 years	2,889,360	3,126,288	4,815,600	10,831,248
More than 2 years and less than 5 years	7,303,660	5,482,910	3,210,400	15,996,970
	13,082,380	11,735,486	15,048,750	39,866,616
Less: Future finance charges	(947,333)	(1,738,605)	(926,857)	(3,612,795)
Present value of vendor financing payables	12,135,047	9,996,881	14,121,893	36,253,821
Present value of vendor financing payables				
Within 1 year	2,553,845	2,336,321	6,464,528	11,354,694
More than 1 year and less than 2 years	2,502,535	2,576,310	4,510,159	9,589,004
More than 2 years and less than 5 years	7,078,667	5,084,250	3,147,206	15,310,123
	12,135,047	9,996,881	14,121,893	36,253,821
Representing:				
Current	2,553,845	2,336,321	6,464,528	11,354,694
Non-current	9,581,202	7,660,560	7,657,365	24,899,127
	12,135,047	9,996,881	14,121,893	36,253,821

NOTES TO THE FINANCIAL STATEMENTS
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22. OTHER PAYABLES (cont'd)

	SMF Begonia RM	SMF Ixora RM	Total RM
Group (cont'd)			
2019			
Minimum payments:			
Within 1 year	3,192,150	3,174,278	6,366,428
More than 1 year and less than 2 years	2,946,600	3,188,221	6,134,821
More than 2 years and less than 5 years	10,640,500	8,765,808	19,406,308
	16,779,250	15,128,307	31,907,557
Less: Future finance charges	(1,992,578)	(2,809,468)	(4,802,046)
Present value of vendor financing payables	14,786,672	12,318,839	27,105,511
Present value of vendor financing payables:			
Within 1 year	2,411,221	2,123,915	4,535,136
More than 1 year and less than 2 years	2,358,890	2,382,603	4,741,493
More than 2 years and less than 5 years	10,016,561	7,812,321	17,828,882
	14,786,672	12,318,839	27,105,511
Representing:			
Current	2,411,221	2,123,915	4,535,136
Non-current	12,375,451	10,194,924	22,570,375
	14,786,672	12,318,839	27,105,511

The effective interest rates per annum on the above vendor financing arrangements are ranging from 5.24% to 7.93% (2019: 5.24% to 7.93%).

23. TAWARRUQ WORKING CAPITAL FINANCING-I

This facility bears interest ranging from 7% to 8.25% (2019: 8.50%) per annum and the repayment term were up to 90 days from utilisation date. This facility is secured by the following:

- Registered legal charge by way of debenture over all the present and future assets, rights, interests and undertakings of a subsidiary, TMD; and

- Corporate guarantee by the Company.

In previous year, this facility was also secured by joint and several guarantees by one of the Directors of the Company and external parties.

NOTES TO THE FINANCIAL STATEMENTS
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24. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party 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 Group and the Company have related party relationships with its subsidiaries, associate, related parties and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

(b) Related party transactions

	2020 RM	2019 RM
Group		
Transactions with associates		
Sales	(5,566,042)	-
Consultancy fees	83,026	-
(Repayment to)/advance from	(17,587)	17,587
Advance to	(9,442)	(3,192)
Transactions with related parties		
Sales	1,540,703	-
Shipping agency services	-	218,696
Acquisition of cement tankers	-	2,100,000
Security services	-	109,803
Advances from/(repayment to)	2,273,213	(888,038)
Directors		
Advances from	478,624	1,055,612
Company		
Transactions with associates		
Advances (to)/from	(17,587)	17,587
Director		
(Repayment to)/advance from	(4,121)	2,138
Transactions with subsidiaries		
Capital contribution	(3,610,000)	-
Management fees	1,692,000	2,684,179
Net advances from	8,163,053	1,336,420

Information regarding outstanding balances arising from related party transaction as at reporting date are disclosed in Notes 14, 16, 17 and 22 respectively.

NOTES TO THE FINANCIAL STATEMENTS
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24. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel is referring to all the Directors of the Company and its subsidiaries.

Remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 5(a).

25. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

Investment holding	Investment in shares and provision of management services.
Oil trading and bunkering services	International supply of petroleum products and provision of marine bunkering and related services to vessels.
Ship management services	Provision of ship management and related services to ship owner/operator.
Chartering services	Chartering of vessels.
Inland transportation services	Transportation of cement and related products.
Port operation and facility management services	Carries out port operation such as mooring, unmooring, berthing of vessels, cargo handling charges, storage charges, container lifting charges, use of yard for stuffing and unstuffing.
Others	Dormant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING SEGMENTS (cont'd)

	Note	Investment holding RM	Oil trading and bunkering services RM	Ship management services RM	Chartering services RM	Inland transportation services RM	Port management and facility management RM	Others RM	Total RM	Adjustments & Eliminations RM	Group RM
2020											
Profit or loss											
Revenue from external customers		-	662,243,816	546,943	-	2,958,711	9,566,719	-	675,316,189	-	675,316,189
Inter-segment revenue	(a)	1,692,000	-	3,219,991	9,464,116	-	-	-	14,376,107	(14,376,107)	-
Total revenue		1,692,000	662,243,816	3,766,934	9,464,116	2,958,711	9,566,719	-	689,692,296	(14,376,107)	675,316,189
Results											
Interest income		2	12,322	145	-	46	624	-	13,139	-	13,139
Interest expense		(11,106)	(3,433,878)	(18,904)	(2,065,539)	(186,102)	(257,216)	-	(5,972,745)	-	(5,972,745)
Depreciation of property, plant and equipment		(158,440)	(6,449,157)	(236,847)	(2,356,053)	(915,732)	(1,700,665)	-	(11,816,894)	-	(11,816,894)
Share of results of associates		-	103,898	-	-	-	-	-	103,898	5,172,759	5,276,657
Other non-cash (expenses)/income	(b)	(9,003)	406,060	(1,943)	(384,752)	(449,374)	-	-	(439,012)	(72,900)	(511,912)
Segment (loss)/profit before tax	(c)	(2,271,928)	4,351,713	1,358,531	2,349,255	(2,919,958)	(543,565)	(27,647)	2,296,401	4,170,266	6,466,667
Segment assets											
Investments in associates		15,013,639	3,431,986	-	-	-	-	-	18,445,625	2,872,112	21,317,737
Additions to non-current assets		13,158	2,870,872	16,648	18,534,906	788,670	13,798,858	-	36,023,112	-	36,023,112
Segment assets	(d)	118,791,283	207,565,336	5,417,710	67,119,192	7,789,218	14,286,083	4,455	420,973,277	(106,502,617)	314,470,660
Segment liabilities	(e)	22,932,381	152,870,811	3,286,650	49,228,903	7,512,411	11,829,648	110,920	247,771,724	(59,466,410)	188,305,314

NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING SEGMENTS (cont'd)

	Note	Investment holding RM	Oil trading and bunkering services RM	Ship management services RM	Chartering services RM	Inland transportation services RM	Others RM	Total RM	Adjustments & Eliminations RM	Group RM
2019										
Profit or loss										
Revenue from external customers		-	659,374,399	4,090	-	3,809,076	-	663,187,565	-	663,187,565
Inter-segment revenue	(a)	2,684,179	-	2,047,312	1,928,493	-	-	6,659,984	(6,659,984)	-
Total revenue		2,684,179	659,374,399	2,051,402	1,928,493	3,809,076	-	669,847,549	(6,659,984)	663,187,565
Results										
Interest income		-	21,410	69	199	1,131	-	22,809	-	22,809
Interest expense		(16,264)	(3,017,261)	(12,667)	(777,311)	-	-	(3,823,503)	-	(3,823,503)
Depreciation of property, plant and equipment		(159,699)	(4,741,111)	(116,269)	(978,542)	(283,695)	-	(6,279,316)	-	(6,279,316)
Share of results of an associate		-	-	-	-	-	-	-	2,522,988	2,522,988
Other non-cash (expenses)/income	(b)	144	(371,892)	20,624	(359,655)	(191,181)	-	(901,960)	182,556	(719,404)
Segment (loss)/profit before tax	(c)	(1,144,854)	13,011,042	663,200	(1,234,956)	(1,482,715)	(59,120)	9,752,597	2,673,775	12,426,372
Segment assets										
Investments in associates		15,013,639	-	-	-	-	-	15,013,639	2,122,588	17,136,227
Additions to non-current assets		10,077	3,286,966	103,726	82,599	50,339,156	-	53,822,524	-	53,822,524
Segment assets	(d)	111,368,020	192,281,167	3,992,043	49,709,427	9,317,285	5,658	366,673,600	(71,840,250)	294,833,350
Segment liabilities	(e)	13,237,190	153,846,744	3,098,115	33,775,316	9,047,951	150,442	213,155,758	(41,067,823)	172,087,935

NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING SEGMENTS (cont'd)

(a) Inter-segment revenue is eliminated on consolidation.

(b) Other material non-cash expense/(income) consist of the following items as presented in the respective notes:

	Group	
	2020	**2019**
	RM	**RM**
Allowance for expected credit losses on trade receivables	551,985	559,145
Reversal of allowance for expected credit losses on trade receivables	(603,885)	(240,331)
Bad debts written off	-	2,380
Deposits written off	5,640	804
Loss on disposal of property,plant and equipment	160,596	166,969
Property, plant and equipment written off	9,632	-
Realised gain on foreign exchange	(769,705)	(357,112)
Unrealised loss on foreign exchange	1,157,649	587,549
	511,912	719,404

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

	Group	
	2020	**2019**
	RM	**RM**
Share of results of an associate	5,276,657	2,522,988
Other (income)/expenses	(1,106,391)	150,787
	4,170,266	2,673,775

(d) Reconciliation of assets:

	Group	
	2020	**2019**
	RM	**RM**
Segment assets	314,169,439	294,616,187
Deferred tax assets	-	213,966
Tax recoverable	301,221	3,197
Total assets	314,470,660	294,833,350

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25. OPERATING SEGMENTS (cont'd)

(d) Reconciliation of assets: (cont'd)

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2020	**2019**
	RM	**RM**
Goodwill	30,558,958	30,558,958
Property, plant and equipment	(12,026)	(12,026)
Inter-segment assets	(137,049,549)	(102,387,182)
	(106,502,617)	(71,840,250)

(e) Reconciliation of liabilities:

	Group	
	2020	**2019**
	RM	**RM**
Segment liabilities	186,492,345	171,117,285
Deferred tax liabilities	1,117,534	-
Tax payable	695,435	970,650
Total liabilities	188,305,314	172,087,935

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2020	**2019**
	RM	**RM**
Inter-segment liabilities	(59,466,410)	(41,067,823)

Geographical segments

The Group's operations are located in Malaysia and Singapore. However, revenue generated from Singapore operation as at financial year ended was less than 1% (2019: less than 1%) of the Groups' total revenue and therefore, information on geographical segment is not presented.

Major customers

The following are major customers with revenue equal or more than 10% of Group's total revenue.

	External Revenue		
	2020	**2019**	
	RM	**RM**	**Segment**
Customer A	400,938,819	277,072,340	Oil trading and bunkering services
Customer B	-	45,250,758	Oil trading and bunkering services

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as amortised costs.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, interest rate, foreign currency risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

<u>Risk management objectives, policies and processes for managing the risk</u>

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the previous year.

<u>Exposure to credit risk, credit quality and collateral</u>

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting date.

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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis. As at the reporting date, the Group has significant concentration of credit risk arising from the amounts owing from 4 customers (2019: 3 customers) constituting 84% (2019: 77%) of net trade receivables of the Group.

Recognition and measurement of impairment loss

The Group applies the MFRS 9 simplified approach to measuring Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

For collective assessment, the Group uses an allowance matrix to measure ECL of collective assessed receivables as they are grouped based on shared credit risk characteristics, the days past due and similar types of contracts which have similar risk characteristics. Loss rates under collective assessment are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. Loss rates are based on actual credit loss experienced over the prior years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

Consistent with debt recovery process, invoices which are past due 60 or 90 days after the lapse of credit term granted by the Group will be considered as credit impaired.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross	Loss Allowances	Net
	RM	RM	RM
Group			
2020			
Not past due	26,445,318	(11,857)	26,433,461
Past due:			
1 to 30 days	4,595,754	(3,294)	4,592,460
31 to 60 days	663,896	(4,594)	659,302
61 to 90 days	403,997	-	403,997
More than 90 days	180,260	(155,422)	24,838
	32,289,225	(175,167)	32,114,058
Credit impaired			
Individually impaired	32,726,595	(1,132,614)	31,593,981
	65,015,820	(1,307,781)	63,708,039
2019			
Not past due	28,072,770	(83,909)	27,988,861
Past due:			
1 to 30 days	15,642,004	(75,767)	15,566,237
31 to 60 days	9,740,762	(75,358)	9,665,404
61 to 90 days	4,807,581	(157,575)	4,650,006
More than 90 days	1,595,701	(94,343)	1,501,358
	59,858,818	(486,952)	59,371,866
Credit impaired			
Individually impaired	872,729	(872,729)	-
	60,731,547	(1,359,681)	59,371,866

The movements in the allowance for impairment in respect of trade receivables during the year is disclosed in Note 14.

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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

<u>Credit impaired</u>

Trade receivables that are individually and collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties, have defaulted on payments after 60 or 90 days past due and without subsequent settlement. These receivables are not secured by any collateral or credit enhancements.

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

<u>Receivables that are past due but not impaired</u>

The Group has not provided allowance for expected losses on these trade debtors as there have been no significant changes in their credit qualities and the amounts are still considered recoverable. These trade debtors relate mostly to customers with slower repayment patterns, for whom there is no history of default and outstanding balances usually settled within the 60 or 90 days past due. The Group does not hold any collateral or other credit enhancement over these balances.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivable. As at the end of the reporting date, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has provided allowances for expected credit losses on these amounts as disclosed in Note 15.

Inter-company loans and advances

<u>*Risk management objectives, policies and processes for managing the risk*</u>

The Company provides unsecured loans and advances to subsidiaries and associate. The Company monitors the ability of the subsidiaries and associate to repay the loans and advances on an individual basis.

<u>*Exposure to credit risk, credit quality and collateral*</u>

As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(i) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries and associate have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' and associate's financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' and associate's loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries and associate are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the reporting date, there were no indications of impairment loss in respect of amounts due from subsidiaries and associate. The Company does not specifically monitor the ageing of the current advances to subsidiaries and associate. The Company monitors the results of the subsidiaries and associate regularly.

Financial guarantee

The Company provides financial guarantee to bank in respect of a banking facility granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM70,898,324 (2019: RM35,664,685) representing outstanding banking facility of the subsidiary at the end of the reporting date. The financial guarantee is provided as credit enhancements to the subsidiary's banking facility.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

This financial guarantee is subject to the impairment requirements under MFRS 9. There was no indication that the subsidiary which was granted with the banking facility (Note 23) would default on repayment. The Company assessed that its subsidiary's borrowing is secured by assets and hence, does not expect significant credit loss arising from this financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
cont'd

26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing liabilities.

In respect of interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the period, in which they reprice or mature, whichever is earlier.

Exposure in interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2020	**2019**
	RM	**RM**
Floating rate instruments		
Tawarruq working capital financing-i	70,898,324	35,664,685

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Lease liabilities	10,363,446	4,368,164	175,338	277,884
Vendor financing liabilities	36,253,821	27,105,511	-	-
	46,617,267	31,473,675	175,338	277,884

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting date, with all other variables held constant:

	(Decrease)/increase in profit net of tax/equity	
	2020	**2019**
	RM	**RM**
Group		
Effect on profit after tax/equity		
Increase of 10 basis points	(53,883)	(27,105)
Decrease of 10 basis points	53,883	27,105

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

Maturity analysis

The table below shows the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting date based on undiscounted contractual payments:

			Contractual cash flows		
	Carrying amount	**Total contractual cash flows**	**On demand or within 1 year**	**1 to 2 years**	**2 to 5 years**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
2020					
Trade payables	38,030,869	38,030,869	38,030,869	-	-
Other payables	66,356,976	69,969,771	43,141,553	10,831,248	15,996,970
Lease liabilities	10,363,446	11,445,437	2,970,583	2,820,419	5,654,435
Amount due to an associate	842,730	842,730	842,730	-	-
Tawarruq working capital financing-i	70,898,324	76,747,436	76,747,436	-	-
	186,492,345	197,036,243	161,733,171	13,651,667	21,651,405
2019					
Trade payables	70,021,166	70,021,166	70,021,166	-	-
Other payables	61,045,683	65,847,729	40,306,600	6,134,821	19,406,308
Lease liabilities	4,368,164	4,884,769	1,330,086	1,330,994	2,223,689
Amount due to an associate	17,587	17,587	17,587	-	-
Tawarruq working capital financing-i	35,664,685	38,607,022	38,607,022	-	-
	171,117,285	179,378,273	150,282,461	7,465,815	21,629,997

NOTES TO THE FINANCIAL STATEMENTS
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below shows the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting date based on undiscounted contractual payments: (cont'd)

			Contractual cash flows		
	Carrying amount	Total contractual cash flows	On demand or within 1 year	1 to 2 years	2 to 5 years
	RM	RM	RM	RM	RM
Company					
2020					
Other payables	1,247,266	1,247,266	1,247,266	-	-
Amount due to a subsidiary	21,509,242	21,509,242	21,509,242	-	-
Lease liabilities	175,338	185,589	81,652	65,652	38,285
	22,931,846	22,942,097	22,838,160	65,652	38,285
2019					
Other payables	780,239	780,239	780,239	-	-
Amount due to a subsidiary	12,160,945	12,160,945	12,160,945	-	-
Amount due to an associate	17,587	17,587	17,587	-	-
Lease liabilities	277,884	299,241	113,652	81,652	103,937
	13,236,655	13,258,012	13,072,423	81,652	103,937

(iv) 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 is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily Euro ("EURO"), Pound Sterling ("GBP"), United States Dollar ("USD") and Singapore Dollar ("SGD").

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at end of the reporting date was:

	EURO	GBP	USD	SGD
	RM	RM	RM	RM
Group				
2020				
Cash at banks	2,440	-	50,527	348
Trade receivables	-	-	29,538,970	4,845
Other receivables	-	-	27,225,142	209,889
Trade payables	-	-	(6,383,690)	(42,496)
Other payables	-	(274,265)	(575,706)	(407,473)
Amount due to an associate	-	-	(842,730)	-
	2,440	(274,265)	49,012,513	(234,887)
2019				
Cash at banks	2,343	-	5,006,998	54,777
Trade receivables	-	-	14,592,925	4,839
Other receivables	-	6,955	38,798,156	664,223
Trade payables	-	-	(4,164,720)	(36,840)
Other payables	-	-	(16,386,701)	(506,962)
	2,343	6,955	37,846,658	180,037

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020
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26. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(iv) Foreign currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

The Company's exposure to foreign currency risk, based on carrying amounts as at end of the reporting date was:

	USD RM	SGD RM
Company		
2020		
Amounts due from subsidiaries	-	17,273
Cash at banks	2,297	-
	2,297	17,273
2019		
Amounts due from subsidiaries	-	18,133
Cash at banks	2,342	2,239
	2,342	20,372

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the functional currency of the Group against the foreign currencies at the end of the reporting date would have (decreased)/increased profit after tax and equity by the amounts shown below:

		(Decrease)/increase in Profit net of tax/equity	
		2020 RM	**2019 RM**
Group			
Effect on profit net of tax/equity			
RM/EURO	- Strengthened by 10% (2019: 10%)	(185)	(178)
	- Weakened by 10% (2019: 10%)	185	178
RM/GBP	- Strengthened by 10% (2019: 10%)	20,844	(529)
	- Weakened by 10% (2019: 10%)	(20,844)	529
RM/USD	- Strengthened by 10% (2019: 10%)	(3,724,951)	(2,876,346)
	- Weakened by 10% (2019: 10%)	3,724,951	2,876,346
RM/SGD	- Strengthened by 10% (2019: 10%)	17,851	(13,683)
	- Weakened by 10% (2019: 10%)	(17,851)	13,683

The 10% strengthening/weakening of the functional currency of the Company against the foreign currencies at the end of the reporting date would have an immaterial effect on the loss after tax and equity of the Company.

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31 December 2020
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27. FAIR VALUE INFORMATION

Financial instrument at fair value

As the financial assets and liabilities of the Group and of the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values.

The carrying amounts of short-term payables, receivables and cash and cash equivalents approximate their fair value due to relatively short-term nature of these financial instruments and the insignificant impact of discounting.

28. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company monitor capital using net-debt-to-equity ratio which is the net debt divided by total capital. Net debt includes Tawarruq working capital financing-I and lease liabilities, less cash and bank balances whilst total capital is equity attributable to Owners of the Company.

The net debts-to-equity ratios at end of the reporting date were:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Lease liabilities (Note 20)	10,363,446	4,368,164	175,338	277,884
Tawarruq working capital financing-i (Note 23)	70,898,324	35,664,685	-	-
	81,261,770	40,032,849	175,338	277,884
Less: Cash and bank balances	(11,601,154)	(8,264,430)	(414,542)	(237,804)
Net debts/(cash)	69,660,616	31,768,419	(239,204)	40,080
Total equity attributable to Owners of the Company	113,704,681	110,603,576	95,858,902	98,130,830
Debts-to-equity ratio	61.26%	28.72%	NA	0.04%

NA - Not meaningful

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group is in compliance with all externally imposed capital requirements.

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29. CAPITAL COMMITMENT

	Group	
	2020	**2019**
	RM	**RM**
Approved and contracted for:		
Acquisition of oil tanker [Note 30(ii)]	8,848,665	-
Approved but not contracted for:		
Renovation in progress at Labuan Port	322,173	-
Dry-docking expenditures	896,623	795,436

30. SIGNIFICANT EVENTS

The significant events during the financial year are as follows:

(i) On 16 September 2020, EDEN entered into a Memorandum of Agreement ("MOA") to acquire a vessel, namely M.O Satu for a purchase consideration of USD4,500,000 (equivalent to RM18,058,500) to be satisfied entirely via cash over a period of 36 months from the date of MOA. The oil tanker, M.O Satu, subsequently changed its name to Eden and the acquisition was completed on 10 February 2021.

(ii) On 24 July 2020, Beluga has entered into a Memorandum of Agreement ("MOA") to acquire a vessel, namely MT MA Veronica for a purchase consideration of USD2,450,000 (equivalent to RM9,831,850) of which acquisition is expected to be completed by the next financial year and an amount of RM983,185 (USD245,000) being 10% deposit was paid during the financial year.

(iii) The Coronavirus (COVID-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the COVID-19 outbreak as global pandemic on 11 March 2020.

Following the WHO's declaration, Malaysia Government has on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of 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. Through the MCO, most businesses were forced to close down temporarily for the time being, except those categorised as "Essential Services". The emergence of COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and across the globe.

Nonetheless, the COVID-19 pandemic has not resulted in any material impairment to its financial and non-financial assets for current financial year ended or affected the Group's and the Company's ability to continue their business as a going concern. The interruption of the COVID-19 pandemic and imposition of the MCO did not have any material impact on the Group's and the Company's operations and financial performance for the current financial year ended as majority of the Group's operations fall within the definition of "Essential Services", other than the inland transportation services segment, and were allowed to operate during MCO, Conditional MCO ("CMCO") and Recovery MCO ("RMCO").

On 11 January 2021, Malaysia Government has announced MCO on all the states of Malaysia starting from 13 January 2021 to 18 February 2021. On 16 February 2021, 2 March 2021 and 25 March 2021, the Malaysia Government announced the extension of MCO, CMCO and RMCO until 10 May 2021 in respective states. On 11 May 2021, Malaysia Government further announced that a nationwide MCO lockdown would be imposed from 12 May 2021 to 7 June 2021. The management does not expect significant disruptions on the Group's operations and would continue monitoring its funding and liquidity to meet operational needs.

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31 December 2020
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31. SUBSEQUENT EVENTS

(i) On 15 January 2021, SMF incorporated Sierra Pioneer Marine Ltd ("Sierra") in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD100 comprising 100 ordinary shares of USD 1 each. Sierra's intended activity is investment holding and 51% owned by SMF.

With the above incorporation, Sierra has entered into a Memorandum of Agreement ("MOA") with Ocean World Inc to acquire a vessel, named M.T. Guo Kang No.1 for a purchase consideration of USD1,600,000 (equivalent to RM6,464,000) to be satisfied entirely by cash over a period of one month from the MOA date. The acquisition of M.T. Guo Kang No.1 is to expand the business of the Group especially in the supply of High Sulphur Fuel Oil ("HSFO") market to cater for the increasing demand of HSFO in Malaysia.

(ii) On 29 March 2021, FML has subscribed 70% equity interest in Victoria STS (Labuan) Sdn Bhd. Subsequently on 31 March 2021, the Company and Puan Harison Binti Yusoff had transferred their equity interest of 49% and 11% respectively in FML to SPM.

(iii) On 17 February 2021, in conjunction with and as an integral part of the Company's 38% associate company, Banle's Proposed Initial Public Offering ("IPO") at the GEM Growth Enterprise Market ("GEM") Board of the Hong Kong Stock Exchange ("HKEX"), Banle has undertaken an internal restructuring. In this internal restructuring, both CBL (Asia) Ltd ("CBL") and the Company, being the 2 shareholders of Banle had carried out a share swap of their equity interest in Banle for shares at equivalent percentage in Banle International Group Limited ("BIG"). Pursuant to the completion of this share-swap, Banle has become a wholly-owned subsidiary of BIG.

On 2 March 2021, the Company announced that Banle International Holdings Limited, being the proposed ultimate holding company of Banle, after a restructuring exercise is proposing for a listing on GEM of the HKEX via an IPO, subject to obtaining the relevant approvals from all governing authorities pertaining to the Proposed Listing.

(iv) On 1 March 2021, the issued and paid-up share capital of the Company was increased from RM104,465,174 to RM124,895,843 by way of issuance of 130,131,649 new ordinary shares at RM0.157 each for a Private Placement exercise.

Part of the proceed from the Private Placement to utilise for acquisition of 2,250,000 ordinary shares in TMD, representing 15% equity interest in TMD from Dato' Mohd Suhaimi Bin Hashim for a purchase consideration of RM11,714,647 to be satisfied entirely via cash. As at 31 December 2020, TMD is a 55% owned subsidiary of the Company.

(v) On 7 April 2021, SMS incorporate a wholly-owned subdsidiary, namely Straits Maritime Services Pte Ltd ("SMS2") in Singapore with an issued and paid-up capital of SGD50,000 comprising 50,000 ordinary shares of SGD1 each. The intended activity of SMS2 is provision of general cleaning services (excluding houshold cleaning).

(vi) On 18 May 2021, SMF incorporated Katsu Pioneer Marine Ltd ("Katsu") in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD100 comprising 100 ordinary shares of USD 1 each. Katsu's intended activity is investment holding and 51% owned by SMF.

NOTES TO THE **FINANCIAL STATEMENTS**

31 December 2020

cont'd

32. MATERIAL LITIGATION / ARBITRATION

Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and TMD ("the "Respondent").

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgement for USD937,353 with interest and cost of which TMD has disputed jurisdiction. Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company and accordingly, no provisions have been made in the financial statements.

ANALYSIS OF SHAREHOLDINGS
As at 17 May 2021

Issued and Fully Paid-up Share Capital	:	RM 124,895,842.89 divided into 780,789,895 units of Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 - 99	34	0.65	1,151	0.00
100 - 1,000	466	8.91	229,149	0.03
1,001 - 10,000	1,835	35.08	12,413,380	1.59
10,001 - 100,000	2,395	45.78	91,815,900	11.76
100,001 and 39,039,493 (*)	498	9.52	480,413,815	61.53
39,039,494 and above (**)	3	0.06	195,916,500	25.09
Total	5,231	100.00	780,789,895	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No	Name of Substantial Shareholders	Direct		Indirect	
		No of Shares	%	No of Shares	%
1.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	79,340,200	10.16	-	-
2	Sturgeon Asia Ltd	57,464,900	7.36		
3.	Ang Tun Young	54,738,200	7.01	-	-
4.	Dato' Sri Ho Kam Choy	59,111,400	7.57	58,851,800*	7.54

* Deemed interest by virtue of his indirect shareholding in Sturgeon Asia Ltd. pursuant to Section 8(4) of the Companies Act 2016 and his brothers' direct shareholdings in the Company.

ANALYSIS OF SHAREHOLDINGS
As at 17 May 2021
cont'd

ANALYSIS OF SHAREHOLDINGS AS AT 17 MAY 2021

List of Directors' Shareholdings

		Direct		Indirect	
No	**Name of Director**	**No of Shares**	**%**	**No of Shares**	**%**
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	-	-	-	-
2.	Dato' Sri Ho Kam Choy	59,111,400	7.57	58,851,800*	7.54
3.	Captain Tony Tan Han (Chen Han)	36,790,438	4.71	-	-
4.	Ho Fook Meng	4,000,000	0.51	-	-
5.	Leong Fook Heng	-	-	-	-
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
7.	Puan Harison Binti Yusoff	-	-	12,400**	0.00

* Deemed interest by virtue of his indirect shareholding in Sturgeon Asia Ltd. pursuant to Section 8(4) of the Companies Act 2016 and his brothers' direct shareholdings in the Company.

** Deemed interest by virtue of her spouse's direct shareholdings in the Company.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No	Name of Shareholders	No of Shares	%
1.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	79,340,200	10.16
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dato' Sri Ho Kam Choy	59,111,400	7.57
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd (Third Party)	57,464,900	7.36
4.	Captain Tony Tan Han (Chen Han)	36,790,438	4.71
5.	Bimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Tun Young	32,500,000	4.16
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalatiff Bin Jamaluddin	31,268,400	4.00
7.	Kher Wai Har	23,396,000	3.00
8.	Raja Ismail Bin Raja Mohamed	22,447,002	2.87
9.	Ang Tun Young	22,238,200	2.85
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd UOB Kay Hian Securities (M) Sdn Bhd For Raja Ismail Bin Raja Mohamed (Straits)	15,911,331	2.04
11.	Chung Chin Hiong	14,645,200	1.88

ANALYSIS OF SHAREHOLDINGS
As at 17 May 2021
cont'd

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No	Name of Shareholders	No of Shares	%
12.	Yap Poh Onn	10,016,800	1.28
13.	Chia Bee Chin	9,813,100	1.26
14.	Dharminder Singh A/L Amar Singh	7,552,200	0.97
15.	Loh Toh Heoh	6,500,000	0.83
16.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For BJS Offshore Sdn Bhd	6,400,000	0.82
17.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For Barclays Capital Securities Ltd (SBL/PB)	6,003,400	0.77
18.	Yong Chean Peng	5,482,000	0.70
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Chiong Kui	5,000,000	0.64
20.	Lim Kok Han	4,699,300	0.60
21.	Ho Fook Meng	4,000,000	0.51
22.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Foong Kah Heng	4,000,000	0.51
23.	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	3,734,000	0.48
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Chean Peng (7005057)	3,650,000	0.47
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek	3,400,000	0.44
26.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Poh Tat	3,400,000	0.44
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Loy Huat	3,000,000	0.38
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Chean Peng	3,000,000	0.38
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chia Kee Siong	2,500,000	0.32
30.	Low Han Kee	2,500,000	0.32

ANALYSIS OF WARRANT HOLDINGS
As at 17 May 2021

No. of Warrant Issued	:	183,952,000
No. of Exercised Warrant	:	30,684,500
No. of Unexercised Warrant	:	153,267,500
Maturity Date	:	10 August 2022
Voting Rights	:	The warrant holders do not have any voting rights in any general meeting of the Company until and unless such holders of warrants exercise their warrants into ordinary shares of the Company.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No of Warrant Holders	% of Warrant Holders	No of Unexercised Warrant	% of Unexercised Warrant
1-99	6	0.44	540	0.00
100 - 1,000	77	5.62	41,860	0.03
1,001 - 10,000	437	31.90	2,822,600	1.84
10,001 - 100,000	676	49.34	28,456,900	18.57
100,001 - 7,663,374 (*)	173	12.63	106,964,400	69.79
7,663,375 and above (**)	1	0.07	14,981,200	9.77
Total	1,370	100.00	153,267,500	100.00

* Less than 5% of issued warrants
** 5% and above of issued warrants

LIST OF SUBSTANTIAL WARRANT HOLDERS (5% AND ABOVE)

No	Name of Substantial Shareholders	No of Warrants	%
1.	Ang Tun Young	14,981,200	9.77
2.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Choon Huat	9,890,000	6.45

LIST OF DIRECTORS' WARRANT HOLDINGS

No	Name of Director	Direct		Indirect	
		No of Warrant	%	No of Warrant	%
1.	YAM Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud	-	-	-	-
2.	Dato' Sri Ho Kam Choy *	1,779,700	1.16	5,464,900	3.57
3.	Captain Tony Tan Han (Chen Han)	-	-	-	-
4.	Ho Fook Meng	-	-	-	-
5.	Leong Fook Heng	-	-	-	-
6.	Tan Sri Mohd Bakri Bin Mohd Zinin	-	-	-	-
7.	Puan Harison Binti Yusoff	-	-	-	-

* Indirect Interest through Sturgeon Asia Ltd

ANALYSIS OF WARRANT HOLDINGS

As at 17 May 2021

cont'd

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No	Name of Warrant Holders	No of Warrants Held	% of Issued Warrant
1.	Ang Tun Young	14,981,200	9.77
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sturgeon Asia Ltd	5,464,900	3.57
3.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Choon Huat	5,304,500	3.46
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rithauddin Hussein Jamalatiff Bin Jamaluddin	4,989,100	3.26
5.	Yap Poh Onn	4,600,000	3.00
6.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Choon Huat	4,585,500	2.99
7.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Wymin	4,000,000	2.61
8.	Lim Kim Suan	2,877,000	1.88
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Choon Eek	2,746,500	1.79
10.	Huah Gim Huat	2,700,000	1.76
11.	Voon Sze Lin	2,000,000	1.30
12.	Ng Wymin	1,980,000	1.29
13.	Lim Kok Han	1,871,000	1.22
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kim Yu	1,800,000	1.17
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dato' Sri Ho Kam Choy	1,779,700	1.16
16.	Ong Suan Pin	1,702,800	1.11
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Ker-Wei	1,700,000	1.11
18.	Tan Leng Mooi	1,590,000	1.04
19.	Tan Beng Chuan	1,298,500	0.85
20.	Kenanga Nominees (Tempatan) Sdn Bhd S Indra Devi A/P S Subramaniam	1,200,000	0.78
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Rajinder Singh A/L Kuldip Singh	1,160,000	0.76
22.	Low Kim Peng	1,102,700	0.72
23.	GV Asia Fund Limited	1,102,500	0.72
24.	Ng Wooi Kiang	1,100,000	0.72
25.	Ranjit Singh A/L Harchand Singh	1,100,000	0.72
26.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liaw Ching Shen	1,046,000	0.68
27.	Kee Boon Seng	1,000,000	0.65
28.	Lee Kok Ming	1,000,000	0.65
29.	Ong Yoke Meng	1,000,000	0.65
30.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Chong Wui	1,000,000	0.65

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting ("AGM") of the Company will be **conducted through live streaming** from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 24 June 2021 at 9.30 a.m** for the purpose of considering and if thought fit, passing the following business with or without modifications:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.	Please refer to Explanatory Note 1
2.	To re-elect the following Directors who retire in accordance with Clause 21.6 of the Constitution of the Company and being eligible, offers themselves for re-election:-	
	2.1 Tan Sri Mohd Bakri Bin Mohd Zinin	Ordinary Resolution 1
	2.2 Captain Tony Tan Han (Chen Han)	Ordinary Resolution 2
3.	To approve the payment of Directors' Fee up to an amount of RM 486,000.00 for the period from 1 July 2021 until 30 June 2022.	Ordinary Resolution 3
4.	To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM 208,000.00 for the period from 1 July 2021 until 30 June 2022.	Ordinary Resolution 4
5.	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ended 31 December 2021 and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016** — Ordinary Resolution 6

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other Governmental/Regulatory Authorities, where such approval is necessary, authority be and is hereby given to the Directors of the Company, pursuant to the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being, to be utilized until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter 10% of the total number of issued shares of the Company for the time being as stipulated under Rule 6.04 of the ACE Market Listing Requirements of Bursa Securities.

AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 7

"THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("Related Parties") as described in the Circular to Shareholders dated 28 May 2021 ("Recurrent RPTs") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders

("RRPTs Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

8. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 8

THAT subject always to the Act, the Constitution of the Company and the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 28 May 2021 provided that such transactions and/ or arrangement are:

NOTICE OF ANNUAL GENERAL MEETING
cont'd

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders

("New RRPTs Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by shareholders in a general meeting;

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

9. **SPECIAL RESOLUTION**

Proposed Change of Name of the Company Special Resolution 1

"THAT approval be and is hereby given for the name of the Company to be changed from **STRAITS INTER LOGISTICS BERHAD** to **STRAITS ENERGY RESOURCES BERHAD** with effect from the date of Notice of Registration of New Name to be issued by the Companies Commission of Malaysia ("CCM") to the Company AND THAT the Constitution of the Company be amended accordingly, wherever the name of the Company appears.

AND THAT the Directors and the Secretary of the Company be and hereby authorised to take such necessary steps to give effect to the Proposed Change of Name and to carry out all the necessary formalities to effect the Proposed Change of Name of the Company."

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

NOTICE OF ANNUAL GENERAL MEETING
cont'd

BY ORDER OF THE BOARD:-

WAN HASLINDA BINTI WAN YUSOFF (MAICSA 7055478)
SSM PC No : 202008002798

SANGAR NALLAPPAN (MACS 01413)
SSM PC No : 202008002985

Company Secretaries

Port Klang
Dated : 28 May 2021

Notes:-

IMPORTANT NOTICE

1. As a precautionary measure in view of the COVID-19 outbreak, the Twenty-Fourth (24th) AGM will be conducted through live streaming and online remote voting using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM using the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/ proxies **ARE NOT REQUIRED** to attend the AGM in person at the Broadcast Venue on the day of the 24th AGM.

   Please read these Notes carefully and follow the procedures in the Information Guide to Shareholders on 24th AGM in order to participate remotely via RPV.

2. For the purpose of determining a member who shall be entitled to participate in the 24th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Section 34(1) of the SICDA to issue a General Meeting Record of Depositors. Only a depositor whose name appears on the **Record of Depositors as at 17 June 2021** shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorized representative to participate in his/her place. A proxy may but need not be a member of the Company. A member may appoint more than one (1) proxy to participate instead of the member at the general meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

4. Where a Member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.

5. Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities 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.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

6. Pursuant to Paragraph 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 24th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process and verify the results of the poll respectively.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or under the hand of two (2) authorised officers, one of whom shall be a director or of its attorney duly authorised in writing. The Directors may but shall not be bound to require evidence of the of any such attorney or officer.

8. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this 24th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

   Please follow the Procedures for RPV in the Information Guide to Shareholders.

9. Shareholders who appoint proxies to participate in the 24th AGM via RPV must ensure that the duly executed proxy forms are deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan or the Customer Service Centre at Unit G-3, Ground Floor, Vertical podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, **or** alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at https://tiih.online or email to is.enquiry@my.tricorglobal.com **not less than 48 hours before the time holding the AGM.**

   Please refer to Information Guide to Shareholders for submission of electronic Proxy Form.

10. Personal Data Privacy:

    By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 24th 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.

EXPLANATORY NOTES TO THE AGENDA:-

Item 1 of the Agenda

This item is meant for discussion only. The provisions of Section 340 (1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Item 3 and 4 of the Agenda – Ordinary Resolution 3 & 4

Section 230 (1) of the Companies Act 2016, provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 24th AGM on the Directors' fees and benefit in two (2) separate resolutions.

The payment of the Directors' Fees for the period from 1 July 2021 until 30 June 2022 will only be made if the proposed resolution 3 has been approved at the 24th AGM of the Company.

In determining the estimated total amount of Directors' Benefit, the Board had considered various factors which include amongst others, the number of scheduled and Special Board meetings, scheduled and Special Board Committee meetings as well as the number of Non-Executive Directors (NEDs) involved in these meetings.

The estimated sum of RM 208,000.00 is for Directors' Benefits for the period from 1 July 2021 until 30 June 2022. The payment of the directors' benefit will be made on monthly basis and/or as and when incurred if the Proposed Resolution 4 has been passed at the 24th AGM. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred, given that they have duly discharged their duties and responsibilities and provided their services to the Company throughout the said period.

Item 6 of the Agenda – Ordinary Resolution 6

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021.

With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.04 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM").

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The Board of Directors of the Company is of the view that the Proposed 10% General Mandate is in the best interest of the Company and its shareholders as the 10% General Mandate will give the Directors the flexibility and cost effectively to raise funds quickly and efficiently during this challenging time to ensure the long term sustainability of the Company and safeguard the interest of the Company and the shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, pursuant to the said mandate, the Company had issued the following new ordinary shares pursuant to the said mandate:-

Number of Ordinary Shares	Per Share (RM)
130,131,649	0.157

Details of the total proceeds raised from the private placement and its utilisation are disclosed under the Additional Compliance Information section of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Item 7 of the Agenda – Ordinary Resolution 7

Proposed Renewal of Shareholders' Mandate

The proposed Resolution 7, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular to Shareholders dated 28 May 2021 on the Proposed Renewal of Shareholders' Mandate for further information.

Item 8 of the Agenda – Ordinary Resolution 8

Proposed New Shareholders' Mandate

The proposed resolution 8, if passed, will empower the Company and its subsidiaries ("Straits Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Straits Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular to Shareholders dated 28 May 2021 on the Proposed New Shareholders' Mandate for further information.

Item 9 of the Agenda – Special Resolution 1

The proposed name "**STRAITS ENERGY RESOURCES BERHAD**" was approved by the CCM on 29 March 2021 for a period of 60 days up to 27 June 2021. Our Board proposed to change the name from "Straits Inter Logistics Berhad" to "Straits Energy Resources Berhad".

The Proposed Change of Name is to reflect its corporate identity based on the Group's existing core business and future potential business undertakings.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.29 (2) of the ACE Market listing Requirement)

No individual is standing for election as Director at the forthcoming Twenty-Fourth Annual General Meeting of the Company.

INFORMATION GUIDE

To Shareholders on 24th Annual General Meeting

Date	:	Thursday, 24 June 2021
Time	:	9.30 a.m.
Broadcast Venue	:	Tricor Boardroom, Unit 30-1, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE ("COVID-19")

The Securities Commission Malaysia ("SC") had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures ("SOPs) issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order ("MCO"). The SC had, on 6 May 2021, issued a revised Guidance Note on the Conduct of General Meetings for Listed Issuers ("SC Guidance Note") which states that only fully virtual meetings will be allowed during MCO and Conditional MCO, subject to the requirements under the prevailing and applicable SOPs. ·

In line with the Government's directive and SC Guidance Note above to curb the spread of COVID-19, Straits Inter Logistics Berhad ("Straits" or "the Company') will conduct the 24th Annual General Meeting ("AGM") through live streaming and online remote voting using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders are **NOT REQUIRED** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting as the Company shall strictly comply and implement all the Government and/or relevant authorities' directives and guidelines on public gatherings or events which may be issued from time to time.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM using the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online website** at https://tiih.online.

Shareholders who appoint proxies or attorney or authorized representative(s) to participate via RPV in the 24th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Tuesday, 22 June 2021 at 9.30 a.m**.

A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 24th AGM will be conducted via RPV, members who are unable to participate in this AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

INFORMATION GUIDE

To Shareholders on 24th Annual General Meeting

cont'd

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 24th AGM remotely using the RPV are to follow the requirements and procedures as summarized below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	● Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". "select Create Account by **Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. ● Registration as a user will be approved within one (1) working day and you will be notified via e-mail. ● If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your Request to attend 24th AGM remotely	● Registration is open from Friday, 28 May 2021 until such time before the voting session ends at the 24th AGM on Thursday, 24 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 24th AGM to ascertain their eligibility to practice the 24th AGM using the RPV. ● Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) STRAITS 24th AGM**. ● Read and agree to the Terms & Conditions and confirm the Declaration. ● Select "Register for Remote Participation and Voting". ● Review your registration and proceed to register. ● System will send an e-mail to notify that your registration for remote participation is received and will be verified. ● After verification of your registration against the General Meeting Record of Depositors as at 17 June 2021, the system will send you an e-mail after 22 June 2021 to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
ON THE DAY OF THE AGM		
(a)	Login to TIIH Online	● Login with your user ID and password for remote participation at the 24th AGM at any time from 8.30 a.m. i.e. 1 hour before the commencement of the AGM on **Thursday, 24 June 2021 at 9.30 a.m.**
(b)	Participate through Live Streaming	● Select the corporate event: "**(LIVE STREAM MEETING) STRAITS 24TH AGM**" to engage in the proceedings of the 24th AGM remotely. If you have any question for the Chairperson / Board, you may use the query box to transmit your question. The Chairperson/ Board will endeavor to respond to questions submitted by remote participants during the 24th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(c)	Online Remote Voting	● Voting session commences **from 9.30 a.m. on Thursday, 24 June 2021** until a time when the Chairperson announces the completion of the voting session of the 24th AGM. ● Select the corporate event: "**(REMOTE VOTING) STRAITS 24th AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. ● Read and agree to the Terms & Conditions and confirm the Declaration. ● Select the CDS account that represents your shareholdings. ● Indicate your votes for the resolutions that are tabled for voting. ● Confirm and submit your votes.
(d)	End of remote participation	● Upon the announcement by the Chairperson on the closure of the 24th AGM, the live streaming will end.

INFORMATION **GUIDE**

To Shareholders on 24th Annual General Meeting
cont'd

Note to users of the RPV facilities:

1. Should your registration for RPV is approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
i)	**Steps for individual Shareholders**	
a	Register as a User with TIIH Online	● Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. ● If you are already a user with TIIH Online, you are not required to register again.
b	Proceed with submission of Proxy Form	● After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. ● Select the corporate event: **Straits 24th AGM "Submission of Proxy Form"**. ● Read and agree to the Terms & Conditions and confirm the Declaration. ● Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. ● Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. ● Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. ● Review and confirm your proxy(s) appointment. ● Print proxy form for your record.
ii)	**Steps for corporation or institutional shareholders**	
a	Register as a User with TIIH Online	● Access TIIH Online at https://tiih.online. ● Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". ● Complete the registration form and upload the required documents. ● Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ● Proceed to activate your account with the temporary password given in the email and re-set your own password. *Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.*

INFORMATION GUIDE
To Shareholders on 24th Annual General Meeting
cont'd

	Procedure	Action
ii)	**Steps for corporation or institutional shareholders (cont'd)**	
b	Proceed with submission of form of proxy	● Login to TIIH Online at https://tiih.online. ● Select the corporate exercise name: **Straits 24th AGM "Submission of Proxy Form"**. ● Agree to the Terms & Conditions and Declaration. ● Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. ● Prepare the file for the appointment of proxies by inserting the required data. ● Submit the proxy appointment file. ● Login to TIIH Online, select corporate exercise name: **Straits 24th AGM "Submission of Proxy Form"**. ● Proceed to upload the duly completed proxy appointment file. ● Select "Submit" to complete your submission. ● Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 24th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 22 June 2021 at 9.30 a.m.**. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 24th AGM since the meeting will be conducted on virtual basis.

Straits Inter Logistics Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, kindly contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line : 603-2783 9299
Fax Number : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

Contact persons :
- Ms. Lim Lay Kiow
  +603-2783 9232 ; email : Lay.Kiow.Lim@my.tricorglobal.com

- Puan Zakiah Wardi
  +603-2783 9287 ; email : Zakiah@my.tricorglobal.com

- Mr. Keith Lim
  +603-2783 9240 ; email : Keith.Lim@my.tricorglobal.com

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

STRAITS INTER LOGISTICS BERHAD		
Company No. 199601040053 (412406-T)	**CDS Account No**	
	Number of Ordinary Share(s) held	

PROXY FORM

I/We ____

(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No. /Company No. ______________________ of ______________________________

____

(FULL ADDRESS)

being a member of STRAITS INTER LOGISTICS BERHAD hereby appoint :

FIRST PROXY

Full Name of Proxy in capital letters		**Proportion of Shareholdings**	
		Number of Shares	**Percentage**
NRIC No/Passport No			

and

SECOND PROXY

Full Name of Proxy in capital letters		**Proportion of Shareholdings**	
		Number of Shares	**Percentage**
NRIC No/Passport No			

to put on a separate sheet where there are more than two (2) proxies

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies on my/our behalf at the Twenty-Fourth (24th) Annual General Meeting ("AGM") of the Company which will be conducted through live streaming from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Thursday, 24 June 2021 at 9.30 a.m**, on the following resolutions referred to in the Notice of 24th AGM.

My/our proxy is to vote as indicated below:-

Resolution No	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	To re-elect Tan Sri Mohd Bakri Bin Mohd Zinin as Director of the Company.		
Ordinary Resolution 2	To re-elect Captain Tony Tan Han (Chen Han) as Director of the Company.		
Ordinary Resolution 3	To approve the payment of Directors' Fee up to an amount of RM 486,000.00 for the period from 1 July 2021 until 30 June 2022.		
Ordinary Resolution 4	To approve the payment of Directors' Benefits to the Non-Executive Directors up to an amount of RM 208,000.00 for the period from 1 July 2021 until 30 June 2022.		
Ordinary Resolution 5	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the financial year ended 31 December 2021 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
Ordinary Resolution 8	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
Special Resolution 1	Proposed Change of Name of the Company.		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Dated this __________ day of ______________________ 2021

____

[Signature/Common Seal of Shareholder (s)]
** Delete if not applicable*

FOLD THIS FLAP FOR SEALING

Notes:-

IMPORTANT NOTICE

1. As a precautionary measure in view of the COVID-19 outbreak, the Twenty-Fourth (24^{th}) AGM will be conducted through live streaming and online remote voting using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 24^{th} AGM using the RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders/proxies **ARE NOT REQUIRED** to attend the AGM in person at the Broadcast Venue on the day of the 24^{th} AGM.

   Please read these Notes carefully and follow the procedures in the Information Guide to Shareholders on 24^{th} AGM in order to participate remotely via RPV.

2. For the purpose of determining a member who shall be entitled to participate in the 24^{th} AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Section 34(1) of the SICDA to issue a General Meeting Record of Depositors. Only a depositor whose name appears on the **Record of Depositors as at 17 June 2021** shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV, is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorized representative to participate in his/her place. A proxy may but need not be a member of the Company. A member may appoint more than one (1) proxy to participate instead of the member at the general meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

4. Where a Member is an Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds to which shares in the Company standing to the credit of the said account.

5. Where a Member of the Company is an Exempt Authorised Nominee which holds Deposited Securities 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.

6. Pursuant to Paragraph 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 24^{th} AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process and verify the results of the poll respectively.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or under the hand of two (2) authorised officers, one of whom shall be a director or of its attorney duly authorised in writing. The Directors may but shall not be bound to require evidence of the of any such attorney or officer.

PLEASE FOLD HERE

Affix stamp

STRAITS INTER LOGISTICS BERHAD
C/O SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd,
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan

PLEASE FOLD HERE

8. A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this 24^{th} AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

   Please follow the Procedures for RPV in the Information Guide to Shareholders.

9. Shareholders who appoint proxies to participate in the 24^{th} AGM via RPV must ensure that the duly executed proxy forms are deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan or the Customer Service Centre at Unit G-3, Ground Floor, Vertical podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at https://tiih.online or email to is.enquiry@my.tricorglobal.com **not less than 48 hours before the time holding the AGM**.

   Please refer to Information Guide to Shareholders for submission of electronic Proxy Form.

10. **Personal Data Privacy:**

    By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 24^{th} 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

NAVIGATING
POSSIBILITIES

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2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur
Malaysia

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E:admin-kl@straits-interlogistics.com