ILB Group Berhad

(formerly known as Integrated Logistics Berhad)
199101019353 (229690-K)

ANNUAL REPORT 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tee Tuan Sem
Executive Vice Chairman
Executive Director

Makoto Takahashi
Chief Executive Officer
Executive Director

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

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

Soh Eng Hooi
Independent Non-Executive Director

Jamilah binti Kamal
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Soh Eng Hooi - Chairman

Wan Azfar bin Dato' Wan Annuar - Member

Dato' Wan Hashim bin Wan Jusoh - Member

NOMINATION AND REMUNERATION COMMITTEE

Wan Azfar bin Dato' Wan Annuar - Chairman

Soh Eng Hooi - Member

Dato' Wan Hashim bin Wan Jusoh - Member

COMPANY SECRETARY

Wong Youn Kim
MAICSA 7018778
SSM PC No. 201908000410

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5
Horizon 2
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2280 6388
Fax : 03-2280 6399
Email : yk.wong@acclime.com

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

SHARE REGISTRAR

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

AUDITORS

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

SOLICITORS

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

PRINCIPAL BANKERS

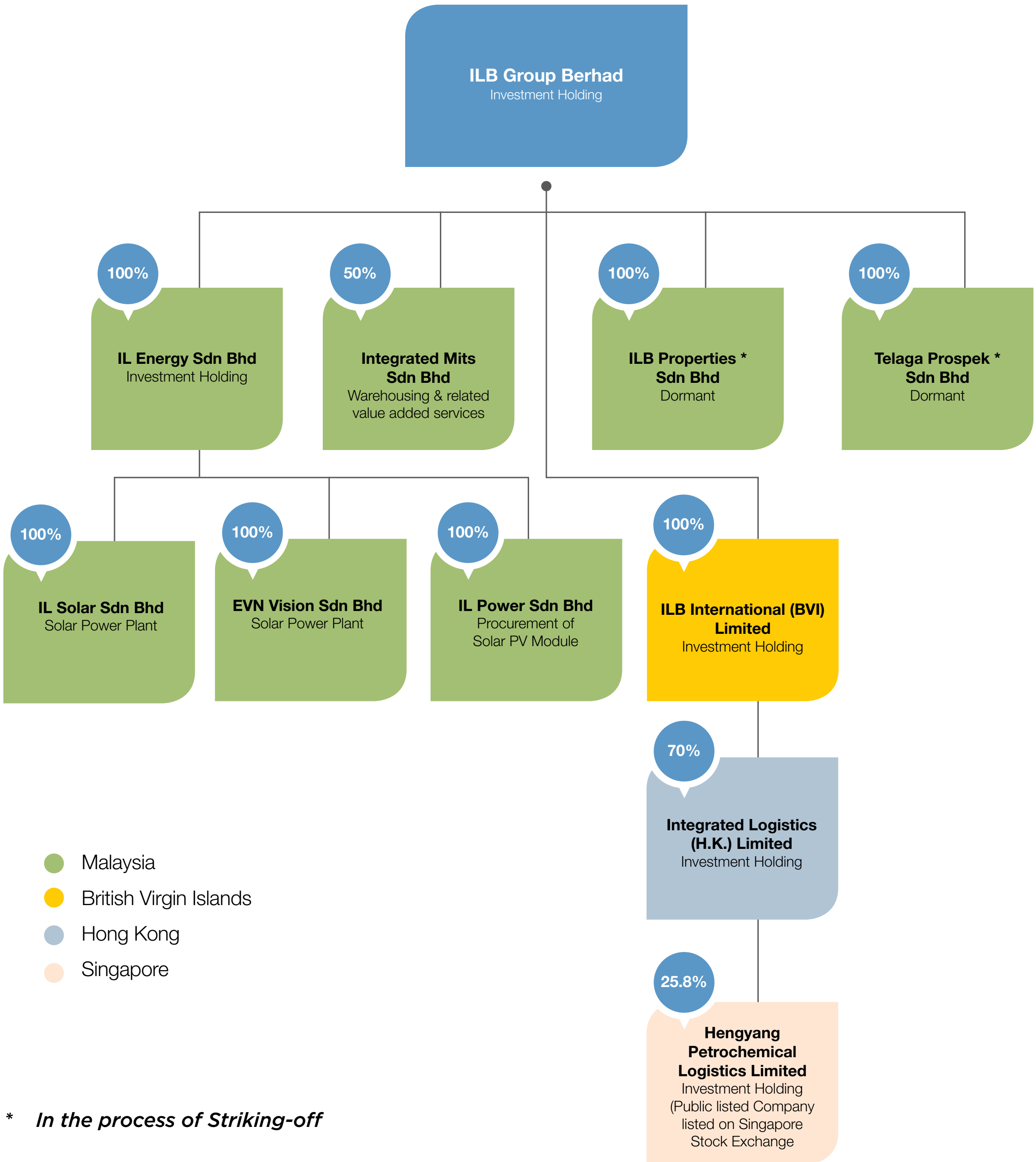
Malayan Banking Berhad
66, Jalan USJ10/1B, UEP Subang Jaya
47620 Subang Jaya
Selangor Darul Ehsan

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

CORPORATE STRUCTURE
AS AT 31 DECEMBER 2022

ILB Group Berhad

(formerly known as Integrated Logistics Berhad)
199101019353 (229690-K)



* *In the process of Striking-off*

GROUP FINANCIAL HIGHLIGHTS

	2018 RM '000	2019 RM '000	2020 RM '000	2021 RM '000	2022 RM '000
Turnover	24,527	25,791	12,592	14,761	**16,275**
Profit/(Loss) before taxation	(102,310)	14,056	50,825	13,011	**(1,554)**
Net Profit/(Loss) Attributable to Shareholders	(98,298)	15,282	34,453	8,322	**169**
Paid-up Capital	225,671	225,671	225,671	225,671	**225,671**
Total Assets	383,537	358,558	309,226	299,364	**289,016**
Shareholders' Funds	191,153	180,130	214,792	219,604	**217,943**
Net (Loss)/ Earnings Per Share (sen)	(51.8)	8.1	18.2	4.4	**0.1**
Net Assets Per Share After Non-Controlling Interests (RM)	1.01	0.95	1.14	1.16	**1.15**
Gross Dividend (%)	–	–	2.5	–	**–**
Share Price as at 31 Dec (RM)	0.465	0.425	0.560	0.375	**0.460**

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31st December 2022.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

The Group's operating segment is solar energy and related businesses.

For the financial year ended 31 December 2022, the Group posted revenue of RM16.28 million which was 10.3% higher than the revenue of RM14.76 million for financial year ended 31 December 2021. The higher revenue was mainly due to revenue from trading of solar panels obtained in the current financial period under review.

The Group posted a pre-tax loss of RM1.55 million for the current financial year as compared against the pre-tax profit for the corresponding period in the preceding year of RM13.01 million. The increase in pre-tax loss of RM14.56 million was mainly due to the impact arising from reversal of impairment loss of an associate listed on Singapore Exchange (SGX) for the financial year ended 31 December 2021 of RM14.86 million to impairment loss of RM4.93 million for the financial year ended 31 December 2022.

The Group's gearing ratio has also improved as compared to year 2021. The lower gearing will act as an enabler for the Group to implement its strategic expansion plans in solar renewable energy projects.

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

MOVING FORWARD

Moving ahead, the Group will actively invest and implement projects which complement the Government's initiatives to reduce carbon footprint.

In 2021, the Malaysian Government through the launching of Malaysia Renewable Energy Roadmap for 2022 to 2035 has set target to reach 31% of renewable energy share in the national installed capacity mix by 2025. This target supports Malaysia's global climate commitment is to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030 and a further reduction of 60% in 2035.

With the continuing encouragement from the Malaysian Government through initiatives and pro-active measures, the Group sees great potential and vast opportunities in this growing renewable energy industry.

Globally, we are witnessing an ongoing worldwide energy shortage, environmental crisis and rising energy costs. Along with this, we see rising concern for climate change and sustainability, and increased ESG considerations.

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

APPRECIATION AND ACKNOWLEDGEMENTS

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

DATUK KAROWNAKARAN @ KARUNAKARAN RAMASAMY
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW

The Group's resilient performance for the financial year ended 31 December 2022 was mainly driven by the steady growth in Solar Photovoltaic ("PV") industry. Propelled by our desire to grow the renewable energy industry, we seek to expand our operations leveraging on the deeply rooted experience backed by long established track records. The Group is currently operating a total capacity of 11MWac of solar plants in Malaysia and will pursue and commit to increase its investment in the solar renewable energy business with the objective to increase its market share in this industry.

FINANCIAL PERFORMANCE REVIEW

Financial Year Ended 31 December			
RM' million	**2022**	**2021**	**Changes**
Revenue	16.28	14.76	10.3%
Gross Profit	4.23	4.43	(4.5%)
(Loss)/Profit Before Tax	(1.55)	13.01	(111.3%)

For the current financial year ended 31 December 2022 ("FYE 2022"), the Group posted revenue of RM16.28 million which was 10.3% higher than the revenue of RM14.76 million for the corresponding period in the preceding year ("FYE 2021"). The higher revenue from the solar energy & related business segment of the Group's operations in Malaysia is from the effort of the team in securing new solar rooftop projects and other related projects. Gross profit ("GP") is lower at RM4.23 million, compared to the GP of RM4.43 million in prior year mainly attributed to our projects during current year mainly consist of trading of solar panels which carry a lower GP margin.

Group's loss before tax for FYE 2022 was RM1.55 million as compared to RM13.01 million profit before tax recorded in FYE 2021. The net decrease of RM14.56 million was mainly due to the following: -

	2022 (RM'million)
Net increase in profit (inclusive of finance income/cost)	0.69
Decreased in value from Investment in Associate	17.34
Increased in non-essential expenditures	1.78
Increased in gain from dissolution of a subsidiary	3.86
Net decrease in profit before tax	**14.56**

The Group net profit attributable to shareholders for FYE 2022 was RM0.17 million compared to its preceding year profit of RM8.32 million.

The earnings per share in FYE 2022 is 0.1 sen as compared to 4.4 sen in FYE 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

CHALLENGES TO OPERATING ACTIVITIES

One major operational challenge faced by the Group is the increasing competitive market over the recent years and continuous evolution of the industry. The Group faces competition from both local and international competitors, which resulted in competitive pricing in the market. To overcome these challenges by emphasizing on the quality of the solar PV system offered at an attractive price. To achieved that, our Group implement effective procurement system which include bulk purchase of solar PV modules and ensuring availability of sufficient labour to execute projects through regular meetings with customers and contractors to discuss on the project schedule and implement plans accordingly.

Adequate working capital for procurement is essential to prevent any disruption in project progress due to insufficient of funds. The Group's internal funds and available banking facilities has enabled the Group to procure the necessary materials required efficiently.

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

BUSINESS RISKS

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

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

In addition, the nature of solar PV Engineering, Procurement, Construction and Commissioning ("EPCC") works is project based and therefore, posing a risk that we may not be able to sustain our continued business growth unless we continue to secure numerous EPCC solar PV projects. To minimize the risk exposure, our Group consistently explores to venture into Power Purchase Agreement projects with the aim to sustain long-term recurring revenue stream.

MOVING FORWARD

In 2021, the Malaysian Government through the launching of Malaysia Renewable Energy Roadmap for 2022 to 2035 has set target to reach 31% of renewable energy share in the national installed capacity mix by 2025. This target supports Malaysia's global climate commitment is to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030 and a further reduction of 60% in 2035.

We are also encouraged by the recent government announcement approving the allocation of 1,200 MW of solar power as well as a new option for businesses to procure renewable energy through the virtual power purchase agreement through a quota of 800 MW.

With the Malaysian Government continuous encouragement through positive measures and incentives, the solar photovoltaics industry in Malaysia is on the rise as a result of strengthening government support and growing investor confidence.

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

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

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

This sustainability statement provides information about the sustainability risks that influence the views and decisions of our stakeholders, sustainability practices and initiatives of the Group. It outlines our framework to drive sustainable practices, aimed at enhancing our business strategies and operations, as well as delivering sustainable long-term growth aligned to the best interest of our stakeholders – business partners, communities, customers, employees, shareholders, and suppliers.

REPORTING STANDARDS, SCOPE AND BOUNDARY

This sustainability statement was prepared in harmony with the following regulatory and guidance:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities");
- Sustainability Reporting Guide, 2nd Edition ("SRG") issued by Bursa Malaysia Securities;
- Malaysian Code on Corporate Governance, updated on 28 April 2021 ("MCCG 2021"); and

We are determined in building sustainability of our business by laying the trust of our stakeholders as foundation which is strengthened by transparency in business processes and practices, and overall accountability towards the community and environment. We strive to embed the commitment to sustainable approach at every level of governance through our day-to-day operations and decision making.

This sustainability statement covers the data and implementation of sustainability practices focused on the Group's solar renewable energy division in Malaysia which underlines the principal business activity of the Group from 1st January 2022 up to 31st December 2022.

FEEDBACK

We welcome stakeholder feedback on our Report and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Report may be emailed to investorrelation@ilb.com.my.

SUSTAINABILITY GOVERNANCE

The sustainability governance structure provides oversight over key sustainability principles across the Group. At the Group, all matters related to sustainability are governed and managed by various levels in the organisation. The success of the governance structure is the result of sustainable leadership from our Board of Directors, Senior Management, and Operational Management, which collectively form our leadership team.

Board of Directors

Drive the spirit of commitment towards sustainability by communicating the organisation's agenda and strategy for the short and long-term. They actively oversee and provide direction in the sustainability initiatives recommended by the Senior Management.

Management Committee

Composed of Executive Vice Chairman, Chief Executive Officer, Chief Financial Officer, Executive Director and Project Director. The Management Committee oversee the overall action plan to address sustainability matters and uphold the sustainability policy and framework and ensures that sustainability goals are met.

Operational Management

Comprising of appointed representatives from various divisions, deliberates on implementing and monitoring sustainability initiatives as well as new opportunities. They keep the Senior Management and Board of Directors updated on the progress of implementation by presenting relevant reports.

SUSTAINABILITY STATEMENT

POLICIES FOR GOOD GOVERNANCE

In establishing and maintaining a culture of ethical behaviour and practices, we are devoted to upholding the highest standards in corporate governance. We have adopted the following policies and procedures to ensure good governance:

Anti-Bribery and Corruption Policy	**Procurement Policy**
Whistleblowing Policy	**Training Standard Operating Procedure**
Directors' Fit and Proper Policy	**Environmental Standard Operating Procedure**
Code of Ethics for Company Directors	**Quality, Health, Safety & Environmental (QHSE) Policy**
Human Resources & Employee Policy Handbook	**Diversity Policy**

These policies and procedures aid us to:

- Coordinate sustainability management into culture, business movement and dynamic cycle process;
- Foresee and adapt to the changes in requirements for Economic, Environment and Social ("EES");
- Continuously work to improve sustainability management methods through ongoing learning and development; and
- Communicate and ensure that all employees are aware of the Group's sustainability goals and committed to implementing and improving it.

STAKEHOLDERS ENGAGEMENT

We acknowledge that our stakeholders are strong pillars of our growth as they play their roles as advocates, sponsors, partners, and agents of change. We maintain communication with our stakeholders through web-based media platform and printed materials such as our Group's website, annual reports and other electronic mediums; and physical communication. The engagement process enlightens us on how we could maximise profit while managing the risks that are attached to deploying the resources derived from our environment, making it a win-win situation for both the Group and our stakeholders.

The table below contains a list of stakeholders, areas of interest, engagement methodologies and frequency of engagement:

SUSTAINABILITY STATEMENT

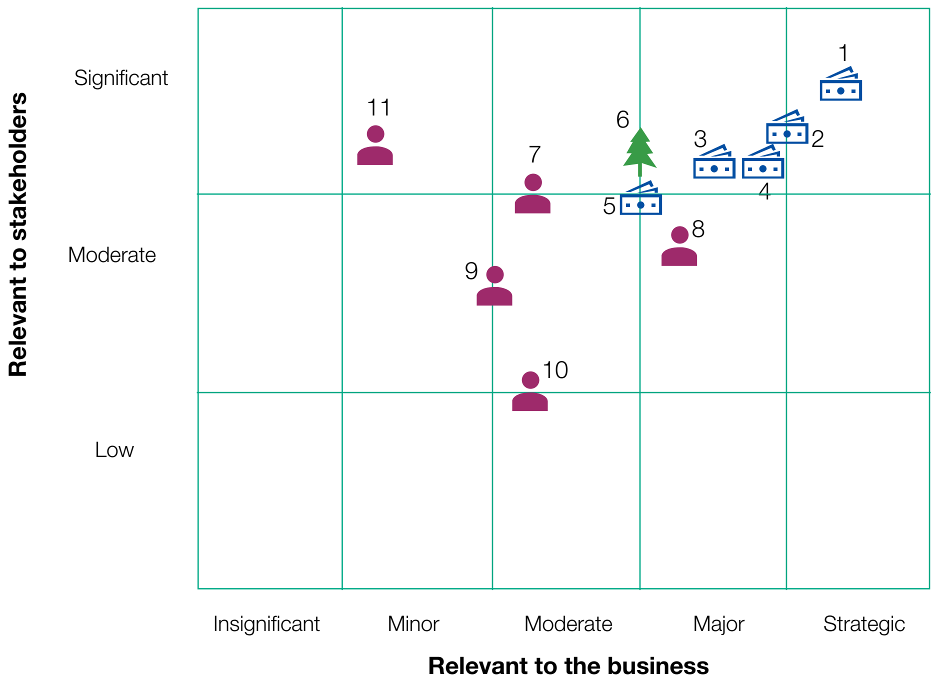
Stakeholders	Areas of Interest	Method of Engagement	Engagement Frequency
Customers	• Product Quality and pricing • Market demand • Product development and innovation	• Quality assessment • Performance assessment • Progress meetings and updates • Customer relationship management	• On-going • Ad-hoc • Periodically • Quarterly
Employees	• Employee health and safety • Career development and advancement • Communication and engagement	• Performance appraisals • Operational meetings and discussions • Safety at work meetings • Trainings	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Vendors & Suppliers (Including Contractors)	• Product Quality • Customer service and complaints resolution	• Supplier performance evaluations • Meetings and discussions	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Shareholders & Investors	• Financial Performance • Regulatory compliance • Corporate governance • Ethical business conduct • Internal Control and risk management	• Financial announcement and reporting • Meetings and briefings • Corporate website	• Annually • On-going • Ad-hoc • Periodically • Quarterly

SUSTAINABILITY STATEMENT

Stakeholders	Areas of Interest	Method of Engagement	Engagement Frequency
Government Regulators / Authorities	• Regulatory Compliance • Approvals and permits • Standards and certifications	• Meetings and consultations • Training programmes and dialogue • Audit and verification	• Annually • On-going • Ad-hoc • Periodically • Quarterly
Local Communities	• Community wellbeing • Community investment	• General meetings • Media announcements • Annual report • Company website	• Annually • On-going • Ad-hoc • Periodically • Quarterly

MATERIAL MATTERS

The material matters were identified through the assessment of the internal and external stakeholders' interests and their impact on the Group's management from the aspects of EES. Besides that, the business environment and the risks associated with the operation were also assessed to identify the key material matters. The Heads of Department and key management staff comprehensively review the material matters to determine their relevance and importance to the Group and its strategic plans.



Economic	Environment	Social
1 Financial Performance	6 Environmental Compliance	7 Diversity and Equal Opportunity
2 Market Presence		8 Occupational Health and Safety
3 Anti-Corruption		9 Training and Development
4 Product and Service Quality		10 Cybersecurity
5 Procurement		11 Local Communities

RISK AND OPPORTUNITIES

The identification of material matters helps us to steer our strategic wheels by identifying the risks and opportunities. Identifying the risks and opportunities associated with each of the key material matters aids in proactively setting future targets and action plans. This step enhances our readiness to respond to uncertain economic situation and volatility in the market. The following is an overview of the risks and opportunities associated with the material matters and our action plans to tackle the matters:

Material Topics	Risks	Opportunities	Impact to the Key stakeholders	Management Action Plan
Financial Performance	• Emergence of new competitors will affect profitability as more suppliers of renewable energy exist in the market	• Leverage on experience as one of the pioneers in the industry to appeal to consumers	• Shareholder and Investor • Employees	• Develop branding based on quality of service and reliability
Market Presence	• The need to update workforce knowledge on current trends and practices in the industry as the industry expands and become more established	• Build competitive advantage by employing fresh talents with experience and competence to explore new opportunities and be the trend setter in the industry	• Shareholder and Investor • Customers • Employees	• Enhance market presence through collaboration with international organisations and involvement in government organised programs

Material Topics	Risks	Opportunities	Impact to the Key stakeholders	Management Action Plan
Anti-Corruption	• Damage to reputation upon confirmation of corruption cases	• Build reputation as an ethical entity and create awareness among employees to display integrity and alignment of ethical values	• Shareholder and Investor • Government Regulators / Authorities • Employees • Customers	• Remind employees on the Group's standing against corruption and consequences of confirmed corruption cases. • Provide training to new employees on legal requirements and implications of corruption • Anti-corruption declaration by the board members and management officials
Product and Service Quality	• Inexperienced or incompetent contractors might cause unresolved maintenance issues that disrupts continuity of business	• Built excellent quality assurance practices that includes enhancing supplier/ contractor selection criteria and assessment	• Customers • Vendors & Suppliers (Including Contractor)	• Carry out customer satisfaction survey and conduct feedback session with client to collect information of service quality and opportunities for improvement
Procurement	• Increased price of materials/ products if number of suppliers supplying the particular material / product are less	• Build competitive advantage by creating a diverse network of suppliers	• Vendors & Suppliers (Including Contractor) • Customers	• Build partnership with various suppliers for sustained supply of materials and products

Material Topics	Risks	Opportunities	Impact to the Key stakeholders	Management Action Plan
Environmental Compliance	• Non-compliance or overlook of legal requirements could lead to reputational risk, penalties or revocation of license to operate	• Compliance enhances credibility that backs-up expansion and partnerships with government and external parties • Collaboration with government ministries and agencies opens new opportunities for growth	• Government Regulators / Authorities • Shareholder and Investor	• Monitor new legal requirements imposed by government to ensure compliance
Diversity and Equal Opportunity	• Difficulty in finding the right fit candidates to develop knowledgeable workforce with adequate experience while balancing the requirement for diversity	• Create competitive advantage through Human Resource partners in acquiring people with experience, skill and knowledge; and manage talent retention	• Employees	• To work on employee engagement programs to gain insight on career progression and retention methods • Market study on workforce to attract the suitable talents with provision of adequate compensation and benefits plan
Occupational Health and Safety	• Safety and health of employees affects the work productivity which in turn affects revenue	• Opportunity to create awareness and conduct training for employees that moulds a disciplined workforce and safe environment	• Employees • Government Regulators / Authorities	• Continue the record of zero accident by complying to all safety and health related requirements and give reminders to employees on best practices concerning health and safety matters

SUSTAINABILITY STATEMENT

Material Topics	Risks	Opportunities	Impact to the Key stakeholders	Management Action Plan
Training and Development	• Emergency of new trends and practices in the industry causes pressure for employees to continuously update their knowledge and skill; and competence	• Develop a learning culture in the organisation that is tied to KPI and career progression	• Employees	• Monitor and enhance performance appraisal system to identify training opportunities and specialization of knowledge
Cybersecurity	• Cyber attacks will lead to leak of valuable information that affects profitability • Damage to reputation upon leak of customer's information	• Build data resilience by engaging experienced and professional IT team	• Customers • Shareholder and Investor	• Continue the invest in engaging professional IT team that takes care of data and cyber security.
Local Communities	• Estranged relationship with local community that leads to unawareness of the Group's noble courses for sustainable environment and future	• Built an image of environmental sustainability champion by engaging with community and educate the public on energy conservation and renewable energy sources	• Local Communities	• Continue donations for charity and organise more community related activities for enhanced engagement

KEY HIGHLIGHTS AND ACHIEVEMENT

While we acknowledge the updates on the sustainability focus as set out in the MCCG 2021, we are still working towards reviewing, gathering information and analysing to support the setting of sustainability targets in the future. Meanwhile, the Groups's key achievements for the financial year ended 31 December 2022 ("FY2022") are summarised below:

Material Topic	2022 Achievements	2023 Target	Action Plan
Financial Performance	Revenue for FY2022 was RM16.28 million Gross profit for FY2022 was RM4.23 million The loss before tax for FY2022 was RM1.55 million	Continue to monitor the market for opportunities to increase revenue through expansion and collaboration	Maintain the quality of service and engage in customer satisfaction survey to understand customer needs and expectation which ensures continued flow of revenue
Market Presence	Outstanding achievement in environmental sustainability for FY2022: Solar Energy Generated: 18,126,299 kWH Carbon Dioxide Emission Reduced: 11,601 Tonnes Reduction of Forest Required to Offset Carbon Dioxide from the Atmosphere: 15,770 Acres	Continue to monitor and look for ways to improve the market presence through outstanding achievements, riding on latest trends / best practices and possible expansion	Consider partnerships with government and international market players to enhance market presence and credibility
Anti-Corruption	Zero reports of corruption	Maintain zero reports of corruption	Create awareness and train new employees on the Group's ethical standards and values. Educate employees on legal consequences of bribery and corruption.
Product and Service Quality	Zero complaints from customer on services provided	Maintain zero complaints from customer on services provided	Roll out customer satisfaction survey to understand customer satisfaction rate and room for improvement in regards to service
Procurement	100% local purchases	Maintain 100% local purchases	Continue sourcing locally where possible to maintain cost and service efficiency

SUSTAINABILITY STATEMENT

Material Topic	2022 Achievements	2023 Target	Action Plan
Environmental Compliance	Zero reports or penalties for non-compliance to environmental laws	Maintain zero reports or penalties for non-compliance to environmental laws	Continuously monitor emergence of new legal requirements and manage compliance
Diversity and Equal Opportunity	Employee demographic for FY2022: • Male: 77% • Female: 23% • below 30 years old: 20% • 30-50 years old: 40% • Over 50 years old: 40%	Retain talents by understanding employees' needs and aspirations through employee engagement programmes	Organise company activities such as get-to-gather activities, performance appraisal meetings and practice of open communication to take an inclusive approach in developing organisational culture, practices and strategic plans that makes employees feel valued
Occupational Health and Safety	Zero cases of occupational accidents, injuries and fatality	Maintain zero cases of occupational accidents, injuries and fatality	Continuously create awareness concerning health and safety and share best practices with employees to develop a culture of "Safety First".
Training and Development	Organised 2 training sessions for employees	Look for more training opportunities based on needs of employees	Enhanced focus on conducting more insightful performance appraisal to understand strength, weakness, aspirations and identify training needs for career growth of employees
Cybersecurity	Zero cases of data breach and cyber attacks	Maintain zero cases of data breach and cyber attacks	Continue the practice of engaging experienced and professional IT vendors to avoid cyber attacks and loss of data
Local Communities	Donated RM12,000.00 for charity events	Increased effort in donation drive and community engagement activities	To set aside budget for community engagement activities and charity programs

1.1 Economic

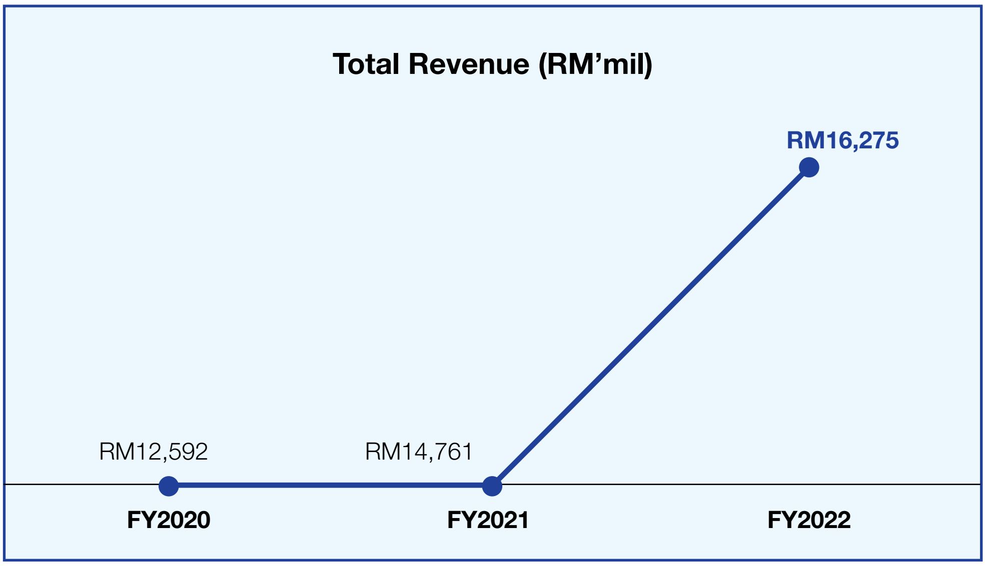
The Group's main business activity is renewable energy, which is also a fundamental part of the Group's commitment. As one of the leading renewable energy companies in Malaysia, the Group is determined to create value for the stakeholders through outstanding financial performance, excellent market presence, good business ethics and maintain a track of record of delivering products and services of exceptional quality.

Financial Performance

The growing global concern for environmental sustainability helped us to understand that evaluation of our strategic plan must take place to develop a sustainable business and ensure continuity of growth in the long run. Leveraging on the leadership, experience and knowledge of our Board, strategic plans are made to maximize effort in renewable energy supply across Malaysia. Strategic plans are developed through discussion between the Management Committee and Operational Management to identify ways to better execute the plans for financial growth. It is a combined effort of the Management Committee members to identify risks and focus areas during the execution process and find action-based solutions. The Group's Audit & Risk Management Committee has contributed to the overall financial success and sustainability management by meeting semi-annually to discuss on the main risks impacting the business. The operations team meets occasionally to discuss on the operational risks.

We take pride in stating that the Group's main source of income were the two (2) solar projects, that one solar power plant is situated in Bandar Bukit Kayu Hitam, Kedah with capacity of 10 MW and another in Seberang Prai, Penang with capacity of 1 MW. The Group actively engages in the construction of solar power plants and trading of solar panels which supplements our revenue growth.

The chart below shows the financial performance of the Group in the past three years:



The Group's revenue took a leap of 17.2% increase in FY2021 and 10.3% increase in FY2022. The major leap in revenue was due to acquisition of new solar rooftop projects.

As we strive to make our mark in the renewable energy sector, we are devoted to achieving the target to be a renewable energy supplier all over Malaysia. We acknowledge the importance of expanding the usage of renewable energy to advocate the protection of environmental health. Thus, we pledge to do our part in creating awareness in regard to climate change by aligning our strategic plans to expand our service and promote the usage of renewable energy.

Market Presence

With our ambitious commitment to becoming one of the renewable energy suppliers in Malaysia, the Group harnesses the solar energy, by setting two (2) solar power plants in harmony with Malaysian government's efforts as the source of electricity generation as opposed to usage of coal.

Located at Seberang Perai, Penang, the 1 MW of solar farm, where photovoltaic technology system was installed and built on a land area of approximately 12,140.6 square meter, was set-up under the Sustainable Energy Development Authority (SEDA) Feed-in Tariff Scheme. It is currently under a concessionaire of 21 years power purchase agreement with Tenaga Nasional Berhad (TNB). The other farm is located in Bukit Kayu Hitam, Kedah, which produce 10 MW, covering approximately 178,062 square meter of land area was established under the Energy Commission's first Large Scale Solar Photovoltaic (LSS) program and currently under 21 years power purchase agreement with TNB as well.

The following table summarizes our outstanding achievements by year-on-year basis:

Details	FY2020	FY2021	FY2022	Total
Solar Energy Generated (kWH)	17,238,244	19,224,251	18,126,299	**54,588,794**
Carbon Dioxide Emission Reduced (Tonnes)	11,033	12,304	11,601	**34,938**
Reduction of Forest Required to Offset Carbon Dioxide from the Atmosphere (Acres)	14,900	16,725	15,770	**47,395**

The reduction in generation of solar energy for FY2022 compared to FY2021 was because of low solar radiation caused by frequent rainy weather and dusty atmosphere.

Appealing to the consumer market is a journey for us as the transition to using renewable energy sources, namely, solar power to generate electricity is still a budding idea in Malaysia. However, with the commitment of the government to make a transition to utilize renewable energy sources to generate electricity, we believe our market presence will be much enhanced in the near future.

Anti-Corruption

The Group reported a zero tolerance towards bribery and corruption as ethics, honesty and integrity are mainspring of our approach in doing business. We complied with Guidelines on Adequate Procedures under Malaysian Anti-Corruption Commission ("MACC") Amendments Act 2018. Compliance to this policy ensures that our employees do not commit any act of bribery and corruption. In FY2022, all our new employees were trained regarding this policy during their orientation and frequent trainings were provided for existing employees to make sure they were updated and aware of the organisation's ethical practices.

The relevant policies for Anti-Bribery & Anti-Corruption are published in the Group's website, accessible at https://www.ilb.com.my/Attachments/ILB_Anti-Bribery_And_Corruption_Policy.pdf.

The Group's whistleblowing policy was developed to establish a structured reporting channel which is accessible by all employees. This provides a platform to our employee to report any issues related to unethical behavior and failure to comply by rules and regulations or illegal acts to Audit & Risk Management Committee in a very confidential manner. The Group is very particular about whistleblowing and dismissal will be given to anyone who hold vengeance or engage in harassment towards sterling whistleblowers.

Received reports will be brought to the attention of the Executive Vice Chairman or to the Chairman of Audit & Risk Management Committee (ARMC) for reports concerning the management.

Following are the channels to direct the reports:

By email:	enghooisoh@gmail.com
By Post:	Mark Strictly Confidential ILB Group Berhad No.6, Jalan Sungai Buloh 27/101A Seksyen 27, 40400 Shah Alam Selangor Darul Ehsan, Malaysia
Attention:	Chairman – Audit & Risk Management Committee

By email:	semtee@googlemail.com
By Post:	Mark Strictly Confidential ILB Group Berhad No.6, Jalan Sungai Buloh 27/101A Seksyen 27, 40400 Shah Alam Selangor Darul Ehsan, Malaysia
Attention:	Executive Vice Chairman

The relevant policies for Whistleblowing are published in the Group's website, accessible at https://www.ilb.com.my/Attachments/whistle_blowing_policy.pdf.

Similar to FY2020 and FY2021, there were no incidents or complaints on suspicion of corruption or unethical behavior reported to us in FY2022.

Product and Service Quality

In FY2022, the Group managed to maintain brand image by delivering good quality of products and service. The Group's aim to contribute to the international effort to transition into using renewable energy sources ensures the Group's prominence in the industry as one of the pioneers especially in the Malaysian market.

We strongly believe that our sincere efforts to introduce and accelerate the use of renewable energy source and having our share in reducing the impact on climate change would place us on the innovative platform which develops our knowledge and experience that we could use to appeal to consumer group as the renewable energy industry evolves.

We maintained the quality of our service by carrying out regular maintenance activities at our solar plants. The maintenance activities were carried out by an outsourced service provider. The contractors engaged in weekly monitoring activity and any issues identified during the monitoring were resolved immediately. Maintenance service activity was scheduled annually to ensure systems are well maintained.

We are proud to announce that no complaints were received from customer for FY2022 (FY2021: Nil).

As we look forward to expanding our operation in the future, we understand that customer satisfaction is the foundation of success. As such, we have formulated a channel to conduct customer satisfaction survey to understand the perception of customer about our service and opportunities for improvement.

Procurement

Our strong pillars of support to provide good quality of products and services are our suppliers and contractors with which we align our mission to deliver the best quality for the consumer market while promoting sustainability in our business management. In FY2022, we assessed our suppliers and vendors for sustainability risks to ensure continuity of uninterrupted business. The following were the areas and criteria our suppliers and contractors were assessed:

- Job knowledge
- Reliability
- Quality
- Pricing

The assessment for newly appointed suppliers or contractors is carried out immediately after completion of service. Suppliers and contractors with satisfactory service were registered as approved vendors who were subjected to annual assessment.

We, with the best of our knowledge, assure that all suppliers and contractors fulfilled the criteria of assessment to date and no deregistration of vendors had taken place. The procurement policy supplements the procurement practices in the Group. The policy guides the management in dealing with suppliers and vendors to maintain transparency, efficiency and effectiveness of the purchasing process.

1.2 Environment

As part of the Group's initiatives to protect the environment, we endeavor to play our part in implanting a culture of responsible management by complying to all relevant rules and regulations related to environment protection. This simply implies that our decisions and/or efforts are guided by our relevant mitigation methods, which is to avoid, reduce, restore.

Environmental Compliance

Complying with relevant laws and regulations related to environmental health is pivotal for the Group that operates in the renewable energy industry. It helps ensure that our operations have minimal negative impact on the environment and align with legal requirements. Additionally, it promotes responsible and sustainable business practices, which is important for the reputation and long-term success of the Group.

Our Quality, Health, Safety and Environmental (QHSE) policy statement ensures high standards of quality, health, safety and environmental performance. The management Representative or Department Head has the responsibility of identifying environmental aspects that are affected by the Group's activities and products and services including operations, storage and administration. The impacts on the aspects are also identified and recorded in the Environmental Impact Assessment Form. These records are later used to set environmental objectives and targets. This exercise is carried in regular intervals or as required whenever new equipment, processes, products and services are introduced in the Group.

It is pertinent for our site engineer and supervisor to continuously monitor for any possible non-compliance to laws and regulations. This helps to identify potential issues early on and take corrective actions to prevent any negative impacts on health, safety and the environment. By promptly updating and prompting the management, site engineers and supervisors help to ensure appropriate measures are taken to address any non-compliance issues. This also helps to maintain the trust and confidence of stakeholders. The Project Director regularly visits the solar farms to ensure no breach of any laws, including but not limited to environmental laws.

We are pleased to state that the Group continued to maintain a clean track record for compliance with environmental laws and regulations without penalties for violations for the past three years including FY2022.

Task Force on Climate Related Financial Disclosures ("TCFD")

As an organisation operating in an industry that supports environmental conservation, it is important for us to consider risks, challenges and opportunities related to climate change. The management of the Group is taking a positive step by preparing for Task Force on Climate Related Financial Disclosures (TCFD). By preparing for TCFD, the management of the Group is demonstrating its commitment to sustainability and responsible business practices. Identifying related risks and strategic actions to address those risks can also help our Group to anticipate future challenges and identify new business opportunities.

In preparing for TCFD, it signifies that management of the Group is acknowledging the importance of considering environmental factors in its business decisions and demonstrating a commitment to transparency and responsible business practices. Our preparatory phase of identifying related risks and strategic actions helps to identify new business ideas and opportunities that align with sustainability goals.

The fact that the TCFD requirement comes into effect by 2025 indicates that there is a growing awareness of the importance of sustainability and climate-related risks in the business community, and the Group is well-positioned to comply with these requirements and maintain its leadership in the industry. The management look forward to complying with the requirement that comes into effect by 2025.

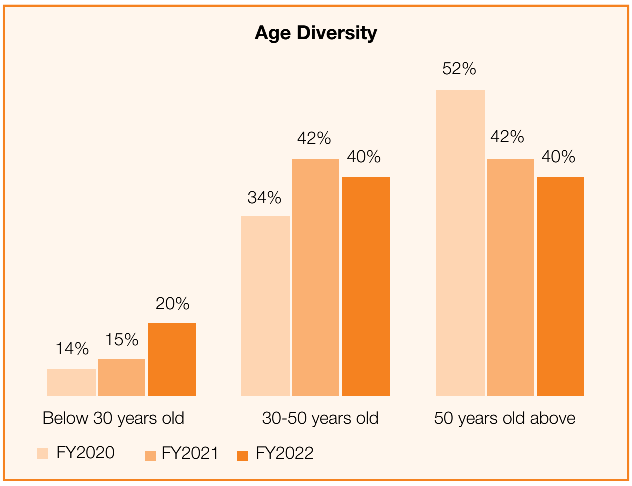
1.3 Social

Creating a welcoming, secure, and all-encompassing work environment is critical for supporting employee well-being and promoting community care. We ensure that all workers have decent working conditions and that we continued to improve the working environment for all our employees.

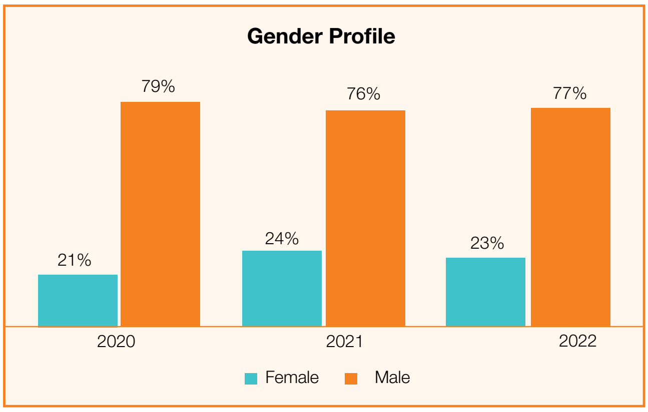
Diversity and Equal Opportunity

The Group strongly hold on to our values of work ethics where we embrace diversity of the various races, gender, religions, ages, socio-economic groups and culture, enhancing productivity through teamwork, respect and support for one another and unifying the diverse group for better quality of work. This applies to interactions with our stakeholders including customers and suppliers.

We are pleased to inform that there was no report on cases of alleged discrimination in reporting year, reflecting our undivided support for a diverse and inclusive workforce.



The employment for the age groups below 50 years old increased from FY2020 to FY2022 while the employees in the age group 50 and above decreased over the years. The trend suggests that the workforce in the Group had become more balanced in regards to age diversity where younger employees are hired to develop new talents and older employees pass on valuable knowledge and experience to the new ones as mentors.



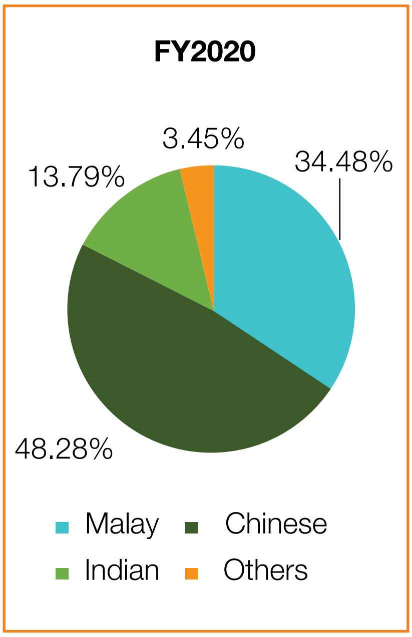
In FY 2022, the number of female employees was considerably lower than the number of male employees at the Group. Although gender equality is crucial, however, due to renewable energy industry profile, the gender ratio of male was higher than female employees, with slight increase for FY2022 (77%:23%) compared to FY2021 (76%:24%). We continue to put in our efforts to encourage female employees to participate in all aspects of our business operations.

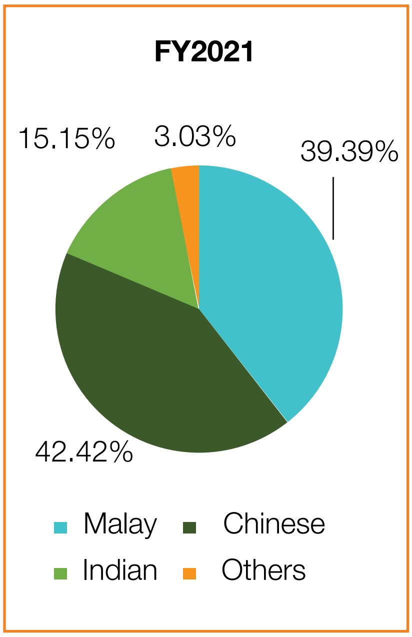
The improvement in the number of female employees for FY2021 and FY2022 compared to FY2020 is a positive trend. The increase was attributed to our value of neutrality and non-discriminative practices in recruitment has contributed to recruitment of good fit employees with relevant skills and experience instead of recruitment targeted by gender, race, age or other factors.

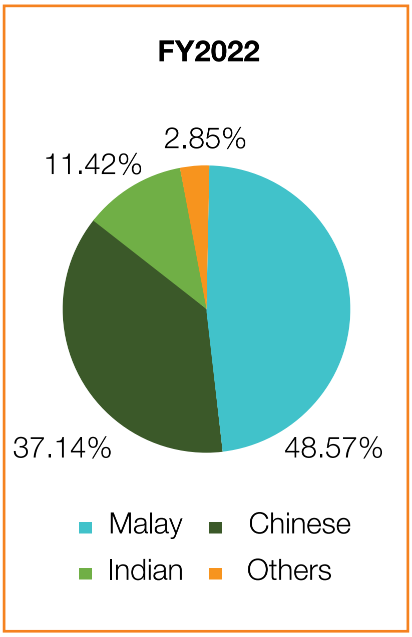
Employees' Retention, Turnover & Hire

As at FY2022, the Group reported a total workforce of 35 (FY2021: 33) including both full-time and contractual employees.

In FY2022, we hired a total of 8 new employees (FY2021: 8 new hires), while the employee turnover for FY2022 was 12 as compared to 3 in FY2021. The increase in turnover rate was largely contributed by resignation of employees whom we actively replaced with new hires. The following charts shows the ethnic diversity year-on-year basis at the Group:





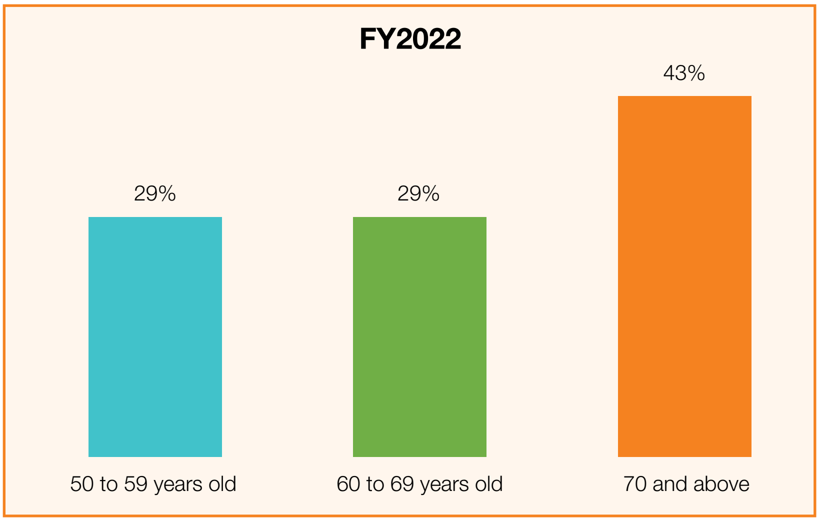


Focusing on building a sustainable workforce is our ultimate objective to drive the business towards future success. We are actively communicating with employees to understand their needs and to identify dissatisfaction and areas for improvement.

The appointment of members in the Board of Directors was as follows:

Details	FY2020		FY2021		FY2022	
	Female	Male	Female	Male	Female	Male
Members of Board of Directors	1	5	1	5	2	5

The chart below shows the diversity of the Board of Directors by age group



The members of the Board of Directors remain the same with an addition of one member in the year 2021 that remained in FY2022. Mature members from three different age groups are chosen to sit in the Board due to their advanced experience and knowledge that are much needed to lead the Group into excellence and growth.

Recognizing and valuing employee contributions through the provision of benefits that promote their well-being is important to us. We strictly adhered to the Employment Act 1955 that covers our employees in terms of management, compensation and benefits. The following are some of the benefits provided to our employees:

- Group Hospitalisation & Surgical Plan
- Group Personal Accident Insurance
- Exam / Study Leave
- Annual Leave
- Congratulatory Leave
- Maternity Leave
- Compassionate Leave
- Prolonged Illness Benefits
- Outpatient Medical & Dental Benefits
- Temporary Posting Allowance
- Relocation Allowance

SUSTAINABILITY STATEMENT

We embraced diversity by bringing various layers of management closer and create a friendly environment by laying trust and respect as foundation. As such, festive celebrations were organised to celebrate our cultural differences and mutual understanding.

Christmas Celebration was held in December 2022 in the office

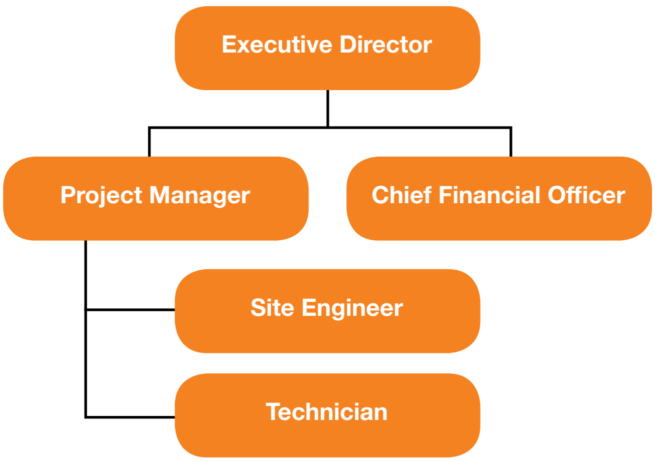
Chinese New Year Celebration was held in February 2023

We strived to provide a working environment that is supportive of employees' personal growth, wellbeing and opportunity to voice out opinions and issues to be addressed. As such, we established a procedure to handle grievances where employees could approach the immediate supervisor to address any work-related issue or complaint. If the matter remains unsettled within the next three working days, the employee may approach the Grievance Committee which is comprised of an Executive Director, Chief Financial Officer and the Risk & Corporate Governance Manager.

Occupational Health and Safety

The Quality, Health, Safety and Environment ("QHSE") policy was enforced on 11 March 2020 and it is aimed to serve as a guide in ensuring high level of health and safety standards for our employees and manage safety risks associated with the Group's business operation.

The HSE Committee, which comprise of an Executive Director and its members including the Project Manager and Chief Financial Officer, supports the Executive Director, to oversee and manage health, safety, and environmental concerns in the workplace. The Site Engineer and Technician reports to the Project Manager. Safety and Health meetings are held at ad-hoc basis to discuss relevant matters.



The QHSE policy aimed to achieve the following objectives:

- Protecting the safety and wellbeing of employees, environment and properties of the Group
- To ensure compliance to laws and regulation and to address non-compliance
- Emergency response to safety & health matters

Following are the matters covered by the policy:

QHSE POLICY
Environmental Aspects & Impacts
Hazard Identification & Risk Assessment
Legal Requirements / Compliance Obligations Review
Objectives and Targets
Internal, External Communication & Consultation
Equipment & Machinery Repair & Preventive Maintenance
Emergency Preparedness & Response
Monitoring & Measurement
Waste Management Procedure
Non-Conformance, Corrective & Preventive Action
Accident, Incident, Non-Conformance & Insurance Claim
Procedure for Traffic Control of Trucks
Procedure for Contractor Control
Procedure for Visitor Control
Procedure for Control of Company Van / Vehicles

We are pleased to state that no work-related injuries or accidents had occurred in FY2022 as it was in FY2021 and FY2020. The zero accidents and injury results were credited to our efforts in providing constant briefings, reminders and safety and health inductions to our employees on yearly basis which covers topics on work instructions and safety and health compliance matters.

The following table summarises the comparison of targets and performance for FY2022 and our targets for the next reporting period:

FY2022 Targets	FY2022 Performance	FY2023 Targets
Incidents of non-compliance to safety and health policy **ZERO**	Incidents of non-compliance to safety and health policy **ZERO**	Incidents of non-compliance to safety and health policy **ZERO**
Incidents of accidents and occupational injury recorded **ZERO**	Incidents of accidents and occupational injury **ZERO**	Incidents of accidents and occupational injury **ZERO**

FY2022 Targets	FY2022 Performance	FY2023 Targets
Total LTI days **ZERO**	Total LTI days **ZERO**	Total LTI days **ZERO**
Number of total recordable injury frequency ("TRIF") **ZERO**	Number of total recordable injury frequency ("TRIF") **ZERO**	Number of total recordable injury frequency ("TRIF") **ZERO**
Workplace fatalities or permanent disabilities **ZERO**	Workplace fatalities or permanent disabilities **ZERO**	Workplace fatalities or permanent disabilities **ZERO**
Significant incidents of non compliance resulting in regulatory breaches **ZERO**	Significant incidents of non-compliance resulting in regulatory breaches **ZERO**	Significant incidents of non-compliance resulting in regulatory breaches **ZERO**

Training and Development

The Group encouraged all employees to develop their personal skills and knowledge to benefit themselves. We take great care of its employees' skill and knowledge development as the Heads of Department continue to identify training needs for the required employees and develop training programmes for them. We promote continuous improvement in our employees' performance and commit to ensure that individual skills are evaluated as well as rewarded based on merit. Employees receive a performance and career development review at the year-end where employees receive constructive feedback, set goals for the upcoming year, and learn about opportunities for career advancement.

Following are the training programmes organised by the Group for FY2022:

Type of Training	Number of Pax	Training Hours
External (E-Learning)	24	24
In House (External Trainer)	10	40
TOTAL	**34**	**64**

The total training hours for FY2022 was 64. In order to take further steps in talent development, the management evaluates the training needs for specific categories of employees based on changes or updates in the industry that need the awareness of the employees, technical know-how and updates in the laws, regulations and requirements by the government.

Cybersecurity

Cyber security threats are continually evolving and managing such risks are intricate due to the complexity of an inter-connected business ecosystem and the rapid evolution in technology. To mitigate cybersecurity risks that possibly cause business disruption, an external IT service provider was appointed to solidify our IT cybersecurity. Our IT infrastructure security features are secured with password protection, anti-virus and anti-malware application and regular cybersecurity awareness to employees. No cybersecurity breaches were reported in the Group for FY2022 as it was in FY2021 and FY2020.

Local Communities

The Group sees Corporate Social Responsibility as an important aspect and our sustainability commitment extends to the local communities. We are committed to enrich their lives and create a better shared future for the community we live and work in through social investments and corporate giving.

Following are the list of charity activities participated by the Group for FY2022:

Event	Objective	Amount Donated (RM)
Ikatan Komuniti Selamat Charity and Fund-Raising Golf Tournament	The donation was made to Ikatan Komuniti Selamat, a non-profit organisation that champions safety as a way of life that aligns with the Group's safety mission. The donation was a sponsorship for Charity and Fund-raising Golf Tournament 2022 organised by the organisation.	2,000.00
Mobile PPV Vaccination Program	Monetary sponsorship to the EXCO of Penang to enable them to roll out the mobile PPV vaccination which benefits the communities in Penang.	10,000.00
TOTAL		**12,000.00**

The charity activities amount was lower for FY2022 compared to the previous years, where for FY2021 the amount was approximately RM70,822 while for FY2020 was RM249,500. The amount was lower for FY2022 due to the COVID-19 effect where all forms of events involving physical contact or close physical proximity were avoided to mitigate the effects of COVID-19. We strive to increase our efforts for the next reporting year by organizing and participating in more community activities.

Going Forward

We are looking forward to announcing our upcoming initiatives aimed to promote environmental conservation through our business plans and expansion efforts focusing on renewable energy. Our aim is to foster an inclusive community through stakeholder engagement programs that inform our stakeholders of our goals and purpose in providing renewable energy as a viable alternative source. We are determined to assist in the nation's transition towards renewable energy as the primary source in the years to come, and we believe that this effort contributes to making our planet a better place for everyone.

BOARD OF DIRECTORS' PROFILES

DATUK KAROWNAKARAN @ KARUNAKARAN RAMASAMY

Chairman
Non-Independent Non-Executive Director Malaysian, Male, Aged 73

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

Datuk Karunakaran is also the Chairman, Independent Non-Executive Director of Maybank Ageas Holdings Berhad, Etiqa International Holdings Berhad and Maybank Singapore Limited. Datuk Karunakaran is also an Independent Non-Executive Director of Malayan Banking Berhad.

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

Datuk Karunakaran attended seven out of eight Board Meetings held during Financial Year Ended 31 December 2022.

TEE TUAN SEM

Executive Vice Chairman
Executive Director
Malaysian, Male, Aged 71

Mr Tee Tuan Sem was appointed to the Board on 9 June 1992. He is a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Association of Certified Accountants. He joined Tet O Chong & Co., an established firm of public accountants, in 1976, and joined Integrated Forwarding & Shipping Berhad as Chief Accountant in 1981. He was promoted to the position of Finance Director of the Company in 1998 and subsequently appointed as the Chief Executive Officer in 2001. He was re-designated to Executive Vice Chairman on 1 January 2023. He does not hold any other directorships of public companies.

Mr Tee has a direct interest of 32,639,373 ordinary shares in the Company. He also has an indirect interest of 381,931 ordinary shares in the Company held through his wife, Yang Chiew Bi. Mr Tee does not have any family relationship with any other Director and/or major shareholder of the Company.

Mr Tee attended all eight Board Meetings held during Financial Year Ended 31 December 2022.

BOARD OF DIRECTORS' PROFILES

MAKOTO TAKAHASHI

Chief Executive Officer
Executive Director
Japanese, Male, Aged 55

Mr Makoto Takahashi holds a Bachelor of Science degree from the University of San Francisco. He has working experience with a Japanese logistics company in Kobe, Japan and a trading company in Hong Kong. He joined ILB in 1998 as General Manager of Sales & Marketing and was appointed to the Board as an Executive Director on 17 September 2001. He was re-designated to Chief Executive Officer on 1 January 2023.

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

Mr Makoto attended all eight Board Meetings held during Financial Year Ended 31 December 2022.

WAN AZFAR BIN DATO' WAN ANNUAR

Independent Non-Executive Director
Malaysian, Male, Aged 73

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

En Wan Azfar was re-designated as the Chairman of the Nomination & Remuneration Committee on 8 March 2021 and he is also a member of the Audit & Risk Management Committee. He does not hold any directorships of other public companies

En Wan Azfar does not have any interest in the securities of the Company or its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

En Wan Azfar attended all eight Board Meetings held during Financial Year Ended 31 December 2022.

BOARD OF DIRECTORS' PROFILES

DATO' WAN HASHIM BIN WAN JUSOH

Independent Non-Executive Director
Malaysian, Male, Aged 65

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

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

Dato' Wan Hashim is also a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee. He sits on the Board of AYS Ventures Berhad as an Independent Non-Executive Director and UWC Berhad as an Independent Non-Executive Chairman

Dato' Wan Hashim does not have any interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other Director and/or major shareholder of the Company.

Dato' Wan Hashim attended all eight Board Meetings held during Financial Year Ended 31 December 2022.

SOH ENG HOOI

Independent Non-Executive Director
Malaysian, Female, Aged 54

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

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

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

Ms Soh attended all eight Board Meetings held during Financial Year Ended 31 December 2022.

BOARD OF DIRECTORS' PROFILES

JAMILAH BINTI KAMAL

Independent Non-Executive Director
Malaysian, Female, Aged 61

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

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

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

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

Puan Jamilah sits on the board of JF Technology Berhad as Independent Non-Executive Director.

Puan Jamilah attended all seven Board Meetings held during her tenure as Director of the Company in Financial Year Ended 31 December 2022.

Notes

1. None of the Directors have family relationship with each other.
2. None of the Directors have entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.
3. None of the Directors have any convictions for any offences within the past 5 years other than traffic offences.
4. None of the Directors have any public sanctions & penalties imposed by any regulatory bodies during the financial year 2022.

GROUP MANAGEMENT PROFILE

YEE CHAI YIN

Chief Financial Officer
Female, Aged 37

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

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

TEE JIA JIE

Executive Director of IL Solar Sdn Bhd and IL Power Sdn Bhd
Male, Aged 31

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

GROUP MANAGEMENT PROFILE

TEOH SIEW TATT

Project Director of IL Solar Sdn. Bhd.
Male, Aged 45

Mr Teoh Siew Tatt holds a Master of Business Administration in Engineering Management and Bachelor of Engineering in Automotive Engineering from Coventry University in United Kingdom. Mr Teoh joined the group in September 2015 and has more than 19 years experience in the project management field and was promoted to Project Director with effect from 1st January 2022.

MOHD KHAIRUL NIZAM BIN MD RADZI

Chargeman of IL Solar Sdn Bhd
Male, Aged 39

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

Notes

None of the Group's Management:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance ("MCCG 2021") known as Board Leadership and Effectiveness (Principal A), Effective Audit and Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the Financial Year Ended ("FYE") 31 December 2022.

The details of the Group's application for each practice set out in the MCCG 2021 during the financial year 2022 are disclosed in the Corporate Governance Report ("CG Report"). A copy of the CG Report is available on the Group's website at https://www.ilb.com.my/investor-relations/ir-corporate-governance/ and announcement on the website of Bursa Malaysia Securities Berhad.

PRINCIPAL A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

For the FYE 31 December 2022, the Company has an experienced Board comprising one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors and four (4) Independent Non-Executive Directors.

The Board of Directors is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management. The independent non-executive directors are considered independent of any business or other relationship or circumstances that could interfere with the execution of their independent judgement and decision making in the best interests of the Company.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

The Chairman of the Company, Datuk Karownakaran @ Karunakaran Ramasamy is not a member of all Board Committee, and the Board does not allow the Chairman to participate in any or all of the committees' meetings, by way of invitation.

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

The Board will review the Board Charter and make changes wherever necessary. The Board Charter is published on the Company's corporate website at https://www.ilb.com.my/investor-relations/ir-corporate-governance/.

A formal Whistleblowing Policy has been established and published on the Company's corporate website at https://www.ilb.com.my/investor-relations/ir-corporate-governance/ to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

In line with the new provision, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), the Board has approved an Anti-Bribery and Anti-Corruption Policy which was published on the Company's corporate website at https://www.ilb.com.my/investor-relations/ir-corporate-governance/. The policy sets out the Group's overall position to prevent bribery and corruption practices in relation to its business activities.

The Group had in 2022, adopted a Directors' Fit and Proper Policy to ensure that individuals of high calibre who possess the right blend of qualifications, expertise, track record, competency and integrity are appointed on the Boards of Directors of the Group. All candidates to be appointed to the Boards of Directors of ILB Group, including those seeking re-election/re-appointment, shall undergo a review of fit and properness by the Board in accordance with the Directors' Fit and Proper Policy. The Directors' Fit and Proper Policy is available on the Company's website, https://www.ilb.com.my/investor-relations/ir-corporate-governance/.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is supported by Management Committee ("MC"), comprising Executive Directors and the management team. MC manages the sustainability policy, initiatives, targets as well as monitoring the effectiveness and performance of related initiatives.

To further strengthen the sustainability initiatives, MC communicates the Group's sustainability direction to Environmental, Social and Governance ("ESG") Working Group. ESG Working Group comprises of appointed representatives of various divisions, who are responsible to identify, manage, and analyse sustainability categories, as well as ESG risks, and organise, implement and monitor sustainability efforts. The ESG Working Group executes and implements the initiatives and report their operational activities in a variety of ways, including monthly reports, project progress reports, safety and health reports, etc.

While we anticipate that our key stakeholders are increasingly interested to evaluate how we have managed and embraced ESG agendas, our Board is in the midst of identifying the relevant personnel with the appropriate skills and experience required to elevate ILB Group's sustainability efforts in line with the latest Code of Corporate Governance updated in year 2022. The said personnel is expected to take on the challenging role and be the subject matter expert on ESG sustainability matters, climate risks and ILB's business sustainability issues.

On the same note, the Board is currently reviewing the process of including material sustainability and climate-related risks and opportunities in the performance evaluation of the Board and Senior management as stipulated in the latest Code of Corporate Governance updated in 2022.

We recognise the value of interacting with our stakeholders since their feedbacks are critical in keeping our sustainability activities on track with our goal to achieving stakeholders' expectations while reinforcing our relationships with them. At ILB, we communicate with our stakeholders through a variety of channels to identify and prioritise concerns.

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

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

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

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

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

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

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

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

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

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the Main Market Listing Requirements of Bursa Malaysia. The Board met on eight occasions during the year ended 31 December 2022 and the details of attendance at Board Meetings is set out below.

	Number of Meetings Attended	Total Number of Meetings
Non-Independent Non-Executive Chairman		
Datuk Karownakaran @ Karunakaran Ramasamy	7	8
Independent Non-Executive Directors		
Wan Azfar Bin Dato' Wan Annuar	8	8
Dato' Wan Hashim bin Wan Jusoh	8	8
Soh Eng Hooi	8	8
Jamilah binti Kamal #	7	7
Executive Directors		
Tee Tuan Sem	8	8
Makoto Takahashi	8	8

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

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

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors are encouraged to visit the Group's operating centres to have an insight into the Group's various operations which would assist the Board to make effective decisions relating to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors recognise the importance of continuing development by attending conferences, briefings and workshops to update their knowledge and enhance their skills. All Directors are encouraged to attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors. In this respect, in-house briefings by External Auditors, solicitors and/or Management are organised from time to time to update Directors on relevant statutory and regulatory requirements and the Group's business and operational practices.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2022 are as follows:

Name of Directors	Date	Seminar / Training Course Title
Datuk Karownakaran @ Karunakaran Ramasamy	14 March 2022	Sustainability Update and Climate Risk Training Session - • Maybank's Sustainability Agenda • How Financial Institutions Can Support Climate Transition? - Chief Sustainability Officer, Maybank / Messrs Ernst & Young
	2 April 2021	PNB Knowledge Forum 2022 – Sustainable Investing: ESG at the Forefront - PNB Research Institute
	24 August 2022	Invest Asean 2022 ESG Conversations: Sustainable Finance: The Big Shift is Visible - Maybank IBG Corporate
	7 September 2022	Annual Board Risk Workshop - Navigating Execution Challenges in a Rapidly Changing World - Group Risk, Maybank / FTI Consulting
	9 September 2022	Scope 3 Financed Emissions - Maybank Investment Bank
	15 September 2022	How to transition towards a Sustainable World (Istanbul, Turkey) - DSM
	16 September 2022	Lessons from the Fast Lane - Mark Gallagher, Former Executive of Formula Racing
	16 September 2022	Macro-Economic Landscape and Trends - Alicia Garcia Herrero, Chief Economist Asia pacific of Natixis
	16 September 2022	Climate 2C or not 2C - Tim Kruger, Geoengineering researcher, Oxford University
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd
Dato' Wan Hashim bin Wan Jusoh	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd
Wan Azfar bin Dato' Wan Annuar	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd

Name of Directors	Date	Seminar / Training Course Title
Soh Eng Hooi	16 February 2022	MIA Town Hall 2022 - Session 1 (Public Practice Sector) - Malaysia Institute of Accountants (MIA)
	23 March 2022	Sustainability and Environmental, Social and Governance Training - Tricor Axcelasia Sdn Bhd
	17 August 2022	Sustainability Governance & Operationalizing Sustainability - What it all Means to the WTCH Group - Warisan TC Holdings Berhad (“WTCH”)
	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	8 September 2022	MIA Webinar Series: Briefings on Technical Changes Affecting Financial Reporting - Malaysia Institute of Accountants (MIA)
	13 September 2022	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers - Bursa Malaysia Berhad
	14 September 2022	Cyber Security Awareness Training for WTCH & TCMH Board - TCiTech Sdn Bhd
	20 - 21 September 2022	MIA Webinar Series: Audit Quality Enhancement Programme for SMPs - Malaysia Institute of Accountants (MIA)
	29 September 2022	International Standard on Quality Management Webinar 3.0 Powering Ahead - Malaysia Institute of Accountants (MIA)
	17 November 2022	Securities Audit Oversight Board Conversation with Audit Committees - Securities Commission Malaysia
	12 December 2022	Advocacy Dialogue on the Bursa Malaysia’s Enhanced Sustainability Reporting Framework - Institute of Corporate Directors Malaysia
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd
	21 December 2022	Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function & External Auditors - Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad & Warsian TC Holdings Berhad
	23 December 2022	Corporate Liability Provision (Section 17A) of the MACC Act 2009 - Group Risk Management WTCH
Jamilah Binti Kamal	21 to 23 June 2022	Mandatory Accreditation Programme - Institute of Corporate Directors Malaysia and Bursa Malaysia
	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Date	Seminar / Training Course Title
Tee Tuan Sem	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	25 October 2022	Listed Entity Director Program: Environmental, Social & Governance – Singapore Institute of Directors
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd
Makoto Takahashi	29 August 2022	Corporate briefing on Sustainability and ESG - Tricor AxcelAsia Sdn Bhd
	14 December 2022	Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 [Amended 2018]) - Tricor Hive Sdn Bhd

II Board Composition

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

The Company has an experienced Board comprising one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors and four (4) Independent Non-Executive Directors. The Non-Executive Directors are not employees of the Company and do not participate in the day to day management of the Company. All four (4) Independent Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter. The NRC has reviewed the performance of the independent directors and is satisfied that they have discharged their responsibilities in an independent manner.

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

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

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

In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

The Board currently has two (2) female director. With the current composition, the Board is of the view that its members have the necessary knowledge, experience and competence to enable them to discharge their duties and responsibilities effectively.

The recruitment or promotion to the Board or senior management role will be based on skills, competencies, knowledge, experience and contribution.

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

Based on the assessment and evaluation conducted by the NRC, the retiring Directors met the performance criteria required of an effective and a high-performance Board.

The Board of Directors, taking into the recommendation of NRC, supported the retiring Directors of their re-election as Director at the AGM of the Company.

III Remuneration

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

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

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

The Details of the Directors' remuneration comprising remuneration received from the Company and its subsidiaries in the financial year ended 31 December 2022 are as follows:

Company

	RM'000					
	Salaries	Fees	Bonus	Other Remuneration	Benefits-in-kind	Total
Non-Executive Directors						
Datuk Karownakaran @ Karunakaran Ramasamy	–	108	–	3	7	118
Wan Azfar bin Dato' Wan Annuar	–	60	–	8	–	68
Dato' Wan Hashim bin Wan Jusoh	–	60	–	8	–	68
Soh Eng Hooi	–	90	–	8	–	98
Jamilah binti Kamal #	–	50	–	3	–	53
Executive Directors						
Tee Tuan Sem	600	–	–	73	80	753
Makoto Takahashi	360	–	–	1	8	369
Total	**960**	**368**	**–**	**104**	**95**	**1,527**

Group

	RM'000					
	Salaries	**Fees**	**Bonus**	**Other Remuneration**	**Benefits-in-kind**	**Total**
Non-Executive Directors						
Datuk Karownakaran @ Karunakaran Ramasamy	–	108	–	3	7	118
Wan Azfar bin Dato' Wan Annuar	–	60	–	8	–	68
Dato' Wan Hashim bin Wan Jusoh	–	60	–	8	–	68
Soh Eng Hooi	–	90	–	8	–	98
Jamilah binti Kamal #	–	50	–	3	–	53
Executive Directors						
Tee Tuan Sem	600	–	–	73	80	753
Makoto Takahashi	360	–	–	1	8	369
Total	**960**	**368**	**–**	**104**	**95**	**1,527**

Jamilah binti Kamal was appointed as Independent Non-Executive Director with effect from 1 March 2022.

Details of the remuneration of the top Senior Management (including salary, bonus, benefits-in-kind and other emoluments) in each successive band of RM50,000 during the financial year ended 31 December 2022, are as follows:

Range of Remuneration (RM)	Name of Top Senior Management
150,001 - 200,000	Yee Chai Yin and Teoh Siew Tatt
200,001 - 250,000	Tee Jia Jie

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit & Risk Management Committee (ARMC)

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

The ARMC oversees the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls. The ARMC had five meetings during financial year ended 31 December 2022 and comprises:-

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

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

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

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

It is the practice of the ARMC to conduct annual assessment of the external auditor. Areas of assessment include among others, the external auditors objectivity and independence, size and competency of the audit team, audit strategy, audit reporting, partner involvement and audit fees. In support of the assessment on independence, the external auditors provide the ARMC with assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. Premised on the assessment result, the ARMC will make recommendation to the Board for re-appointment of external auditors accordingly. During the financial year, the amount of non-statutory audit fees paid to external auditors was RM18,000.

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

II Risk Management and Internal Control Framework

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

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

The Board has the ultimate responsibility for reviewing and approving the Company's risk framework, risk profile and related policies. Relevant internal control systems are implemented for the day to day operations of the Group. The independent professional service provider, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") , have an independent reporting on risk management and internal controls to the ARMC. It reports its internal audit findings to the ARMC on a half-yearly basis.

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

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

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

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

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

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

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

I Communication with Stakeholders

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

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

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

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

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

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II Conduct of General Meetings

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

The AGM is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend General Meetings and use the opportunity to ask questions on resolutions being proposed and on the progress, performance and future prospects of the company.

The Chairman and Board members, with the assistance of senior management and external auditors, where appropriate, are responsible to respond and provide explanations on matters raised. In accordance with the recommendations of the MCCG 2021, the Company gives its shareholders at least 28 days prior notice of the AGM of the Company.

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

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

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

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

This Corporate Governance Overview Statement was adopted by the Board of Directors on 20 March 2023.

OTHER DISCLOSURES

1. UTILISATION OF PROCEEDS

Disposal of Integrated Etern Logistics (Suzhou) Co. Limited

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

On 15 July 2020, ILHK has received the Final Payment of RMB3.6 million or approximately RM2.1 million. Taking into consideration of the Adjustment Sum and Final Payment, the net sale proceeds to ILHK is approximately RM126.3 million of which RM88.4 million is attributable to ILB.

The proceeds raised from the Proposed Disposal had been fully utilised as follows:-

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

2. AUDIT FEES AND NON-AUDIT FEES

For financial year 2022, the amount of audit fees and non-audit fees paid or payable by the Group and the Company to the External Auditors are as follows:

	Group (RM)	Company (RM)
Audit Fees	223,165	100,000
Non-Audit Fees	18,000	18,000

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group which involved directors and/or major shareholders' interests during the financial year 2022.

4. VARIANCE IN RESULTS

There was no material variance between the results for the financial year 2022 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projections during the financial year.

5. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There was neither issuance, conversion nor exercise of Options, Warrants and Convertible Securities during the financial year 2022.

6. RELATED PARTY TRANSACTION AND RECURRENT RELATED PARTY TRANSACTION

There were neither Related Party Transaction nor Recurrent Related Party Transaction entered into by the Company and Group which involved directors and/or major shareholders' interests during the financial year 2022.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of the Group is pleased to present the Audit & Risk Management Committee ("ARMC") Report for the financial year ended ("FYE") 31st December 2022.

MEMBERSHIP
The ARMC of the Group comprises the following members:

Chairperson
Soh Eng Hooi
Independent Non-Executive Director

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

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

The ARMC comprises three (3) Non-Executive Directors during FYE 31st December 2022, all of whom are Independent Directors. The Chairperson of ARMC, Ms. Soh Eng Hooi is a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

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

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

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

MEETINGS AND MINUTES

During the FYE 31st December 2022, the ARMC held a total of five (5) meetings. The Company Secretary was in attendance during the meetings and the Chief Financial Officer, Internal Auditors, External Auditors and other senior management personnel, where necessary, were invited to the meetings to deliberate on matters within their purview.

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

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

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE ARMC

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

1. Financial Reporting

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

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

- Reviewed and assessed the adequate of the processes and controls in place for effective and efficient financial reporting and that reasonable judgement and estimates had been made in accordance with the requirements set out in the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.

2. Related Party Transaction ("RPT")

- Reviewed the RPT that may arise within the Company and its Group and apprised the Board that there were no significant RPT situations which arose within the Company or Group, including any transaction, procedure or course of conduct that raised questions of the Management's integrity during the financial year.

3. External Audit

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

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

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

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

- Reviewed the competency, resource capacity, objectivity, professionalism and the independence of the external auditors. ARMC undertakes to review the independence and suitability of the external auditors in the provision of non-audit services to the Company and the Group. In considering the nature and scope of non-audit services and related fees, ARMC will need to satisfy that they were not likely to impair their independence. Baker Tilly Monteiro Heng PLT has also given their independence assurance throughout their audit works for FY2022. Pursuant thereto, ARMC has recommended to the Board for the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the competency, resource capacity, objectivity, professionalism and the independence of the external auditors.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

4. Internal Audit

- Reviewed and approved the internal audit plan for year 2023/2024 from the outsourced internal audit service provider, Tricor Axcelasia Sdn Bhd ("Outsourced IA") to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.

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

- Reviewed the independence, competency, performance and effectiveness of the internal audit function.

5. Risk Management

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

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

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

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

6. Others

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

  o the Statement on Risk Management and Internal Control; and

  o Audit & Risk Management Committee Report.

INTERNAL AUDIT FUNCTION

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

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

During the year under review, Outsourced IA had performed internal control review mainly on the Group's sustainability management and solar power plant's operations namely, IL Solar Sdn Bhd and EVN Vision Sdn Bhd in respect on evaluating and improving the effectiveness of solar farm operations and maintenance management.

The total cost incurred by the engaging Outsourced IA relating to Internal Audit function for the FYE 2022 amounted to RM31,219.18.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

The Board, through the NRC, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately.

The NRC consists of three (3) Independent Non-Executive Directors and its Chairman is an Independent Non-Executive Director appointed by the Board.

The NRC comprise of the following during the financial year ended 31 December 2022:

Wan Azfar bin Dato' Wan Annuar	- Chairman / Independent Non-Executive Director
Dato' Wan Hashim bin Wan Jusoh	- Member / Independent Non-Executive Director
Soh Eng Hooi	- Member / Independent Non-Executive Director

Objectives

(a) Ensure an appropriate balance of experience and abilities on the Board.
(b) Propose and recommend suitable candidates to the Board and to fill the seats on Board committees.
(c) Review the composition and effectiveness of the Board and the Board Committees in terms of the required mix of skills, expertise, attributes and core competencies of the Directors as well as the contribution of each individual Director on an annual basis.
(d) Recommend to the Board the framework on terms of employment and elements of remuneration of the Executive Directors.
(e) Review the terms of office and performance of the Committee annually.
(f) Review and recommend to the Board the annual bonus and salary increment of the Executive Directors and the remuneration of the Non-Executive Directors.

Composition

The Terms of the Nominating Committee provides that the Board shall appoint members to the Nominating Committee from amongst its members. The Nominating Committee shall comprise exclusively of Non-Executive Directors with at least three (3) members. Majority of the members of the Nominating Committee shall be independent. The Chairman of the Nominating Committee shall be an Independent Non-Executive Director appointed by the Board.

In the absence of the Nominating Committee Chairman, the remaining members present shall elect one of them to chair the meeting.

Responsibilities

(a) Ensure an appropriate balance of experience and abilities on the Board.
(b) Review from time to time the size, structure and composition of the Board.
(c) Assessment of the independence of directors who have served for a cumulative term of more than nine years, and make appropriate recommendations to the Board.
(d) Consider candidates for appointment, whether as Executive or Non-Executive Directors.
(e) Make recommendations to the Board on the re-appointment of Non-Executive Directors at the end of their term.
(f) Advise the Board and the Chief Executive Officer on the issue of succession planning.
(g) Annual Performance Assessment of the Board of Directors.
(h) Recommend to the Board a competitive compensation and remuneration package for Executive Directors in order to attract talent and experience needed for the continued progress of the Group.
(i) Recommend to the Board a competitive remuneration package for Non-Executive Directors who have the necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources for the success of the Group.
(j) Review and recommend annual compensation and reward for all Directors. A Director should abstain from discussion on his/her own remuneration.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Authority

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

Reporting

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

(a) The effectiveness of the present size of the Board of Directors.
(b) The effectiveness of the composition of the Board of Directors and the mix of Executive and Non-Executive Directors.
(c) The existence of, or potential conflicts of interest involving the Board members.
(d) The contribution of individual Directors in decision making at the Board level.
(e) A continuous education program for Board members to upgrade their skills and enhance their effectiveness.

Meetings

(a) Meetings of the Committee shall be held as and when necessary but at least twice a year.
(b) The Committee shall be provided with sufficient resources to undertake its duties. It shall have access to the services of the Company Secretary including assisting in planning the committee's work, drawing up meeting agendas, maintenance of minutes, collection and distribution of information and provision of any necessary logistical support.
(c) The meetings of the Committee shall be transparent, with all proceedings recorded and actions documented.

Activities of NRC

The NRC met four times during the financial year and all members of the NRC attended the meeting to deliberate on the following:

(a) Reviewed the remuneration of Executive Directors and Key Senior Management;
(b) Facilitated the succession planning of the Company;
(c) Reviewed the appointment of Puan Jamilah binti Kamal as Independent Non-Executive Director;
(d) Reviewed the re-designation of Mr. Tee Tuan Sem and Mr. Makoto Takahashi as Executive Vice Chairman and Chief Executive Officer respectively;
(e) Reviewed the Directors' Fit and Proper Policy;
(f) Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board;
(g) Reviewed and assess the effectiveness of the Board as a whole, the various Board Committees as well as the contribution of each individual Director;
(h) Reviewed the level of independence of Independent Directors; and
(i) Discussed on the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT

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

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

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

INTERNAL CONTROL

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

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides ARMC and Nomination and Remuneration Committees, the Board is supported by senior management operationally. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.
- Policies, procedures and standards have been established within the Group, periodically reviewed and updated by the management in accordance with changes in the operating environment. These standards and procedures include obtaining authority for major transactions and ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and comply with safety requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL (continued)

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

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

INTERNAL AUDIT

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

The Outsourced IA had assisted the Board by independently evaluating and improving the effectiveness of the system of internal controls of the Sustainability Management Processes and performed internal audit mainly on the Group's solar power plant's operations namely, IL Solar Sdn Bhd and EVN Vision Sdn Bhd in respect on evaluating and improving the effectiveness of the systems of internal controls on Performance Evaluation of External Maintenance Contractor Process and Solar Farm Maintenance Management, including appointment /engagement of skilled maintenance staff.

CONCLUSION

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information & Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

STATEMENT OF DIRECTORS RESPONSIBILITIES
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

CHANGE OF COMPANY NAME

The Company has changed its name from Integrated Logistics Berhad to ILB Group Berhad with effect from 17 May 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 12 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year, net of tax	(2,390,586)	(2,305,815)
Attributable to:		
Owners of the Company	169,301	(2,305,815)
Non-controlling interests	(2,559,887)	–
	(2,390,586)	(2,305,815)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES OR DEBENTURES

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

DIRECTORS' REPORT

TREASURY SHARES

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

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

As at 31 December 2022, the Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033. Further details are disclosed in Note 21 to the financial statements.

DIRECTORS

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

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

* Directors of the Company and certain subsidiaries

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

Mong Tak Yeung, David
Tam Poon Wah
Tee Jia Jie
Teoh Siew Tatt (Appointed on 1 March 2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Interests in the Company				
Direct interests:				
Makoto Takahashi	14,303,990	–	–	14,303,990
Tee Tuan Sem	29,595,673	3,043,700	–	32,639,373
Indirect interest:				
Tee Tuan Sem *	381,931	–	–	381,931

* held through spouse

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

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) 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.

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company:		
Executive directors:		
- Salaries and other emoluments	1,033,286	1,033,286
Non-executive directors:		
- Fees	368,000	368,000
- Other emoluments	30,000	30,000
	398,000	398,000
Director of subsidiaries		
Executive director:		
- Salaries and other emoluments	302,902	–
	1,734,188	1,431,286

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 12 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year are RM239,165 and RM116,000 respectively.

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

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

TEE TUAN SEM Director	**MAKOTO TAKAHASHI** Director

Date: 20 March 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	5	16,275,083	14,760,830	–	8,456,700
Direct operating costs		(12,041,175)	(10,331,412)	–	–
Gross profit		4,233,908	4,429,418	–	8,456,700
Other income		1,963,427	2,055,965	1,939,324	2,053,412
Administrative expenses		(7,987,210)	(8,433,388)	(5,767,079)	(5,227,975)
Other expenses		(2,324,308)	(192,540)	(820,309)	(192,540)
		(8,348,091)	(6,569,963)	(4,648,064)	(3,367,103)
Operating (loss)/profit		(4,114,183)	(2,140,545)	(4,648,064)	5,089,597
Finance income		3,372,302	2,472,628	3,262,978	2,278,142
Finance costs		(1,915,806)	(1,901,568)	(574,813)	(496,527)
Gain on dissolution of subsidiaries		7,487,923	3,628,727	–	–
(Impairment loss)/Reversal of impairment on interest in an associate		(4,934,108)	14,861,467	–	–
Share of results of associates		(1,449,969)	(3,909,529)	–	–
(Loss)/Profit before tax	6	(1,553,841)	13,011,180	(1,959,899)	6,871,212
Tax expense	7	(836,745)	(569,094)	(345,916)	(325,965)
(Loss)/Profit for the financial year		(2,390,586)	12,442,086	(2,305,815)	6,545,247
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation gain on freehold land		9,905,727	–	670,220	–
Fair value gain of other investment at fair value through other comprehensive income		30,000	–	30,000	–
		9,935,727	–	700,220	–

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(6,230,703)	5,636,836	–	–
Reclassification adjustment of foreign exchange translation reserve upon dissolution of subsidiaries		(7,487,923)	(3,902,742)	–	–
		(13,718,626)	1,734,094	–	–
Other comprehensive (loss)/income for the financial year		(3,782,899)	1,734,094	700,220	–
Total comprehensive (loss)/income for the financial year		(6,173,485)	14,176,180	(1,605,595)	6,545,247
(Loss)/Profit attributable to:					
Owners of the Company		169,301	8,321,519	(2,305,815)	6,545,247
Non-controlling interests		(2,559,887)	4,120,567	–	–
		(2,390,586)	12,442,086	(2,305,815)	6,545,247
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(1,660,635)	9,478,265	(1,605,595)	6,545,247
Non-controlling interests		(4,512,850)	4,697,915	–	–
		(6,173,485)	14,176,180	(1,605,595)	6,545,247
Earnings per share attributable to owners of the Company					
Basic/Diluted (sen)	8	0.090	4.405		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	141,413,827	134,517,222	7,794,456	8,093,215
Intangible assets	11	1,946,361	2,076,118	–	–
Investment in subsidiaries	12	–	–	125,160,647	124,017,798
Interest in associates	13	40,632,642	54,182,125	9,507,500	9,507,500
Other investment	14	300,000	270,000	300,000	270,000
Receivables	15	–	3,228,830	–	3,228,830
Total non-current assets		184,292,830	194,274,295	142,762,603	145,117,343
Current assets					
Inventories	17	823,904	–	–	–
Tax assets		71,600	30,000	–	–
Receivables	15	9,909,168	17,019,380	8,000,996	14,018,950
Contract assets	18	8,607	1,877,113	–	–
Deposits, cash and bank balances	19	93,779,461	86,032,409	61,834,503	54,880,038
Total current assets		104,592,740	104,958,902	69,835,499	68,898,988
TOTAL ASSETS		288,885,570	299,233,197	212,598,102	214,016,331

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	225,670,706	225,670,706	225,670,706	225,670,706
Treasury shares	21	(4,797,033)	(4,797,033)	(4,797,033)	(4,797,033)
Reserves	22	(3,061,494)	(1,400,859)	(30,038,548)	(28,432,953)
		217,812,179	219,472,814	190,835,125	192,440,720
Non-controlling interests		9,233,007	21,190,591	–	–
TOTAL EQUITY		227,045,186	240,663,405	190,835,125	192,440,720
Non-current liabilities					
Term loans	23	23,337,794	46,842,646	1,099,354	20,380,206
Deferred tax liabilities	24	2,212,718	995,085	74,469	–
Total non-current liabilities		25,550,512	47,837,731	1,173,823	20,380,206
Current liabilities					
Term loans	23	24,518,379	4,808,448	20,294,379	584,448
Tax liabilities		201,460	287,060	59,000	31,000
Payables	25	11,568,236	5,636,553	235,775	579,957
Contract liabilities	18	1,797	–	–	–
Total current liabilities		36,289,872	10,732,061	20,589,154	1,195,405
TOTAL LIABILITIES		61,840,384	58,569,792	21,762,977	21,575,611
TOTAL EQUITY AND LIABILITIES		288,885,570	299,233,197	212,598,102	214,016,331

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Fair value reserve RM	Foreign exchange translation reserve RM	Other reserve RM	Revaluation reserve RM	Non-controlling interests RM
Group											
At 1 January 2022, as reclassified	240,663,405	219,472,814	225,670,706	(4,797,033)	(1,400,859)	(20,623,293)	–	9,346,015	9,876,419	–	21,190,591
Total comprehensive (loss)/income for the financial year											
(Loss)/Profit for the financial year	(2,390,586)	169,301	–	–	169,301	169,301	–	–	–	–	(2,559,887)
Other comprehensive (loss)/income for the financial year											
Exchange differences on translation of foreign operations	(6,230,703)	(4,277,740)	–	–	(4,277,740)	–	–	(4,277,740)	–	–	(1,952,963)
Reclassified to profit or loss upon dissolution of subsidiaries	(7,487,923)	(7,487,923)	–	–	(7,487,923)	–	–	(7,487,923)	–	–	–
Revaluation gain on freehold land	9,905,727	9,905,727	–	–	9,905,727	–	–	–	–	9,905,727	–
Fair value gain of other investment at fair value through other comprehensive income	30,000	30,000	–	–	30,000	–	30,000	–	–	–	–
Total other comprehensive (loss)/income	(3,782,899)	(1,829,936)	–	–	(1,829,936)	–	30,000	(11,765,663)	–	9,905,727	(1,952,963)
Total comprehensive (loss)/income for the financial year, carried forward	(6,173,485)	(1,660,635)	–	–	(1,660,635)	169,301	30,000	(11,765,663)	–	9,905,727	(4,512,850)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Fair value reserve RM	Foreign exchange translation reserve RM	Other reserve RM	Revaluation reserve RM	Non-controlling interests RM
Group											
Total comprehensive (loss)/income for the financial year, brought forward	(6,173,485)	(1,660,635)	–	–	(1,660,635)	169,301	30,000	(11,765,663)	–	9,905,727	(4,512,850)
Transaction with owners											
Dividends paid to non–controlling interests, representing total transaction with owners	(7,444,734)	–	–	–	–	–	–	–	–	–	(7,444,734)
At 31 December 2022	227,045,186	217,812,179	225,670,706	(4,797,033)	(3,061,494)	(20,453,992)	30,000	(2,419,648)	9,876,419	9,905,727	9,233,007

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group											
At 1 January 2021											
– As previously reported		235,879,983	214,792,389	225,670,706	(4,797,033)	(6,081,284)	(23,159,971)	64,672	7,137,596	9,876,419	21,087,594
– Reclassification	34	–	–	–	–	–	(1,061,602)	–	1,061,602	–	–
At 1 January 2021, as reclassified		235,879,983	214,792,389	225,670,706	(4,797,033)	(6,081,284)	(24,221,573)	64,672	8,199,198	9,876,419	21,087,594
Total comprehensive income for the financial year											
Profit for the financial year		12,442,086	8,321,519	–	–	8,321,519	8,321,519	–	–	–	4,120,567
Other comprehensive income/(loss) for the financial year											
Exchange differences on translation of foreign operations		5,636,836	3,888,665	–	–	3,888,665	–	9,929	3,878,736	–	1,748,171
Reclassified to profit or loss upon dissolution of a subsidiary		(3,902,742)	(2,731,919)	–	–	(2,731,919)	–	–	(2,731,919)	–	(1,170,823)
Total other comprehensive income		1,734,094	1,156,746	–	–	1,156,746	–	9,929	1,146,817	–	577,348
Total comprehensive income for the financial year, carried forward		14,176,180	9,478,265	–	–	9,478,265	8,321,519	9,929	1,146,817	–	4,697,915

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Total equity RM	Equity attributable to owners of the Company RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Statutory reserve fund RM	Foreign exchange translation reserve RM	Other reserve RM	Non-controlling interests RM
Group											
Total comprehensive income for the financial year, brought forward		14,176,180	9,478,265	–	–	9,478,265	8,321,519	9,929	1,146,817	–	4,697,915
Transactions with owners											
Transfer upon dissolution of a subsidiary		–	–	–	–	–	74,601	(74,601)	–	–	–
Acquisition of additional interest in a subsidiary		(1,000,000)	(75,327)	–	–	(75,327)	(75,327)	–	–	–	(924,673))
Dividends paid to non–controlling interests		(3,670,245)	–	–	–	–	–	–	–	–	(3,670,245)
Dividends	9	(4,722,513)	(4,722,513)	–	–	(4,722,513)	(4,722,513)	–	–	–	–
Total transactions with owners		(9,392,758)	(4,797,840)	–	–	(4,797,840)	(4,723,239)	(74,601)	–	–	(4,594,918)
At 31 December 2021, as reclassified		240,663,405	219,472,814	225,670,706	(4,797,033)	(1,400,859)	(20,623,293)	–	9,346,015	9,876,419	21,190,591

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Total equity RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Fair value reserve RM	Revaluation reserve RM
Company								
At 1 January 2021		190,617,986	225,670,706	(4,797,033)	(30,255,687)	(30,255,687)	–	–
Total comprehensive income for the financial year								
Profit for the financial year, representing total comprehensive income		6,545,247	–	–	6,545,247	6,545,247	–	–
Transaction with owners								
Dividends, representing total transaction with owners	9	(4,722,513)	–	–	(4,722,513)	(4,722,513)	–	–
At 31 December 2021		192,440,720	225,670,706	(4,797,033)	(28,432,953)	(28,432,953)	–	–

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Total equity RM	Share capital RM	Treasury shares RM	Total reserves RM	Accumulated losses RM	Fair value reserve RM	Revaluation reserve RM
At 1 January 2022	192,440,720	225,670,706	(4,797,033)	(28,432,953)	(28,432,953)	–	–
Total comprehensive loss for the financial year							
Loss for the financial year	(2,305,815)	–	–	(2,305,815)	(2,305,815)	–	–
Other comprehensive income for the financial year							
Revaluation gain on freehold land	670,220	–	–	670,220	–	–	670,220
Fair value gain of other investment at fair value through other comprehensive income	30,000	–	–	30,000	–	30,000	–
Total other comprehensive income	700,220	–	–	700,220	–	30,000	670,220
Total comprehensive (loss)/ income for the financial year	(1,605,595)	–	–	(1,605,595)	(2,305,815)	30,000	670,220
At 31 December 2022	190,835,125	225,670,706	(4,797,033)	(30,038,548)	(30,738,768)	30,000	670,220

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities					
(Loss)/Profit before tax:		(1,553,841)	13,011,180	(1,959,899)	6,871,212
Adjustments for:					
Amortisation of intangible assets		129,757	129,757	–	–
Depreciation of property, plant and equipment		4,593,623	4,680,321	725,149	797,384
Dividend income		–	–	–	(8,456,700)
Gain on disposal of:					
- other investments		–	(16,616)	–	(16,616)
- property, plant and equipment		–	(29,999)	–	(29,999)
Gain on dissolution of subsidiaries	12(a)	(7,487,923)	(3,628,727)	–	–
Impairment loss/ (Reversal of impairment) on interest in an associate		4,934,108	(14,861,467)	–	–
Impairment loss on property, plant and equipment		405,757	–	405,757	–
Income distribution from other investments		–	(49,625)	–	(49,625)
Interest expense		1,915,806	1,901,568	574,813	496,527
Interest income		(3,372,302)	(2,423,003)	(3,262,978)	(2,228,517)
Property, plant and equipment written off		130	21	130	21
(Reversal)/Addition of provision for employee benefits		(4,002)	1,216	(5,387)	(1,803)
Share of results of associates		1,449,969	3,909,529	–	–
Unrealised loss/(gain) on foreign exchange		402,422	(371,477)	402,422	(398,067)
Operating profit/(loss) before working capital changes		1,413,504	2,252,678	(3,119,993)	(3,016,183)
Changes in working capital:					
Contract assets		1,868,506	(1,877,113)	–	–
Contract liabilities		1,797	–	–	–
Inventories		(823,904)	–	–	–
Receivables		(832,271)	(639,601)	(1,924,529)	(389,247)
Payables		(1,313,635)	3,347,741	(338,796)	364,817
Net cash generated from/ (used in) operations		313,997	3,083,705	(5,383,318)	(3,040,613)
Interest paid		(1,915,806)	(1,901,568)	(574,813)	(496,527)
Tax paid		(846,948)	(529,489)	(317,916)	(301,965)
Net cash (used in)/from operating activities		(2,448,757)	652,648	(6,276,047)	(3,839,105)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,469,753)	(697,847)	(87,588)	(46,140)
(Placement)/Withdrawal of deposits with licensed banks		(27,338,265)	17,073,245	(25,272,334)	20,282,082
Cash received from third party receivables		12,338,547	19,627,085	11,758,547	13,927,085
Dividend received		–	–	–	8,456,700
Net withdrawal of short–term fund		–	2,782,780	–	2,782,780
Proceeds from disposal of property, plant and equipment		–	30,000	–	30,000
Acquisition of subsidiaries		–	–	3	–
Acquisition of additional interest in a subsidiary	12(d)	–	(1,000,000)	–	–
(Advances to)/Repayments from subsidiaries		–	–	(1,142,852)	1,817,700
Interest received		3,372,302	2,472,628	3,262,978	2,278,142
Net cash (used in)/from investing activities		(13,097,169)	40,287,891	(11,481,246)	49,528,349
Cash flows from financing activities					
Repayments of term loans	(a)	(4,802,921)	(17,289,730)	(578,921)	(13,065,730)
Dividends paid		–	(4,722,513)	–	(4,722,513)
Dividends paid to non–controlling interests		–	(3,670,245)	–	–
Net cash used in financing activities		(4,802,921)	(25,682,488)	(578,921)	(17,788,243)
Net (decrease)/increase in cash and cash equivalents		(20,348,847)	15,258,051	(18,336,214)	27,901,001
Cash and cash equivalents at the beginning of the financial year		62,763,298	47,551,185	34,819,764	6,933,183
Effects of exchange rates changes on cash and cash equivalents		757,634	(45,938)	18,345	(14,420)
Cash and cash equivalents at the end of the financial year	19	43,172,085	62,763,298	16,501,895	34,819,764

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(a) Reconciliation of liabilities arising from financing activities:

	Note	1.1.2022 RM	Cash flows RM	Non-cash Foreign exchange movement RM	31.12.2022 RM
Group					
Term loans	23	51,651,094	(4,802,921)	1,008,000	47,856,173
Company					
Term loans	23	20,964,654	(578,921)	1,008,000	21,393,733

	Note	1.1.2021 RM	Cash flows RM	Non-cash Foreign exchange movement RM	31.12.2021 RM
Group					
Term loans	23	68,380,824	(17,289,730)	560,000	51,651,094
Company					
Term loans	23	33,470,384	(13,065,730)	560,000	20,964,654

(b) Total cash outflows for leases

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from operating activities:					
Payments relating to short-term leases	6	775,755	772,006	656,242	656,242
Payments relating to lease of low value assets	6	11,000	15,540	11,000	15,540
		786,755	787,546	667,242	671,782

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

ILB Group Berhad *(formerly known as Integrated Logistics Berhad)* ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company has changed its name from Integrated Logistics Berhad to ILB Group Berhad with effect from 17 May 2022.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 March 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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

2. BASIS OF PREPARATION (continued)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

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

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

(d) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.16(b).

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

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

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

(b) Translation of foreign operations

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

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

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

3.4 Revenue and other income

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income (continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the expected cost plus margin approach.

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

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

(a) Sale of electricity

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

A receivable is recognised when the Group has a right to invoice as the consideration is unconditional other than the passage of time before the payment is due.

(b) Sale of solar photovoltaic ("PV") module

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

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

(c) Construction contracts

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

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

Billings are made with a credit term of 5 to 10 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income (continued)

(d) Operation and maintenance ("O&M") of solar energy system

Within their activities of design, supply, install and commission a solar PV module system, the Group provides maintenance services of 2 years to customers for workmanship defects, performance monitoring and on-site support and repair services to ensure optimal operation of solar energy system installation.

The O&M is a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications. The revenue is recognised over the period the maintenance services are provided.

(e) Services

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

(f) Dividend income

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

(g) Rental income

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

(h) Interest income

Interest income is recognised using the effective interest method.

3.5 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plan

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

3.6 Borrowing costs

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Borrowing costs (continued)

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

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

3.7 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Income tax (continued)

(b) Deferred tax (continued)

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

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

(c) Sales and services tax

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

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

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

3.8 Earnings per share

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

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

3.9 Financial instruments

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(a) Subsequent measurement

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

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition

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

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

Debt instruments

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

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.16(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.16(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

(ii) Financial liabilities

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(c) Regular way purchase or sale of financial assets

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

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

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

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

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:
(i) the contractual rights to receive cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(d) Derecognition (continued)

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

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

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

(e) Offsetting of financial instruments

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

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

3.10 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold land and office building) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(b).

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

(d) Derecognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases

(a) Definition of lease

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

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

(b) Lessee accounting

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

Short-term leases and leases of low value assets

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

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.11(a), then it classifies the sub-lease as an operating lease.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Other intangible assets

(a) Customer contract

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

Subsequent to initial recognition, customer contract are stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(b).

(b) Amortisation

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

3.13 Inventories

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

Costs comprises purchase price and directly attributable costs of bringing the inventories to their present location and conditions. Cost of inventories is determined by the first-in first-out basis.

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

3.14 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customers.

3.15 Cash and cash equivalents

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Impairment of assets

(a) Impairment of financial assets and contract assets

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

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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 historical experience and informed credit assessment and including forward-looking information.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

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

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

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

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

(b) Impairment of non-financial assets

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

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

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

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Impairment of assets (continued)

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

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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

3.17 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

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

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

3.18 Provisions

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Operating segments

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

3.20 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

3.21 Contingencies

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

(a) Valuation of property, plant and equipment

The Group's property, plant and equipment (comprising freehold land and office building) are measured at fair value subsequent to their initial recognition. Fair value of these assets is based on valuation performed by independent professional property valuers. The valuation method adopted by the valuers include sales comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for accessibility, amenities, time element, size, shape, improvements, and other differences.

Significant judgement is required in determining the appropriate valuation method and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the property, plant and equipment.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 10.

(b) Construction contract revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At a point in time:				
Dividend income	–	–	–	8,456,700
Operation and maintenance ("O&M")	83,816	-	–	–
Procurement of solar PV module	5,677,450	1,365,111	–	–
Sales of electricity	8,368,279	8,910,734	–	–
	14,129,545	10,275,845	–	8,456,700
Over time:				
Construction contracts	2,145,538	4,484,985	–	–
	16,275,083	14,760,830	–	8,456,700

6. (LOSS)/PROFIT BEFORE TAX

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

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Amortisation of intangible assets	11	129,757	129,757	–	–
Auditors' remuneration:					
- statutory audit:					
- current year		223,165	249,312	100,000	86,500
- non statutory audit:					
- current year		16,000	12,000	16,000	12,000
- under provision in prior year		2,000	2,000	2,000	2,000
Depreciation of property, plant and equipment	10	4,593,623	4,680,321	725,149	797,384
Directors' remuneration	6(a)	1,734,188	1,915,023	1,431,286	1,403,186
Expenses relating to short-term lease		775,755	772,006	656,242	656,242
Expenses relating to low value assets		11,000	15,540	11,000	15,540

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

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

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Gain on disposal of:					
- property, plant and equipment		–	(29,999)	–	(29,999)
- other investments		–	(16,616)	–	(16,616)
Gain on dissolution of subsidiaries		(7,487,923)	(3,628,727)	–	–
Impairment loss/ (Reversal of impairment) on interest in an associate	13	4,934,108	(14,861,467)	–	–
Impairment loss on property, plant and equipment		405,757	–	405,757	–
Income distribution from other investments		–	(49,625)	–	(49,625)
Interest expense on:					
- term loans		1,915,806	1,901,568	574,813	496,527
Interest income on:					
- deposits, cash and bank balances		(1,484,441)	(1,187,899)	(1,375,117)	(993,413)
- financial asset measured at amortised cost		(1,887,861)	(1,235,104)	(1,887,861)	(1,235,104)
Loss/(Gain) on foreign exchange:					
- realised		1,243,716	107,353	(260,283)	121,696
- unrealised		402,422	(371,477)	402,422	(398,067)
Property, plant and equipment written off		130	21	130	21
Rental income on:					
- warehouse buildings		(1,679,041)	(1,608,730)	(1,679,041)	(1,608,730)
- land		(21,600)	(9,600)	–	–
(Reversal)/Addition of provision for employee benefits		(4,002)	1,216	(5,387)	(1,803)
Staff costs:					
- salaries and others		1,691,729	1,395,123	867,842	835,070
- contribution to defined contribution plans		160,549	121,199	69,738	56,992

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

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Executive directors:				
- salaries and other emoluments	1,033,286	1,065,186	1,033,286	1,065,186
Non-executive directors:				
- fees	368,000	318,000	368,000	318,000
- other emoluments	30,000	20,000	30,000	20,000
	398,000	338,000	398,000	338,000
	1,431,286	1,403,186	1,431,286	1,403,186
Director of the subsidiaries				
Executive directors:				
- salaries and other emoluments	302,902	511,837	–	–
Total directors' remuneration	1,734,188	1,915,023	1,431,286	1,403,186

The monetary value of benefits-in-kind (which were not included in the above directors' remuneration) of the Group and of the Company received by certain directors of the Company amounted to RM95,225 (2021: RM105,850) and RM95,225 (2021: RM105,850) respectively.

7. TAX EXPENSE

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Statements of comprehensive income				
Current income tax:				
Taxation in Malaysia:				
- Current income tax charge	490,600	431,000	349,000	311,000
- Adjustment in respect of prior years	(42,384)	15,405	(3,084)	14,965
	448,216	446,405	345,916	325,965
Taxation outside of Malaysia:				
- Current income tax charge	–	13,363	–	–
- Adjustment in respect of prior years	271,532	–	–	–
	719,748	459,768	345,916	325,965
Deferred tax (Note 24):				
- Origination of temporary differences	92,159	115,061	–	–
- Adjustment in respect of prior years	24,838	(5,735)	–	–
	116,997	109,326	–	–
Tax expense recognised in profit or loss	836,745	569,094	345,916	325,965

7. TAX EXPENSE (continued)

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

Tax expense for other jurisdiction is calculated at the rate prevailing in the jurisdiction.

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Loss)/Profit before tax	(1,553,841)	13,011,180	(1,959,899)	6,871,212
Tax at the Malaysian statutory income tax rate of 24%	(372,922)	3,122,683	(470,376)	1,649,091
Different tax rate in other country	506,071	(1,024,054)	–	–
Tax effects arising from:				
- non-taxable income	(2,315,873)	(3,356,262)	(515,555)	(2,337,977)
- non-deductible expenses	2,704,890	2,718,342	1,317,131	981,357
Share of results of associates	(253,013)	(658,341)	–	–
Utilisation of deferred tax assets not recognised in prior financial years	(188,637)	(309,685)	–	–
Deferred tax assets not recognised during the financial year	502,243	66,741	17,800	18,529
Adjustment in respect of prior years:				
- current tax	229,148	15,405	(3,084)	14,965
- deferred tax	24,838	(5,735)	–	–
Tax expense	836,745	569,094	345,916	325,965

NOTES TO THE FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

Basic earnings per ordinary share

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

	Group	
	2022 RM	**2021 RM**
Profit attributable to owners of the Company:	169,301	8,321,519
Weighted average number of ordinary shares for basic earnings per share (unit)	188,900,328	188,900,328
Basic earnings per share attributable to owners of the Company (sen)	0.090	4.405

Diluted earnings per share

The diluted earnings per share of the Company for the financial years ended 31 December 2022 and 31 December 2021 are same as the basic earnings per share of the Group as the Company has no dilutive potential ordinary shares.

9. DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Solar photovoltaic RM	Capital work-in-progress RM	Total RM
Group								
2022								
Cost/Valuation								
At 1 January 2022	66,029,565	2,677,561	1,937,781	1,254,169	868,529	80,176,157	640,000	153,583,762
Adjustments on revaluation	11,006,362	–	–	–	–	–	–	11,006,362
Additions	–	–	36,600	132,653	–	–	1,300,500	1,469,753
Written off	–	–	–	(19,913)	–	–	–	(19,913)
Reversal	–	–	–	–	–	–	(580,000)	(580,000)
At 31 December 2022	77,035,927	2,677,561	1,974,381	1,366,909	868,529	80,176,157	1,360,500	165,459,964
Accumulated depreciation								
At 1 January 2022	–	258,161	1,483,503	913,284	811,013	15,600,579	–	19,066,540
Depreciation charge for the financial year	–	47,670	388,167	261,003	57,513	3,839,270	–	4,593,623
Written off	–	–	–	(19,783)	–	–	–	(19,783)
At 31 December 2022	–	305,831	1,871,670	1,154,504	868,526	19,439,849	–	23,640,380
Impairment loss								
At 1 January 2022	–	–	–	–	–	–	–	–
Impairment loss during the financial year	–	(405,757)	–	–	–	–	–	(405,757)
At 31 December 2022	–	(405,757)	–	–	–	–	–	(405,757)
Carrying amount								
At cost	–	–	102,711	212,405	3	60,736,308	1,360,500	62,411,927
At valuation	77,035,927	1,965,973	–	–	–	–	–	79,001,900
At 31 December 2022	77,035,927	1,965,973	102,711	212,405	3	60,736,308	1,360,500	141,413,827

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Office building RM	Office renovation RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company						
2022						
Cost/Valuation						
At 1 January 2022	4,855,311	2,677,561	1,937,781	1,156,797	757,743	11,385,193
Adjustments on revaluation	744,689	–	–	–	–	744,689
Additions	–	–	36,600	50,988	–	87,588
Written off	–	–	–	(19,913)	–	(19,913)
At 31 December 2022	5,600,000	2,677,561	1,974,381	1,187,872	757,743	12,197,557
Accumulated depreciation						
At 1 January 2022	–	258,161	1,483,503	850,086	700,228	3,291,978
Depreciation charge for the financial year	–	47,670	388,167	231,799	57,513	725,149
Written off	–	–	–	(19,783)	–	(19,783)
At 31 December 2022	–	305,831	1,871,670	1,062,102	757,741	3,997,344
Impairment loss						
At 1 January 2022	–	–	–	–	–	–
Impairment loss during the financial year	–	(405,757)	–	–	–	(405,757)
At 31 December 2022	–	(405,757)	–	–	–	(405,757)
Carrying amount						
At cost	–	–	102,711	125,770	2	228,483
At valuation	5,600,000	1,965,973	–	–	–	7,565,973
At 31 December 2022	5,600,000	1,965,973	102,711	125,770	2	7,794,456

10. PROPERTY, PLANT AND EQUIPMENT (continued)

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

10. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The carrying amount of property, plant and equipment pledged to the financial institutions as securities for term loans facilities (Note 23) are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Freehold land	49,140,000	38,307,204	5,600,000	4,855,311
Office building	1,965,973	2,419,400	1,965,973	2,419,400
Solar photovoltaic	53,066,030	56,388,799	–	–
	104,172,003	97,115,403	7,565,973	7,274,711

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Freehold land	65,558,299	65,558,299	4,855,311	4,855,311
Office building	2,358,087	2,419,400	2,358,087	2,419,400

(c) Fair value information

The freehold land and office building of the Group and the Company were revalued by external independent valuers, having appropriate recognised professional qualification. The valuations are based on sales comparison method.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
31 December 2022				
Freehold land	–	–	77,035,927	77,035,927
Office building	–	–	1,965,973	1,965,973
	–	–	79,001,900	79,001,900
31 December 2021				
Freehold land	–	–	66,029,565	66,029,565
Office building	–	–	2,419,400	2,419,400
	–	–	68,448,965	68,448,965

10. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair value information (continued)

The fair value of freehold land and office building of the Group and of the Company are categorised as follows: (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
31 December 2022				
Freehold land	–	–	5,600,000	5,600,000
Office building	–	–	1,965,973	1,965,973
	–	–	7,565,973	7,565,973
31 December 2021				
Freehold land	–	–	4,855,311	4,855,311
Office building	–	–	2,419,400	2,419,400
	–	–	7,274,711	7,274,711

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3 was based on sales comparison approach. The value of the property, plant and equipment was determined by comparing current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for accessibility, amenities, time element, size, shape, improvements, and other differences.

Valuation processes applied by the Group

The fair value of property, plant and equipment is determined by external independent valuers, Rahim & Co International Sdn. Bhd. and Henry Butcher Malaysia (Kedah) Sdn. Bhd., in which both are the members of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications.

Highest and best use

In estimating the fair value of the property, plant and equipment, the highest and best use of the property, plant and equipment is their current use.

11. INTANGIBLE ASSETS

	Group 2022 RM	Group 2021 RM
Customer contract		
Cost		
At 1 January/31 December	2,724,904	2,724,904
Accumulated amortisation		
At 1 January	648,786	519,029
Amortisation charge for the financial year	129,757	129,757
At 31 December	778,543	648,786
Carrying amount		
At 31 December	1,946,361	2,076,118

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

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

The amortisation of intangible assets of the Group amounting to RM129,757 (2021: RM129,757) are included in administrative expenses.

12. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost		
At beginning of the financial year	22,816,195	22,816,195
Additions	3	–
At end of the financial year	22,816,198	22,816,195
Loans that are part of net investments	102,344,449	101,201,603
	125,160,647	124,017,798

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

12. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2022	2021
IL Energy Sdn. Bhd.	Malaysia	Investment holding	100%	100%
ILB International (BVI) Limited @	British Virgin Islands	Investment holding	100%	100%
ILB Properties Sdn. Bhd.#	Malaysia	Dormant	100%	–
Telaga Prospek Sdn. Bdn.#	Malaysia	Dormant	100%	–
Subsidiaries of IL Energy Sdn. Bhd.				
EVN Vision Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
IL Solar Sdn. Bhd.	Malaysia	Solar power plant	100%	100%
IL Power Sdn. Bhd.	Malaysia	Procurement of solar PV module	100%	100%
Subsidiaries of ILB International (BVI) Limited				
ISH Logistics Group Limited ^	Cayman Islands	Investment holding	–	70%
Integrated Logistics (H.K.) Limited @	Hong Kong	Investment holding	70%	70%
Subsidiary of ISH Logistics Group Limited				
ISH Group (BVI) Limited ^	British Virgin Islands	Dormant	–	70%

@ Audited by an independent member firm of Baker Tilly International.

^ Note (a)

\# Consolidated using unaudited management financial statements as the Company has made application to dissolve the subsidiaries on 2 November 2022 and 5 November 2022 respectively.

(a) Dissolution of subsidiaries

2022

On 17 June 2022, ISH Group (BVI) Limited ("ISH Group (BVI)") has received the Certificate of Dissolution from the Registrar of Corporation Affairs, British Virgin Islands and completed on 30 June 2022.

On 15 August 2022, ISH Logistics Group Limited ("ISH Logistics") has received the Certificate of Dissolution from the Registrar of Companies, Cayman Islands. On 26 September 2022, the application for the Members' Voluntary Winding up of ISH Logistics has been completed.

12. INVESTMENT IN SUBSIDIARIES (continued)

(a) Dissolution of subsidiaries (continued)

2022 (continued)

Below are the effect of the dissolution of ISH Logistics and ISH Group (BVI) on financial position of the Group:

	2022 **RM**
Net assets as at date of dissolution	–
Cumulative exchange gain in respect of the net assets of the dissolved subsidiaries reclassified from equity to profit or loss upon dissolution	7,487,923
Gain on dissolution of subsidiaries	7,487,923

2021

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

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

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

On 1 June 2022, the winding up process of ILCN has been completed.

12. INVESTMENT IN SUBSIDIARIES (continued)

(a) Dissolution of subsidiaries (continued)

2021 (continued)

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

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

(b) Incorporation of ILB Properties Sdn. Bhd.

On 28 June 2022, the Company had incorporated a 100% owned subsidiary namely ILB Properties Sdn. Bhd. with an issued and paid up share capital of RM2. On 2 November 2022, the Company has made an application to dissolve the subsidiary and it is completed on 10 February 2023.

(c) Acquisition of Telaga Prospek Sdn. Bhd.

On 19 July 2022, the Company acquired 1 ordinary share representing 100% of the issued and paid-up capital of Telaga Prospek Sdn. Bhd. for a total cash consideration RM1. On 5 November 2022, the Company has made an application to dissolve the subsidiary and it is completed on 10 February 2023.

(i) Fair value of identifiable asset acquired and liability recognised:

	RM
Asset	
Cash in hand	1
Fair value of consideration transferred	1

12. INVESTMENT IN SUBSIDIARIES (continued)

(c) Acquisition of Telaga Prospek Sdn. Bhd. (continued)

(ii) Effects of acquisition on cash flows:

	RM
Fair value of consideration transferred	1
Less: cash and cash equivalent of a subsidiary aquired	(1)
Net cash outflows on acquisition	–

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

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

Effect of the increase in the Company's ownership interest is as follows:

	RM
Fair value of consideration transferred	1,000,000
Increase in net assets	(924,673)
Excess charged directly to equity	75,327

(e) Non-controlling interests

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

	Integrated Logistics (H.K.) Limited RM	ISH Logistics Group Limited RM	Total RM
2022			
NCI percentage of ownership interest and voting interest	30%	–*	
Carrying amount of NCI	9,233,007	–	9,233,007
Loss allocated to NCI	(2,534,413)	(25,474)	(2,559,887)

* Dissolved on 30 June 2022, refer to Note (a).

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT IN SUBSIDIARIES (continued)

(e) Non-controlling interests (continued)

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

	Integrated Logistics (H.K.) Limited RM	Integrated Logistics (China) Co. Limited RM	ISH Logistics Group Limited RM	Total RM
2021				
NCI percentage of ownership interest and voting interest	30%	–*	30%	
Carrying amount of NCI	21,199,441	–	(8,850)	21,190,591
Profit/(Loss) allocated to NCI	4,209,628	9,464,908	(9,553,969)	4,120,567

* Dissolved on 1 June 2022, refer to Note (a).

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

	Integrated Logistics (H.K.) Limited RM	ISH Logistics Group Limited RM
2022		
Assets and liabilities		
Non-current assets	31,780,787	–
Current assets	24,541,604	–
Non-current liabilities	–	–
Current liabilities	(25,545,700)	–
Net assets	30,776,691	–
Results		
Revenue	–	–
Loss for the financial year	(8,448,043)	(428)
Total comprehensive loss	(17,733,647)	(428)
Cash flows information		
Cash flows from operating activities	22,861,030	–
Cash flows from investing activities	19,491	–
Cash flows used in financing activities	–	–
Net increase in cash and cash equivalents	22,880,521	–
Dividends paid to NCI	–	7,444,734

12. INVESTMENT IN SUBSIDIARIES (continued)

(e) Non-controlling interests (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

13. INTEREST IN ASSOCIATES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost				
At 1 January/31 December	4,394,800	4,394,800	9,507,500	9,507,500
Share of results				
At 1 January	4,422,797	4,390,036	–	–
Additions	33,994	32,761	–	–
At 31 December	4,456,791	4,422,797	–	–
	8,851,591	8,817,597	9,507,500	9,507,500
Quoted shares outside Malaysia, at cost				
At 1 January/31 December	66,096,686	66,096,686	–	–
Less: Accumulated impairment losses				
At 1 January	(50,372,491)	(65,233,958)	–	–
Additions	(4,934,108)	–	–	–
Reversal	–	14,861,467	–	–
At 31 December	(55,306,599)	(50,372,491)	–	–
Share of results				
At 1 January	21,698,656	25,640,946	–	–
Additions	(1,483,963)	(3,942,290)	–	–
At 31 December	20,214,693	21,698,656	–	–
Exchange differences	776,271	7,941,677	–	–
	31,781,051	45,364,528	–	–
	40,632,642	54,182,125	9,507,500	9,507,500
Market value:				
Quoted shares outside Malaysia	31,781,051	45,364,528		

13. INTEREST IN ASSOCIATES (continued)

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2022	2021
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing and related value added services	50%	50%
Interest held through Integrated Logistics (H.K.) Limited				
Hengyang Petrochemical Logistics Limited * #	Singapore	Investment holding	18.1%	18.1%

* The audited financial statements and auditors' report for the financial year were not available. However, the results have been accounted for based on the publicly announced results for the financial year ended 31 December 2022.

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

(a) Fair value information

As at 31 December 2022, the fair value of Hengyang Petrochemical Logistics Limited, which is listed on Singapore Exchange Limited, was RM31,781,051 (2021: RM45,364,528) based on the quoted market price available on the stock exchange, which has been categorised within Level 1 of the fair value hierarchy.

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

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2022			
Assets and liabilities			
Non-current assets	331,824,206	16,726,590	348,550,796
Current assets	24,580,679	3,353,549	27,934,228
Non-current liabilities	–	(2,318,945)	(2,318,945)
Current liabilities	(1,370,223)	(56,368)	(1,426,591)
Net assets	355,034,662	17,704,826	372,739,488
Results			
Revenue	–	1,438,483	1,438,483
(Loss)/Profit for the financial year	(6,057,614)	67,989	(5,989,625)
Total comprehensive (loss)/income	(6,057,614)	67,989	(5,989,625)

13. INTEREST IN ASSOCIATES (continued)

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

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

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

	Hengyang Petrochemical Logistics Limited RM	Integrated Mits Sdn. Bhd. RM	Total RM
2022			
Group's share of net assets	75,019,212	7,617,829	82,637,041
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	776,271	–	776,271
Less: Accumulated impairment losses	(55,306,599)	–	(55,306,599)
Carrying amount in the consolidated statements of financial position	31,781,051	8,851,591	40,632,642
Group's share of results	(1,483,963)	33,994	(1,449,969)
2021			
Group's share of net assets	76,503,175	7,583,835	84,087,010
Goodwill	11,292,167	1,233,762	12,525,929
Exchange differences	7,941,677	–	7,941,677
Less: Accumulated impairment losses	(50,372,491)	–	(50,372,491)
Carrying amount in the consolidated statements of financial position	45,364,528	8,817,597	54,182,125
Group's share of results	(3,942,290)	32,761	(3,909,529)

14. OTHER INVESTMENT

	Group and Company 2022 RM	2021 RM
Non-current		
Financial assets designated at fair value through other comprehensive income		
At fair value		
Golf club membership	300,000	270,000

15. RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current:					
Other receivables	(a)	–	3,228,830	–	3,228,830
Current:					
Trade receivables	(b)	197,518	1,686,751	–	–
Accrued billing		666,580	709,645	–	–
Retention sum		299,711	–	–	–
		1,163,809	2,396,396	–	–
Other receivables, deposits and prepayments (Note 16)	(a)	8,745,359	14,622,984	8,000,996	14,018,950
Total trade and other receivables (current)		9,909,168	17,019,380	8,000,996	14,018,950
Total trade and other receivables (non-current and current)		9,909,168	20,248,210	8,000,996	17,247,780

(a) Included in other receivables is an amount owing by a third party which represents the remaining balance proceeds from disposal of a jointly controlled entity in the previous years totalling RM41,046,582 which is receivable in 12 quarterly instalments amounting to AED3,375,000 each quarter commencing on 1 April 2020 and measured at amortised cost at an interest rate of 4.34% per annum. The Group's and the Company's current and non-current amounts owing by the third party are RM6,955,058 (2021: RM13,475,846) and RM Nil (2021: RM3,228,830) respectively.

(b) Trade receivables are non-interest bearing and are generally on 10 to 120 days (2021: 10 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

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

The information about the credit exposure is disclosed in Note 32(c).

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	7,447,646	13,620,684	7,578,430	13,751,468
Deposits	1,145,765	916,838	330,814	265,482
Prepayments	151,948	85,462	91,752	2,000
	8,745,359	14,622,984	8,000,996	14,018,950

17. INVENTORIES

	Group	
	2022 RM	2021 RM
Current:		
Finished goods	823,904	–

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM400,344 (2021: Nil).

18. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 RM	2021 RM
Contract assets relating to construction service contracts	8,607	1,877,113
Contract liabilities relating to construction service contracts	(1,797)	–

(a) Significant changes in contract balances

	Group		
	2022		2021
	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM	Contract assets Increase/ (decrease) RM
Increase due to consideration received from customers, but revenue not recognised	–	(1,797)	–
Increase due to revenue recognised for unbilled goods or services transferred to customers	8,607	–	1,877,113
Transfer from contract assets recognised at the beginning of the financial year to receivables	(1,877,113)	–	–

18. CONTRACT ASSETS/(LIABILITIES) (continued)

(b) Revenue recognised in relation to contract balances

	Group	
	2022 RM	2021 RM
Revenue recognised during the financial year	2,229,354	4,484,985

19. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits with licensed banks (Notes (a) and (c))	65,028,802	51,446,715	59,754,034	48,237,878
Cash and bank balances (Note (d))	28,750,659	34,585,694	2,080,469	6,642,160
Deposits, cash and bank balances as reported in the statements of financial position	93,779,461	86,032,409	61,834,503	54,880,038
Less: Deposits with maturity period more than 3 months	(47,334,772)	(20,060,274)	(45,332,608)	(20,060,274)
Deposits pledged to a financial institution (Note (b))	(3,272,604)	(3,208,837)	–	–
Cash and cash equivalents as reported in the statements of cash flows	43,172,085	62,763,298	16,501,895	34,819,764

(a) Deposits with licensed banks of the Group and of the Company bear interest at rates ranging from 1.25% to 5.05% (2021: 1.50% to 2.20%) per annum with maturity period ranging from 1 month to 6 months.

(b) Included in the deposits with licensed banks of the Group are amounts of RM3,272,604 (2021: RM3,208,837) pledged for trade line facility amounting to RM16,000,000 (2021: RM16,000,000) granted to a subsidiary.

(c) In the previous financial year, included in the deposits with licensed banks and cash and bank balances of the Group denominated in Renminbi ("RMB"), which are held in People Republic of China amounted to RM24,372,548. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business. The RMB which was recorded in Hong Kong Dollar in ILHK was subsequently converted to United States Dollar on 30 May 2022.

(d) Included in the cash and bank balances of the Group is an amount of RM1,049,625 (2021: RM1,049,625) pledged to a financial institution as security to secure term loans of the Group as disclosed in Note 23.

20. SHARE CAPITAL

	Number of ordinary shares		Amounts	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issue and fully paid up (no par value):				
At beginning/end of the financial year	195,025,503	195,025,503	225,670,706	225,670,706

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

21. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 26 April 2022, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

The Company held 6,125,175 treasury shares out of its 195,025,503 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM4,797,033 (2021: RM4,797,033).

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

22. RESERVES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Fair value reserve	(a)	30,000	–	30,000	–
Foreign exchange translation reserve	(b)	(2,419,648)	9,346,015	–	–
Other reserve	(c)	9,876,419	9,876,419	–	–
Revaluation reserve	(d)	9,905,727	–	670,220	–
Accumulated losses		(20,453,992)	(20,623,923)	(30,738,768)	(28,432,953)
		(3,061,494)	(1,400,859)	(30,038,548)	(28,432,953)

22. RESERVES (continued)

(a) Fair value reserve - non-distributable

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income ("FVOCI") until the investments are derecognised or impaired.

(b) Foreign exchange translation reserve - non-distributable

The foreign exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Other reserve - non-distributable

Other reserve represents the surplus arising from the change in ownership interest of a subsidiary of an associate, Hengyang Petrochemical Logistics Limited in prior years.

(d) Revaluation reserve - non-distributable

The revaluation reserve represents the surplus arising from revaluation of freehold land. The amount presented is net of deferred tax liabilities.

23. TERM LOANS

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Non-current:				
Term loans	23,337,794	46,842,646	1,099,354	20,380,206
Current:				
Term loans	24,518,379	4,808,448	20,294,379	584,448
Total term loans	47,856,173	51,651,094	21,393,733	20,964,654

NOTES TO THE FINANCIAL STATEMENTS

23. TERM LOANS (continued)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current					
Secured					
Term loan 1	(a)	1,099,354	1,683,206	1,099,354	1,683,206
Term loan 2	(b)	22,238,440	26,462,440	–	–
Term loan 3	(c)	–	18,697,000	–	18,697,000
		23,337,794	46,842,646	1,099,354	20,380,206
Current					
Secured					
Term loan 1	(a)	589,379	584,448	589,379	584,448
Term loan 2	(b)	4,224,000	4,224,000	–	–
Term loan 3	(c)	19,705,000	–	19,705,000	–
		24,518,379	4,808,448	20,294,379	584,448
Total term loans		47,856,173	51,651,094	21,393,733	20,964,654

(a) Term loan 1

Term loan 1 bears interest at a rate of 4.53% (2021: 3.45%) per annum is repayable by monthly instalments of RM51,250 over 53 months followed by monthly instalments of RM54,514 over 60 months and last instalment of the remaining loan balance, commencing from the day of full drawdown of the term loan.

The term loan is secured by pledge of the Company's freehold land and office building included in property, plant and equipment as disclosed in Note 10.

(b) Term loan 2

Term loan 2 bears interest at a rate of 5.48% (2021: 4.29%) per annum is repayable by monthly instalments of RM352,000 over 131 months and last instalment of the remaining loan balance, commencing on the first day of the 13th month from the date of first drawdown of the term loan or upon receiving income from the sales of electricity to Tenaga National Berhad, whichever is earlier.

The term loan 2 is secured by the following:
(i) the subsidiary's freehold land and solar photovoltaic in property, plant and equipment (Note 10);
(ii) supported by debt services reserve account (Note 19(d)); and
(iii) supported by corporate guarantee from the Company.

(c) Term loan 3

Term loan 3 is denominated in Hong Kong Dollar and bears interest at a rate of 3 months HIBOR plus 1% (2021: 3 months HIBOR plus 1%) per annum and is repayable on 31 March 2023.

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

24. DEFERRED TAX LIABILITIES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At 1 January	995,085	885,759	–	–
Recognised in profit or loss (Note 7)	116,997	109,326	–	–
Deferred tax relating to revaluation of freehold land	1,100,636	–	74,469	–
At 31 December	2,212,718	995,085	74,469	–

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Deferred tax liabilities				
Surplus arising from revaluation of freehold land	1,147,763	23,563	74,469	–
Differences between carrying amount of property, plant and equipment and their tax bases	13,540,565	12,856,996	–	–
Customer contract	467,126	498,267	–	–
	15,155,454	13,378,826	74,469	–
Deferred tax assets				
Unabsorbed capital allowances	(10,975,790)	(10,605,182)	–	–
Unutilised business losses	(164,404)	(164,404)	–	–
Unabsorbed investment tax allowances	(1,802,542)	(1,614,155)	–	–
	(12,942,736)	(12,383,741)	–	–
	2,212,718	995,085	74,469	–

24. DEFERRED TAX LIABILITIES (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unutilised business losses	20,495,393	18,477,925	–	–
Unabsorbed investment tax allowances	49,483,676	50,268,621	–	–
Difference between carrying amount of property, plant and equipment and their tax bases	218,732	139,178	218,732	139,179
Deductible temporary differences in respect of expenses	19,312	24,699	19,312	24,699
	70,217,113	68,910,423	238,044	163,878

The unutilised business losses are available indefinitely for offset against future taxable profits of the Group except for certain unutilised business losses which are available up to the following financial years:

	Group	
	2022 RM	**2021 RM**
2028	685,017	685,017
2031	15,417	15,417
2032	153,541	–
	853,975	700,434

25. PAYABLES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Other payables, deposits and accruals (Note 26)	11,544,520	5,608,835	216,463	555,258
Provision (Note 27)	23,716	27,718	19,312	24,699
	11,568,236	5,636,553	235,775	579,957

The normal trade credit terms granted to the Group and the Company ranging from 45 to 60 days (2021: 45 to 60 days).

26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Other payables:				
- external parties	2,937	246,711	2,937	246,711
- corporate shareholder	10,965,021	3,154,791	–	–
- an associate	109,374	109,374	109,374	109,374
	11,077,332	3,510,876	112,311	356,085
Accruals	467,188	2,093,559	104,152	199,173
Deposits received	–	4,400	–	–
	11,544,520	5,608,835	216,463	555,258

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

Included in accruals of the Group is an amount of RM45,399 (2021: RM1,493,627) arising from cost accrued for the solar project.

27. PROVISION

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Employee benefits				
At 1 January	27,718	26,502	24,699	26,502
Additions during the financial year	1,385	3,019	–	–
Reversal during the financial year	(5,387)	(1,803)	(5,387)	(1,803)
At 31 December	23,716	27,718	19,312	24,699

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

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

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their services and has one reportable operating segment which is solar energy and related businesses.

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

Inter-segment pricing is determined on negotiated terms.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

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

28. SEGMENT INFORMATION (continued)

(a) Operating segments

	Solar energy and related businesses		Others		Adjustments and eliminations		Note	Total	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM		2022 RM	2021 RM
Revenue									
External revenue	16,275,083	14,760,830	–	–	–	–		16,275,083	14,760,830
Inter-segment revenue	–	–	–	8,456,700	–	(8,456,700)		–	–
Total revenue	16,275,083	14,760,830	–	8,456,700	–	(8,456,700)		16,275,083	14,760,830
Results									
Amortisation of intangible assets	–	–	–	–	129,757	129,757		129,757	129,757
Depreciation of property, plant and equipment	3,868,474	3,882,937	725,149	797,384	–	–		4,593,623	4,680,321
Impairment loss/(Reversal of impairment) on interest in an associate	–	–	4,934,108	(14,861,467)	–	–		4,934,108	(14,861,467)
Interest expense	1,340,993	1,405,041	574,813	496,527	–	–		1,915,806	1,901,568
Interest income	(89,831)	–	(3,282,471)	(2,423,003)	–	–		(3,372,302)	(2,423,003)
Non-cash (income)/expenses (other than depreciation and amortisation)	–	–	804,307	(416,855)	(7,487,923)	(3,628,727)	A	(6,683,616)	(4,045,582)
Expenses relating to short-term leases	13,085	–	762,670	772,006	–	–		775,755	772,006
Expenses relating to low value assets	–	–	11,000	15,540	–	–		11,000	15,540
Rental income	(21,600)	(9,600)	(1,679,041)	(1,608,730)	–	–		(1,700,641)	(1,618,330)
Segment profit/(loss)	1,265,272	706,138	(1,369,144)	16,214,571	(1,449,969)	(3,909,529)	B	(1,553,841)	13,011,180

28. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

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

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

	2022 RM	2021 RM
Gain on disolution of subsidiaries	(7,487,923)	(3,628,727)
Gain on disposal of other investments	–	(16,616)
Gain on disposal of property, plant and equipment	–	(29,999)
Impairment loss on property, plant and equipment	405,757	–
Property, plant and equipment written off	130	21
(Reversal)/Addition of provison for employee benefits	(4,002)	1,216
Unrealised loss/(gain) on foreign exchange	402,422	(371,477)
	(6,683,616)	(4,045,582)

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

	Group	
	2022 RM	2021 RM
Share of results of associates	(1,449,969)	(3,909,529)

(b) Geographical segments

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

(c) Major customers

For solar energy and related businesses segment, revenue from two (2021: two) major individual customer represented approximately RM13.0 million (2021: RM13.4 million) for the Group's total revenue.

29. RELATED PARTIES

(a) Identity of related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS

29. RELATED PARTIES (continued)

(b) Significant related party transactions

Significant related party transactions are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Received or receivable from subsidiaries				
- Dividend	–	–	–	(8,456,700)
Paid or payable to an associate				
- Rental of premises	656,242	656,242	656,242	656,242

(c) Compensation of key management personnel

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

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Other key management personnel:				
Short-term employee benefits	536,211	533,348	280,810	378,019
Post-employment benefits	54,020	32,310	26,300	18,750
	590,231	565,658	307,110	396,769

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Designated fair value through other comprehensive income
(ii) Amortised cost

	2022 RM	2021 RM
Group		
Financial assets		
Designated fair value through other comprehensive income		
Other investment	300,000	270,000
Amortised cost		
Receivables (excluding prepayments)	9,757,220	20,162,748
Deposits, cash and bank balances	93,779,461	86,032,409
	103,536,681	106,195,157
Financial liabilities		
Amortised cost		
Term loans	47,856,173	51,651,094
Payables (excluding provision)	11,544,520	5,608,835
	59,400,693	57,259,929
Company		
Financial assets		
Designated fair value through other comprehensive income		
Other investment	300,000	270,000
Amortised cost		
Receivables (excluding prepayments)	7,909,244	17,245,780
Deposits, cash and bank balances	61,834,503	54,880,038
	69,743,747	72,125,818
Financial liabilities		
Amortised cost		
Term loans	21,393,733	20,964,654
Payables (excluding provision)	216,463	555,258
	21,610,196	21,519,912

30. FINANCIAL INSTRUMENTS (continued)

(b) Fair values measurements

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

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

There have been no transfers between level 1, level 2 and level 3 during the financial year (2021: no transfer in either direction).

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

	Fair value of financial instruments carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
Group and Company					
2022					
Financial assets					
Other investment					
- golf club membership	–	300,000	–	300,000	300,000
2021					
Financial assets					
Other investment					
- golf club memberships	–	270,000	–	270,000	270,000

31. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2022	**2021**
	RM	**RM**
Approved and contracted for, but not provided for:		
- property, plant and equipment	11,271,500	–

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

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

	Group			Company	
	<------------Functional currencies-------------->			<---Functional currenries-->	
	Hong Kong Dollar RM	**Ringgit Malaysia RM**	**Total RM**	**Ringgit Malaysia RM**	**Total RM**
31 December 2022					
Financial assets and liabilities not held in functional currencies:					
Deposits, cash and bank balances					
Hong Kong Dollar	–	22,788	22,788	22,788	22,788
United States Dollar	24,478,698	8,744,939	33,223,637	8,744,939	8,744,939
Receivables					
United Arab Emirates Dirham	–	6,955,058	6,955,058	6,955,058	6,955,058
Term loans					
Hong Kong Dollar	–	(19,705,000)	(19,705,000)	(19,705,000)	(19,705,000)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency risk (continued)

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

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

	Group Effect on profit for the financial year		Company Effect on profit for the financial year	
	2022 RM	2021 RM	2022 RM	2021 RM
AED				
- strengthened 1% (2021: 1%)	52,858	126,956	52,858	126,956
- weakened 1% (2021: 1%)	(52,858)	(126,956)	(52,858)	(126,956)
HKD				
- strengthened 1% (2021: 1%)	(149,585)	43,297	(149,585)	(141,934)
- weakened 1% (2021: 1%)	149,585	(43,297)	149,585	141,934
USD				
- strengthened 1% (2021: 1%)	252,500	34,051	66,462	29,595
- weakened 1% (2021: 1%)	(252,500)	(34,051)	(66,462)	(29,595)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk relates to bank deposits and term loans with floating interest rates.

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

Sensitivity analysis for interest rate risk
As at the end of the financial year, a change of 100 basis points in interest rates, with all other variables held constant, would decrease or increase the equity and (loss)/profit after tax by approximately RM363,707 (2021: RM392,548) arising mainly as a result of higher/lower interest expense on floating rate loans.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

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

Trade receivables and contract assets

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

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

Credit risk concentration profile

As at 31 December 2022, 64% (2021: 88%) of the Group's total trade receivables was due from four (2021: five) major customer who was involved in solar energy activities.

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

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

Group	Contract assets	Trade receivables Current	Trade receivables >30 days past due	Trade receivables >60 days past due	Total
At 31 December 2022					
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount at default (RM)	8,607	966,292	4,300	193,217	1,172,416
Expected credit losses	–	–	–	–	–
At 31 December 2021					
Expected credit loss rate	0%	0%	0%	0%	0%
Gross carrying amount at default (RM)	1,877,113	2,396,396	–	–	4,273,509
Expected credit losses	–	–	–	–	–

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Other receivables and other financial assets

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

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

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

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.16(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM26,462,440 (2021: RM30,686,440) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(d). As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

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

(d) Liquidity risk

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

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

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

Maturity analysis:

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

	Carrying amount RM	<--------------- Contractual undiscounted cash flows ---------------> On demand or within one year RM	Two to five years RM	More than five years RM	Total RM
2022					
Group					
Financial liabilities					
Term loans	47,856,173	25,686,677	20,427,399	5,496,077	51,610,153
Payables (excluding provision)	11,544,520	11,544,520	–	–	11,544,520
	59,400,693	37,231,197	20,427,399	5,496,077	63,154,673
Company					
Financial liabilities					
Term loans	21,393,733	20,415,398	1,145,931	–	21,561,328
Payables (excluding provision)	216,463	216,463	–	–	216,463
Financial guarantees contracts	–	26,462,440	–	–	26,462,440
	21,610,196	47,094,301	1,145,931	–	48,240,231

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

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

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

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities in the Group will be able to continue as a going concern, maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

Deposits are made at varying periods depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates.

The Group reviews the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Term loans	47,856,173	51,651,094	21,393,733	20,964,654
Payables (excluding provision)	11,544,520	5,608,835	216,463	555,258
Total debts	59,400,693	57,259,929	21,610,196	21,519,912
Less: Deposits, cash and bank balances	(93,779,461)	(86,032,409)	(61,834,503)	(54,880,038)
Net cash	(34,378,768)	(28,772,480)	(40,224,307)	(33,360,126)
Total equity	227,045,186	240,663,405	190,835,125	192,440,720
Debt-to-equity ratio	*	*	*	*

* Not meaningful.

The Company is required to comply with the disclosure and necessary capital requirement as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

34. COMPARATIVE FIGURES

During the financial year, the directors reclass the comparative figures to reflect the transactions relating to disposal of foreign subsidiaries included in foreign exchange translation reserve in the previous financial year as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
Group			
Statements of changes in equity			
At 1 January 2021			
Accumulated losses	(23,159,971)	(1,061,602)	(24,221,573)
Foreign exchange translation reserve	7,137,596	1,061,602	8,199,198
At 31 December 2021			
Accumulated losses	(19,561,691)	(1,061,602)	(20,623,293)
Foreign exchange translation reserves	8,284,413	1,061,602	9,346,015

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TEE TUAN SEM** and **MAKOTO TAKAHASHI**, being two of the directors of ILB Group Berhad (formerly known as Integrated Logistics Berhad), do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 64 to 142 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

TEE TUAN SEM
Director

MAKOTO TAKAHASHI
Director

Kuala Lumpur

Date: 20 March 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **YEE CHAI YIN**, being the officer primarily responsible for the financial management of ILB Group Berhad (formerly known as Integrated Logistics Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 64 to 142 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YEE CHAI YIN
MIA Membership No: 40406

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 20 March 2023.

Before me,

HADINUR MOHD SYARIF
Commissioner for Oaths (W761)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ILB GROUP BERHAD
(Formerly known as Integrated Logistics Berhad)
(Incorporate in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ILB Group Berhad (formerly known as Integrated Logistics Berhad), which comprise the statements of financial position as at 31 December 2022 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 64 to 142.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Valuation of property, plant and equipment (Notes 4 and 10 to the financial statements)

The Group's property, plant and equipment (comprising freehold land and office building) are measured at fair value subsequent to their initial recognition. Fair value of these assets is based on valuation performed by independent professional property valuers. The valuation method adopted by the valuers include sales comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for accessibility, amenities, time element, size, shape, improvements, and other differences. We focused on this area because significant judgement is required in determining the appropriate valuation method and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the property, plant and equipment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ILB GROUP BERHAD

(Formerly known as Integrated Logistics Berhad)

(Incorporate in Malaysia)

Key Audit Matters (continued)

Group (continued)

Valuation of property, plant and equipment (Notes 4 and 10 to the financial statements) (continued)

Our response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports and discussed with external valuers on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

Construction contract revenue (Notes 4 and 5 to the financial statements)

The Group recognised construction contract revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to the proportion of construction costs incurred for work performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events. In making the judgement, the Group evaluates by relying on the work of specialists.

Our response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms and discussing with project manager; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ILB GROUP BERHAD
(Formerly known as Integrated Logistics Berhad)
(Incorporate in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ILB GROUP BERHAD
(Formerly known as Integrated Logistics Berhad)
(Incorporate in Malaysia)

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

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

Other Matter

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Zu Wei
No. 03545/12/2024 J
Chartered Accountant

Kuala Lumpur

Date: 20 March 2023

PROPERTIES OF ILB GROUP

AS AT 31ST DECEMBER 2022

Location	Description	Age of Land/ Building (Years)	Tenure	Area (sq. ft.)		NBV @ 31-12-2022 (RM)	Year of Acquisition Or Revaluation*
Lot 20265, Seberang Perai Utara, Pulau Pinang	Land with Solar Farm	7 5	Freehold	Land - Plant -	117,060	900,000 7,670,278	2022* 2017
Lot 560, 561, 562, 563 & Lot 2011, Bandar Bukit Kayu Hitam, Daerah Kubang Pasu, Kedah	Agriculture Land with Solar Farm	6 5	Freehold	Land - Plant -	3,349,175	43,535,927 53,066,030	2022* 2017
No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor	Land with Office Building	6 6	Freehold	Land - Build-up -	12,723 4,667	5,600,000 1,965,973	2022*
Lot No. 25358, Mukim Sungai Petani, Daerah Kuala Muda, Kedah	Agriculture Land	3	Freehold	Land -	8,494,810	27,000,000	2022*
					Total	**139,738,208**	

ANALYSIS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2023

Issued Share Capital	:	RM 225,670,706
Total Number of Issued Shares	:	195,025,503
Class of Shares	:	Ordinary Shares

Size of Shareholdings	No. of Shareholders		No. of Shares *		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	861	53	26,224	920	0.01	0.00
100 - 1,000	365	4	150,197	1,125	0.08	0.00
1,001 - 10,000	2,520	41	8,897,373	149,650	4.71	0.08
10,001 - 100,000	736	26	21,037,402	912,047	11.14	0.48
100,001 - to less than 9,445,015 (**)	121	12	47,622,009	15,327,718	25.21	8.11
9,445,016 and above (***)	1	2	9,677,600	38,154,700	5.12	20.20
Directors shareholdings	1	1	32,639,373	14,303,990	17.28	7.57
Total	**4,605**	**139**	**120,050,178**	**68,850,150**	**63.55**	**36.45**
Grand Total		**4,744**		**188,900,328**		**100.00**

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*
** *Less than 5% of issued shares*
*** *5% and above of issued shares*

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholder	No. of shares held *	% of issued shares
1.	BT Investment Capital Limited	21,154,700	11.20
2.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	17,956,698	9.51
3.	Kenanga Nominees (Asing) Sdn Bhd Etern Group (HK) Co. Limited	17,000,000	9.00
4.	Makoto Takahashi	14,303,990	7.57
5.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Syed Abu Hussin bin Hafiz Syed Abdul Fasal	9,677,600	5.12
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tuan Sem	8,000,000	4.24
7.	Tee Tuan Sem	6,682,675	3.54
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Hongkong & Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	6,642,000	3.52
9.	Tai Me Teck	5,570,996	2.95
10.	Hassan Mohammad Kazem Ahmadi	5,000,000	2.65
11.	Loh Cheng Keat	4,158,500	2.20

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2023

LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of shareholder	No. of shares held *	% of issued shares
12.	Best Venture Capital Sdn Bhd	2,429,500	1.29
13.	Anastasia Amanda Beh Gaik Sim	1,613,431	0.85
14.	Intas Sdn Bhd	1,500,000	0.79
15.	Chow Chin Yann	1,323,800	0.70
16.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Win Kee (8106483)	1,251,100	0.66
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Syed Abu Hussin bin Hafiz Syed Abdul Fasal	1,053,800	0.56
18.	Motohiko Tachibana	941,544	0.50
19.	Goh Theow Hiang	936,735	0.50
20.	Wang Jim	888,800	0.47
21.	Low Bok Sang	804,400	0.43
22.	Low Bok Sang	782,800	0.41
23.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Peng Koon	755,000	0.40
24.	Ong Aik Bin	720,000	0.38
25.	Lim Hong Liang	668,144	0.35
26.	Toh Choon San	600,000	0.32
27.	Teoh Ean Kee	547,900	0.29
28.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Tay Guan Kee	545,200	0.29
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities account for Chan Kiam Hsung	540,268	0.29
30.	Ooi Lee Huang	500,000	0.26
	Total	**134,549,581**	**71.24**

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2023

THE DIRECTORS SHAREHOLDINGS IN THE COMPANY AS AT 28 FEBRUARY 2023 ARE AS FOLLOWS :-

Name of Directors	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Datuk Karownakaran @ Karunakaran Ramasamy	–	–	–	–	–	–
Tee Tuan Sem	32,639,373	1	17.28	381,931	2	0.20
Makoto Takahashi	14,303,990	3	7.57	–	–	–
Wan Azfar bin Dato' Wan Annuar	–	–	–	–	–	–
Dato' Wan Hashim bin Wan Jusoh	–	–	–	–	–	–
Soh Eng Hooi	–	–	–	–	–	–
Jamilah binti Kamal	–	–	–	–	–	–

Notes
1. Held directly and through TA Nominees (Tempatan) Sdn Bhd & Kenanga Nominees (Tempatan) Sdn Bhd
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company as at 28 February 2023 are as follows :-

Name of Shareholder	Direct No. of Shares	Note	% of issued Shares*	Indirect No. of Shares	Note	% of issued Shares*
Tee Tuan Sem	32,639,373	1	17.28	381,931	2	0.20
BT Investment Capital Limited	21,154,700	3	11.20	–	–	–
Etern Group (HK) Co. Limited	17,000,000	4	9.00	–	–	–
Makoto Takahashi	14,303,990	3	7.57	–	–	–
Syed Abu Hussin bin Hafiz Syed Abdul Fasal	10,756,400	5	5.69	–	–	–

Notes
1. Held directly and through TA Nominees (Tempatan) Sdn Bhd & Kenanga Nominees (Tempatan) Sdn Bhd
2. Deemed interest by virtue of the shareholdings of his wife, Yang Chiew Bi, which are held directly.
3. Held directly.
4. Held through Kenanga Nominees (Asing) Sdn Bhd
5. Held directly and through Maybank Nominees (Tempatan) Sdn Bhd

* *Excluding a total of 6,125,175 ordinary shares bought back by the Company and retained as treasury shares*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting ("AGM") of ILB Group Berhad (Formerly known as Integrated Logistics Berhad) ("ILB" or "Company") will be held via live streaming and online remote voting from the Broadcast Venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday 28 April 2023 at 10:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1 To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2022 and Auditors Report thereon. — Please refer to Explanatory Note 1

2 To approve the payment of Directors' Fees to the Non-Executive Directors up to an amount of RM378,000 for the period from 31st Annual General Meeting until the next Annual General Meeting of the Company. — (Ordinary Resolution 1)

3 To approve the payment of Directors' Benefits to Non-Executive Directors amounting to RM63,000 for the period from 31st Annual General Meeting until the next Annual General Meeting of the Company. — (Ordinary Resolution 2)

4 To re-elect the following Directors retiring by rotation in accordance with Clause 100 of the Company's Constitution:-

a) Tee Tuan Sem — (Ordinary Resolution 3)
b) Dato' Wan Hashim bin Wan Jusoh — (Ordinary Resolution 4)

5 To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. — (Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as Ordinary Resolutions:-

ORDINARY RESOLUTIONS

6 **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** — (Ordinary Resolution 6)

"**THAT**, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that :-

i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten (10) per cent of the total number of issued shares of the Company from time to time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 26 April 2022, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities.

ii) The maximum amount of funds to be allocated for the purchase of the shares pursuant to the Proposed Share Buy-Back shall not exceed the retained profits.

iii) The Proposed Share Buy-Back to be undertaken will be in compliance with Section 127 of the Companies Act, 2016 and the Directors will deal with the shares purchased in the following manner:-

(a) to cancel the Shares so purchased; or

(b) to retain the Shares so purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or re-sell on Bursa Securities in accordance with the Main Market Listing Requirements of Bursa Securities and/or cancellation subsequently; or

(c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

AND THAT such authority to purchase the Company's own shares will be effective immediately from the passing of this resolution until the conclusion of the next Annual General Meeting ("AGM") at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally or the passing of the date on which the next AGM is required by law to be held or the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things in accordance with the Companies Act, 2016, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities."

NOTICE OF ANNUAL GENERAL MEETING

7 **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75, 76 AND 85 OF THE COMPANIES ACT, 2016 AND CLAUSE 54 OF THE COMPANY'S CONSTITUTION** (Ordinary Resolution 7)

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next AGM upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate.

THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

8 To transact any other ordinary business of the Company for which due notice has been received.

By Order of the Board
Wong Youn Kim (MAICSA 7018778)
(SSM PC No. 201908000410)
Company Secretary
Selangor Darul Ehsan
Date: 30 March 2023

NOTES

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 April 2023 (General Meeting Record of Depositors) shall be entitled to attend, post questions and vote at this 31st AGM of the Company.

2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.

3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".

NOTICE OF ANNUAL GENERAL MEETING

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.

6. The instrument appointing a proxy must reach the Registered Office of the Company at c/o Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, to submit your electronic Proxy Form via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 24 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

EXPLANATORY NOTES

1. Item 1 of the Agenda

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

This Agenda item is meant for discussion only as under the provisions of Section 248(2) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put to a vote.

2. Item 2, & 3 of the Agenda

PAYMENT OF DIRECTORS' FEES & BENEFITS TO NON-EXECUTIVE DIRECTORS

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board had agreed that the shareholders' approval be sought at the 31st AGM on the Non-Executive Directors' remuneration in two separate resolutions as below:

- **Ordinary Resolution 1** on payment of Directors' Fees to the Non-Executive Directors for the period from 1 April 2023 until the next AGM of the Company.

- **Ordinary Resolution 2** on payment of Directors' Benefits to the Non-Executive Directors for the period from 1 April 2023 until the next AGM of the Company.

The details of the remuneration and benefits payable to the Non-Executive Directors which have remained unchanged since May 2013 are as follows:

<u>Directors Fees (per annum)</u>	
Chairman of the Board	- RM108,000
Chairman of the Audit & Risk Management Committee	- RM 90,000
Board Member	- RM 60,000
<u>Meeting Allowance (per meeting)</u>	
Board	- RM 500
Board Committee	- RM 500

<u>Benefits in kind</u>
Medical and insurance coverage

NOTICE OF
ANNUAL GENERAL MEETING

3. **Item (6) of the Agenda – Ordinary Resolution No. 6**

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed ordinary resolution 6, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten (10) per cent of the total number of issued shares of the Company from time to time being quoted on Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company.

For further information, please refer to the Share Buy-Back Statement, which is dispatched together with the Notice of the AGM.

4. **Item (7) of the Agenda - Ordinary Resolution No. 7**

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75, 76 AND 85 OF THE COMPANIES ACT, 2016 AND CLAUSE 54 OF THE COMPANY'S CONSTITUTION

The proposed ordinary resolution 7 is to seek the shareholders' approval on the renewal of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. If the resolution is duly passed, it will give flexibility to the Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interests of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 26 April 2022 and which will lapse at the conclusion of this 31st AGM.

The Company continues to consider opportunities to broaden its earnings potential. If any proposal involves the issuance of new shares, the Directors would have to convene a general meeting to approve the issuance of new shares. In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company for the time being. The renewed authority will provide flexibility to the Company for the allotment of shares for the purposes of, but not limited to, funding future investment, working capital and/or acquisitions.

The approval of the issuance and allotment of the new shares under Sections 75 & 76 of the Companies Act, 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Section 75 & 76 of the Companies Act, 2016, which will result in a dilution of their shareholding percentage in the Company.

By approving Ordinary Resolution No. 7, the shareholders of the Company shall agree to waive and deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Annual General Meeting of the Company in accordance with Clause 100 of the Company's Constitution are :-

   a) Tee Tuan Sem
   b) Dato' Wan Hashim bin Wan Jusoh

   Details of the Directors seeking re-election are set out in the Directors Profiles section and their shareholdings in the Company are set out in this Annual Report.

   Based on the assessment and evaluation conducted by the NRC, the retiring Directors met the performance criteria required of an effective and a high-performance Board.

   The Board of Directors, taking into the recommendation of NRC, supported the retiring Directors of their re-election as Director at the 31st AGM of the Company.

2. Details of attendance at Board Meetings

   Four Board Meetings and four Special Board Meetings were held during the financial year ended 31 December 2022. Details of attendance of the Directors at Board Meetings & Special Board Meetings are set out in this Annual Report.

3. Date, Time and Place of the 31st Annual General Meeting

   Date and Time : 28 April 2023 at 10:00 a.m.

   Place : Broadcast Venue
   Level 12, Menara Symphony,
   No. 5, Jalan Prof. Khoo Kay Kim,
   Seksyen 13, 46200 Petaling Jaya,
   Selangor Darul Ehsan, Malaysia

4. Meeting platform : https://meeting.boardroomlimited.my

ILB Group Berhad

ADMINISTRATIVE GUIDE FOR THE 31ST ANNUAL GENERAL MEETING ("AGM") OF ILB GROUP BERHAD

Day and Date	:	Friday, 28 April 2023
Time	:	10.00 a.m.
Broadcast venue	:	Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia
Meeting platform	:	https://meeting.boardroomlimited.my
Mode of Communication	:	1) Pose questions to the Board via real time submission of typed texts at meeting platform during live streaming of the AGM 2) Submit questions by logging into the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com prior to Meeting using the same user ID and password in Step E of the procedure of Virtual Meeting Facilities and select "SUBMIT QUESTION" to pose questions. 3) Email questions to investorrelation@ilb.com.my no later than 10.00 a.m. on Thursday, 27 April 2023

Dear Shareholders,

ILB Group Berhad ("the Company") continues to leverage on technology to facilitate meaningful engagement with its shareholders by conducting its AGM virtually through live streaming and online remote voting facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd. The conduct of a virtual AGM is in line with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and the Company's Constitution which require the Chairman of the meeting ("Chairman") to be present at the main venue of the meeting. Shareholders/proxies are not allowed to be physically present at the Broadcast Venue.

A. Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 April 2023 (General Meeting Record of Depositors) shall be eligible to participate in the meeting or appoint proxy(ies) to participate on his/her behalf.

B. Form(s) of Proxy

If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited with Acclime Corporate Services Sdn Bhd not less than twenty-four (24) hours before the time appointed for holding the meeting.

Alternatively, you may deposit your proxy form(s) by electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com (kindly refer to section E below).

C. Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

D. Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrators and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

E. **<u>Virtual Meeting Facilities</u>**

Procedure		Action
Before the day of the AGM		
1.	Register Online with Boardroom Smart Investor Portal *(For first time registration only)*	[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.] (a) Access website <u>https://investor.boardroomlimited.com</u> (b) Click <<**Register**>> to sign up as a user. (c) Please select the correct account type i.e. sign up as “Shareholder” or “Corporate Shareholder” (d) Complete the registration with all required information. Upload a softcopy of your or representative’s MyKAD/Identification Card (front and back) or Passport (e) For corporate holder, kindly upload the authorization letter as well. Click “**Sign Up**”. a. You will receive an email from Boardroom for email address verification. Click “**Verify Email Address**” from the email received to continue with the registration. b. Once your email address is verified, you will be re-directed to Boardroom Smart Investor Portal for verification of mobile number. Click “**Request OTP Code**” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click “**Enter**” to complete the process. c. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.
Procedure		**Action**
Before the day of the AGM		
2.	Submit request for remote participation	Registration for remote access will be opened on 30 March 2023. Please note that the closing time to submit your request is at 10.00 a.m. on 27 April 2023 (24 hours before the commencement of the AGM). **Individual/ Corporate Members** a. Log in to <u>https://investor.boardroomlimited.com</u> using your user ID and password from Step 1 above. b. Select **ILB GROUP BHD (31ST) ANNUAL GENERAL MEETING** from the list of Corporate Meetings and click “**Enter**”. c. Click on “R**egister for RPEV**”. d. Read and accept the General Terms & Conditions and click “**Next**”. e. Enter your CDS Account Number and thereafter submit your request. **Appointment of Proxy** a. Log in to <u>https://investor.boardroomlimited.com</u> using your user ID and password from Step 1 above. b. Select **ILB GROUP BHD (31ST) ANNUAL GENERAL MEETING** from the list of Corporate Meetings and click “**Enter**”. c. Click on “**Submit eProxy Form**”. d. Select the company you would like to be represented (if more than one, for Corporate Shareholder). e. Select your proxy – either the Chairman of the meeting or individual named proxy(ies). f. Read and accept the General Terms and Conditions by clicking “**Next**”. g. Enter the required particulars of your proxy(ies). h. Indicate your voting instructions **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**. i. Review and confirm your proxy appointment. j. Click “**Apply**”. k. Download or print the eProxy form as acknowledgement.

Procedure		Action
Before the day of the AGM		
2.	Submit request for remote participation (continued)	**Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee** **1) Via Email** a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. b. Please also provide a copy of Corporate Representative's MyKad (Front and Back) in JPEG, PNG or PDF format or Passport as well as his/her email address.
		2) Authorised Nominee and Exempt Authorised Nominee (via Boardroom Smart Investor Portal) c. Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. d. Select **ILB GROUP BHD (31ST) ANNUAL GENERAL MEETING** from the list of Meeting Event and click "**Enter**". e. Click on "**Submit eProxy Form**". f. Select the company you would like to be represented (if more than one). g. Proceed to download the file format for "**Submission** of Proxy Form" from the investor portal. h. Prepare the file for the appointment of proxies by inserting the required data. i. Proceed to upload the duly completed proxy appointment file. j. Review and confirm your proxy appointment and click "**Submit**". k. Download or print the eProxy form as acknowledgement. *Note: If you are the authorized representatives for more than one (1) authorized nominee / exempt authorized nominee/ corporate shareholder, kindly click the home button and select "Edit Profile" in order to add Company name.*
3	Email notification	a. You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified. b. Upon system verification against the General Meeting Record of Depositories as at 20 April 2023, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with the Meeting ID and your remote access user ID and password..

On the day of the AGM		
4.	Login to Meeting Platform	a. The Meeting Platform will be open for login one (1) hour before the commencement of the AGM. b. The Meeting Platform can be accessed via one of the following: ➢ Scan the QR Code provided in the email notification; or ➢ Navigate to the website at https://meeting.boardroomlimited.my c. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5.	Participate	[Note: Please follow the User Guides provided in the confirmation email above to view the live webcast, submit questions and vote.] a. If you would like to view the live webcast, select the broadcast icon. b. If you would like to ask a question during the 31ST AGM, select the messaging icon. c. Type your message within the chat box and once completed, click the send button.
6.	Voting	a. Once polling has been opened, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session. b. To vote, select your voting direction from the options provided. A confirmation message will appear to indicate that your vote has been received. c. To change your vote, re-select your voting preference. d. If you wish to cancel your vote, please press "**Cancel**".
7.	End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end.

F. <u>No Recording or Photography</u>

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

G. <u>Enquiry</u>

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday from 8.30 a.m. to 5.30. p.m.(except for public holidays):

Boardroom Share Registrars Sdn. Bhd.		
Address	:	11th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
General Line	:	603-7890 4700
Fax Number	:	603-7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com

<u>Personal Data Policy</u>

By registering for the remote participation and electronic voting meeting and/or submitting the 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.

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ILB GROUP BERHAD
Registration No. 199101019353 (229690-K)
(Formerly known as Integrated Logistics Berhad)

PROXY FORM

I/We ____ NRIC No./Company No. ____
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No.: ________________________________ Email Address: ____

being a member/members of ILB GROUP BERHAD, hereby appoint ____
(FULL NAME IN BLOCK LETTERS)

NRIC No. ________________________________ of ____
(FULL ADDRESS)

Telephone No.: ________________________________ Email Address: ____

or failing him ____ NRIC No. ____________________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No.: ________________________________ Email Address: ____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the 31st Annual General Meeting ("AGM") of the Company to be held via live streaming and online remote voting from the Broadcast Venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday 28 April 2023 at 10:00 a.m. or any adjournment thereof and to vote as indicated below:-

AS ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fees to Non-Executive Directors up to an amount of RM378,000 for the period from 31st Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 2	To approve payment of Directors' Benefits (excluding directors' fees) to Non-Executive Directors up to an amount of RM63,000 for the period from 31st Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 3	To re-elect Tee Tuan Sem as Director in accordance with Clause 100 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Dato' Wan Hashim bin Wan Jusoh as Director in accordance with Clause 100 of the Company's Constitution.		
Ordinary Resolution 5	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors until the conclusion of the next AGM and to authorize the Directors to fix their remuneration.		
AS SPECIAL BUSINESS			
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority.		
Ordinary Resolution 7	Authority to issue shares pursuant to Sections 75, 76 and 85 of the Companies Act, 2016 and Clause 54 of the Company's Constitution		

First Proxy	%
Second Proxy	%
Total:	100%

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

Signed this __________ day of __________________, 2023

____
Signature

NOTE :
1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 20 April 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 31st AGM.
2. Any member of the Company entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not be a member of the Company and where a member appoints more than one (1) proxy, the member must specify the proportion of his shareholdings to be represented by each proxy respectively, failing which the appointment shall be invalid.
3. If you wish to appoint as your proxy any person other than "the Chairman of the Meeting", please insert the full name of the proxy (in block letters) in the space provided and delete the words "the Chairman of the Meeting".
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
5. A corporation may complete the proxy form under its common seal or under the hand of an officer or attorney duly authorized.
6. Please indicate with and "X" either "For" or "Against". If neither "For" or "Against" is indicated, the proxy will vote as he thinks fit or abstain from voting.
7. The instrument appointing a proxy must reach the Registered Office of the Company at c/o Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 24 hours before the AGM. The lodging of the proxy form will not preclude shareholders from attending and voting in person at the AGM should they subsequently wish to do so.

PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:-

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for 31st AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to 31st AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes").
(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

The Company Secretary
ILB GROUP BERHAD
Registration No. 199101019353 (229690-K)
(Formerly known as Integrated Logistics Berhad)
c/o Acclime Corporate Services Sdn Bhd,
Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City
59200 Kuala Lumpur, Wilayah Persekutuan,
Malaysia

2nd Fold Here

Fold This Flap For Sealing

ILB Group Berhad

(formerly known as Integrated Logistics Berhad)
199101019353 (229690-K)

No. 6, Jalan Sungai Buloh 27/101A, Seksyen 27, 40400 Shah Alam, Selangor Darul Ehsan
T: +603-5614 2555 F: +603-5614 3848