



PDZ HOLDINGS BHD

Registration No. 199501031213 (360419-T)

ANNUAL REPORT 2022



PDZ HOLDINGS BHD
Registration No. 199501031213 (360419-T)

27th ANNUAL GENERAL MEETING



Tuesday
27th June 2023
10.30 a.m

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Rusli Bin Ahmad

Independent Non-Executive Chairman

Datuk Tan Chor How Christopher

Executive Director cum Chief Executive Officer

Dato' Ahmad Zaffry Bin Hj. Sulaiman

Independent Non-Executive Director

Mr. Wong Kok Seong

Independent Non-Executive Director

Dr. Rosli Bin Azad Khan

Executive Director

Mr. Ho Jien Shiung

Executive Director

Ms. Pang Siaw Sian

Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Wong Kok Seong (*Chairman*)
Dato' Sri Rusli Bin Ahmad
Dato' Ahmad Zaffry Bin Hj. Sulaiman

NOMINATION AND REMUNERATION COMMITTEE

Mr. Wong Kok Seong (*Chairman*)
Dato' Sri Rusli Bin Ahmad
Dato' Ahmad Zaffry Bin Hj. Sulaiman

RISK MANAGEMENT COMMITTEE

Mr. Wong Kok Seong (*Chairman*)
Dato' Ahmad Zaffry Bin Hj. Sulaiman
Datuk Tan Chor How Christopher

COMPANY SECRETARY

Ms. Tea Sor Hua (MACS 01324)
(SSM PC No. 201908001272)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7725 1777
Fax : (603) 7722 3668

HEAD OFFICE

No. 1, Jalan Sungai Aur
42000 Port Klang
Selangor Darul Ehsan
Tel : (603) 3169 2233
Fax : (603) 3165 9311

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Berhad
CIMB Bank Berhad

REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : (603) 2084 9000
Fax : (603) 2094 9940

AUDITORS

CHENGCO PLT
No. 8-2, 10-1 & 10-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
Tel : (603) 7984 8988
Fax : (603) 7984 4402

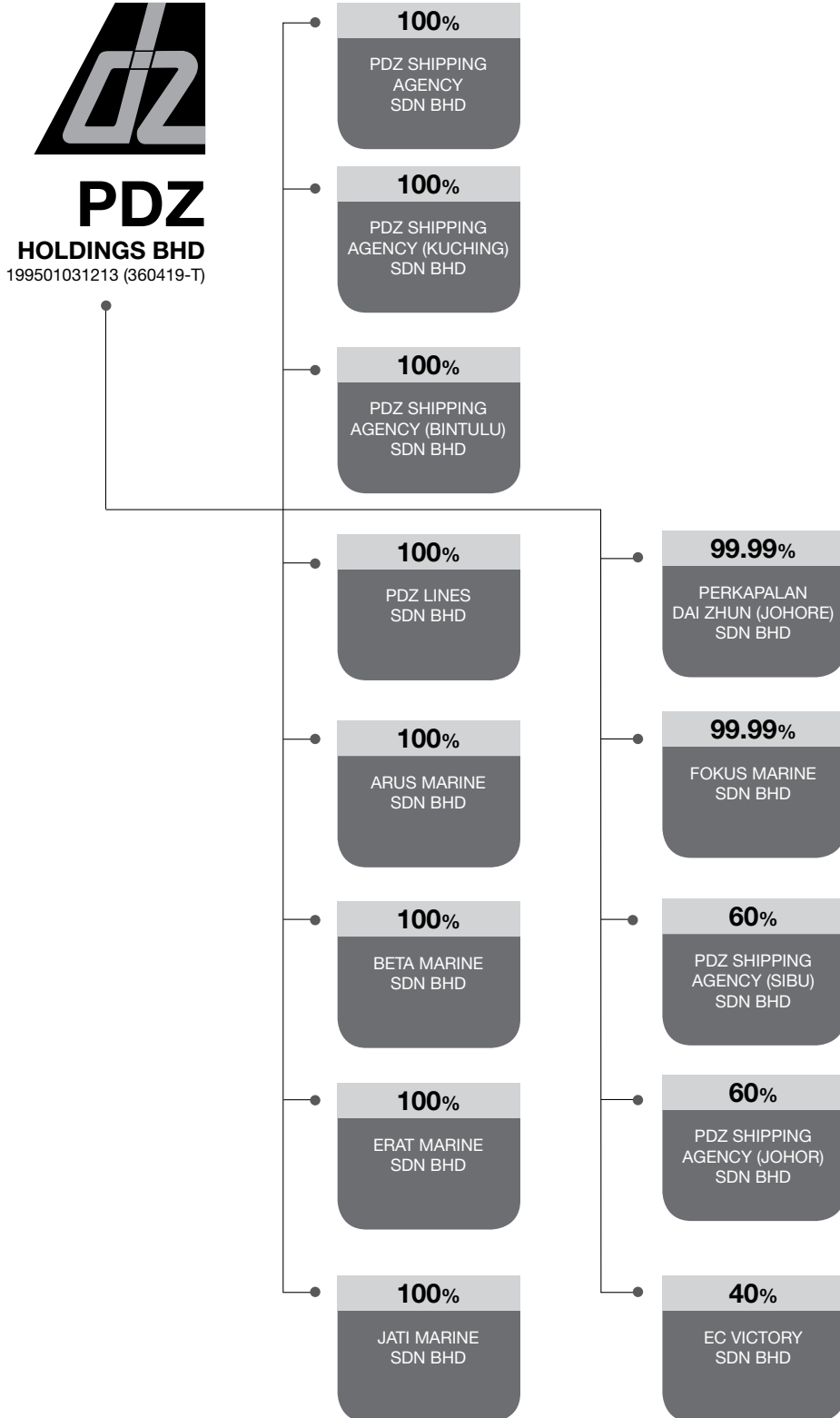
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : PDZ
Stock Code : 6254

WEBSITE

www.pdzlines.com

GROUP STRUCTURE



DIRECTORS' PROFILE

Dato' Sri Rusli Bin Ahmad

Male

Aged 66

Malaysian

Independent Non-Executive Chairman

Dato' Sri Rusli Bin Ahmad was appointed to the Board as Independent Non-Executive Director of the Company on 3 January 2018 and was subsequently re-designated as Independent Non-Executive Chairman on 31 December 2018. He is a member of Audit Committee, and Nomination and Remuneration Committee. He attended all four (4) Board Meetings held in the financial year.

Dato' Sri Rusli holds a Bachelor of Law from UiTM (1998) and Master of Laws from the University of Malaya in Kuala Lumpur, Malaysia (2006).

Dato' Sri Rusli's final position in Royal Malaysia Police was the Commissioner of Police.

He joined the Police Force on 12 December 1978 as a Probationary Inspector and thereafter served in several departments in the Police Force. His working experience with the Royal Malaysia Police started off as a Crime Investigation Department Investigation Officer in Tawau, Sabah from 1978 until 1981. In 1981, he held the post of Traffic Investigation Department Investigation Officer in Kota Kinabalu, Sabah, Inspector In-Charge of Discipline (Administration Unit) Sabah from 1985 until 1986, Inspector In-Charge of Area (Administration Unit) Tuaran, Sabah from 1986 until 1987, Inspector In-Charge of Discipline (Administration) Management Department, Headquarters Bukit Aman from 1987 until 1992, Assistant Superintendent of Police of Discipline Unit, Headquarters Bukit Aman from 1992 until 1998, Deputy Superintendent of Police of Legal (Discipline Unit) Management Department, Headquarters Bukit Aman from 1998 until 2004 and Officer In-Charge of IGP Secretariat, Management Department, Headquarters Bukit Aman from 2004 until 2006. In 2006, he was appointed as the Officer In-Charge of Police District Cheras (Kuala Lumpur). On October 2007, he returned to Royal Malaysia Police Headquarters and assumed the post of Chief Assistant Director (Research and Development) and 2 years later, appointed as Chief of IGP Secretariat (Research and Development) from November 2009 until February 2013. From March 2013 to March 2015, he held the post as Deputy Director (Operation) of Crime Prevention and Community Safety Department. On 21 April 2015, he was again promoted to the rank of Commissioner of Police and served as the Chief Police Officer of Johor on 26 April 2015. In November 2015 until 26 July 2016, he returned to Royal Malaysia Police Headquarters Bukit Aman to assume the post of Chief of IGP Secretariat (Research and Development) and in August 2016 he was promoted to the rank of Commissioner of Police as a Director of Crime Prevention and Community Safety Department until May 2017.

Dato' Sri Rusli has attended several seminars and conferences locally and overseas. He has attended Integrity Assurance & Corruption Investigation in Thailand (2000), Advance Management in USA (2002), 1st (JCLEC) International Management of Serious Crime in Indonesia (2004), Asia Region Law Enforcement Management in Vietnam (2005), 28th ASEANAPOL Conference in Brunei Darussalam, Pearls In Policing Conference in The Hague, Netherlands (2009), 29th ASEANAPOL Conference In Vietnam (2009), 30th ASEANAPOL Conference in Phnom Penh, Cambodia (2010), Pearls In Policing at Sydney, Australia (2010) and Professional LTE Users & Industry Partners Conference (2014).

Currently, he does not hold directorships in other public companies and listed issuers.

DIRECTORS' PROFILE

Cont'd

Datuk Tan Chor How Christopher

Male

Aged 43

Malaysian

Executive Director cum Chief Executive Officer/ Key Senior Management

Datuk Tan Chor How Christopher was appointed as Independent Non-Executive Director of the Company on 18 August 2016 and was subsequently re-designated as Executive Director cum Chief Executive Officer on 1 September 2016. He is a member of Risk Management Committee. He attended all four (4) Board Meetings held in the financial year.

He graduated with a Bachelor of Commerce (Accounting) degree in 2002 from The University of Adelaide, South Australia and completed his Certified Credit Professional - Business Credit Certification from Institute Bank - Bank Malaysia (IBBM) in 2005.

He has more than 11 years banking career with international banks, spanning across Commercial/Consumer Banking Divisions & Branch Management in Malaysia, and across diverse industries.

Currently, he is also a Chief Executive Officer cum Executive Director of M N C Wireless Berhad and sits on the Board of several private limited companies.

Dato' Ahmad Zaffry Bin Hj. Sulaiman

Male

Aged 48

Malaysian

Independent Non-Executive Director

Dato' Ahmad Zaffry Bin Hj. Sulaiman was appointed to the Board as Independent Non-Executive Director of the Company on 29 September 2017. He is a member of Audit Committee, Nomination and Remuneration Committee, and Risk Management Committee. He attended all four (4) Board Meetings held in the financial year.

Dato' Zaffry graduated from University Technology Malaysia (UTM) with Degree in Civil Engineering in 2005. He holds a Diploma in Civil Engineering from Politeknik Ungku Omar in year 1997 and Certificate in Civil Engineering (Construction) from Politeknik Port Dickson in year 1995.

Dato' Zaffry started his career as Assistant Engineer with Shah Alam City Council (MBSA) in year 1997. He left MBSA in year 2010 and started his own entrepreneurship. He was the Executive Director of EKA Noodles Berhad from September 2015 to March 2017.

Currently, he is the Managing Director of both MyTC Ventures Berhad and Dynamic Care Resources Sdn. Bhd. He is also a Director of Itramas Corporation Sdn. Bhd., a company ventures into business of renewable energy and LED manufacturing. Being committed and multitasking is part of his strength, Dato' Zaffry is also appointed as the Project Director of Conlay Construction Sdn. Bhd. (Class A Contractor/CIDB G7) and the Project Coordinator for Asia Aerospace City - a premier edu-biz park for aerospace industry-related engineering services led by Pelaburan MARA Berhad, an investment arm of Majlis Amanah Rakyat (MARA).

DIRECTORS' PROFILE

Cont'd

Wong Kok Seong

Male

Aged 54

Malaysian

Independent Non-Executive Director

Mr. Wong Kok Seong was appointed to the Board as an Independent Non-Executive Director on 6 May 2022. He is the Chairman of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee. He attended all three (3) Board Meetings of the Company held since his appointment to the Board.

Mr. Wong is a Chartered Accountant and holds a Masters of Business Administration from Open University, United Kingdom. He is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow Member of the Association of Chartered Certified Accountants (FCCA). Having spent 15 years in the United Kingdom, Mr. Wong has gained extensive exposure with a United Kingdom accounting firm, Appleby & Wood, where he was an audit partner from 1999 to 2005. His experience extended to multinational companies where he was appointed as Finance Director for several UK-based companies. During his tenure there, he was responsible for the preparation of business plans, budgets and organisational financial statements, due diligence, accounting & taxation, management, project financing and implementation.

On his return to Malaysia in 2006 and upon obtaining his audit license, he joined an audit firm Messrs. Hasnan THL Wong & Partners, and is currently its Managing Partner. He is also made a partner in another audit firm in Malaysia. Over the last few years, he has extensively been involved in a wide range of businesses, such as cross border trading, manufacturing and property development. His experience includes accounting & taxation, due diligence, management consultancy, project financing and implementation.

Currently, Mr. Wong is an Independent Non-Executive Director of PNE PCB Berhad, Fitters Diversified Berhad and Computer Forms (Malaysia) Berhad as well as a Senior Independent Non-Executive Director of M N C Wireless Berhad.

DIRECTORS' PROFILE

Cont'd

Dr. Rosli Bin Azad Khan

Male

Aged 66

Malaysian

Executive Director

Dr. Rosli Bin Azad Khan was appointed to the Board as Executive Director of the Company on 20 November 2020. He attended all four (4) Board Meeting of the Company held in the financial year.

He obtained his Masters in Transport Planning and Ph.D in Transport Economics from Cranfield University, England, in 1984 and 1992 respectively. He is now a Fellow of the Chartered Institute of Logistics & Transport (CILT UK), having graduated from UiTM in 1979, and has served as Vice President for the Malaysian section of CILT for three terms until 2018.

Dr. Rosli has more than 36 years of management and industry experience especially in business consultancy covering various modes of transport such as air, land, rail and sea. His management experience includes many years spent in ports and shipping, shipyard and shipbuilding, oil and gas, and road network and highway planning. His consultancy studies include port planning, container trade, cruise and ferry, high speed rail, LRT, MRT, Tram and urban mass transportation.

As a consultant, he has also been involved in privatisation projects, public private partnership (PPP) and private finance initiative (PFI) projects, project evaluations, traffic forecasting, project financing and funding and has undertaken assignments in 26 countries.

Dr. Rosli was previously a Board member of Drydocks World Dubai and Polarcus Plc, which is listed in Oslo, Norway. He was also previously attached to the Office of the Minister of Entrepreneur Development & Co-operatives and an Advisor to Global Entrepreneur Network (GEN) Malaysia.

Currently, he is a Director of Barakah Offshore Petroleum Berhad, an Adjunct Professor at UTEM Melaka and a Director for MDS Consultancy Group.

Ho Jien Shiung

Male

Aged 39

Malaysian

Executive Director

Mr. Ho Jien Shiung was appointed to the Board as Executive Director of the Company on 7 February 2017. He attended all four (4) Board Meetings held in the financial year. He obtained his Bachelor Degree of Commerce & Administration from Victoria University of Wellington, New Zealand.

He started his career as Foreign Administration Executive with the Inland Revenue Department of New Zealand after graduation in 2008. In 2009, he returned to Malaysia and joined a construction piping company as South East Asia Region Marketing Manager. In 2010, he left and joined an advance technology printing manufacturer as Business Development Manager principally in charge of the business development of Malaysia central region.

Currently, he sits on the Board of PNE PCB Berhad, DGB Asia Berhad and several private limited companies.

DIRECTORS' PROFILE

Cont'd

Pang Siaw Sian

Female

Aged 36

Malaysian

Independent Non-Executive Director

Ms. Pang Siaw Sian was appointed to the Board as an Independent Non-Executive Director on 17 April 2023. She holds a Bachelor of Arts (Hons) in International Hospitality Management from Bournemouth University in United Kingdom.

Ms. Pang started her career with a public listed company in 2010 as a Personal Assistant to a Managing Director where she supports top-level executive in strategic planning, market analysis, research and business plan to address future prospects of the company. She later pursued her career with a financial institution in 2012 as the Regional Sales Manager in Mortgage Division. With her exceptional results, she was awarded with the recognition as the Nationwide Best Award in 2013. She expanded customers and business partners database to overseas by proactively involved in major properties development events. She has also provided credit assessment and professional advices on customer's investments decisions.

Currently, Ms. Pang also serves as a Non-Independent Non-Executive Director of M N C Wireless Berhad.

Notes:

1. *None of the Directors have family relationship with any Directors and/or major shareholders of the Company.*
2. *None of the Directors have any conflict of interests with the Company.*
3. *None of the Directors have been convicted of any offences (other than traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year 2022.*

KEY SENIOR MANAGEMENT'S PROFILE

Datuk Tan Chor How Christopher

The details of Datuk Tan Chor How Christopher are disclosed in the Directors' Profile of this Annual Report.

Male

Aged 43

Malaysian

Executive Director cum Chief Executive Officer

Mohd Mukhlis Bin Zainal Abidin

Male

Aged 38

Malaysian

Financial Controller

En. Mohd Mukhlis Bin Zainal Abidin graduated with a Bachelor Degree in Commerce (Accounting & Corporate Finance). He is a member of the Chartered Accountants Australia and New Zealand (CA ANZ). He joined the Company in 2015 and handles the Group Accounting and Financial Reporting, Risk Management, Treasury and Cash Management as well as matters related to the Corporate Communications. He has 7 years' experience in audit and assurance work as well as corporate advisory services across various sectors such as IT, Telecommunications, Utility Company and the government sectors. Prior to joining the Company, he worked with PricewaterhouseCoopers Malaysia under the risk assurance services department.

En. Mohd Mukhlis has no directorship in other public companies and listed issuers.

Notes:

1. None of the Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company.
2. None of the Key Senior Management has any conflict of interests with the Company.
3. None of the Key Senior Management has been convicted of any offences (other than traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year 2022.

MANAGEMENT

DISCUSSION & ANALYSIS

On behalf of the Board of Directors (“Board”) of PDZ Holdings Bhd. (“PDZ”), Management presents to you our Annual Report and the Audited Financial Statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2022.

THE CURRENT YEAR IN REVIEW

For the financial year ended 31 December 2022, the Group recorded improving revenue performance compared to the previous financial year for the container shipping business, supported by the post pandemic growth in the domestic and South East Asia economies, which were boosted by expansion of demand and resilient exports. However, operating environments remains challenging, given the global economic slowdown.

The Group recorded an improving revenue of RM8.61 million during the financial year ended 31 December 2022 as compared to RM5.92 million in the previous financial year, in addition to higher loss from operations of RM8.02 million and higher net loss after tax of RM6.49 million for the financial year ended 31 December 2022 as compared to the previous financial year’s, due to increase in logistical costs, customer acquisition costs, business development initiatives and impairment of financial assets during the current financial year, as compared to the previous financial year end.

	Financial year ended 31 December 2022 RM'000	Financial year ended 31 December 2021 RM'000
Revenue	8,613	5,922
Loss from Operations	(8,024)	(6,363)
Net Loss After Tax for the Year	(6,485)	(5,450)

The Group continuously remains cautious in its diversification into the challenging glove manufacturing sector, with its exploration into supply of gloves for the European and other export markets. This is on top of its on-going development and operating of a regional e-commerce logistic hub in Johor. All of which is to enable the Group to increase its revenue streams and ultimately to benefit its shareholders.

Notwithstanding the above, the Group continues to strive to increase and improve its value-added ancillary logistic services to support its clients, with the ultimate goal of improving its profitability and financial performance, whilst exploring ventures into complementary businesses within the industries the Group operates in, with the aim of ultimately increasing shareholders value.

2023 OUTLOOK

Looking ahead to year 2023, in accordance with the International Monetary Fund (“IMF”) latest forecast, global growth is projected to fall by 0.5% from an estimated 3.4% in year 2022 to 2.9% in year 2023. Furthermore, global inflation is expected to fall to 6.6% in year 2023, still above pre-pandemic levels of about 3.5%.

On the local front, the Malaysian economy is expected to grow between 4% and 5% in year 2023, underpinned by firm domestic demand with improvements in unemployment coupled with continued implementation of existing and new multi-year projects, all of which are expected to underpin household spending and investment activities.

The Group foresees improving demand towards international shipping, due to stronger boost from pent-up demand in numerous economies, further assisted with China’s recent opening of its economies. The glove industry remains challenging, on top of rising interest rates coupled with the war in Ukraine continues to weigh on global economic activities with expected tightening of global credit and increasing financing costs would worsen economies.

Consequently, the Group will continue to remain cautious of the operating environment it operates in and will strive to improve its revenue streams of its businesses by collaborating with current and potential business partners to provide efficient and effective logistic solutions for its customers.

The Management would like to express its gratitude to its shareholders, Board, clients, business partners and associates for their support.

Note: The Company has yet to establish any dividend policy. The Group is committed to ensure shareholders have fair and equitable return of investment while taking into consideration all other factors in striking a balance. However, taking into account the Group’s performance as well as the Group’s needs for future growth, the Board is not recommending any dividend for the financial year ended 31 December 2022.

5-YEAR FINANCIAL HIGHLIGHTS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	5,000	5,757	5,028	5,922	8,613
Loss from continuing operations	(12,893)	(12,151)	(16,196)	(6,363)	(8,024)
Loss for the financial year	(12,081)	(10,427)	(15,329)	(5,450)	(6,485)
Loss attributable to owners of the Company	(11,836)	(10,412)	(15,381)	(5,253)	(6,485)
Dividends – tax exempt	0	0	0	0	0
Dividend rate (%)	0	0	0	0	0
Equity attributable to owners of the Company	53,872	43,373	43,850	97,252	94,919
Basic loss per share (cent)	(1.74)	(1.53)	(1.57)	(1.05)	(1.12)
Net assets per share (cent)	7.90	6.35	4.47	19.40	16.33

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

The Board of Directors (“Board”) of PDZ Holdings Bhd. (“the Company”) is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 31 December 2022 (“FYE 2022”). The statement is also presented in compliance with Paragraph 15.25(2) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Corporate Governance Overview Statement (“CG Statement”) is based on the three (3) principles as set out in the Malaysian Code On Corporate Governance (“MCCG”) which was further updated by the Securities Commission Malaysia on 28 April 2021, which are:-

Principle A - Board leadership and effectiveness

Principle B - Effective audit and risk management

Principle C - Integrity in corporate reporting and meaningful relationships with stakeholders

This CG Statement is augmented with a Corporate Governance Report (“CG Report”) which provides a detailed articulation of the application of the Company and its subsidiaries’ (“the Group”) corporate governance practices as set out in the MCCG throughout the FYE 2022. This CG Report is available on the Company’s corporate website at www.pdzlines.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board is responsible for the performance and business affairs of the Group. The Board determines the Group’s strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business development of the Group. It then delegates the implementation and monitoring of these set directions and control systems to the Management.

The Board is also responsible for ensuring that the Management maintains an effective system of governance and internal controls, which should provide assurance of effective and efficient operations, internal controls and compliance with the relevant laws and regulations.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter which outlines the duties and responsibilities of the Board. The Board also delegates certain responsibilities to the following Board Committees to assist in the execution of its responsibilities within their respective Terms of Reference:

- a. Audit Committee (“AC”);
- b. Nomination and Remuneration Committee (“NRC”); and
- c. Risk Management Committee (“RMC”).

Each committee operates in accordance with its respective Terms of Reference as approved by the Board. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective Terms of Reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval. The Board Committees’ Terms of Reference can be accessed via the Company’s website at www.pdzlines.com.

Apart from the responsibility of the Board Committees, the Executive Director cum Chief Executive Officer (“ED cum CEO”) and other Senior Management are also delegated certain authorities to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

Corporate Governance Overview Statement

Cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART I - BOARD RESPONSIBILITIES (CONT'D)****1.2 Chairman of the Board**

The Board is led by Dato' Sri Rusli Bin Ahmad, an Independent Non-Executive Chairman, who plays a crucial role in overseeing and ensuring the efficient functioning of the Board. Dato' Sri Rusli Bin Ahmad is dedicated to upholding high standards of corporate governance and has been instrumental in fostering a high-performing culture within the Board.

The Chairman is responsible for providing leadership to the Board and ensuring the Board fulfills its supervisory duties effectively. Additionally, the Chairman facilitates the active participation of all Directors and presides over Board and general meetings of the Company. The Chairman also manages Board communications and effectiveness while supervising Management.

The Chairman ensures that the Board receives timely and relevant information to facilitate decision-making. Further, the Chairman ensures that Board and general meetings are conducted in compliance with good conduct and best practices. The Chairman promotes positive and constructive relationships between Board members and between the Board and Management. Finally, the Chairman represents the Company jointly with the Executive Directors to external groups such as shareholders, creditors, consumer groups, and local governments.

The Chairman does not assume the position of chairman of the Board Committees but as a member of the AC and NRC respectively. Nevertheless, the Chairman does not chair these Board Committees. Through his participation and corporate experience, it is believed that the Board's objectivity in receiving or reviewing the committees' reports has not been diminished in any way.

In summary, Dato' Sri Rusli Bin Ahmad, as the Independent Non-Executive Chairman, plays a crucial role in ensuring that the Board fulfills its duties and that the Company adheres to the best corporate governance practices. His leadership, guidance, and oversight help maintain a high-performing culture within the Board and ensure the Company's success.

1.3 Chairman and ED cum CEO

The positions of the Chairman and ED cum CEO are held by two different individuals. There is a clear division of responsibility between the two roles to ensure that there is an appropriate balance of power and authority, such that no one individual has unfettered decision making powers.

The Chairman of the Board is primarily responsible for the leadership, effectiveness, conduct and governance of the Board while the ED cum CEO has overall responsibilities for the day-to-day management of the business and implementation of the Board's policies and decisions. The ED cum CEO is accountable to the Board for the overall organisation, management, and staffing of the Group and for the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified and experienced Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under Section 235(2) of the Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary is an essential member of the Company, responsible for ensuring overall compliance with the Act, Listing Requirements, and other relevant laws and regulations. In addition, the Company Secretary assists the Board and Board Committees in fulfilling their duties effectively while adhering to established Board policies and procedures and best practices.

Corporate Governance Overview Statement

Cont'd

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.4 Qualified and Competent Company Secretary (Cont'd)

To discharge these critical roles, the Company Secretary regularly attends relevant training programs, conferences, seminars, and forums to stay current with the latest developments in corporate governance and regulatory requirements relevant to her profession. This ongoing education enables the Company Secretary to provide the necessary advisory role to the Board and ensure that the Company remains compliant.

The Board has direct access to the professional advice and services of the Company Secretary to assist them in performing their duties and discharging their responsibilities effectively. The Company Secretary's role in facilitating compliance and ensuring the smooth functioning of the Board is critical to the Company's success.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary and her team to the Board in the discharge of their duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

The Board Charter is a critical document that outlines the role, structure, and processes related to key governance activities of the Board. It serves as a reference point for Board activities and provides guidance and clarity for Directors and Management. The Board Charter is designed to define the roles of the Board and its Committees, ED cum CEO, and the requirements of Directors in carrying out their duties towards the Company.

The Board Charter provides a clear delineation of relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the ED cum CEO, and the Management. This delineation ensures that all parties involved understand their roles and responsibilities, thus promoting effective decision-making, risk management, and compliance.

The Board Charter also outlines the Board's operating practices and defines processes for decision-making, including the frequency of Board meetings and Board Committees' meetings.

Corporate Governance Overview Statement

Cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART I - BOARD RESPONSIBILITIES (CONT'D)****1.6 Board Charter (Cont'd)**

It also specifies the Board's approach to performance evaluation, succession planning, and Directors' development.

Overall, the Board Charter serves as a crucial reference point for the Board, ensuring that its members and Management are aware of their roles and responsibilities, and operate within clear boundaries. It promotes a culture of accountability, transparency, and effective governance, thus contributing to the Company's success.

The Board Charter was last reviewed, revised and approved by the Board on 21 September 2021 which incorporated the anti-corruption measures and the relevant practices recommended under the MCCG and is available on the Company's website at www.pdzlines.com.

1.7 Code of Ethics and Conduct

The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, Management and employees of the Group and is available on the Company's website at www.pdzlines.com.

The Board adhered strictly to the Code of Ethics and Conduct for the Directors, in discharging its oversight role effectively. The Code of Ethics and Conduct requires all Directors, Management and employees of the Group to observe high ethical business standards and apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Board will review the Code of Ethics and Conduct from time to time to ensure that it continues to remain relevant and appropriate.

1.8 Whistle Blowing Policy

The Board has adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to report or disclose any violations or wrongdoings that may be observed in the Group without fear of retaliation should they act in good faith when reporting such concerns.

The Whistle Blowing Policy is available on the Company's website at www.pdzlines.com.

The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that it remains relevant to the Group's changing business circumstances and/or comply with the applicable laws and regulations.

1.9 Anti-Bribery & Corruption Policy ("ABC Policy")

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has put in place ABC Policy to encourage a culture of integrity and transparency in all of the Group's activities. This policy which adheres to the Listing Requirements of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company to ensure that it remains relevant and appropriate to the evolving regulatory and business environment. The ABC Policy is published on the Company's website, www.pdzlines.com.

Corporate Governance Overview Statement

Cont'd

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.10 Directors' Fit and Proper Policy

In line with the new Paragraph 15.01A of the Listing Requirements of Bursa Securities, the Board had on 30 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is available on the Company's website at www.pdzlines.com.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors.

1.11 Sustainability Governance

The Board acknowledges the crucial role of sustainable business practices in generating lasting value and understands that responsible conduct is closely connected to attaining operational effectiveness. The Board is accountable for supervising the formulation of sustainability approaches, preferences, and objectives, with Management accountable for executing them across the Company's complete strategy and activities. This involves incorporating Economic, Environmental, Social, and Governance factors into investment decision-making procedures to stimulate and foster progress towards sustainability throughout the Company.

In its role as custodians of the Company's shareholders, the Board is resolute in upholding exemplary corporate governance practices that prioritize ethics, integrity, and corporate responsibility. The Board ensures that both internal and external stakeholders are well-informed about sustainability approaches, priorities, objectives, and overall performance, as expounded in the Sustainability Statement provided in this Annual Report.

To further enhance its commitment to sustainability, the Board reviewed, revised, and approved relevant amendments on 21 September 2021, incorporating an assessment of its understanding of sustainability issues into the annual performance evaluation process. This is critical to the Company's performance and reflects the Board's ongoing commitment to sustainability.

Corporate Governance Overview Statement

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PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART II - BOARD COMPOSITION****2.1 Board Composition**

The Board's composition adheres to Paragraph 15.02 of the Listing Requirements of Bursa Securities, which mandates that the Company must ensure that either at least two (2) Directors or 1/3 of the Board members, whichever is greater, are Independent Non-Executive Directors. With the addition of Ms. Pang Siaw Sian on 17 April 2023, the Board now has a total of seven (7) members. More than half of the Board is comprised of Independent Non-Executive Directors, as outlined below:

No.	Names	Designations
1.	Dato' Sri Rusli Bin Ahmad	Independent Non-Executive Chairman
2.	Dato' Ahmad Zaffry Bin Hj. Sulaiman	Independent Non-Executive Director
3.	Wong Kok Seong	Independent Non-Executive Director
4.	Pang Siaw Sian	Independent Non-Executive Director
5.	Datuk Tan Chor How Christopher	ED cum CEO
6.	Dr. Rosli Bin Azad Khan	Executive Director
7.	Ho Jien Shiung	Executive Director

The Board composition also complies with Practice 5.2 of the MCGG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement and serves as a robust system of checks and balances to protect the interests of minority shareholders and other stakeholders, and ensure high ethical and moral standards are upheld.

The Board members have distinct backgrounds and expertise in various fields. Together, they bring a diverse set of skills, expertise, and knowledge to administer the Group's operations. The profiles of these Directors are provided on pages 4 to 8 in this Annual Report.

2.2 Tenure of Independent Directors

The Board acknowledges the recent amendments to the Listing Requirements by Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting as recommended by the MCGG.

During the financial year under review, none of our Directors has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

The Company has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years. Notwithstanding that, the assessment of the independence of Independent Non-Executive Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

Corporate Governance Overview Statement

Cont'd

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

PART II - BOARD COMPOSITION (CONT'D)

2.3 New Appointment to the Board

The Board appoints its members through a formal and transparent selection process. The new candidates will be considered and evaluated by the NRC, and the NRC will then recommend the candidates to be approved and appointed by the Board. In making a recommendation to the Board on the candidates for directorship, the NRC will consider and nominate the candidates based on the objective criteria, including:-

- (a) skills, knowledge, expertise and experience;
- (b) professionalism;
- (c) integrity;
- (d) time commitment to the Company based on the number of directorships held; and
- (e) in the case of candidates for the position of Independent Non-Executive Directors, the NRC will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

All Directors shall not hold more than five (5) directorships in other listed issuers as required under Paragraph 15.06 of the Listing Requirements of Bursa Securities.

The new appointment of Senior Management would be reviewed by the NRC based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website at www.pdzlines.com.

2.4 Board Diversity and Senior Management Team

The Board is committed to fostering diversity among its members and Senior Management Team while prohibiting discrimination based on race, age, religion, and gender throughout the organization. It encourages a dynamic and diverse composition by identifying suitable candidates with competencies, skills, experiences, character, time commitment, integrity, and other attributes to meet future needs. A diverse composition enhances decision-making, performance, innovation, and inclusivity, providing the Group with a competitive edge in today's fast-changing business environment. The Board strongly supports the selection of exceptional individuals from various backgrounds to ensure that the Group's leadership team reflects the diversity of its stakeholders.

In the event of a vacancy in the Board, the Board, through the NRC, will prioritize female representation when identifying suitable candidates. However, the selection of a new Board member will not be solely guided by gender, but also consider the candidate's skill sets, experience, and knowledge. The Company's foremost responsibility in new appointments is always to select the most suitable candidate available, and hence, the selection criteria based on an effective blend of competencies, skills, extensive experience, and knowledge to strengthen the Board remains a priority.

Recognizing the importance of boardroom diversity for a well-functioning organization, the Board reviewed, revised, and approved the Gender Diversity Policy on 21 September 2021. The policy provides a framework for the Company to improve gender diversity at the Board and Senior Management levels, and it is publicly available on the Company's website at www.pdzlines.com.

The Board currently comprises one female Director, which demonstrates the Board's commitment to achieving greater gender diversity. The Company recognizes that diversity enhances its decision-making, creativity, and innovation while reflecting its values of inclusivity and fairness. The Board will continue to explore opportunities to attract and retain diverse talent while ensuring that all appointments are based on merit and suitability.

Corporate Governance Overview Statement

Cont'd

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART II - BOARD COMPOSITION (CONT'D)****2.5 Board Committees**

The Board Committees are set up to manage specific tasks for which the Board is responsible within clearly defined Terms of Reference. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	AC	NRC	RMC
Dato' Sri Rusli Bin Ahmad (Independent Non-Executive Chairman)	Member	Member	N/A
Dato' Ahmad Zaffry Bin Hj. Sulaiman (Independent Non-Executive Director)	Member	Member	Member
Wong Kok Seong (Independent Non-Executive Director)	Chairman	Chairman	Chairman
Datuk Tan Chor How Christopher (ED cum CEO)	N/A	N/A	Member
Dr. Rosli Bin Azad Khan (Executive Director)	N/A	N/A	N/A
Ho Jien Shiung (Executive Director)	N/A	N/A	N/A
Pang Siaw Sian (Independent Non-Executive Director)	N/A	N/A	N/A

2.6 NRC

The NRC is chaired by Mr. Wong Kok Seong, an Independent Non-Executive Director of the Company.

The NRC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skill matrix to support the strategic direction and needs of the Company.

The NRC has written Terms of Reference dealing with its authority and duties which include the selection and assessment of directors. The Terms of Reference of the NRC was last reviewed, updated and approved on 21 September 2021 which incorporated the relevant practices recommended under the MCCG.

The Terms of Reference of the NRC is published on the Company's website at www.pdzlines.com.

Corporate Governance Overview Statement

Cont'd

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

PART II - BOARD COMPOSITION (CONT'D)

2.6 NRC (Cont'd)

The activities undertaken by the NRC during the FYE 2022 were as follows:-

- (a) Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he could devote sufficient time to the role.
- (b) Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole with the objective of assessing its effectiveness.
- (c) Reviewed and recommended to the Board the contribution and performance of the AC.
- (d) Reviewed and recommended to the Board the re-election of the Directors who retired pursuant to the Company's Constitution at the last AGM held on 22 June 2022.
- (e) Reviewed and assessed the independence of the Independent Directors of the Company.
- (f) Reviewed and recommended to the Board the remuneration packages and directors' fees and/or benefits of all Directors of the Company.

2.7 Board Appointment and Re-appointment Process

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NRC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the Listing Requirements of Bursa Securities and the Company's Constitution, one-third of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and continuation in office of any Director for shareholders' approval at the AGM.

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

PART II - BOARD COMPOSITION (CONT'D)

2.8 Annual Assessment of the Directors, Board and Board Committees as a whole

The Board has, through the NRC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Director, making reference to the guides available and the good corporate governance compliance. The evaluation process was carried out by sending the following customised assessment forms to Directors:-

- i. Performance of Executive Directors;
- ii. Performance of Non-Executive Directors/Chairman;
- iii. Independence of the Independent Directors;
- iv. Performance of the AC; and
- v. Effectiveness of the Board and Board committees as a whole.

The assessment of the Board and Board Committees is performed on a Board review whilst the assessment of the individual Directors is performed on a peer-review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NRC meeting and thereafter the NRC's Chairman will report the results and deliberation to the Board.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of Executive Directors, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 21 September 2021 which to stay aligned with the MCCG practices.

The evaluations conducted in FYE 2022 by the NRC and the Board demonstrated the high-performance standards of the Company's Directors, Board Committees, and Board as a whole. The assessments indicated that the Independent Non-Executive Directors have brought valuable independent and objective judgments to the Board. In addition, the Executive Directors' contributions to the Company were positively noted. These evaluations underscore the Board's commitment to upholding strong governance practices and fostering a culture of continuous improvement.

2.9 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2022, the Board had conducted four (4) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the Group's budget, strategy, operational and financial performance.

Corporate Governance Overview Statement

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PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART II - BOARD COMPOSITION (CONT'D)****2.9 Attendance of Board and Board Committees' Meetings**

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2022 are as follows:-

Name of Directors	Attendance		
	Board	AC	NRC
Dato' Sri Rusli Bin Ahmad (Independent Non-Executive Chairman)	4/4	4/4	1/1
Dato' Ahmad Zaffry Bin Hj. Sulaiman (Independent Non-Executive Director)	4/4	4/4	1/1
Wong Kok Seong ⁽¹⁾ (Independent Non-Executive Director)	3/3	3/3	N/A
Pang Siaw Sian ⁽²⁾ (Independent Non-Executive Director)	N/A	N/A	N/A
Datuk Tan Chor How Christopher (ED cum CEO)	4/4	N/A	N/A
Dr. Rosli Bin Azad Khan (Executive Director)	4/4	N/A	N/A
Ho Jien Shiung (Executive Director)	4/4	N/A	N/A
Hoo Swee Guan ⁽³⁾ (Independent Non-Executive Director)	1/1	1/1	1/1
Nor Rafhanah Binti Abdullah ⁽⁴⁾ (Independent Non-Executive Director)	2/3	N/A	N/A

Notes:

- (1) Mr. Wong Kok Seong was appointed as an Independent Non-Executive Director of the Company on 6 May 2022.
- (2) Ms. Pang Siaw Sian was appointed as an Independent Non-Executive Director of the Company on 17 April 2023.
- (3) Mr. Hoo Swee Guan resigned as an Independent Non-Executive Director of the Company on 6 May 2022.
- (4) Pn. Nor Rafhanah Binti Abdullah resigned as an Independent Non-Executive Director of the Company on 15 September 2022.

2.10 Directors' Training

The NRC has taken on the responsibility of evaluating and determining the specific and continuous training needs of the Directors on a regular basis. The Directors have attended courses/conferences and/or in-house training from time to time to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, Listing Requirements, regulations and business environment in order to discharge their duties more effectively.

The Directors are mindful that they should continually attend seminars and courses to keep themselves abreast with the latest economic and corporate developments as well as new regulations and statutory requirements. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contribution to the Board.

Corporate Governance Overview Statement

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PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART II - BOARD COMPOSITION (CONT'D)****2.10 Directors' Training (Cont'd)**

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board reference. During the FYE 2022, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Listing Requirements of the Bursa Securities:-

Name of Directors	Training/seminars attended
Dato' Sri Rusli Bin Ahmad	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Audit Oversight Board's Conversation with AC
Dato' Ahmad Zaffry Bin Hj. Sulaiman	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • Audit Oversight Board's Conversation with AC
Wong Kok Seong (Appointed on 6 May 2022)	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework • LED – Environmental, Social & Governance Essentials • MIA Webinar Series: Preparing Your Firm for the New Standards on Quality Management: ISQM 1 and ISA 220 (Revised) • MIA Webinar Series: MFRS/IFRS Technical Update 2022 • MIA Webinar Series: ISAs for Audit Planning: ISA 300, 315 (Revised), 320 & 450
Datuk Tan Chor How Christopher	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework
Dr. Rosli Bin Azad Khan	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework
Ho Jien Shiung	<ul style="list-style-type: none"> • Amendments to the Listing Requirements of Bursa Securities in relation to Director Appointment, Independence and Other Amendments • Transaction & RPT Rules Simplified • Amendments to the Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework

Corporate Governance Overview Statement

Cont'd

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

PART II - BOARD COMPOSITION (CONT'D)

2.10 Directors' Training (Cont'd)

In order to effectively carry out their roles and duties, the Directors are committed to participating in professional development programs as necessary. This ongoing commitment to professional development ensures that Directors stay up-to-date with best practices and emerging trends in their respective areas of expertise. The Company encourages and supports the Directors' participation in such programs, recognising the importance of maintaining a skilled and knowledgeable Board.

PART III – REMUNERATION

3.1 Remuneration Policy

The Board has in place a formal Remuneration Policy for Directors and Senior Management. The Remuneration Policy establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and Senior Management of the Company to support and drive business strategy and the long-term interests of the Company.

The Remuneration Policy aims to:-

- a. determine the level of remuneration of Directors and Senior Management;
- b. attract, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with their responsibilities and contributions, and being competitive with the industry; and
- c. encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders.

The Board, assisted by the NRC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

The Remuneration Policy is available on the Company's website at www.pdzlines.com.

Corporate Governance Overview Statement

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PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**PART III – REMUNERATION (CONT'D)****3.2 Remuneration of Directors**

The remuneration payable to the Directors on the Company and the Group basis for the FYE 2022 is the same as follows:-

Name of Directors	RM						Total
	Fees	Allowance	Salary	Bonus	Benefits-in Kind	Other emoluments#	
The Company and Group level							
Dato' Sri Rusli Bin Ahmad	42,000	–	–	–	–	–	42,000
Dato' Ahmad Zaffry Bin Hj. Sulaiman	36,000	–	–	–	–	–	36,000
Datuk Tan Chor How Christopher	–	–	180,000	–	–	35,480	215,480
Dr. Rosli Bin Azad Khan	36,000	–	–	–	–	–	36,000
Ho Jien Shiung	36,000	–	–	–	–	–	36,000
Wong Kok Seong ⁽¹⁾	15,000	–	–	–	–	–	15,000
Hoo Swee Guan ⁽²⁾	18,000	–	–	–	–	–	18,000
Nor Rafhanah Binti Abdullah ⁽³⁾	36,000	–	–	–	–	–	36,000
TOTAL	219,000	–	180,000	–	–	35,480	434,480

Notes:

- (1) Mr. Wong Kok Seong was appointed as an Independent Non-Executive Director of the Company on 6 May 2022.
- (2) Mr. Hoo Swee Guan resigned as an Independent Non-Executive Director of the Company on 6 May 2022.
- (3) Pn. Nor Rafhanah Binti Abdullah resigned as an Independent Non-Executive Director of the Company on 15 September 2022.

3.3 Remuneration of Senior Management

The Board has determined that disclosing the Senior Management's remuneration components on a named basis would not be in the best interest of the Company. Doing so may have a negative impact on the Company's ability to attract and retain talent within the competitive construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Senior Management and therefore opted not to disclose on a named basis the remuneration or in bands of RM50,000.00. Instead, the Board is of the view that disclosing the Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Senior Management of the Group for the FYE 2022 are as follows:-

Range of Remuneration	Number of Senior Management
RM50,001 to RM100,000	–
RM100,001 to RM150,000	1
RM150,001 to RM200,000	–

Corporate Governance Overview Statement

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PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AC

4.1 Effective and Independent AC

The AC is relied upon by the Board to, amongst others, provide advice and oversee in the areas of financial reporting, external audit, internal control environment and internal audit processes, review of related party transactions as well as conflict of interest situations.

The AC is chaired by Mr. Wong Kok Seong, whereas the Board is chaired by Dato' Sri Rusli Bin Ahmad, both are Independent Non-Executive Directors of the Company. The positions of Board Chairman and AC Chairman are assumed by different individuals to ensure that the Board's review of the AC's findings and recommendations is not impaired.

The AC comprises three (3) members. The composition of the AC complies with Paragraphs 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCCG whereby all three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

The Terms of Reference of AC had been updated on 21 September 2021 to reflect the change of the cooling off period from at least two (2) to at least three (3) years before a former audit partner is appointed as a member of the AC and the same is accessible on the Company's website at www.pdzlines.com.

Currently, none of the members of the AC were former key audit partners of the present auditors of the Group.

The term of office and performance of the AC and its members are reviewed by the NRC annually to determine whether such AC and members have carried out their duties in accordance with the Terms of Reference.

4.2 External Auditors

The Board has established the External Auditors Assessment Policy together with an annual performance evaluation form. The Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The AC reviewed the nature and extent of non-audit services rendered by the External Auditors during the financial year and concluded that the provision of these services did not compromise their independence and objectivity. In addition, the AC had received assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC conducted an annual performance assessment of the External Auditors and invited the ED cum CEO and Financial Controller to participate in the evaluation. Following the assessment, the AC is satisfied with the External Auditors' independence and suitability for the Company. As such, the AC has recommended their reappointment to the shareholders for approval at the upcoming AGM.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control Framework

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

The Board has adopted a Risk Management Framework to manage its risk and opportunities and delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the AC.

Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement

Cont'd

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)****5.2 Internal Audit Function**

The Group's Internal Audit Function is outsourced to an independent professional service firm to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. The internal audit findings and investigations of business units of the Group will be reported directly to the AC.

The outsourced Internal Auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The AC had obtained assurance from the outsourced Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE 2022 are as disclosed in the AC Report in this Annual Report.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**PART I – COMMUNICATION WITH STAKEHOLDERS****6.1 Continuous Communication with Stakeholders**

The Company recognises the need for stakeholders and the wider investment community to ensure that they are kept informed of all material business matters affecting the Group. This is done through timely dissemination of information on the Group's performance and major developments.

Quarterly results, announcements and annual reports serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website, www.pdzlines.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

6.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Company has adopted a Corporate Disclosure Policy, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public.

Corporate Governance Overview Statement

Cont'd

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

PART II – CONDUCT OF GENERAL MEETINGS

7.1 Conduct of General Meetings

The notice of the Twenty-Sixth AGM (“26th AGM”) of the Company held on 22 June 2022 was sent to the shareholders on 29 April 2022, which is more than 28 days prior to the date of the 26th AGM. This has given sufficient time to shareholders to review the Annual Report and consider the resolutions for any questions they might wish to raise at the AGM.

The 26th AGM of the Company was held on a fully virtual basis and entirely via remote participation and voting. The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Guide prior to the 26th AGM. This has allowed shareholders to participate online, using a smartphone, tablet or computer as well as view live webcast of the meeting.

All resolutions set out in the notice of the 26th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

All Directors attended the 26th AGM and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders’ queries concerning the Company and the Group at the 26th AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

During the proceedings of the 26th AGM, the Chairman invited shareholders to raise questions pertaining to the Company’s audited financial statements and the other agenda items tabled for approval at the meetings. All questions raised by the shareholders were answered and addressed accordingly.

Shareholders were encouraged to post their questions to the Board using the question & answer panel throughout the 26th AGM. The Company facilitates and encourages shareholder participation at its 26th AGM. This meeting provides an update for shareholders on its performance and offers an opportunity for shareholders to ask questions and vote.

The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the 26th AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 26th AGM was also published on the Company’s website for the shareholders’ information.

STATEMENT BY THE BOARD ON CG STATEMENT

The Board has deliberated, reviewed and approved this CG Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCGG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2022, except for the departures set out in the CG Report. The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee (“AC”) of PDZ Holdings Bhd. (“PDZ” or “Company”) is to assist the Board of Directors (“the Board”) to discharge its statutory duties and responsibilities. It provides an additional assurance to the Board through performing an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Internal and External Auditors, thereby ensuring that the Auditors have free reign in their audit process.

COMPOSITION OF THE AC

Mr. Wong Kok Seong (*Chairman*)
Independent Non-Executive Director
(Appointed on 6 May 2022)

Dato’ Ahmad Zaffry Bin Hj. Sulaiman (*Member*)
Independent Non-Executive Director

Dato’ Sri Rusli Bin Ahmad (*Member*)
Independent Non-Executive Chairman

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), which requires all members of the AC to be Non-Executive Directors with a majority of them being Independent Directors. No alternate Director is appointed as a member of the AC.

The Chairman of the AC, Mr. Wong Kok Seong is an Independent Non-Executive Director. Hence, the Company complied with Paragraph 15.10 of the MMLR of Bursa Securities. He is a member of Malaysian Institute of Accountants (MIA) and a Fellow Member of Association of Chartered Certified Accountants (FCCA).

The Board through the Nomination and Remuneration Committee (“NRC”) reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual AC effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference.

The duties and responsibilities of the AC are clearly governed by the Terms of Reference of the AC. The Terms of Reference of the AC can be accessed from the corporate website of the Company at www.pdzlines.com.

MEETINGS

The AC met four (4) times during the financial year ended 31 December 2022 (“FYE 2022”) and the attendance record of each Committee member at the AC Meetings are set out below:-

AC Members	Designations	Attendance
Mr. Wong Kok Seong	Independent Non-Executive Director	3/3
Dato’ Ahmad Zaffry Bin Hj. Sulaiman	Independent Non-Executive Director	4/4
Dato’ Sri Rusli Bin Ahmad	Independent Non-Executive Chairman	4/4

The Company and its subsidiaries’ (“Group”) Internal and External Auditors, Financial Controller and other Senior Management also attended the AC meetings by invitation to provide clarification on the audit issues, Group’s operations and any other matters of interests.

Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation.

AUDIT COMMITTEE REPORT

Cont'd

RELATIONSHIP WITH THE AUDITORS

The Group has established a transparent and appropriate relationship with the Internal and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party who reports directly and regularly to the AC of the Company. Similar to the External Auditors, the Internal Auditors also have direct reporting and access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The AC meets the Internal and External Auditors without the presence of Management, whenever necessary, which demonstrate their independence, objectivity and professionalism. From time to time, the Internal and External Auditors inform and update the AC on matters that may require their attention. The Company has always maintained a transparent relationship with its Auditors in seeking their professional advice towards ensuring compliance advice with the relevant accounting standards.

The AC was satisfied with the suitability, technical competency, objectivity and independence of the External Auditors based on the professional staff assigned to the audit, quality of services and resources provided to the Group. The AC will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the Annual General Meeting of the Company.

FINANCIAL REPORTING

The AC reviews and scrutinise the information of the Group's quarterly results and annual audited financial statements to ensure material accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders. Those reports which present a balanced and fair assessment of the Group's financial position and prospects are then tabled to the Board for approval and release to Bursa Securities accordingly.

SUMMARY OF ACTIVITIES OF AC

The activities of the AC carried out for the FYE 2022 in discharging their duties and responsibilities, included:-

1. Reviewed the unaudited quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto prior to tabling of the same to the Board for approval and release to Bursa Securities.
2. Reviewed the accounting issues arising from the updates of new developments on accounting standards, amendments and interpretations with the External Auditors.
3. Reviewed the External Auditors' report in relation to their audit findings and accounting issues arising from the audit of the Group for the FYE 2022.
4. Considered matters relating to corporate governance in compliance with the MMLR and the Malaysian Code on Corporate Governance.
5. Reviewed with the Internal Auditors and the Management on the adequacy of the existing policies, procedures and systems of internal control of the Group, as well as recommended procedures for improvements or enhancements.
6. Reviewed with the Internal Auditors, the internal audit plan and internal audit reports and ensured that appropriate action has been taken by the Management to implement the recommendations of the Internal Auditors.
7. Reviewed the audit planning memorandum for the FYE 2022 covering the audit objectives and approach, audit plan, key audit areas, relevant accounting standards and proposed audit and non-audit fees.
8. Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report.

AUDIT COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF AC (CONT'D)

The activities of the AC carried out for the FYE 2022 in discharging their duties and responsibilities, included:- (Cont'd)

9. Reviewed the related party transactions and/or recurrent related party transactions, if any, that transpired to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
10. Considered and recommended the appointment/ re-appointment of External Auditors and their audit fees to the Board for consideration.
11. Self-appraised the performance of the AC and submit the evaluation to the NRC for assessment.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent consulting firm specialising in internal auditing and risk management. The consulting firm is independent of the activities and operations of the Group. The principal objective of the internal audit function is to assist the Board in maintaining a sound system of internal control within the Group so as to safeguard the shareholders' investment and the Group's assets. The internal audit function is to provide independent assessments to ensure that the system of internal control of the Group is adequate, efficient and effective. The Internal Auditors report directly to the AC.

The internal audit function has adopted a risk-based approach to audit assessments and reviews. The Internal Auditors have carried out audit assignments in accordance with the approved plan and their findings, together with any recommendations, have been reported directly to the AC.

Internal audit reviews are carried out in accordance with the internal audit plan approved by the AC. Prior to the presentation of report to the AC, comments from the Management are obtained and incorporated into the internal audit findings and reports. The relevant Management members were made responsible for ensuring that correction actions on the reported weaknesses were taken within the proposed timeframe.

The reviews conducted by the Internal Auditors for the FYE 2022 were centered on the general computer control:-

Audit period	Name of company audited	Audit function	Audit activities
1 January 2022 to 31 July 2022	PDZ	Information System	<ul style="list-style-type: none"> ▪ Review of the information system infrastructure ▪ Equipment maintenance ▪ Physical control and inventory ▪ Compliance with licensing agreement ▪ Security administration and control ▪ Administration of security tools to restrict access to operating system platform and other systems ▪ Virus protection ▪ Change control

The total cost incurred for the Group's internal audit function in respect of the FYE 2022 was RM14,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of PDZ Holdings Bhd. (“the Board”) is committed to continuously improve the Company and its subsidiaries (“Group”)’s risk management and internal control system and is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2022. This Statement is made in pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Statement on Risk Management and Internal Control: Guidelines for Directors for Listed Issuers issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities.

1. Board’s Responsibility

The Board recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system within the Group. The Board is equally aware that the risk management framework and internal control system are designed to manage the Group’s risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

2. Risk Management Framework

The Risk Management Committee was established to act as a Committee of the Board with the primary objectives to assist the Board in:-

- a. carrying out its responsibility of overseeing the Group risk management framework;
- b. ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders’ interest and the Group’s assets; and
- c. determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group’s policies, goals and objectives to evaluate the nature and extent of those risks and to proactively manage them efficiently, effectively and economically. The Group adopts an enterprise wide risk management approach and all the active business of the companies within the Group are considered and categorised in accordance with their main functional activities.

Risk identification and evaluation process

The risks are identified through a series of interviews and discussions with the key personnel and Management of the Group. The risk identification process includes consideration of both internal and external environment factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislation and technological developments. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures. Next, the risks identified are evaluated by examining the potential **impact** on the Group if a risk crystallised as well as the **likelihood** of occurrence. The risk level shall be rated **low, medium or high** accordingly. The risks are also classified into four categories according to their potential impact on the Group:

- Business Risks
- Strategic Risks
- Operational Risks
- Financial Risks

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

2. Risk Management Framework (Cont'd)*Risk adoption and monitoring process*

All the risks identified are documented into a "Group Key Risk Profile". The Group Key Risk Profile for the Group is updated on an ongoing basis and approved by the Board.

The Group Key Risk Profile serves as a tool for the heads of department/business unit for managing key risks applicable to their areas of business activities on a continuous basis. All key risks and issues are regularly reviewed and resolved by the Management team at regular meetings. Through these mechanisms, key risks identified in the Group Key Risks Profile are timely assessed and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Audit Function on a regular basis reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the key risks identified in the Group Key Risk Profile. Any weaknesses noted during the review are reported to the Audit Committee ("AC"). Through these mechanisms, the AC can be assured that the key risks of the Group are regularly reviewed and appropriately managed to an acceptable level.

3. Internal Controls

The key elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

- The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Group's business objectives. Lines of responsibility and delegations of authority are clearly defined.
- To ensure the uniformity and consistency of practices and controls within the Group. Standard Operating Procedures have been formalised and documented for the key business processes.
- Annual business plan was presented to the Board to include the Capital Expenditure (Capex) and Operational Expenses (Opex) limit for the upcoming year also to be in line with the shareholders' mandate from the Rights Issue. During the quarterly meeting, the AC will be presented with the Group's consolidated financial performances which serve as a monitoring tool to ensure that the Group is on track to meet its objectives.
- The Executive Directors ("EDs") act as the channel of communication between the Board and the Management. The EDs are empowered to manage the business of the Group and to implement the Board's directives and policies.
- Investment options are referred to the Board for review and decision.
- Quarterly information is provided by the Management to the Board on financial performance and key business indicators.
- Monthly monitoring of results by the Management through financial reports.
- Internal audit reviews are carried out to provide independent assurance on the effectiveness of the Group's system of internal controls and advising Management on areas for further improvements.
- The AC meets at least four (4) times a year and regularly reviews the effectiveness of the Group's system of internal controls. The Committee meets with the Internal Auditors and External Auditors to review their reports.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

4. Anti-Bribery & Corruption Policy

The Group adopts a zero-tolerance approach to all forms of bribery and corruption. The Group is committed in conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an anti-bribery & corruption policy which prohibits all forms of bribery and corruption practices. All employees are required to read and understand the policy. All business partners including consultants and contractors are required to comply with the Group's anti-corruption policy and guidelines. The said policy is also made available at the Company's website.

5. Whistleblowing Policy

The Group has put in place a whistleblowing policy which allows, supports and encourages its employees and members of the public to report and disclose any improper, alleged or illegal activities within the Group. The whistleblowing policy is made available at the Company's website.

6. Assurance from Management

The Board's review of risk management and internal control effectiveness is based on information from:

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system; and
- The work by the internal audit function which submits reports to the AC together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. Moreover, the Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the risk and internal controls framework.

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

The Board also received assurance from the Executive Director cum Chief Executive Officer of the Company that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

7. Review of the Statement by the External Auditors

As required by Paragraph 15.23 of the Bursa Securities' MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Integrated Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

a. Rights Issue with Warrants B

The status of the utilisation of proceeds as at 31 December 2022 raised from the Rights Issue with Warrants B following the quotation for 434,660,560 Rights Shares together with 325,995,328 Warrants on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 7 February 2018 are as follows:

No	Purpose	Proposed utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Utilisation (RM'000)	Intended Timeframe for utilisation from date of receipt
(i)	Acquisition of a container tug and barge set	–	–	–	–
(ii)	Regional business expansion	1,800	0	1,800	Within 66 months ⁽¹⁾
(iii)	Working capital	8,150	(8,150)	0	–
(iv)	Security deposit for bank guarantee to port authorities	350	0	350	Within 66 months ⁽¹⁾
(v)	Purchase of containers	–	–	–	–
(vi)	Acquisition of a vessel	–	–	–	–
(vii)	Acquisition and/or investment in other complementary businesses and/or assets	12,346	(11,509)	837	Within 66 months ⁽¹⁾
(viii)	Estimated expenses for the Corporate Exercises	920	(920)	0	Immediate
	Total	23,566	(20,579)	2,987	

Note:

(1) During the financial year ended 31 December 2022 (“FYE 2022”), the Board of Directors (“Board”) approved a further extension of timeframe for utilisation of proceeds for another 12 months until 5 August 2023.

b. Rights Issue with Warrants C

The status of the utilisation of proceeds as at 31 December 2022 raised from the Rights Issue with Warrants C following the quotation for 400,249,551 Rights Shares together with 133,416,423 Warrants C and 70,095,402 additional Warrants B on the Main Market of Bursa Securities on 2 November 2021 are as follows:

No	Purpose	Proposed utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Utilisation (RM'000)	Intended Timeframe for utilisation from date of receipt
(i)	Acquisition of factory building for the Gloves Business	25,000	(7,000)	18,000	Within 24 months ⁽²⁾
(ii)	Capital expenditure for the Gloves Business	36,700	(9,000)	27,700	Within 24 months ⁽¹⁾
(iii)	Working capital	13,103	0	13,103	Within 24 months ⁽¹⁾
(iv)	Estimated expenses for the Corporate Exercises	1,131	1,131	–	Immediate
	Total	75,934	(17,131)	58,803	

Notes:

(1) During the FYE 2022, the Board approved an extension of timeframe for utilisation of proceeds for another 12 months until 2 November 2023.

(2) During the FYE 2022, the Board approved an extension of timeframe for utilisation of proceeds for another 6 months until 2 November 2022 and subsequently, further extended for another 12 months until 2 November 2023.

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the FYE 2022 are as follows:

	Company RM	Group RM
(a) Audit fee	60,000	104,600
(b) Non-audit fee	5,000	5,000
Total	65,000	109,600

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group which involve Directors' and major shareholders' interests during the FYE 2022.

4. RECURRENT RELATED PARTY TRANSACTIONS

There was no recurrent related party transaction of a revenue or trading nature during the FYE 2022.

5. EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

The Company implemented an ESOS, which is in force for a period of five (5) years commencing from 16 December 2021 until 15 December 2026.

The maximum allocation of ESOS to Directors and employees of the Group shall not exceed 15% of the Company's total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the ESOS.

The details on the number of ESOS options granted, exercised, forfeited and outstanding since its commencement up to 31 December 2022 are set out in the table below:

	Total	Executive Director/ Chief Executive	Senior Management	Other Employees
Number of options granted	117,000,000	–	24,000,000	93,000,000
Number of options exercised	80,000,000	–	24,000,000	56,000,000
Number of options forfeited	37,000,000	–	–	37,000,000
Number of options outstanding as at 31 December 2022	–	–	–	–

The details on the ESOS options granted to the Senior Management of the Group during the FYE 2022 and since its commencement up to 31 December 2022 are set out in the table below:

	During the FYE 2022	Since the commencement of the ESOS up to 31 December 2022
Aggregate maximum allocation in percentage	–	30.0%
Actual percentage granted	20.5%	20.5%

The Directors of the Group have not, since the implementation of the ESOS, been granted any ESOS options.

SUSTAINABILITY STATEMENT

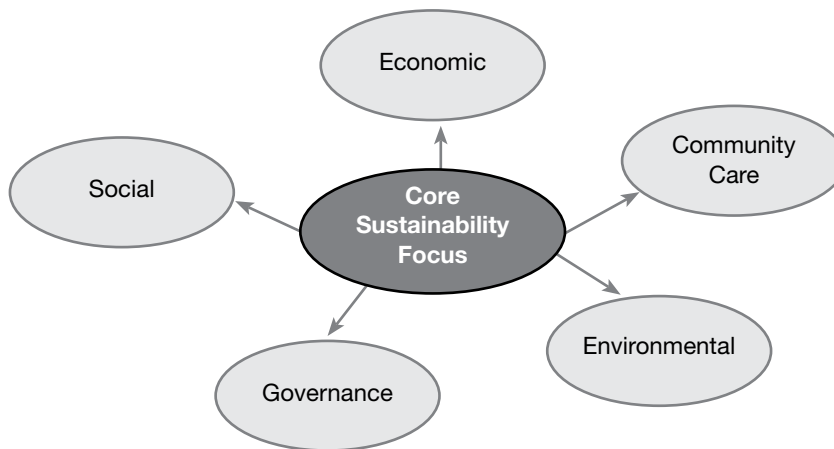
As we strive to achieve continual financial performance and business growth, sustainability has always been part of the corporate culture. We recognize that good corporate governance practices and ethical business behavior lay the foundation for sustainable development of the Company and its subsidiaries (“Group”). This Sustainability Statement has been prepared in compliance with the Main Market Listing Requirements and referred to the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad.

The Group’s corporate sustainability reporting focuses on areas which we feel are most impactful to the sustainability pillars of Economic, Environmental and Social initiatives with the goal of creating an ethical, long-term well-being for the Company’s stakeholders and the Group’s Business.

This statement provides information on the Group’s sustainability performance of our operations in Malaysia. The majority of the Group workforce is employed here. Thus, our reporting focuses on this region, which is under our organisational control. All outsourced activities in which we do not have management controls over the operations are out of scope, unless otherwise stated.

The Group did not seek external assurance for this statement but may consider doing so in the future. Performance data for the corresponding material topic is reported in good faith and to the best of our knowledge. However, the financial statements in this Annual Report 2022 have been audited by the External Auditors.

These strategies are further segmented to the following core areas of the sustainability that are material to the continuous success of the operations undertaken by the Group for the financial year ended 31 December 2022.



SUSTAINABILITY CORPORATE GOVERNANCE

Governance Structure

The Board of Directors (“the Board”) leads the Group in embedding sustainability initiatives as part of our business strategy going forward. The Board is supported by the Executive Director cum Chief Executive Officer as the Chairman of the Sustainability Committee which reports to the Board on all issues related to corporate sustainability. This includes proposing sustainability strategies and initiatives as well as providing guidance and monitoring of the implementations. The 3rd tier of reporting is supported by the Sustainability Committee which mainly responsible for identification of materiality matters, implementation of approved initiatives and data gathering for sustainability reporting.

The Group is committed to maintain its corporate practices and enhance a fair return on the shareholders’ investments through its good business practices. Maintaining high standards of corporate governance will enable us to ensure corporate transparency, accountability, performance and integrity which are vital for stakeholders’ trust and confidence. The corporate governance standards are being observed throughout the Group which is stated in the Corporate Governance Overview Statement in this Annual Report.

SUSTAINABILITY STATEMENT

Cont'd

SUSTAINABILITY CORPORATE GOVERNANCE (CONT'D)

Governance Structure (Cont'd)

In line with good corporate governance practices, the Group has formalised the following policies:

- Corporate Disclosure Policy;
- Code of Ethics and Conduct;
- Whistle Blowing Policy;
- Related Party Transactions Policy and Procedures; and
- Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption policy, every employee and individual acting on the Group's behalf is responsible for conducting our Company's business honestly and professionally. The policies are reviewed periodically to ensure they reflect the applicable changes in legislative requirements and business environment.

	2022	2021
Percentage of employees who have received training on anti-corruption	50.0 %	50.0 %
Confirmed incidents of corruption	NIL	NIL

Stakeholders Engagement

The Group ensures that business is conducted with strict adherence to the principles of transparency, and professionalism. We continue to engage with our key stakeholders regularly as part of our sustainability assessment process. Various engagement methods are set out below:-

KEY STAKEHOLDERS	ENGAGEMENT OBJECTIVE	METHODS OF ENGAGEMENT
Shareholders and investors	<ul style="list-style-type: none"> • Business performance Operations • Return on investment 	<ul style="list-style-type: none"> • Annual General Meeting/ Extraordinary General Meeting • Corporate website • Announcement of Quarterly Results • Press releases and events
Suppliers, service providers and consultants	<ul style="list-style-type: none"> • Strategic partnership service quality • Maintain reliability throughout the value chain 	<ul style="list-style-type: none"> • Procurement policies • Performance evaluations • Direct engagements • On-site meetings
Employees	<ul style="list-style-type: none"> • Safe and conducive workplace • Communication and engagement • Career development and training 	<ul style="list-style-type: none"> • Meetings and discussions • Town hall meetings • Training & Development programmes • Annual performance appraisal
Community	<ul style="list-style-type: none"> • Environment protection • Social contribution • Job opportunities 	<ul style="list-style-type: none"> • Social and environmental initiatives • Donations • Sponsorship of community service events
Government and regulatory authorities	<ul style="list-style-type: none"> • Regulatory compliance • Approvals and licenses standards and certifications 	<ul style="list-style-type: none"> • On-site inspections • Seminars, briefing and training • Public consultation with local authorities

SUSTAINABILITY STATEMENT

Cont'd

ECONOMIC SUSTAINABILITY

The Group aims to generate strong financial returns on a consistent basis with the view of providing a sustainable economic wellbeing of our stakeholders. This is in line with the Group’s objective to become a responsible business entity while continuously working to improve our service quality, reliability and efficiency. This will also place the Group in a position to grow the shareholding of our investors, share profits with our business partners and associates, provide employment and attractive remuneration packages to our employees, outsource business to our vendors and service providers, contribute to the community and support nation-building.

In moving towards, sustainable supply chain provider, the Group strives to prioritise local suppliers for provision of goods and services in relation to professional services and administrative support function. Though we have not adopted a written policy on preferential of local suppliers, our preference is to source from local suppliers for professional services and administrative support functions are as per below:

	2022	2021
Percentage of local suppliers that provided services to the Group	100.0 %	98.3 %

In building a sustainable business, it is imperative to form business partnerships with various stakeholders to capitalise on collective strengths and synergise the resources to strengthen our business and industry.

ENVIRONMENT SUSTAINABILITY

The Group is mindful of the environmental impacts arising from our business operations. We value proven environmental processes and technology that will lead to significant preservation of our natural resources and minimization of our carbon footprint.

We emphasise on recycling, reuse and reduce consumables at the workplace to pursue the green initiatives while conscious efforts are made to conserve the usage of electricity and water wherever possible. The usage of internet technologies is encouraged to access reports and other materials in order to reduce paper printing.

The Group is pleased to report a decrease in total electricity consumption and recycling efforts by 36% and 34% respectively as operations continue under the “new normal”.

SOCIAL SUSTAINABILITY

The Workplace and The Employees

The Group recognizes the value of its employees and most importantly investing in them. With the aim to further boost and foster better working relationship, various social activities were organized such as regular meal gatherings and birthday celebrations and festival celebrations to enhance the bonding amongst employees.

The following policies were formalised to put emphasis on the sustainability matters at the workplace:

- Remuneration Policy
- Gender Diversity Policy

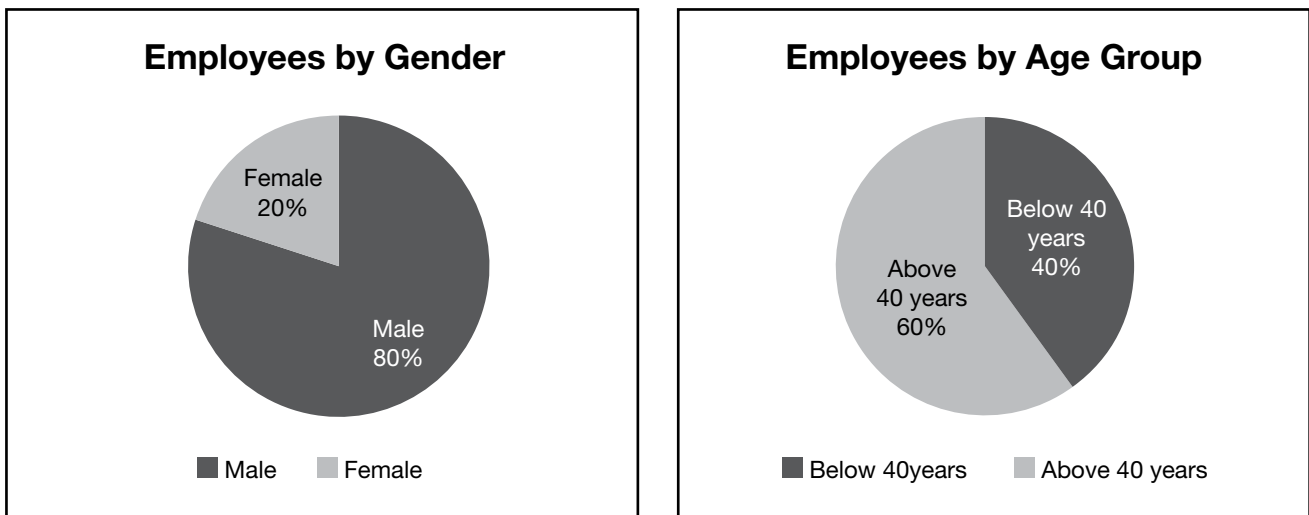
As an equal opportunity employer, our workplace terms and conditions of employment are opposed to any form of discrimination, upholding the fundamental human rights protected by legislation. In our efforts to create an inclusive environment, we embrace workplace diversity in terms of age, gender and ethnicity.

SUSTAINABILITY STATEMENT

Cont'd

SOCIAL SUSTAINABILITY (CONT'D)

The workforce profile is summarised as per below:



Employees are a vital component of a company’s business. Their performance, commitment and loyalty to the job are critical not only in achieving the Company’s goals and objectives but most important for its long-term survival and sustainability. In this respect, we seek to recruit people with the right skills and quality. We are constantly nurturing the skills and knowledge of our employees by arranging training programs focusing on job related and management development programs to enhance their job performance and career advancement.

The Key Performance Indicators is around our labour practices related matters are as per below:

	2022	2021
Percentage of employee training budget over the total staff cost	6%	1%
Number of work-related fatalities	Nil	Nil
Number of substantiated complaints concerning human rights violation	Nil	Nil

The safety and health of our employees at the workplace has always been a paramount consideration. In this aspect, we ensure worksites and surrounding areas are well maintained with high safety standards. Safety and health awareness programs are conducted regularly for all our staff.

Several additional welfares and benefits provided to our employees include annual leave, Group Insurance Coverage Scheme such as Group Personal Accident (GPA), Group Hospitalisation and Surgical (GHS), and paternity leaves.

The Group believes that its people is an important element in ensuring that it achieves its operational excellence. In line with this objective, yearly training budget has been allocated, provided to upgrade job knowledge and up-skilling our employees.

The Community

Moving forward, the Group will set our sights on undertaking Corporate Social Responsibility activities for local communities at large as part of its commitment to be a conscientious corporate citizen. For instance, in the education area, we will explore opportunities to participate in internship programme, to provide students with exposure to corporate work experiences.

The Group continues to drive our suitability efforts across its business operation whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders, and economic success.



PDZ HOLDINGS BHD

Registration No. 199501031213 (360419-T)

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DIRECTORS' REPORT

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

Principal activities

The Company is an investment holding company. The principal activities of its subsidiaries and associates are disclosed in Note 12 and 13 to the financial statements, respectively.

There were no significant changes in the nature of the activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss for the financial year	(6,485)	(5,831)
Loss attributable to: Equity holders of the Company	(6,485)	(5,831)

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

Reserves and provisions

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 31 December 2022.

Issue of shares and debentures

On 13 and 21 January 2022, the Company has issued 38,000,000 and 42,000,000 new shares pursuant to the Employee Share Options Scheme ("ESOS"). The issued ordinary shares of the Company are at 581,367,022 ordinary shares as at 31 December 2022.

There were no debentures issued during the financial year.

Employee Share Option Scheme ("ESOS")

Pursuant to the ESOS implemented on 16 December 2021, the Company will make available new shares, not exceeding in aggregate 15% of the Company's total number of issued shares during the existence of the ESOS, to be issued under the share options granted. The ESOS is for the benefit of eligible employees of the Group. The ESOS is for a period of 5 years and is governed by the ESOS By-Laws.

A Remuneration Committee comprising Directors of the Company has been set up to administer the ESOS. The Remuneration Committee may from time to time, offer share options to eligible employees of the Group to subscribe for new ordinary shares in the Company.

DIRECTORS' REPORT

Cont'd

Employee Share Option Scheme ("ESOS") (CONT'D)

Details of the ESOS are disclosed in Note 17 to the financial statements.

The movements of the total share options issued under the ESOS are as follows:

	Quantity '000
Total outstanding as at 1 January 2022	–
Total granted	117,000
Total exercised	(80,000)
Total forfeited/lapsed	(37,000)
<hr/>	
Total outstanding as at 31 December 2022	–

An analysis of the percentage of share options to key management personnel including directors is as follows:

	Aggregate maximum allocation		Actual allocation	
	Since implementation date	Financial year 31.12.2022	Since implementation date	Financial year 31.12.2022
Key management personnel	30.0%	30.0%	20.5%	20.5%

Note:

The Directors and Chief Executive Officer of the Company have not, since the implementation of the ESOS, been granted any share options and shares.

Directors

The Directors who have held office since the beginning of the financial year and up to the date of this report are:

Dato' Sri Rusli Bin Ahmad	
Dato' Ahmad Zaffry Bin Hj. Sulaiman	
Datuk Tan Chor How Christopher	
Dr. Rosli Bin Azad Khan	
Ho Jien Shiung	
Hoo Swee Guan	(resigned on 6 May 2022)
Nor Rafhanah Binti Abdullah	(resigned on 15 September 2022)
Wong Kok Seong	(appointed on 6 May 2022)
Pang Siaw Sian	(appointed on 17 April 2023)

List of Directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries who held office during the financial year and up to the date of this report are as follow:

Datuk Tan Chor How Christopher
Ho Jien Shiung

DIRECTORS' REPORT

Cont'd

Directors' interest in shares

According to the register of directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares and options over share in the Company during the financial year were as follows:

	Number of ordinary shares				At 31.12.2022
	At 01.01.2022	Acquired	Rights issue	Sold	
Datuk Tan Chor How					
Christopher	35,889,285	–	–	–	35,889,285
Ho Jien Shiung	630,090	–	–	–	630,090

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares and options over share of the Company during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or fixed salaries of a full time employees of the Company or related corporations as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Directors' remuneration

The directors' remuneration of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive:				
Wages, salaries and bonus	197	168	197	168
Defined contribution plan	21	42	21	42
Total executive directors' remuneration (Note 8)	218	210	218	210
Non-executive:				
Fees	219	222	219	222
Total Non-executive directors' fee and allowance (Note 8)	219	222	219	222
Total Directors' remuneration	437	432	437	432

DIRECTORS' REPORT

Cont'd

Indemnifying Directors, Officers and Auditors

There was no indemnity given to or liability insurance affected for any Director or Officer of the Group or the Company during the financial year.

Other statutory information

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

- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance expected credit losses and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for expected credited losses; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, 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:

- (i) which would render the amount written-off as bad debts or the amount of the allowance for expected credit losses in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors:

- (i) the results of the Group's and of the Company's operations during the financial year were not been substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements; and
- (ii) there has no arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

DIRECTORS' REPORT

Cont'd

Subsidiaries

Details of subsidiaries are set out in Note 12 to the financial statements.

Auditors' remuneration

The auditors' remuneration of the Group and of the Company during the financial year amounting to RM109,600 (2021: RM124,000) and RM65,000 (2021: RM82,000) respectively.

Auditors

The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATUK TAN CHOR HOW CHRISTOPHER

HO JIEN SHIUNG

Selangor, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Tan Chor How Christopher and Ho Jien Shiung, being two of the Directors of PDZ Holdings Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company 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 the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATUK TAN CHOR HOW CHRISTOPHER

HO JIEN SHIUNG

Selangor, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Mohd Mukhlis Bin Zainal Abidin, being the officer primarily responsible for the financial management of PDZ Holdings Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company 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 in Malaysia.

Subscribed and solemnly declared by)
At Puchong in the state of Selangor)
Darul Ehsan on this)

MOHD MUKHLIS BIN ZAINAL ABIDIN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PDZ HOLDINGS BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **PDZ Holdings Bhd.**, which comprise the statements of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and 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.

INDEPENDENT AUDITORS' REPORT

Cont'd

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
<p>Revenue recognition</p> <p>The main revenue stream of the Group is derived from sales of services. We have identified revenue recognition as a key audit matter due to risk that revenue may be overstated from the perspective of timing of recognition and the amount of revenue recognised.</p>	<p>We performed the following audit procedures, among others, around revenue recognition:</p> <ul style="list-style-type: none"> • We tested the design and implementation as well as the operating effectiveness of the Group's controls relevant to recognition of revenue; • We inspected the terms of sales contracts to determine the point of transfer of control of services; • We tested sales of transactions, on sample basis, recorded to the purchase order from customer, sales quotation and invoice as an indication of transfer of control of services to ascertain the validity of sales; and • We assessed whether sales transactions either side of statement of financial position date as well as credit note issued after the year end are recognised in the appropriate period.
<p>Recoverability of trade receivables</p> <p>As at 31 December 2022, the net carrying amount of trade receivables of the Group amounted to RM5,177,292. The determination of whether the trade receivable is recoverable involves significant management judgements and assumptions. Management recognised allowances for expected credit losses on trade receivable based on specific know facts or circumstances or customer's ability to pay.</p> <p>We focused on the audit risk that the allowance expected credit losses on trade receivable may be understated and hence, allowance of expected credit losses may be required.</p>	<p>We performed the following audit procedures, among others, around revenue recognition:</p> <ul style="list-style-type: none"> • We assessed recoverability of receivables by reviewing their historical bad debt expense, ageing profiles of the trade receivable and past historical repayment trends; • We assessed the cash receipts subsequent to the end of the reporting date for its effect in reducing amounts outstanding as at the end of the reporting period; • We evaluated the reasonableness and adequacy of the allowance for expected credit losses recognised for identified exposures; and • We obtained confirmation from trade receivable on outstanding balances as at the reporting date.

INDEPENDENT AUDITORS' REPORT

Cont'd

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include in 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 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 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 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 the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 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 of 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

Cont'd

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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 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 the Company, including the disclosures, and whether the financial statements 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 the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulation preclude 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.

Other matters

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

The financial statements of the Company as at 31 December 2021 were audited by another auditors whose report there on dated 21 April 2022, expressed an unmodified opinion on these statements.

CHENGCO PLT
201806002622
(LLP0017004-LCA) & AF0886
CHARTERED ACCOUNTANTS

Kuala Lumpur
Date: 27 April 2023

HOO DE WEI
03625/12/2023 J
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS**AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	4	8,613	5,922
Cost of sales		(7,777)	(5,344)
Gross profit		836	578
Other income/(expenses)		132	(818)
Administrative expenses		(3,992)	(4,423)
Losses on receivables and deposits - net		(5,000)	(1,700)
Loss from operations		(8,024)	(6,363)
Finance income	5	1,408	705
Share of results of associates		141	140
Loss before tax	6	(6,475)	(5,518)
Taxation	9	(10)	68
Loss for the financial year		(6,485)	(5,450)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets		-	220
Other comprehensive income for the financial year		-	220
Total comprehensive loss for the financial year		(6,485)	(5,230)
Loss attributable to			
Equity holders of the Company		(6,485)	(5,253)
Non-controlling interests		-	(197)
Loss for the financial year		(6,485)	(5,450)
Total comprehensive loss attributable to			
Equity holders of the Company		(6,485)	(5,033)
Non-controlling interests		-	(197)
Total comprehensive loss for the financial year		(6,485)	(5,230)
Basic loss per share attributable to the equity holders of the Company (sen)	10	(1.12)	(1.05)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,646	3,936
Investment in associate	13	9,281	9,140
Intangible assets		863	1,725
<i>Total non-current assets</i>		13,790	14,801
Current assets			
Trade receivables	14	5,177	3,703
Other financial assets	15	18,294	7,104
Tax recoverable		848	848
Term deposits	16	65,432	80,287
Cash and bank balances	16	6,429	3,990
<i>Total current assets</i>		96,180	95,932
TOTAL ASSETS		109,970	110,733
EQUITY			
Share capital	17	158,208	154,056
Other reserves	18	6,077	6,077
Accumulated losses		(69,366)	(62,881)
<i>Total capital and reserves</i>		94,919	97,252
Non-controlling interests		103	103
TOTAL EQUITY		95,022	97,355
LIABILITIES			
Non-current liability			
Deferred taxation	19	283	280
<i>Total non-current liability</i>		283	280
Current liabilities			
Trade payables	20	4,490	3,276
Other financial liabilities	21	10,175	9,822
<i>Total current liabilities</i>		14,665	13,098
TOTAL LIABILITIES		14,948	13,378
TOTAL EQUITY AND LIABILITIES		109,970	110,733

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Attributable to owners of the Company				Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
At 1 January 2021	95,621	3,850	(55,621)	43,850	300	44,150
Share issuance (Note 17)	56,035	-	-	56,035	-	56,035
Employee share options scheme (Note 17)	2,159	241	-	2,400	-	2,400
Share based transactions (Note 17)	241	(241)	-	-	-	-
Transfers	-	2,007	(2,007)	-	-	-
Loss for the financial year	-	-	(5,253)	(5,253)	(197)	(5,450)
Other comprehensive income for the financial year	-	220	-	220	-	220
At 31 December 2021 and 1 January 2022	154,056	6,077	(62,881)	97,252	103	97,355
Employee share options scheme (Note 17)	4,152	-	-	4,152	-	4,152
Loss for the financial year	-	-	(6,485)	(6,485)	-	(6,485)
At 31 December 2022	158,208	6,077	(69,366)	94,919	103	95,022

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax		(6,475)	(5,518)
Adjustments for:			
Depreciation of property, plant and equipment	11	290	297
Equity share based expenses – ESOS	7	–	241
Losses on disposal of investment in quoted share		–	333
Losses on receivables and deposits – net	15	5,000	1,700
Interest income	5	(1,408)	(705)
Amortisation of intangible asset		862	–
Share of results of associates		(141)	(140)
Unrealised (gains)/losses on foreign exchange		(132)	185
Operating loss before working capital changes		(2,004)	(3,607)
Changes in:			
Increase in receivables		(17,243)	(3,005)
Increase/(decrease) in payables		1,699	(1,150)
Cash used in operations		(17,548)	(7,762)
Interest received		987	78
Income tax paid		(7)	–
Income tax refund		–	68
Net cash used in operating activities		(16,568)	(7,616)
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of property, plant and equipment		–	52
Disposal of investments		–	300
Withdrawals/(placements) of deposits with maturity of more than three months		14,368	(34,684)
Net cash generated from/(used in) investing activities		14,368	(34,332)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issuance		–	56,035
Proceeds from ESOS exercised		4,152	2,159
Net cash generated from financing activities		4,152	58,194
Net increase in cash and cash equivalents		1,952	16,246
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		49,593	33,347
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	16	51,545	49,593

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000 (Restated)
Revenue		-	-
Other income		-	458
Administrative expenses		(2,380)	(4,283)
Losses on receivables and deposits – net		(5,000)	(3,460)
Loss from operations		(7,380)	(7,285)
Finance income	5	1,408	705
Share of results of associates		141	140
Loss before tax	6	(5,831)	(6,440)
Taxation	9	-	-
Loss for the financial year		(5,831)	(6,440)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets		-	220
Other comprehensive income for the financial year		-	220
Total comprehensive loss for the financial year		(5,831)	(6,220)

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,488	3,539
Investment in subsidiaries	12	21,026	21,026
Investment in associate	13	9,281	9,140
<i>Total non-current assets</i>		33,795	33,705
Current assets			
Other financial assets	15	18,294	7,104
Amount due from subsidiaries	15	5,567	5,566
Tax recoverable		236	236
Term deposits	16	65,379	80,234
Cash and bank balances	16	6,290	3,849
<i>Total current assets</i>		95,766	96,989
TOTAL ASSETS		129,561	130,694
EQUITY			
Share capital	17	158,208	154,056
Other reserves	18	6,077	6,077
Accumulated losses		(68,991)	(63,160)
TOTAL EQUITY		95,294	96,973
LIABILITIES			
Non-current liabilities			
Deferred taxation	19	280	280
<i>Total non-current liabilities</i>		280	280
Current liabilities			
Other payables and accruals	21	10,073	9,770
Amount due to subsidiaries	21	23,914	23,671
<i>Total current liabilities</i>		33,987	33,441
TOTAL LIABILITIES		34,267	33,721
TOTAL EQUITY AND LIABILITIES		129,561	130,694

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2021	95,621	3,850	(54,713)	44,758
Share issuance (Note 17)	56,035	–	–	56,035
Employee share options scheme (Note 17)	2,159	241	–	2,400
Share based transactions (Note 17)	241	(241)	–	–
Transfers	–	2,007	(2,007)	–
Loss for the financial year				
- as previously stated	–	–	(4,879)	(4,879)
- prior year adjustment	–	–	(1,561)	(1,561)
- as restated	–	–	(6,440)	(6,440)
Other comprehensive income for the financial year	–	220	–	220
At 31 December 2021 and 1 January 2022	154,056	6,077	(63,160)	96,973
Employee share options scheme (Note 17)	4,152	–	–	4,152
Loss for the financial year	–	–	(5,831)	(5,831)
At 31 December 2022	158,208	6,077	(68,991)	95,294

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax		(5,831)	(6,440)
Adjustments for:			
Losses on disposal on investment in quoted share		–	363
Losses on investment in subsidiaries		–	1,952
Share of results of associates		(141)	(140)
Equity share based expenses – ESOS	7	–	241
Interest income	5	(1,408)	(705)
Bad debts written off		10	–
Depreciation of property, plant and equipment	11	51	49
Losses on receivables and deposits – net	15	5,000	1,700
Operating loss before working capital changes		(2,319)	(2,980)
Changes in:			
Increase in receivables		(15,769)	(19)
Increase/(decrease) in amount due from/to subsidiaries		232	(836)
Increase/(decrease) in payables		303	(26)
Cash used in operations		(17,553)	(3,861)
Interest received		987	78
Net cash used in operating activities		(16,566)	(3,783)
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of investments in quoted shares		–	300
Withdrawals/(placements) of deposits with maturity of more than three months		14,368	(34,684)
Net cash generated from/(used in) investing activities		14,368	(34,384)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issuance		–	56,035
Proceeds from ESOS exercised		4,152	2,159
Net cash generated from financing activities		4,152	58,194
Net increase in cash and cash equivalents		1,954	20,027
CASH AND CASH EQUIVALENTS AT 1 JANUARY		49,399	29,372
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	51,353	49,399

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The Company and associates is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 12 and Note 13 to the financial statements, respectively. There have been no significant changes in the nature of these activities during the financial year.

The registered office is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor. The principal place of business is located at No.1, Jalan Sungai Aur, 42000 Port Klang, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2023.

2. BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM").

The preparation of financial statements in conformity with MFRS 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 revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c) to the financial statements.

(a) Amendments to published standards and interpretations that are effective and applicable to the Group and the Company

On 1 January 2022, the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2022:

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Reference to the Conceptual Framework, (Business Combinations)
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- MFRS 116, Property, Plant and Equipment – Proceeds Before Intended Use
- Amendments to MFRS 137, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The adoption of the above amendments to published standards and interpretations did not have any significant effect on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods of the consolidated and separate financial statements of the Group and of the Company respectively upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)**(b) Amendments to published standards and interpretations that are applicable to the Group and the Company but not yet effective*****MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases - Lease liability in a sale and Leaseback
- Amendments to MFRS 101, Presentation of financial statements - Non current liabilities with covenants

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128, Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(c) Critical accounting estimates and judgements

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) Estimated useful life and impairment assessment of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore any impairment or reduction in the estimated useful lives of property, plant and equipment would increase charges to the statement of profit or loss and decrease their carrying value.

(ii) Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of change in fair value would differ if the Group and the Company use different valuation methodologies. Any change in fair value of these assets and liabilities would affect profit and/or equity.

(iii) Provision for expected credit losses of trade receivables

The Group applies a simplified approach in calculating ECLs for trade receivables. To measure the expected loss rates, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. These historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as unemployment rate, interest rate and economic outlook. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)**(c) Critical accounting estimates and judgements (Cont'd)****(iii) Provision for expected credit losses of trade receivables (Cont'd)**

The Group estimates the relationship between historical loss rates and forward-looking information on macroeconomic factors and ECL which may not be representative of a customer's actual default in the future.

(iv) Provisions for liabilities and charges

The Group recognises provisions for liabilities and charges when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provision requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

(v) Carrying value of investment in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 3(f) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

(vi) Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile. The carrying amount of deferred tax assets and liabilities are disclosed in Note 19 to the financial statements.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Foreign currencies****(i) Functional and presentation currency**

The individual financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the respective entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is the Group's and the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Foreign currencies (Cont'd)****(ii) Foreign currency transactions and balances**

Transactions in foreign currencies are measured in the functional currency of the Group and of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Group companies

Exchange differences arising on monetary items that form part of the Group's and the Company's net investment in foreign operations is recognised initially in other comprehensive income accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss as part of the gain or loss on sale of the Group and of the Company upon disposal of the foreign operation.

(b) Basis of consolidation and equity accounting**(i) Subsidiaries**

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) over which the Group has power to exercise control over variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Basis of consolidation and equity accounting (Cont'd)****(i) Subsidiaries (Cont'd)**

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the statement of profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Non-controlling interests represent that portion of the profit or loss, other comprehensive income and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. It is measured at the non-controlling's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the non-controlling's share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiary are attributed to the parent and non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance.

(ii) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Effects of transactions with non-controlling interests are directly recognised in equity to the extent that there is no change in control. The difference between the fair value of any consideration paid/ received and the carrying amount of the share of net assets acquired/sold are recorded in equity. Accordingly, such transactions will no longer result in goodwill or gains and losses upon disposal.

(iii) Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates is initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Basis of consolidation and equity accounting (Cont'd)****(iii) Associates (Cont'd)**

The Group's share of the associate's post-acquisition profit or loss and other comprehensive income are recognised in the consolidated profit or loss and other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. Goodwill relating to an associate is included in the carrying value of the investment and is not tested for impairment separately.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the financial period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets of the previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3 (f) on impairment of non-financial assets.

On disposal, the difference between the net disposal proceeds and the net carrying amount of the associate disposed is taken to the profit or loss.

In the Company's separate financial statements, investment in associates is stated at cost less impairment loss.

(c) Revenue

Revenue is recognised when customers obtain control of the goods and services that reflect the consideration to which the Group expects to be entitled in exchange for those goods and services and when all the performance obligations in relation to the goods and services are satisfied.

(i) Freight revenue and other shipping related income

Freight revenue and other shipping related income for completed voyages up to the reporting date are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Revenue (Cont'd)**

- (ii) Shipping related services and project management fees

Revenue from the provision of services in relation to shipping and project management are recognised upon rendering of such services in the period which the services are rendered.

- (iii) Dividend income

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

- (iv) Interest income

Interest income from financial assets that are held for cash management purposes is recognised in the period that they are earned on accrual basis.

Interest income is calculated using by applying the effective interest rate to the gross carrying amount of a financial asset.

- (v) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(d) Employee benefits

- (i) Short-term benefits

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

- (ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

- (iii) Share-based compensation benefits

Share-based compensation benefits are provided to employees via the Employee Share Option Scheme ("ESOS"). Where the Group and the Company pay for services of employees using the share options and shares, the fair value of the share options, share grants and shares acquired in exchange for the services of the employees are recognised as an employee benefit expense in the statement of profit or loss over the vesting periods, with a corresponding increase in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

Non-market vesting conditions attached to the transactions are not taken into account in determining fair value. Non-market vesting and service conditions are included in assumptions about the number of options or shares that are expected to vest.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Employee benefits (Cont'd)****(iii) Share-based compensation benefits (Cont'd)**

When share options or share grants are exercised, the proceeds received, if any, from the exercise of the share options or share grants together with the corresponding share-based payments reserve, net of any directly attributable transaction costs are transferred to equity. If the share options or share grants expire or lapse, the corresponding share-based payments reserve attributable to the share options or share grants are transferred to retained earnings.

When share options or share grants are forfeited due to failure by the employee to satisfy the service and/or performance conditions, any expenses previously recognised in relation to such share options or share grants are reversed effective on the date of the forfeiture.

When shares of the Company are acquired from the open market at market price using cash incentive payable to employees, the transactions are recorded in share-based payments reserve.

In the separate financial statements of the Company, the share options, share grants and shares acquired, over the Company's equity instruments for the employees of subsidiary undertakings in the Group, are treated as a capital contribution. The fair value of the share options, share grants and shares acquired for employees of the subsidiary in exchange for the services of employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity.

(e) Tax expense**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Tax expense (Cont'd)****(ii) Deferred tax (Cont'd)**

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period. 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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(f) Impairment of non-financial asset

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite economic useful life are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets ("CGUs"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Any impairment loss is charged to the statement of profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(g) Property, plant and equipment

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

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

Depreciation of property, plant and equipment is calculated on the straight-line basis at the following annual rates based on their estimated useful lives:

Leasehold lands	2.0%
Buildings	2.0%
Containers	7.7%
Motor vehicles	20.0%
Furniture, fixtures and equipment	10.0% - 33.3%
Renovation	12.5% - 33.3%

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Property, plant and equipment (Cont'd)**

Costs incurred on dry docking of vessels are accounted for as an acquisition of a separate asset within vessels and are depreciated over the period to the next dry docking.

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

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

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

(h) Intangible assets**(i) Goodwill on consolidation**

Goodwill arises from a business combination and represents the excess of the aggregation of the consideration transferred for purchase of subsidiaries or businesses, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Negative goodwill is recognised immediately in the statement of profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating unit that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of the cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair value of the operation disposed off and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)**(i) Financial assets****(i) Classification**

The Group and the Company classify its financial assets in the following measurement categories: at fair value through profit or loss or other comprehensive income "OCI" and at amortised cost. The classification depends on the nature of the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular way purchases and sales of financial assets are recognised on the trade date. The trade date refers to the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The Group and the Company subsequently measure all equity instruments at fair value. Where the Group's and the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised within other operating expenses in the statement of profit or loss as applicable.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Financial assets (Cont'd)****(iv) Subsequent measurement – impairment**

The Group assesses on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The financial assets of the Group and the Company that are subject to the ECL model are trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9 “Financial Instruments”, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
 - the time value of money; and
 - reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions.
- (a) General 3-stage approach for other receivables, deposits and amount due from subsidiaries

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(b) Simplified approach for trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Significant increase in credit risk

The Group considers 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 compares 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 supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating; and
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Financial assets (Cont'd)**

(iv) Subsequent measurement – impairment (Cont'd)

(b) Simplified approach for trade receivables (Cont'd)

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, when counterparty fails to make contractual payment more than 365 days after they fall due or the debtor is insolvent or has significant financial difficulties.

Financial instruments that are credit-impaired are assessed on individual basis.

For certain categories of financial assets, such as trade receivables, finance lease receivables and contract assets, balances that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Groupings of instruments for ECL measured on collective basis

(a) Collective assessment

To measure ECL, trade receivables, finance lease receivables and contract assets have been grouped based on shared credit risk characteristics of customer's behaviour and the days past due. The contract assets relate to unbilled amounts and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(b) Individual assessment

Trade receivables, finance lease receivables, contract assets, other receivables and deposits, related parties' owing that are in default or credit-impaired are assessed individually.

Write-off

Financial assets are written off when the Group and the Company have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery. Indicator of no reasonable expectation of recovery include failure of a debtor to engage in a repayment plan with the Group and the Company. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

Impairment losses are presented as net impairment losses within 'impairment of financial assets'. Write-offs are recognised in profit or loss within 'administrative and general expenses'. Subsequent recoveries of amounts previously written off are credited against the same line item.

NOTES TO THE FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Financial liabilities****(i) Classification and measurement**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current.

The Group's and the Company's other financial liabilities include trade payables, other payables and intercompany payables.

Other financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the statement of profit or loss.

(ii) Recognition and derecognition

Financial liabilities are recognised when the Group and the Company become party to the contractual provisions of the instrument.

Financial liabilities are derecognised when the liability is either discharged, cancelled, expired or has been restructured with substantially different terms.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand, demand deposits (excluding deposits pledged), short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

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 resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expected expenditure required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTI'D)**(m) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company but discloses its existence in the financial statements.

(n) Operating segments

For management purposes, the Group is organised into operating segments based in a manner consistent with internal reporting provided to the chief operating decision maker. The management of the Group regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. The chief operating decision-makers are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

(o) Share capital**(i) Classification**

Ordinary shares and redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(ii) Share issue costs

External costs directly attributable to the issue of new shares are accounted for as a deduction from equity to the extent that they are incremental cost directly attributable to the equity transaction.

4. REVENUE

	2022	Group	2021
	RM'000		RM'000
Freight revenue and other shipping related income	8,613		5,922
<hr/>			
Timing of revenue recognition:			
Services rendered at point in time	8,613		5,922
<hr/>			

5. FINANCE INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income	1,408	705	1,408	705
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS

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6. LOSS BEFORE TAX

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss before tax is derived after (crediting)/charging:				
Auditors' remuneration:				
- statutory audit current year	105	109	60	67
- statutory audit under provision in prior year	14	-	10	-
- other services current year	5	15	5	15
- other services under provision in prior year	10	-	10	-
Bad debts written off	-	-	10	-
Depreciation of property, plant and equipment	290	297	51	49
Impairment losses on:				
- other financial assets	5,000	1,700	5,000	2,191
Write-off of other receivables	-	10,322	-	-
Net foreign exchange (gains)/losses				
- unrealised	(132)	185	-	-
Employee benefits (Note 7)	573	928	218	210
Non-executive directors' fee and allowance (Note 8)	219	222	219	222

7. EMPLOYEE BENEFITS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	514	575	197	168
Defined contribution plan	51	112	21	42
Share based payments	-	241	-	-
Other employee benefits	8	-	-	-
	573	928	218	210

Included in employee benefits of the Group are executive directors' remuneration amounting to RM225,000 (2021: RM210,000), as disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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8. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The aggregate amount of emolument received/receivable by the Directors of the Company during the financial year is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive:				
Wages, salaries and bonus	197	168	197	168
Defined contribution plan	21	42	21	42
Total executive directors' remuneration (Note 7)	218	210	218	210
Non-executive:				
Fees	219	222	219	222
Total Non-executive directors' fee and allowance (Note 6)	219	222	219	222
Total Directors' remuneration	437	432	437	432

Key management personnel comprise persons including Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel of the Group excluding Directors of the Company during the financial year are as follows:

	Group	
	2022 RM'000	2021 RM'000
Wages, salaries and bonus	150	252
Defined contribution plan	17	30
	167	282

9. TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax				
- adjustments of prior periods	7	(68)	-	-
Deferred tax (Note 19)				
- adjustments of prior periods	3	-	-	-
Income tax expense	10	(68)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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9. TAXATION (CONT'D)**Reconciliation of effective tax expense**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
				(Restated)
Loss before tax	(6,475)	(5,518)	(5,831)	(6,440)
Tax at statutory tax rate of 24%	(1,554)	(1,324)	(1,399)	(1,546)
Non-taxable income	(37)	(35)	–	–
Current year losses not recognised	206	437	199	45
Non-deductible expenses	1,486	918	1,200	1,501
Deferred tax assets not recognised	–	4	–	–
Utilisation of deferred tax assets previously not recognised	(101)	–	–	–
Current tax adjustments of prior periods	7	(68)	–	–
Deferred tax adjustments of prior periods	3	–	–	–
	10	(68)	–	–

10. LOSS PER SHARE

Basic loss per share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the financial year, calculated as follows:

	2022	Group	2021
Loss attributable to ordinary shareholders of the Company (RM'000)	(6,485)		(5,253)
Number of ordinary shares in issue ('000)	581,367		501,367
Basic loss per share (sen)	(1.12)		(1.05)

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold lands RM'000	Buildings RM'000	Motor vehicles RM'000	Furniture, fixtures and equipment RM'000	Others RM'000	Total RM'000
2022						
Cost						
At 1 January / 31 December	2,796	1,926	1,296	1,194	836	8,048
Accumulated depreciation						
At 1 January	592	706	784	1,194	836	4,112
Charge for the year	33	38	219	–	–	290
At 31 December	625	744	1,003	1,194	836	4,402
Carrying value						
At 31 December	2,171	1,182	293	–	–	3,646
2021						
Cost						
At 1 January	2,796	1,926	1,413	2,237	887	9,259
Disposals	–	–	(117)	(1,043)	(51)	(1,211)
At 31 December	2,796	1,926	1,296	1,194	836	8,048
Accumulated depreciation						
At 1 January	559	668	623	2,237	887	4,974
Charge for the year	33	38	226	–	–	297
Disposals	–	–	(65)	(1,043)	(51)	(1,159)
At 31 December	592	706	784	1,194	836	4,112
Carrying value						
At 31 December	2,204	1,220	512	–	–	3,936

NOTES TO THE FINANCIAL STATEMENTS

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11. PROPERTY PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold lands RM'000	Buildings RM'000	Total RM'000
2022			
Cost			
At 1 January/31 December	2,370	1,420	3,790
Accumulated depreciation			
At 1 January	122	129	251
Charge for the financial year	25	26	51
At 31 December	147	155	302
Carrying value			
At 31 December	3,223	1,265	3,488
	Leasehold lands RM'000	Buildings RM'000	Total RM'000
2021			
Cost			
At 1 January/31 December	2,370	1,420	3,790
Accumulated depreciation			
At 1 January	98	104	202
Charge for the financial year	24	25	49
At 31 December	122	129	251
Carrying value			
At 31 December	2,248	1,291	3,539

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
At cost:		
Unquoted ordinary shares	6,740	6,842
Redeemable preference shares	63,000	63,000
Deemed investment – capital contribution	909	909
	70,649	70,751
Less: Accumulated impairment loss		
At 1 January	(49,725)	(47,773)
Addition	–	(1,952)
Reversal/write-off	102	–
At 31 December	(49,623)	(49,725)
	21,026	21,026

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of companies	Place of incorporation	Percentage of equity held		Principal activities
		2022	2021	
Perkapalan Dai Zhun (Johore) Sdn. Bhd.	Malaysia	99.99%	99.99%	Shipping and provision of related services
Beta Marine Sdn. Bhd.	Malaysia	100.00%	100.00%	Provision of administrative and support service activities
Fokus Marine Sdn. Bhd.	Malaysia	99.99%	99.99%	Dormant
PDZ Shipping Agency (Kuching) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
PDZ Shipping Agency Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
PDZ Shipping Agency (Bintulu) Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
PDZ Shipping Agency (Sabah) Sdn. Bhd.*	Malaysia	–	51.00%	Dormant
PDZ Shipping Agency (Sibu) Sdn. Bhd.	Malaysia	60.00%	60.00%	Dormant
PDZ Shipping Agency (Johor) Sdn. Bhd.	Malaysia	60.00%	60.00%	Dormant
PDZ Shipping Agency (Tawau) Sdn. Bhd.*	Malaysia	–	51.00%	Dormant
Arus Marine Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Jati Marine Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
Erat Marine Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant
PDZ Lines Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant

* The company was struck off and officially gazetted on 3 April 2023.

13. ASSOCIATES

	Group/Company	
	2022 RM'000	2021 RM'000
Unquoted shares	9,000	9,000
Share of post-acquisition results and reserves	281	140
Share of net assets in associate	9,281	9,140

NOTES TO THE FINANCIAL STATEMENTS

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13. ASSOCIATES (CONT'D)

The details of the Group's associate as follows:

Name of companies	Place of incorporation	Percentage of equity held		Principal activities
		2022	2021	
EC Victory Sdn. Bhd.	Malaysia	40.00%	40.00%	Transportation and warehousing

14. TRADE RECEIVABLES

	Group	
	2022 RM'000	2021 RM'000
Trade receivables	5,177	3,703
Less: Allowance		
At 1 January	–	(1,003)
Reversal / Write-off	–	1,003
At 31 December	–	–
	5,177	3,703

The Group's normal trade credit terms range from 30 days to 270 days (2021: 30 days to 270 days) and therefore classified as current. Other credit terms are assessed and approved on a case by case basis. Details about the group's impairment policy and the calculation of the impairment loss allowance are as per Note 26(a).

Due to the short-term nature of the current trade receivables, their carrying amounts are considered to be the same as their fair values.

15. OTHER FINANCIAL ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	9,829	9,639	9,829	9,639
Deposits	22,249	6,249	22,225	6,225
Amount due from subsidiaries	–	–	9,157	9,157
	32,078	15,888	41,211	25,021
Less: Impairment loss				
At 1 January	(8,784)	(17,382)	(12,350)	(10,160)
Charge	(5,000)	(1,724)	(5,000)	(2,191)
Reversal / Write-off	–	10,322	–	–
At 31 December	(13,784)	(8,784)	(17,350)	(12,351)
	18,294	7,104	23,861	12,670

Other receivables generally arise from transactions outside the usual operating activities of the Group. Due to the short-term nature of the above balances, their carrying amount are considered to be the same as their fair value.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

16. TERM DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at bank and in hand	6,429	3,990	6,290	3,849
Term deposits	65,432	80,287	65,379	80,234
Total cash and cash equivalents	71,861	84,277	71,669	84,083
Less: Fixed deposit held more than 3 months	(20,316)	(34,684)	(20,316)	(34,684)
Cash and cash equivalents as presented in statement of cash flow	51,545	49,593	51,353	49,399

Term deposits are presented as cash equivalents if they have a maturity of three months or less and are repayable within 24 hours' notice. Fixed deposits placed have maturity periods which range from 3-6 month (2021: 3-6 month) and the effective interest rates are disclosed in Note 26(b) to the financial statements. Term deposit is being placed to approve non-financial institution.

17. SHARE CAPITAL

	Group and Company			
	2022 Number of ordinary shares ('000)	2021	2022 RM'000	2021 RM'000
Issued and fully paid				
At 1 January	501,367	980,679	154,056	95,621
Share issuance	–	400,250	–	56,035
Share consolidation	–	(910,062)	–	–
Employee share option, issuance scheme ("ESOS")	80,000	30,500	4,152	2,400
At 31 December	581,367	501,367	158,208	154,056

Employee Share Option Scheme ("ESOS")

The ESOS was established for a period of five (5) years commencing from 16 December 2021 until 15 December 2026. The Company will make available new shares, not exceeding in aggregate 15% of total shares during the existence of the ESOS, to be issued under the share options granted. Participation in the plan is at the discretion of the Remuneration Committee and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The ESOS is for the benefit of eligible employees of the Group. The ESOS is for a period of 5 years and is governed by the ESOS Bye-Laws.

The Remuneration Committee comprising Directors of the Company administers the ESOS. The Remuneration Committee may from time to time, offer share options to eligible employees of the Group to subscribe for new ordinary shares in the Company.

NOTES TO THE FINANCIAL STATEMENTS

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17. SHARE CAPITAL (CONT'D)Employee Share Option Scheme ("ESOS") (Cont'd)

The salient features of the ESOS are as follows:

Group	Average exercise price per share option	Number of options '000
As at 1 January 2022	–	–
Granted during the year	RM0.052	117,000
Exercised during the year	RM0.052	(80,000)
Forfeited during the year	RM0.052	(37,000)
<hr/>		
As at 31 December 2022	–	–
<hr/>		
Vested and exercisable as at 31 December	–	–

No options expired during the periods covered by the above tables. There were no share options outstanding at the end of the financial year.

The share options exercised during the financial year resulted in 80,000,000 (2021: 30,500,000) shares being issued and the related weighted average share price at the date of exercise was RM0.0563 and RM0.0571 (2021: RM0.078) per share.

The assessed fair value at grant date of options granted during the financial year ended 31 December 2022 was RM0.01 per option (2021: RM0.01 per option). The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

18. OTHER RESERVES

Group /Company	ESOS Reserve RM'000	Warrant reserve RM'000	Financial assets at FVOCI RM'000	Revaluation reserve RM'000	Total RM'000
2022					
At 1 January / 31 December	–	5,191	–	886	6,077
<hr/>					
Group /Company	ESOS Reserve RM'000	Warrant reserve RM'000	Financial assets at FVOCI RM'000	Revaluation reserve RM'000	Total RM'000
2021					
At 1 January	–	3,184	(220)	886	3,850
Share based expenses	241	–	–	–	241
ESOS exercised	(241)	–	–	–	(241)
Fair value adjustments	–	2,007	220	–	2,227
<hr/>					
At 31 December	–	5,191	–	886	6,077

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	280	280	280	280
Recognised in profit or loss (Note 9)	3	–	–	–
At 31 December	283	280	280	280

The components and movements of deferred tax liabilities during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment				
At 1 January	283	280	280	280
Addition	3	–	–	–
At 31 December	283	280	280	280

No deferred tax assets have been recognised for the following items:

	Group	
	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	31,411	31,832
Unutilised tax losses	5,577	5,577
	36,988	37,409
Potential tax benefit at 24% (2021: 24%)	8,877	8,978

At the reporting date, the Group and the Company have unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to 10-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority.

20. TRADE PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Trade payables	4,490	3,276

The normal trade credit terms granted to the Group range from 30 days to 270 days (2021: 30 days to 270 days). These are unsecured and usually paid within the credit terms. The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

21. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000 (Restated)
Other payables	90	188	17	136
Accruals	10,085	9,634	10,056	9,634
Amount due to subsidiaries	–	–	23,914	23,671
	10,175	9,822	33,987	33,441

The amount due to subsidiaries represents unsecured, interest-free advances and is repayable on demand.

22. PRIOR FINANCIAL YEAR ADJUSTMENT

In financial year ended 31 December 2022, the Company discovered that the other income has been overstatement by RM1,561,000 in the financial year ended 31 December 2021.

The net effects to the Company's comparative figures are as summarised below:

	As previously reported RM'000	Prior financial year adjustments RM'000	As restated RM'000
<i>Statement of financial position as at 31 December 2021</i>			
Current liabilities			
Amount due to subsidiaries	22,110	1,561	23,671
Equity			
Accumulated losses	(61,599)	(1,561)	(63,160)
<i>Statement of comprehensive income as at 31 December 2021</i>			
Other income	2,019	(1,561)	458
<i>Statement of cash flows as at 31 December 2021</i>			
Decrease in amount due from/to subsidiaries	(2,397)	1,561	(836)

NOTES TO THE FINANCIAL STATEMENTS

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23. SIGNIFICANT RELATED PARTY TRANSACTIONS

The aggregate value of significant related party transactions and outstanding balances were as follows:

Name of Companies	Type of transactions	Transaction value		Balance outstanding from/(to) as at 31 December	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Company With subsidiaries:					
Arus Marine Sdn. Bhd.	Expenses paid on behalf	2	18	493	–
Beta Marine Sdn. Bhd.	Expenses paid on behalf	429	319	1,734	1,733
Fokus Marine Sdn. Bhd.	Expenses paid on behalf	3	25	592	588
Erat Marine Sdn. Bhd.	Expenses paid on behalf	2	29	5,205	5,202
Jati Marine Sdn. Bhd.	Advances	3	9	(1,558)	(1,570)
Perkapalan Dai Zhun (Johore) Sdn. Bhd.	Expenses paid on behalf	432	–	(20,509)	(20,240)
PDZ Shipping Agency Sdn. Bhd.	Expenses paid on behalf	4	140	1,147	1,142
PDZ Shipping Agency (Johor) Sdn. Bhd.	Advances	4	7	(742)	(746)
PDZ Shipping Agency (Kuching) Sdn. Bhd.	Expenses paid on behalf	4	53	(1,119)	(1,123)
PDZ Shipping Agency (Bintulu) Sdn. Bhd.	Advances	–	8	–	–
PDZ Shipping Agency (Sibu) Sdn. Bhd.	Advances	–	11	–	–
PDZ Lines Sdn. Bhd.	Expenses paid on behalf	–	9	–	–

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

24. COMMITMENTS AND CONTINGENT LIABILITIES

- (i) Injunction against Formosa Plastics Marina Corporation (“Formosa”) and Eastgate Ventures Sdn. Bhd. (“Eastgate”) Group

On 21 September 2016, the Company obtained an ex-parte injunction against Formosa and the Eastgate Group, amongst others, to restrain them from arresting the Company's vessels, cargo thereon or freight due therefrom. Formosa filed an application to set aside the said injunction and also for a stay of proceedings to refer this dispute to arbitration. On 2 May 2017, the Judge allowed the stay application pending arbitration and also that the injunctions were validly granted.

The Court awarded Eastgate Group's counter-claim against the Company and its former subsidiary, Perkapalan Dai Zhun Sdn. Bhd. (“PDZSB”) amounting to RM5,200,000 being the operational expenses incurred by Eastgate Group with interest of RM900,000 and cost of RM100,000, which were accrued in full in the financial year ended 31 December 2019. The Company and PDZSB have on 18 November 2019 filed for an appeal against the said judgement and obtained a stay of execution of the High Court judgement, with a sum of RM1.2 million paid by the Company into a joint stakeholder account and with a private caveat on the Company's office building. On 17 November 2022, Court of Appeal has set aside the High Court decision. Subsequently, Eastgate has filed the matter at the Federal Court and the matter is fixed for hearing on 22 June 2023.

- (ii) Admiralty in-rem action against PDZ Mewah Sdn. Bhd. (“PDZ Mewah”) by Dan-Bunkering (Singapore) Pte Ltd (“Dan-Bunkering”)

Dan-Bunkering initiated Admiralty suit and arrested PDZ Mewah for a claim of RM1,969,000 (USD484,000) in relation to unpaid bunker purchases. The full trial was completed on 5 March 2020 and the Admiralty High Court of Kuala Lumpur awarded to Dan-Bunkering the judgment sum of RM4,944,000 including interest and costs, in which were provided for accordingly during the financial year ended 31 December 2020.

Subsequent to the financial year end, the Company, Dan-Bunkering and Perkapalan Dai Zhun Sdn. Bhd. has completed the settlement and the Company has received RM390,000 pursuant to the amicable settlement reached which was recorded as a Consent Judgment dated 21 March 2023. In the Consent Judgment dated 21 March 2023, all parties shall withdraw all matters in relation to the suit without the liberty to file afresh.

25. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets:				
Trade receivables	5,177	3,703	–	–
Other receivables	1,069	879	1,069	879
Deposits	17,225	6,225	17,225	6,225
Amount due from subsidiaries	–	–	5,567	5,566
Term deposits and cash and bank balances	71,861	84,277	71,669	84,083
Financial assets at amortised costs	95,332	95,084	95,530	96,753
Financial liabilities:				
Trade payables	4,490	3,276	–	–
Other payables	90	188	17	136
Accruals	10,085	9,634	10,056	9,634
Amount due to subsidiaries	–	–	23,914	23,671
Financial liabilities at amortised costs	14,665	13,098	33,987	33,441

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

26. FINANCIAL RISK MANAGEMENT

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 credit risk interest rate risk, foreign currency risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their credit risk, interest rate risk, foreign currency risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

The Group's and the Company's credit risk management policies are to manage the exposure to credit risk, or the risk of counterparties defaulting, arises from trade and other receivables, deposits and cash and bank balances.

The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group has a credit policy in place and its exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there was no significant concentration of credit risk. Significant credit and recovery risks associated with receivables have been provided for in the financial statements.

Impairment of trade receivables

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are determined based on historical ageing profile and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Some of the factors which the Group has identified include unemployment rate, interbank lending rate, Consumer Price Index ("CPI") and annual Gross Domestic Product ("GDP") growth and has adjusted the historical loss rates based on expected changes in such factors.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (Cont'd)

The loss allowance as at 31 December 2022 was determined as follows trade receivables:

Group	Gross carrying amount RM'000	2022 Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	2021 Loss allowances RM'000	Net balance RM'000
Current (not past due)	774	–	774	553	–	553
1 – 30 days past due	859	–	859	1,864	–	1,864
31 – 180 days past due	3,483	–	3,483	1,286	–	1,286
More than 270 days past due	61	–	61	–	–	–
	5,177	–	5,177	3,703	–	3,703

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-earning financial assets and interest-bearing financial liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date and the periods in which they reprice or mature, whichever is earlier:

Effective interest rates analysis

Group	Effective interest rate per annum %	Within 1 year RM'000	Total RM'000
31 December 2022			
Financial assets			
Fixed deposits with licensed banks - denominated in RM	2.43	65,432	65,432
		65,432	65,432
31 December 2021			
Financial assets			
Fixed deposits with licensed banks - denominated in RM	2.09	80,287	80,287
		80,287	80,287

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (Cont'd)

Effective interest rates analysis (Cont'd)

Company	Effective interest rate per annum %	Within 1 year RM'000	Total RM'000
31 December 2022			
Financial assets			
Fixed deposits with licensed banks - denominated in RM	2.43	65,379	65,379
		65,379	65,379
31 December 2021			
Financial assets			
Fixed deposits with licensed banks - denominated in RM	2.09	80,234	80,234
		80,234	80,234

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

Group	Effects on profit after tax		Effects on equity	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Increase of 100 basis points	654	803	654	803
Decrease of 100 basis points	(654)	(803)	(654)	(803)
Company				
Increase of 100 basis points	654	802	654	802
Decrease of 100 basis points	(654)	(802)	(654)	(802)

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The risk is hedged with the objective of minimising the volatility of the currency cost upon remittance of payments to international vendors.

The Group's exposure to foreign currency is as follows:

Group	United States Dollar RM'000
31 December 2022	
Financial assets	
Trade receivables	5,177
	5,177
Financial liabilities	
Trade payables	(4,490)
	(4,490)
Net currency exposure	687
31 December 2021	
Financial assets	
Trade receivables	3,703
	3,703
Financial liabilities	
Trade payables	(3,276)
	(3,276)
Net currency exposure	427

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit, net of tax to a reasonably possible change in the exchange rates against the respective other currencies of the Group, with all other variables held constant:

	Effects on profit after tax		Effects on equity	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group				
Strengthen by 5% (2021: 5%)	(26)	(16)	(26)	(16)
Weakened by 5% (2021: 5%)	26	16	26	16

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities. As at 31 December 2022, the Group and the Company held deposits at call of RM65,432,000 (2021: RM80,287,000) that are expected to readily generate cash inflows for managing liquidity risk.

The following table sets out the maturity profile of the financial liabilities as at 31 December 2022 based on contractual undiscounted cash flows:

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000
Group			
31 December 2022			
Trade payables	4,490	4,490	4,490
Other payables and accruals	10,175	10,175	10,175
Total	14,665	14,665	14,665
31 December 2021			
Trade payables	3,276	3,276	3,276
Other payables and accruals	9,822	9,822	9,822
Total	13,098	13,098	13,098
Company			
31 December 2022			
Other payables and accruals	10,073	10,073	10,073
Amount due to subsidiaries	23,914	23,914	23,914
Total	33,987	33,987	33,987
31 December 2021			
Other payables and accruals	9,770	9,770	9,770
Amount due to subsidiaries	23,671	23,671	23,671
Total	33,441	33,441	33,441

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure the Group and the Company maintain an optimal capital structure so as to support the businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's and the Company's strategies were unchanged from the previous financial year.

The gearing ratio of the Group and Company as at the financial year end was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total liabilities	14,665	13,098	10,073	9,770
Less:				
Term deposit – not pledged	65,432	80,287	65,379	80,234
Cash and bank balances	6,429	3,990	6,290	3,849
	71,861	84,277	71,669	84,083
Net debt	(57,196)	(71,179)	(61,596)	(74,313)
Total equity	94,919	97,252	95,294	96,973
Gearing ratio (times)	–	–	–	–

Net debt is calculated as total liabilities (excluding intercompany advances) less deposits with banks (not pledged) and cash and bank balances. Total capital is calculated as equity plus net debt. The debt to equity ratio is calculated as net debt divided by total equity. There is no external capital requirement imposed on the Group and the Company.

28. FAIR VALUE

The carrying amounts of short-term receivables and payables, cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Location	Description/ Existing Use	Approximate Age of Building	Build-up Area/ Land Area (Sq.m)	Leasehold Expiry Date	Net Book Value as at 31.12.2022 (RM)	Date of Acquisition
Lot 6, Seksyen 13, Bandar Pelabuhan Klang, Daerah Klang, Selangor (No. 1, Jalan Sungai Aur, 42000 Port Klang, Selangor Darul Ehsan)	Land & building/ 3-storey commercial buildings	63 years	1,203.56/ 1,011.71	99 years 21.02.1959 to 20.02.2058	3,353,000	27.01.2003

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Total Number of Issued Shares	:	581,367,022 ordinary shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One (1) vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	(%)	No. of Shares	(%)
Less than 100	1,461	14.09	46,725	0.01
100-1,000	2,666	25.71	1,402,746	0.24
1,001-10,000	3,474	33.50	15,149,651	2.61
10,001-100,000	2,111	20.36	79,178,592	13.62
100,001-Less than 5% of the Issued Shares	654	6.31	318,725,023	54.82
5% and above of the Issued Shares	3	0.03	166,864,285	28.70
TOTAL	10,369	100.00	581,367,022	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
Sanichi Technology Berhad	78,000,000		13.42	–	–
Datuk Tan Chor How Christopher	35,889,285		6.17	–	–
Liow Wei Kim	55,392,285		9.53	–	–
Florence Wong Wei Wei	57,392,285		9.87	–	–

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	No. of Shares	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
Dato' Sri Rusli Bin Ahmad	–		–	–	–
Dato' Ahmad Zaffry Bin Hj. Sulaiman	–		–	–	–
Datuk Tan Chor How Christopher	35,889,285		6.17	–	–
Dr. Rosli Bin Azad Khan	–		–	–	–
Ho Jien Shiung	630,090		0.11	–	–
Wong Kok Seong	–		–	–	–

ANALYSIS OF SHAREHOLDINGS

Cont'd

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2023

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1.	Sanichi Technology Berhad	75,000,000	12.90
2.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Exempt an for Sanston Financial Group Limited (Account Client)</i>	56,000,000	9.63
3.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Majestic Salute Sdn. Bhd. for Datuk Tan Chor How Christopher</i>	35,864,285	6.17
4.	Gurdev Kaur A/P Inder Singh	12,000,000	2.06
5.	Mohd Mukhlis Bin Zainal Abidin	12,000,000	2.06
6.	Chua Eng Ho Wa'a @ Chua Eng Wah	7,999,000	1.38
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Poh Tit (Penang-CL)</i>	7,000,000	1.20
8.	Ong Eng Chuan	6,303,000	1.08
9.	Teh Kok Tse	6,231,200	1.07
10.	Metronic Global Berhad	5,100,000	0.88
11.	Sentaran Sdn. Bhd.	4,700,000	0.81
12.	Pang Chow Huat	4,290,000	0.74
13.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Khor Kim Hock (B B Klang-CL)</i>	3,600,000	0.62
14.	Lai Thiam Poh	3,503,500	0.60
15.	Ng Chai Yong	3,000,100	0.52
16.	Khek Cheng Lee	3,000,000	0.52
17.	Sanichi Technology Berhad	3,000,000	0.52
18.	Jasmi Bin Mohd Ismail	2,832,500	0.49
19.	Ho Yit Lin @ Ho Yuet Ling	2,800,000	0.48
20.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Lay Peng (E-TAI)</i>	2,800,000	0.48
21.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	2,693,000	0.46
22.	Tan Theng Por	2,600,000	0.45
23.	Ong Pei Boon	2,530,000	0.44
24.	Lim Chin Huat	2,500,000	0.43
25.	Ong Siew Hwa	2,462,500	0.42
26.	Adrian Tiong Meng Wei	2,100,000	0.36
27.	Chung Kin Chuan	2,096,000	0.36
28.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for Tok Boon Seong</i>	2,000,000	0.34
29.	Mohd Raimi Bin Mohamad	2,000,000	0.34
30.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Tan Teong Hai</i>	1,900,000	0.33

ANALYSIS OF WARRANTS C HOLDINGS

AS AT 31 MARCH 2023

Type of Securities	:	Warrant 2021/2024 (“Warrants C”)
No. of Warrant Issued	:	133,416,423
Exercise Price	:	RM0.16
Exercise Period	:	27 October 2021 to 26 October 2024

DISTRIBUTION OF WARRANTS C SHAREHOLDERS

Size of Holdings	No. of Warrants C Holders	(%)	No. of Warrants C	(%)
Less than 100	32	2.71	1,592	0.00
100-1,000	125	10.59	63,722	0.05
1,001-10,000	439	37.20	2,222,869	1.67
10,001-100,000	423	35.85	17,058,535	12.79
100,001-Less than 5% of the Issued Warrants	159	13.47	95,014,944	71.22
5% and above of the Issued Warrants	2	0.17	19,054,761	14.28
TOTAL	1,180	100.00	133,416,423	100.00

DIRECTORS' WARRANTS C HOLDINGS

(As per the Register of Directors' Warrants C Holdings)

Name of Directors	<-----Direct----->		<-----Indirect----->	
	No. of Warrants C	%	No. of Warrants C	%
Dato' Sri Rusli Bin Ahmad	-	-	-	-
Dato' Ahmad Zaffry Bin Hj. Sulaiman	-	-	-	-
Datuk Tan Chor How Christopher	11,954,761	8.96	-	-
Dr. Rosli Bin Azad Khan	-	-	-	-
Ho Jien Shiung	-	-	-	-
Wong Kok Seong	-	-	-	-

ANALYSIS OF WARRANTS C HOLDINGS

Cont'd

LIST OF THIRTY LARGEST WARRANTS C HOLDERS AS AT 31 MARCH 2023

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Warrants C Held	%
1.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Majestic Salute Sdn. Bhd. for Datuk Tan Chor How Christopher</i>	11,954,761	8.96
2.	Wong Yee Fatt	7,100,000	5.32
3.	Maiden Abdul Kadir Bin Mohd Ali	6,000,000	4.50
4.	Maiden Abdul Kadir Bin Mohd Ali	5,140,000	3.85
5.	Teh Kok Tse	5,122,900	3.84
6.	Ong Pei Boon	3,936,400	2.95
7.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Goh Zhong Fei (E-SJA)</i>	3,500,000	2.62
8.	Choo Poh Tit	2,698,700	2.02
9.	Kenanga Nominees (Asing) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. for Andrea Westrich Geb. Wagner</i>	2,500,000	1.87
10.	Muhammad Shahrul Azwan Bin Shahuri	2,500,000	1.87
11.	Kasim Bin Awang	2,045,100	1.53
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teh Kai Thee (MY0953)</i>	2,000,000	1.50
13.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Poh Tit (Penang-CL)</i>	2,000,000	1.50
14.	Ho Yit Lin @ Ho Yuet Ling	2,000,000	1.50
15.	Mohd Azali Bin Usman	1,778,500	1.33
16.	Kasim Bin Awang	1,741,800	1.31
17.	Ng Seng Ngee	1,679,000	1.26
18.	Teh Kai Thee	1,500,000	1.12
19.	You Pei Ling	1,500,000	1.12
20.	Gwee Ang Keong	1,403,333	1.05
21.	Halim Bin Hassan	1,300,000	0.97
22.	See Kar Fai	1,100,000	0.82
23.	Yacob Bin Md Salleh	1,100,000	0.82
24.	Leong Hon Wah	1,000,000	0.75
25.	Lim Kam Yoke	1,000,000	0.75
26.	Nabilah Hawa Binti Maiden Abdul Kadir	1,000,000	0.75
27.	Affin Hwang Investment Bank Berhad <i>IVT (LJY)</i>	973,600	0.73
28.	Ng Sook Kin	900,000	0.67
29.	Lee Kok Seong	800,000	0.60
30.	Ngah Bin Abdullah	800,000	0.60

DIRECTORS' RESPONSIBILITY STATEMENT

In connection with the preparation of the annual audited financial statements of the Company and the Group, the Directors are required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 in Malaysia, Malaysia Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and of their financial performances and cash flows for the financial year ended 31 December 2022 ("FYE 2022").

In the preparation of the financial statements for the FYE 2022, the Directors have taken steps to ensure that the Group has adopted appropriate accounting policies and has applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

The Directors are responsible for ensuring adequacy of 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 in Malaysia. The Directors have a general responsibility for taking reasonable steps towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting (“27th AGM” or “Meeting”) of PDZ HOLDINGS BHD. (“the Company”) will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform hosted on Securities Services e-Portal at <https://sshbs.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn. Bhd. on Tuesday, 27 June 2023 at 10:30 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to
Explanatory Note 1</i> |
| 2. | To approve the payment of Directors’ fees and benefits of up to RM282,000.00 for the period commencing from the date immediately after this 27th AGM until the next Annual General Meeting of the Company (“AGM”). | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:- | |
| | i. Dato’ Ahmad Zaffry Bin Hj. Sulaiman; and | Ordinary Resolution 2 |
| | ii. Mr. Ho Jien Shiung | Ordinary Resolution 3 |
| 4. | To re-elect Ms. Pang Siaw Sian who retires pursuant to Clause 91 of the Company’s Constitution. | Ordinary Resolution 4 |
| 5. | To re-appoint ChengCo PLT as Auditors of the Company 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 with or without any modifications, the following resolutions:-

- | | | |
|----|---|------------------------------|
| 6. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) | Ordinary Resolution 6 |
|----|---|------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and 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 per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

7. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY**Special Resolution**

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

8. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan

28 April 2023

Notes:

- (a) *A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.*
- (b) *A proxy may, but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
- (c) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*
- (d) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (e) *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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

Notes: (Cont'd)

- (f) *To be valid, the instrument appointing a proxy may be made via hardcopy or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment proposes to vote:-*

(1) In Hardcopy Form

The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(2) By Electronic Means

The proxy form shall be electronically lodged via Securities Services e-Portal's platform at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

- (g) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 19 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 19 June 2023 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
- (h) *All the resolutions set out in this Notice of the Meeting will be put to vote by poll.*
- (i) *The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.*
- (j) *Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at www.pdzlines.com for the latest updates on the status of the Meeting.*

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS**1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022**

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits were calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period from 28 June 2023 until the next AGM of the Company to be held in the year 2024. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

3. Items 3 and 4 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not a multiple of three (3), then the number nearest to one-third (1/3) shall retire by rotation at an AGM of the Company and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 91 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

NOTICE OF ANNUAL GENERAL MEETING

Cont'd

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS (CONT'D)**3. Items 3 and 4 of the Agenda – Re-election of Directors (Cont'd)**

Following thereto, Dato' Ahmad Zaffry Bin Hj. Sulaiman and Mr. Ho Jien Shiung will retire by rotation pursuant to Clause 85 of the Company's Constitution whereas Ms. Pang Siaw Sian will retire pursuant to Clause 91 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 27th AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile on Pages 5, 7 and 8 of the Company's Annual Report 2022.

4. Item 6 of the Agenda – General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the last AGM held on 22 June 2022 which will lapse at the conclusion of the Meeting.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

5. Item 7 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF PDZ HOLDINGS BHD. (“THE COMPANY”)

This is the Appendix A referred to in Agenda 7 of the Notice of Twenty-Seventh Annual General Meeting of the Company dated 28 April 2023.

Clause No.	Existing Clause	Proposed Clause
54 <i>Offer of new Shares</i>	<p>Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.</p>	<p>Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.</p>

APPENDIX A

Cont'd

Clause No.	Existing Clause	Proposed Clause
		<p>For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.</p>
<p>125A</p> <p><i>Validity of Electronic / Digital Signature</i></p>	<p>New provision</p>	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:</p> <ul style="list-style-type: none"> (a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>

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PDZ HOLDINGS BHD
 [199501031213 (360419-T)]
 (Incorporated in Malaysia)

Proxy Form

I/We* _____ NRIC/Registration No.* _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

being (a) member(s) of PDZ HOLDINGS BHD. [199501031213 (360419-T)] (“the Company”) hereby appoint _____

_____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

and/or*, _____ NRIC No. _____
(full name in capital letters)

of _____
(full address)

Email Address _____ Mobile Phone No. _____

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-Seventh Annual General Meeting (“27th AGM” or “Meeting”) of the Company to be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> (MYNIC Domain Registration Number D4A004360) provided by SS E Solutions Sdn. Bhd. on Tuesday, 27 June 2023 at 10:30 a.m. or at any adjournment thereof.

Please indicate with an “X” in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors’ fees and benefits of up to RM282,000.00 for the period commencing from the date immediately after this 27th AGM until the next Annual General Meeting of the Company.		
2.	To re-elect Dato’ Ahmad Zaffry Bin Hj. Sulaiman as a Director who retires by rotation pursuant to Clause 85 of the Company’s Constitution.		
3.	To re-elect Mr. Ho Jien Shiung as a Director who retires by rotation pursuant to Clause 85 of the Company’s Constitution.		
4.	To re-elect Ms. Pang Siaw Sian as a Director who retires pursuant to Clause 91 of the Company’s Constitution.		
5.	To re-appoint ChengCo PLT as Auditors of the Company.		
6.	To approve the authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the proposed amendments to the Constitution of the Company.		

* *delete whichever is not applicable*

Dated this _____ day of _____ 2023.

 Signature of Member(s)/Common Seal

CDS Account No.		
No. of Shares Held		
Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100



Fold this flap for sealing

Notes:

- (a) A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may, but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) To be valid, the instrument appointing a proxy may be made via hardcopy or by electronic means in the following manners and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof at which the person named in the appointment proposes to vote:-
 - (1) **In Hardcopy Form**
The proxy form shall be deposited at the Share Registrar's office, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
 - (2) **By Electronic Means**
The proxy form shall be electronically lodged via Securities Services e-Portal's platform at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.
- (g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 19 June 2023. Only members whose names appear in the General Meeting Record of Depositors as at 19 June 2023 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) The members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.
- (j) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.pdzlines.com for the latest updates on the status of the Meeting.

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AFFIX
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The Share Registrar
PDZ HOLDINGS BHD [199501031213 (360419-T)]
SECURITIES SERVICES (HOLDINGS) SDN. BHD.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

1st fold here



PDZ HOLDINGS BHD

Registration No. 199501031213 (360419-T)

No.1, Jalan Sungai Aur, 42000 Port Klang,
Selangor Darul Ehsan, Malaysia.

Phone : (+60)3 3169 2233

Fax : (+60)3 3165 9311

www.pdzlines.com