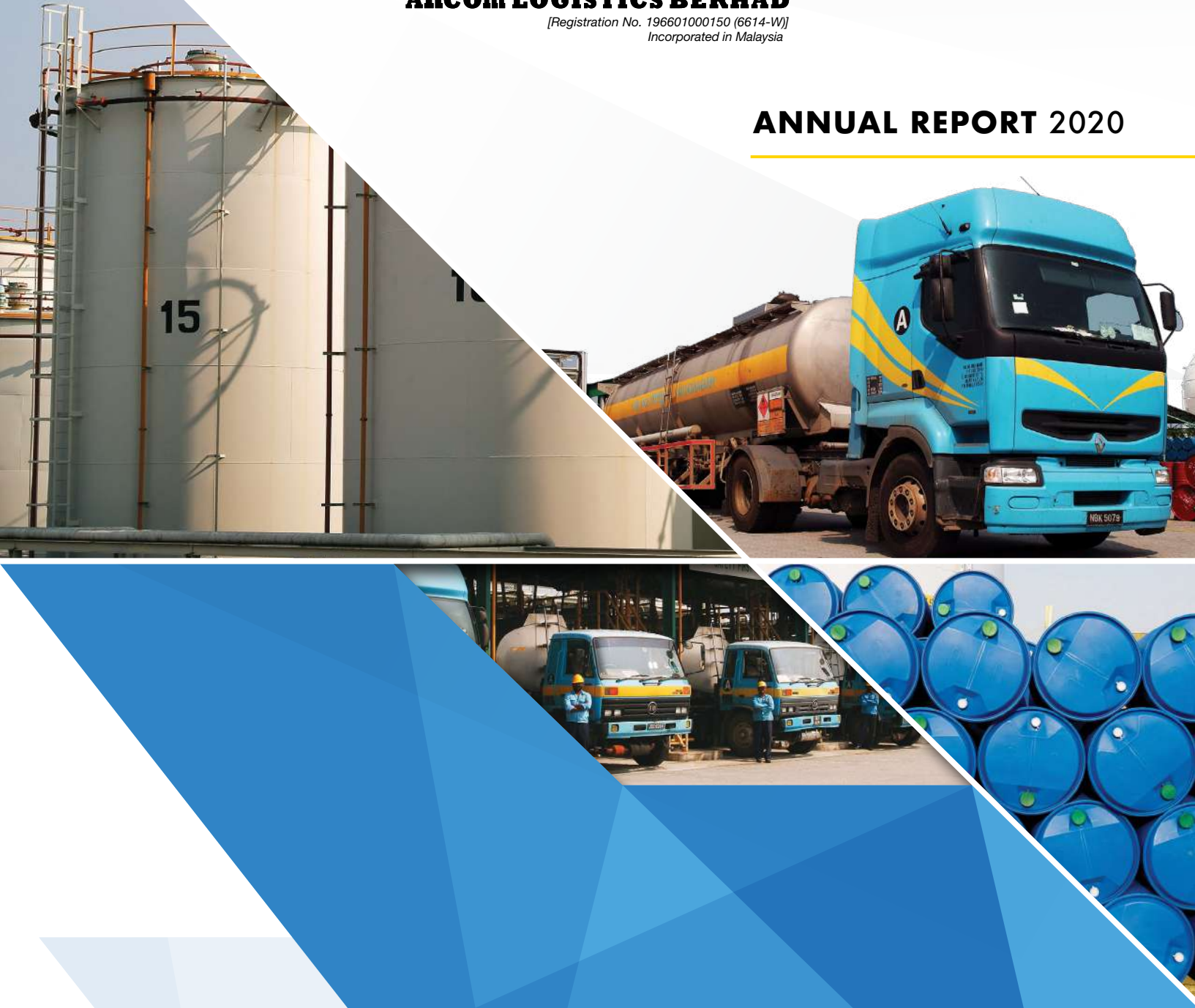




ANCOM LOGISTICS BERHAD

[Registration No. 196601000150 (6614-W)]
Incorporated in Malaysia

ANNUAL REPORT 2020



TOGETHER

WE CAN MAKE A DIFFERENCE

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Proxy Form



Go online to our website at:
www.ancomlogistics.com.my

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abdul Latif Bin Abdullah

(Independent Non-Executive Chairman)

Dato' Siew Ka Wei

(Executive Vice Chairman)

Abdul Latif Bin Mahamud

(Non-Independent Non-Executive Director)

Safrizal Bin Mohd Said

(Independent Non-Executive Director)

Lim Hock Chye

(Independent Non-Executive Director)

Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah

(Independent Non-Executive Director)

(Appointed on 24.7.2020)

AUDIT COMMITTEE

Safrizal Bin Mohd Said *(Chairman)*

Abdul Latif Bin Mahamud

Lim Hock Chye

REMUNERATION AND NOMINATION COMMITTEE

Lim Hock Chye *(Chairman)*

Dato' Abdul Latif Bin Abdullah

Safrizal Bin Mohd Said

COMPANY SECRETARIES

Choo Se Eng *(MIA 5876)*
(SSM PC No. 201908002341)

Stephen Geh Sim Whye *(MICPA 1810)*
(SSM PC No. 201908001029)

REGISTERED OFFICE

Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7805 1817 / 3817
Fax : (603) 7804 1316

BUSINESS ADDRESS

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn. Bhd.**

Office
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel. : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

BDO PLT, Chartered Accountants

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities
Berhad
(Stock Code : 0048)

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad

SOLICITORS

Lee, Perara & Tan
Chong, Ng & Yap

DOMICILE

Malaysia

WEBSITE

www.ancomlogistics.com.my

FIVE-YEAR HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	30,930	29,697	28,980	28,333	32,366
Profit/(Loss) before taxation	2,067	1,965	1,369	(2,463)	(286)
Profit/(Loss) for the financial year	631	769	221	(3,063)	(309)
Effective percentage rate of tax – %	69%	61%	84%	>100%	>100%
Net loss attributable to owners of the parent	(360)	(344)	(792)	(4,128)	(1,654)
ASSETS EMPLOYED					
Property, plant and equipment	21,403	30,573	27,040	29,805	29,988
Right-of-use assets	10,296	-	-	-	-
Investments	1,802	1,802	1,802	1,802	1,802
Current assets	15,813	16,053	18,525	20,872	25,536
TOTAL ASSETS	49,314	48,428	47,367	52,479	57,326
FINANCED BY					
Share capital	23,664	23,664	23,664	23,664	23,664
Reserves	8,526	8,526	8,526	8,526	8,526
Accumulated losses	(9,102)	(8,742)	(8,131)	(7,339)	(3,211)
	23,088	23,448	24,059	24,851	28,979
Non-controlling interests	7,245	8,018	8,682	10,119	14,670
Total equity	30,333	31,466	32,741	34,970	43,649
Non-current liabilities	10,082	9,053	7,295	6,225	5,768
Current liabilities	8,899	7,909	7,331	11,284	7,909
TOTAL EQUITY AND LIABILITIES	49,314	48,428	47,367	52,479	57,326
SHAREHOLDERS' INTERESTS					
Loss per ordinary share – sen	(0.08)	(0.07)	(0.17)	(0.87)	(0.35)
Net assets per share – sen	4.88	4.95	5.08	5.25	6.12
OTHER INFORMATION					
Depreciation	5,814	4,497	4,039	4,069	4,463
Interest expense	649	330	166	66	101

LIST OF PRINCIPAL OFFICES

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 13/2, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM-CHEMQUEST TERMINALS SDN. BHD.

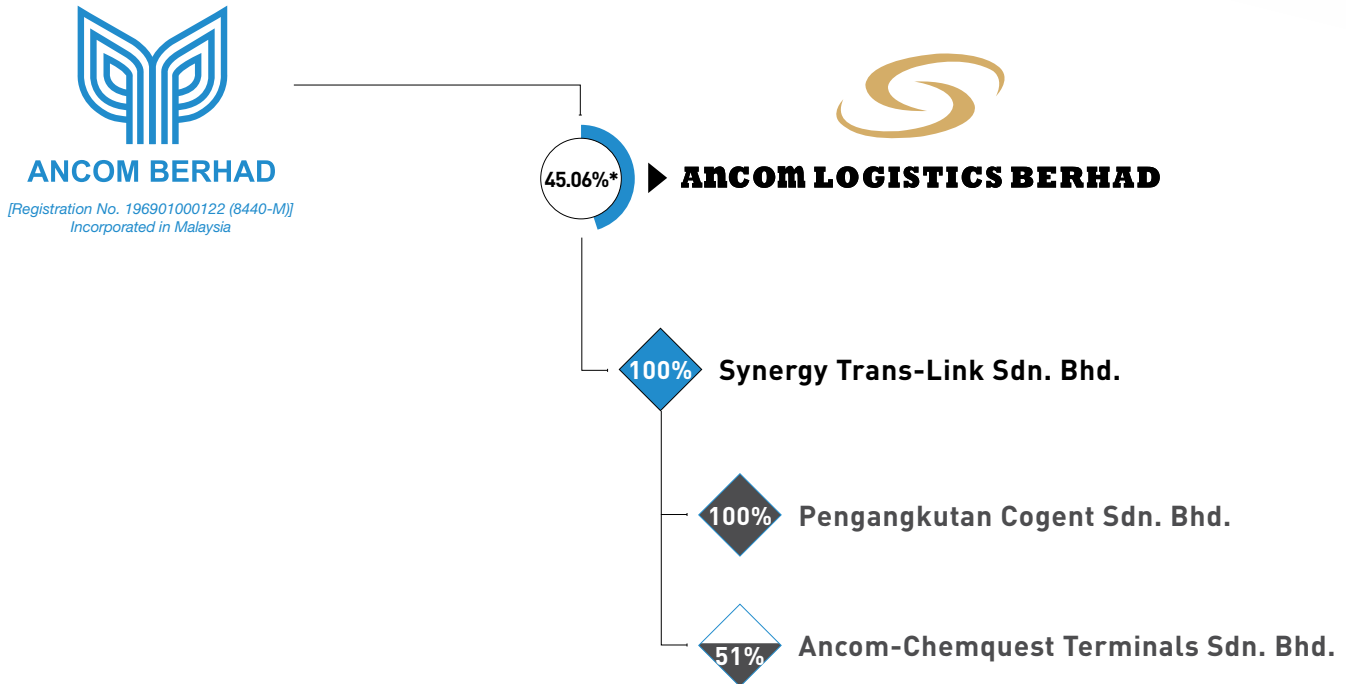
Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

PENGANGKUTAN COGENT SDN. BHD.

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama
Johor Darul Takzim
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

CORPORATE STRUCTURE

As at 31 May 2020



Note:
Only major companies are shown in this Corporate Structure.

* Direct and Indirect Interest

BOARD OF DIRECTORS



DATO' ABDUL LATIF BIN ABDULLAH

MALAYSIAN / MALE / AGED 70

Independent Non-Executive Chairman

Dato' Latif was appointed as Chairman of the Company on 20 August 2004. He was re-designated as Executive Chairman on 1 December 2004 and later as Non-Independent Non-Executive Chairman on 1 June 2006 and on 15 August 2014, as Independent Non-executive Chairman of the Company. He is a currently a member of the Remuneration and Nomination Committee ("R&N Committee") of the Company.

Dato' Latif obtained the Bachelor of Arts (Hons) degree in International Relations from University Malaya and Master of Science (Marine Law & Policy) degree from University of Wales. He had also attended the Senior Management Development Program at Harvard Business School. He is a member of Chartered Institute of Logistic and Transport, United Kingdom.

Dato' Latif started his career in 1975 with the Ministry of Foreign Affairs attached to West Asian Desk. He later joined Malaysian International Shipping Corporation Berhad ("MISC") as an Executive and was subsequently promoted to Assistant Manager, Liner Division of MISC. From 1982 to 1992, he was with Perbadanan Nasional Shipping Line Berhad ("PNSL") where he held a number of senior positions and was instrumental in the formation of and heading a number of subsidiaries and joint venture companies within the PNSL Group. He was the General Manager, Business and Corporate Division of PNSL before opting to join Mitsui OSK Lines (M) Sdn. Bhd. ("Mitsui OSK") in 1990 as a founder Director and remains as Chairman of Mitsui OSK after his retirement in 2005.

Presently, Dato' Latif is the Chairman of Efficient E-Solutions Berhad.



DATO' SIEW KA WEI

MALAYSIAN / MALE / AGED 64

Executive Vice Chairman

Dato' Siew was appointed as Non-Independent Executive Director of the Company on 17 October 2001. He was re-designated as the Non-Independent Non-Executive Deputy Chairman on 20 August 2004 and later as the Executive Vice Chairman of the Company on 25 January 2011.

Dato' Siew received his secondary and tertiary education in the United Kingdom, first studying in Marlborough College from the age of 13 years, then completing his tertiary education at Imperial College London. He received his Bachelor of Science (Hons) degree in Chemical Engineering and Master of Science ("MSc") degree in Operational Research at Imperial College London, graduating in 1978.

Dato' Siew has extensive experience in the field of petrochemicals accumulated for more than 30 years in the local and international sectors.

Dato' Siew was a very active member of the Young Presidents' Organisation ("YPO") from 1993 until 2006. He was Chairman of the Malaysian Chapter of YPO and was Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. He became a member of the International Board of YPO in 2000 and served until 2003. During his tenure he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was also a past President of the Imperial College Alumni of Malaysia ("ICAAM") and Governor of the Board of Governors for Marlborough College of Malaysia.

Currently, Dato' Siew is the Executive Chairman of Ancom Berhad, the holding company of the Company, and Group Managing Director of Nylex (Malaysia) Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Siew is a substantial shareholder of the Company through his direct and indirect shareholding in Ancom Berhad and his direct and indirect interest in the Company.

BOARD OF DIRECTORS

**TAN SRI DATUK DR. AMPIKAIPAKAN A/L S. KANDIAH****MALAYSIAN / MALE / AGED 74****Independent Non-Executive Director**

Tan Sri Datuk Dr. Ampikaipakan was appointed to the Board on 24 July 2020.

Upon graduating from Madras Medical College, India in 1972, Tan Sri Datuk Dr. Ampikaipakan served as a Medical Officer in various government hospitals in Malaysia until 1976. From 1976 to 1978, he was the Medical Registrar at the National Tuberculosis Centre Kuala Lumpur. He then began his post-graduate training at the Brompton Hospital and Royal London Hospital in the United Kingdom (UK), returning to Malaysia to serve as a Consultant Respiratory Physician at the National Tuberculosis Centre. In 1981, he began his own practice and in 1986 he joined Pantai Hospital Kuala Lumpur as a Consultant Respiratory Physician, a position he holds until today.

Tan Sri Datuk Dr. Ampikaipakan was made a Fellow of the Royal College of Physicians (FRCP) UK in 1986. He was also the Founder Secretary and President of the Malaysian Thoracic Society from 1989-1992.

Tan Sri Datuk Dr. Ampikaipakan pioneered a research to document the incidence of Sarcoidosis in Malaysia and presented his findings at the International Sarcoidosis Conference in Paris in 1981.

He was appointed the First Vice-Chancellor of AIMST University from 1996 to 1997 and continued as the founder Chairman of AIMST University till 2009.

He is also Chairman of the Vivekananda Ashrama Kuala Lumpur as well as the Chairman of schools under the patronage of the Ashrama.

Tan Sri Datuk Dr. Ampikaipakan is currently one of the Advisors of the International Advisory Council for Clinical Governance at IHH Healthcare Berhad.

**ABDUL LATIF BIN MAHAMUD****MALAYSIAN / MALE / AGED 63****Non-Independent Non-Executive Director**

Abdul Latif was appointed as Managing Director of the Company on 1 January 2005. He was re-designated as the Company's Group Managing Director on 1 July 2005. After his retirement, he was appointed as a Non-Independent Non-Executive Director on 25 January 2011.

Abdul Latif is currently a member of the Audit Committee of the Company.

He graduated with a degree in Electrical Engineering from University Technology MARA, Malaysia and holds an Master of Business Administration ("MBA") from University of Hull, England. He began his career in Asea Brown Boveri as a Substation Design Engineer in 1982 and subsequently headed its substation contracts department. He subsequently joined Groupe Schneider in 1992 as General Manager, Operations in charge of Power Transmission & Distribution sales, contract management and assembly workshop. In 1995, he joined EPE Power Corporation Berhad ("EPE") as Senior General Manager - Power Distribution and in 2000 was appointed as a Chief Operation Officer, in charge of the EPE Group's power generation, transmission and distribution businesses. He became Managing Director of EPE in 2001. He was the Chief Executive Officer and Executive Director of Ranhill Power Berhad following the acquisition of EPE by Ranhill Berhad.

He was the Managing Director of Ancom Berhad's Agricultural Chemicals division from 2011 to 2014.

BOARD OF DIRECTORS



SAFRIZAL BIN MOHD SAID

MALAYSIAN / MALE / AGED 54

Independent Non-Executive Director

Safrizal joined the Board on 24 December 2002. He is currently the Chairman of the Audit Committee and a member of the R&N Committee of the Company.

Safrizal gained his Bachelor of Commerce degree from University of New South Wales, Australia. He is a member of CPA Australia. He has vast working experience in both the consulting as well as the commercial sectors in various capacities in Australia and Malaysia. He joined the Fraser & Neave ("F&N") Group in Malaysia in 2002 and was responsible for setting up F&N's in-house Tax Department. Prior to joining the F&N Group, he was attached to a couple of the Big Four Accounting Firms, with his last position being a tax director. His experience in the field of taxation totals more than 30 years. During his time as a tax consultant, Safrizal managed a diversified portfolio of clients comprising local and multinational corporations from various industries, namely, finance, telecommunications, advertising, construction, manufacturing, shipping and insurance. Safrizal was also extensively involved in the rendering of business advice and tax planning in a variety of situations including corporate restructuring, public listing exercises, business expansion, privatisation exercises, offshore investments and mergers and acquisitions.

Safrizal, who was an appointed Council Member of the Chartered Taxation Institute of Malaysia, has also conducted in-house training programmes and has chaired/spoken at public seminars on various tax matters.

LIM HOCK CHYE

MALAYSIAN / MALE / AGED 65

Independent Non-Executive Director

Hock Chye joined the Board on 5 December 2003. He is currently the Chairman of the R&N Committee and a member of the Audit Committee of the Company.

Hock Chye graduated with an LLB (Hons.) degree from the University of London, United Kingdom in 1999.

He was formerly a consultant with an organisation promoting good corporate governance and practices in Malaysia. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

A former panel speaker for Bursatra Sdn. Bhd. on Continuing Education Programmes for public-listed company directors, Hock Chye has been the Group Director of Strategic Planning & Corporate Affairs, HELP University Sdn. Bhd. (formerly known as Help International Corporation Berhad) since April 2008.

Currently, Hock Chye is also a director of Ancom Berhad.

Notes:

1. There are no family relationship amongst the Directors and/or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Directors has been convicted of any offences other than traffic offences (if any) within the past five (5) years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Please refer to Corporate Governance Overview Statement of this Annual Report for the Directors' meeting attendance records.
5. Please refer to Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

KEY SENIOR MANAGEMENT

DATO' SIEW KA WEI

MALAYSIAN / MALE / AGED 64

Executive Vice Chairman

(Dato' Siew Ka Wei's profile is disclosed in the Board of Directors of this Annual Report)

DATUK HASNUL BIN HASSAN

MALAYSIAN / MALE / AGED 58

Deputy Chief Executive Officer

Datuk Hasnul joined Ancom Berhad in 2014 as Executive Director (Business Development). In October 2019, he assumed his current position as the Company's Deputy Chief Executive Officer.

Datuk Hasnul obtained a Bachelor of Science in Business Administration in May 1984 from Southeast Missouri State University, USA. He then obtained a Master of Business Administration ("MBA") from Governors State University, USA, in December 1985.

Datuk Hasnul has more than 23 years of experience in several reputable multi-national companies including Unilever, Johnson & Johnson and British American Tobacco where he developed his marketing and management skills.

Following his time in the corporate sector, Datuk Hasnul joined BERNAMA as its General Manager/CEO in 2009. He was subsequently appointed as CEO of the Malay Mail in 2013, a position he held until 2014.

He has no directorship in any public company or listed issuer.

LIM CHANG MENG

MALAYSIAN / MALE / AGED 48

Chief Financial Officer

Chang Meng began his career as an auditor with a Big Four audit firm in Malaysia in 1992 and stayed until 2000, his last position as an Audit Manager. He subsequently joined a construction company and later a stockbroking company as a Finance Manager.

He joined Tamco Corporate Holdings Berhad (former name of the Company) in 2005 as its Corporate Accounting Manager. He also served as the Head of Corporate Finance at Ancom Berhad ("Ancom") in 2010. He was promoted to Chief Financial Officer of the Company in 2011 and Chief Financial Officer of Ancom in 2014.

Chang Meng is a member of the Malaysian Institute of Accountants ("MIA").

He has no directorship in any public company or listed issuer.

KEY SENIOR MANAGEMENT

CHOO SE ENG

MALAYSIAN / MALE / AGED 59

Company Secretary

Se Eng started his career as an Auditor in a Big Four audit firm in Malaysia in 1981 and qualified as a Chartered Accountant in 1988. During this period, he gained valuable working knowledge in accounting, taxation and secretarial practices.

Se Eng has worked in a merchant bank in the corporate finance division for 2 years and was with a public listed company as its Corporate Finance Manager for 4 years before joining Ancom in 1995 as its Senior Manager, Corporate Planning. He assumed the role of Company Secretary of Ancom in 1996 and maintained this position until his resignation in August 2016. He re-joined Ancom as Company Secretary in April 2018.

He was appointed the Joint Company Secretary of the Company when Ancom became its holding company in 1999 and maintained this position until August 2016. He re-joined the Company as Company Secretary in April 2018.

Se Eng is a member of the Malaysian Institute of Certified Public Accountant ("MICPA") and MIA.

He has no directorship in any public company or listed issuer.

MOHD YUSOF BIN MUHAMAD DON

MALAYSIAN / MALE / AGED 54

General Manager - Pengangkutan Cogent Sdn. Bhd. ("PCSB")

Mohd Yusof is the General Manager of PCSB, a subsidiary of the Company, since February 2015. Prior to joining PCSB, he was a Senior Manager/Director of Hayara Sdn. Bhd. and Hayana Sdn. Bhd., a solid waste management contractor and a construction materials company respectively, both of which are based in Penang, from 2013 to 2015. Before that, he has held various senior managerial positions at Soi Yong Berhad and Koperasi Usaha Bersatu (M) Berhad.

Mohd Yusof holds a Bachelor Degree in Industrial Engineering from University of Alabama, Tuscaloosa, Alabama, USA.

He has no directorship in any public company or listed issuer.

SERENA KHOO SOOK LAI

MALAYSIAN / FEMALE / AGED 55

General Manager – Ancom-Chemquest Terminals Sdn. Bhd. ("ACT")

Serena is currently the General Manager of ACT, a subsidiary of the Company, since October 2017.

She has more than 25 years of experience in the bulk chemical business and logistics. Prior to the current position, she held various positions in Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG"), a subsidiary of Nylex (Malaysia) Berhad, and her last position in PKG was a Senior Operations Manager.

Serena holds a Post-graduate Diploma in Business Administration from the University of Central Lancashire, United Kingdom.

She has no directorship in any public company or listed issuer.

Notes:

1. There is no family relationship between the Key Senior Management with any director and/or major shareholder of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3. Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

OVERVIEW

Ancom Logistics Berhad (“ALB”) is an investment holding company. ALB holds the entire equity interest in Synergy Trans-Link Sdn. Bhd. (“STL”), which in turn holds the entire equity interest in Pengangkutan Cogent Sdn. Bhd. (“PCSB”) and 51% equity interest in Ancom-Chemquest Terminals Sdn. Bhd. (“ACT”). PCSB and ACT are the core subsidiaries of ALB Group.

PCSB owns and operates a fleet of chemical road tankers for the provision of bulk chemicals land transportation services within Malaysia and across the border to Singapore.

ACT owns and operates the leasing and managing of a chemical tank farm and terminal in West Port at Port Klang, Selangor Darul Ehsan.

FINANCIAL PERFORMANCE

The global economy has been severely affected by the lockdowns imposed in many countries to contain the spread of the COVID-19 Pandemic. These unprecedented measures have weakened the global demand and caused major disruptions in supply chains, especially towards the end of the current financial year ended 31 May 2020.

For the current financial year ended 31 May 2020, the Group posted higher revenue of RM30.9 million compared to RM29.7 million last year and higher profit before taxation (“PBT”) of RM2.1 million for the current financial year compared to RM2.0 million last year. The Group’s performance in the first nine months was better than the previous year corresponding period, but the disruptions caused by COVID-19 Pandemic in March 2020 onwards have severely impacted our fourth quarter results. Consequently, there was only a marginal improvement in the overall full year results of the Group.

Logistics Division

The logistics division is our core business, which comprises the terminal business of ACT and road transportation business of PCSB. During the financial year ended 31 May 2020, the division posted a segmental revenue of RM30.9 million, marginal increase from RM29.7 million last year. However, segmental PBT decreased to RM3.8 million in the current financial year from RM4.3 million last year.

Prior to the Movement Control Order (“MCO”), the results of PCSB showed improvements with the truck replacements program, mostly to address our ageing trucks issues. The fleet size rationalisation progressed according to plan and coupled with the setting up of our in-house workshop, we improved on our operational efficiencies. However, the imposition of MCO severely affected our business in the last financial quarter as most of our customers had to shut down their operations. This caused sharp decline in revenue throughout the MCO period as movements of goods were restricted and our business curtailed but we continued to bear the fixed overheads for the running of our operations.

The performance of our tank farm and terminal business has been relatively stable throughout the current financial year even during the MCO period as bulk of the chemical storage services was from rental income. Only revenue for ancillary services decline but the impact to our profit from this is minimal. We continue to upgrade our equipment in the tank farm and terminal area to improve on the safety and security plus smoother process flow to enhance our customer service.

Other Segment

Other segment includes the results of the investment holding company.

During the financial year ended 31 May 2020, the division received inter-segment dividend of RM1.8 million compared to RM2.1 million last year.

The division posted a small segmental PBT of RM51,000 compared to a segmental loss before taxation of RM0.2 million last year due to lower corporate expenses.

OUTLOOK AND PROSPECTS

The petrochemicals industry was already experiencing a slowdown due to low demand and market uncertainties. The COVID-19 Pandemic has further exacerbated the situation when economy was made standstill with measures imposed to slow the spread of the disease. The MCO had impacted the operations and business of many companies and equally the Group is not spared.

The Board will continue to exercise caution in managing the business. Management has implemented immediate austerity measures and is exploring ways to build new capacities for long term growth.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT AN OVERVIEW OUTLINING THE EXTENT TO WHICH ANCOM LOGISTICS BERHAD (“COMPANY”) AND ITS SUBSIDIARIES (“GROUP”) HAVE APPLIED AND COMPLIED WITH THE RELEVANT PRINCIPLES, PRACTICES AND RECOMMENDATIONS AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 (“CG CODE”) ISSUED BY THE SECURITIES COMMISSION, AS WELL AS THE CORPORATE GOVERNANCE GUIDE (“GUIDE”) ISSUED BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) FOR THE FINANCIAL YEAR ENDED 31 MAY 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board has overall responsibility for the proper conduct of the Group’s business as it strives to achieve its business objectives and goals by providing clear and effective entrepreneurial leadership to the Management. In addition to its stewardship, the Board ensures that Management has in place achievable strategic plans and objectives and the necessary resources to execute these plans as well as the appropriate processes for risk assessment, risk management and internal controls.

There is a distinct and clear demarcation of the functions and roles of the Board and Management.

The Board is responsible for formulating the Group’s strategic direction with the Management team. The Board does not involve itself in the day-to-day business operations of the Group, delegating such responsibility to the Executive Vice Chairman (“EVC”) and the Deputy Chief Executive Officer (“DCEO”) and Management team, which consists of the General Managers of the respective business units and the Chief Financial Officer.

In addition to his executive role, the EVC is also primarily responsible for instilling leadership and ensuring ethical as well as effective conduct of the Board in discharging its responsibilities. He also has overall responsibility for the day-to-day management of the Group’s business and operations. Assisted by the DCEO, he oversees the Management’s implementation of the Group’s business plans and strategies as agreed by the Board to achieve the financial goals set by the Board.

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Board retains full and effective control of and responsibility for the Group. The principal duties and responsibilities of the Board are as follows:

- Formulate and chart the Group’s strategic direction, setting out the Group’s short-term and long-term plans and objectives;
- Review and approve the Group’s key operational policies, major investments in new businesses/projects and funding decisions;
- Oversee and review the Group’s business operations and financial performance;
- Ensure the Group’s strategic plan supports long-term value creation encompassing strategies on economic, environmental and social considerations;
- Oversee the development, implementation and review of the succession plan for the Directors and key senior management;
- Understand the principal risks of the Group’s business;
- Review/Monitor the risk management framework and the adequacy and integrity of the Group’s internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the Group’s business objectives;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company’s and the Group’s financial and non-financial reporting; and
- Formulate good governance principles and promote ethical behaviour within the Group.

To assist the Board in carrying out its responsibilities more effectively, it has established an Audit Committee and a Remuneration and Nomination Committee (“R&N Committee”) to oversee specific areas in the Company’s affairs. These Committees are entrusted with the authority to act on behalf of the Board in accordance with their respective Terms of Reference.

Please refer to the Audit Committee Report and Remuneration and Nomination Committee Report in this Annual Report for further details of their activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SEPARATION OF THE POSITIONS OF THE CHAIRMAN AND THE EVC

The positions of the Chairman and the EVC are held by two (2) persons with distinct and separate roles and responsibilities. This ensures a balance of power and authority such that no one individual has unfettered powers of decision-making.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Board is supported by two (2) Company Secretaries who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. Each has more than twenty (20) years of experience in company secretarial practices.

The key responsibilities of the Company Secretaries are as follows:

- Formulate the Company's Constitution and Board policies and procedures;
- Administrate the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's Constitution, Board policies and procedures, and statutory and regulatory requirements;
- Update and apprise the Board of new regulations issued by the relevant authorities including corporate governance practices;
- Prepare and organise Board, Committee and shareholder meetings;
- File the various documents/returns and maintain statutory records in accordance with requirements of the law;
- Facilitate the orientation of new Directors, and assist in Director training and development; and
- Monitoring and assisting in the application of governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretaries work closely with the Chairman and the EVC to ensure timely and appropriate information flow within the Board and to the Committees and Management. They are also the focal points for stakeholder communication.

STRATEGICALLY PROMOTING SUSTAINABILITY

The Board practises good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and value creation for shareholders.

The Group continued to carry out activities which demonstrate its commitment to creating better environmental, social and governance outcomes in line with its sustainability agenda during the financial year ended 31 May 2020. These activities as reported in the Sustainability Statement in this Annual Report.

ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted access to Group information, and freely interact with Management if there is a need for further information, updates or explanation on any aspect of the Group's operations or business. These interactions take place during the quarterly Board meetings or as and when deemed necessary. There is no restriction on the number of meetings between the Directors and Management. All Directors have unrestricted access to the service and advice of the Company Secretaries. The Directors may obtain independent professional advice on specific matters relevant to the furtherance of their duties when necessary, at the Company's expense and without the need for specific approval of the EVC.

Prior to Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the Quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board/Committees, Internal Audit Reports and other matters.

Members of senior management are invited to attend Board and Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees with explanations or clarification to facilitate informed decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD CHARTER

In discharging its duties, the Board is guided by the Board Charter. The Company's Board Charter, which was approved by the Board on 16 October 2013 and last reviewed by the Board on 28 July 2020, is available on the Company's website at www.ancomlogistics.com.my.

CODE OF CONDUCT AND ETHICS

The Board, in discharging its oversight role, conducts its business according to the Company's Code of Conduct and Ethics, which is available on the Company's website at www.ancomlogistics.com.my.

The Code of Conduct and Ethics was last reviewed by the Board on 28 July 2020.

WHISTLE-BLOWING

The Company is committed to upholding sound values and the highest standard of work ethics in line with good corporate governance. All its Directors, managers and employees are expected to conduct themselves with integrity in carrying out their functions.

On 24 July 2019, the Board established a Whistle-Blowing Policy, which is available on the Company's website at www.ancomlogistics.com.my. The Policy was last reviewed by the Board on 28 July 2020.

BOARD COMPOSITION

The Company's Board comprised one (1) Chairman, who is an Independent Non-Executive Director, one (1) EVC, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors during the financial year. An Independent Non-Executive Director was appointed to the Board subsequent to the financial year.

A DCEO, who is not a Board member, has also been appointed to support the EVC and the Board.

The Board composition complies with Bursa Securities' ACE Market Listing Requirements ("Listing Requirements") on at least one-third (1/3) of the Board comprising Independent Non-Executive Directors. It also complies with Practice 4.1 of the CG Code in having at least 50% representation by Independent Non-Executive Directors.

ASSESSMENT OF INDEPENDENCE

The Board, through the R&N Committee, assesses the independence of the Independent Directors as detailed in the Remuneration and Nomination Committee Report in this Annual Report.

SENIOR INDEPENDENT DIRECTOR

The Board has decided to dispense with the appointment of a Senior Independent Non-Executive Director to whom any concerns may be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged. In these circumstances, concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD DIVERSITY POLICY

In selecting its Directors, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and soundness of judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and its shareholders.

The Board has taken note of the recommendation in the CG Code pertaining to the establishment of a policy on boardroom diversity including gender diversity. On 25 July 2018, the Board formulated a formal Board Diversity Policy which is available on the Company's website at www.ancomlogistics.com.my.

The Board Diversity Policy was last reviewed by the Board on 28 July 2020.

The Board is supportive of Boardroom gender diversity as recommended by the CG Code, and will take gender into consideration in the nomination and selection of new Directors. However, the appointment of new Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than their gender or ethnicity alone.

APPOINTMENT OF NEW DIRECTORS

The R&N Committee conducts a search for appropriate and suitably qualified candidates for appointment to the Board from time to time, as guided by the Board Diversity Policy. Its search is based on recommendations from fellow Board members, shareholders and Management.

The R&N Committee does not utilise independent sources to identify suitably qualified candidates as the Committee understands the specialised industry the Group operates in and the type of candidates whose background fit its criteria.

ANNUAL ASSESSMENT

The R&N Committee reviews and evaluates the performance of the Directors as well as the Board Committees annually.

Please refer to the Remuneration and Nomination Committee Report in this Annual Report for more details.

REMUNERATION OF DIRECTORS

Details of the Directors' remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2020, including remuneration for services rendered to the Company and to the subsidiaries, are disclosed in the Remuneration and Nomination Committee Report in this Annual Report.

TIME COMMITMENT

All the Directors committed sufficient time to carry out their duties during the financial year. To ensure that the Directors have the time to focus on and fulfil their roles and responsibilities, the Listing Requirements state that they should not hold more than five (5) directorships in public listed companies.

To help the Directors plan their schedules and attend the Board and Committee meetings, at the end of every calendar year, the Company Secretaries draw up a proposed timetable for all Board and Committee meetings, as well as the annual general meeting to be held the following year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Four (4) Board meetings, four (4) Audit Committee meetings and one (1) R&N Committee meeting were held during the financial year. The attendance records below indicate the Directors' commitment in carrying out their duties:

Name of Directors	Attendance
Board Meetings:	
Dato' Abdul Latif Bin Abdullah	4/4
Dato' Siew Ka Wei	4/4
Abdul Latif Bin Mahamud	4/4
Lim Hock Chye	4/4
Safrizal Bin Mohd Said	4/4
Audit Committee Meetings:	
Safrizal Bin Mohd Said	4/4
Lim Hock Chye	4/4
Abdul Latif Bin Mahamud	4/4
R&N Committee Meeting:	
Lim Hock Chye	1/1
Dato' Abdul Latif Bin Abdullah	1/1
Safrizal Bin Mohd Said	1/1

All the Directors fulfilled the requirement for attendance of Board meetings during the financial year as prescribed under the Listing Requirements.

CONTINUING EDUCATION PROGRAMME AND TRAINING

All Directors have completed the Directors' Mandatory Accreditation Programme ("DMAP") prescribed by Bursa Securities.

The Board has assumed the responsibility for determining the training needs of the Directors and filling any gaps identified. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to discharge their duties and responsibilities effectively. The Company Secretaries also provide updates to the Directors from time to time on relevant guidelines as well as statutory and regulatory requirements.

In June 2020, Ancom Berhad, the Company's holding company, collaborated with a legal firm to organise a workshop on Section 17A of The Malaysian Anti-Corruption Commission Act 2009 for the Directors of the Company. This workshop was originally scheduled for March 2020 but was deferred to June 2020 due to the Movement Control Order.

In addition, the Directors attended various programmes and forums facilitated by external professionals, covering changes in the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and cyber security.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports (collectively “Financial Statements”) of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group, ensuring that the Financial Statements are prepared in accordance with the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Listing Requirements and other statutory and regulatory requirements.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS BY THE AUDIT COMMITTEE

Under its Terms of Reference and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

Please refer to the Audit Committee Report in this Annual Report for more details.

SOUND FRAMEWORK TO MANAGE RISK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance, and to design measures to manage those risks. This system is intended to manage, rather than eliminate, the risk of failure to achieve the Group’s corporate objectives, as well as to safeguard the Group’s assets. The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

INTERNAL AUDIT FUNCTION

To assist the Board in maintaining a sound system of internal control hence eliminate the risk of failure to achieve the Group’s corporate objectives, as well as to safeguard the Group’s assets, the Board outsources the Internal Audit function to an independent firm of consultants.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group’s risk management and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, and preserving the quality of assets and the integrity of the management information system.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****CORPORATE DISCLOSURE POLICY**

The Board acknowledges the importance of timely and thorough dissemination of material information about the Group's business to its shareholders and investors to enable informed investment decisions. The Board regards regular communication with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building good relationships with its shareholders and investors.

The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancomlogistics.com.my, and to ensure that such information is managed properly to avoid leakage or improper use. The Board takes reasonable steps to ensure all investors have equal access to material information.

SHAREHOLDERS' PARTICIPATION AT GENERAL MEETINGS

General meetings remain the principal forum for dialogue between the Company and its shareholders, and a means of communication with the shareholders.

To encourage more shareholder participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her. The proxy may, but need not be, a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

Minutes of the proceedings at the general meetings are recorded by the Company Secretaries, and made available for inspection by shareholders at the Company's registered office. A summary of key matters discussed at the general meetings is also posted on the Company's website at www.ancomlogistics.com.my.

LEVERAGING INFORMATION TECHNOLOGY

The Board leverages information technology to hold virtual shareholder meetings in order to facilitate the participation of remote shareholders and voting in absentia.

The Company releases all material information publicly through Bursa Securities' website at www.bursamalaysia.com and via the Company's website at www.ancomlogistics.com.my.

POLL VOTING

As provided in the Company's Constitution, all shareholder meeting resolutions are decided via poll voting.

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT WITH STAKEHOLDERS

Shareholders and investors are encouraged to submit their queries and concerns to the Company via its website at www.ancomlogistics.com.my or by e-mail to companysecretary@ancom.com.my. Their queries will be attended to by the Company Secretaries, the Board or senior management, as the case may be.

CORPORATE GOVERNANCE REPORT

Please refer to the Company's Corporate Governance Report, available on the Company's website at www.ancomlogistics.com.my, on the extent of the Company's application and compliance with the CG Code and explanations for any deviations.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present its Audit Committee Report for the financial year ended 31 May 2020.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference, which are available on the Company's website at www.ancomlogistics.com.my. The Terms of Reference was last reviewed by the Board on 28 July 2020.

MEMBERS AND MEETINGS

Membership of the Audit Committee is as follows:

Safrizal Bin Mohd Said - Chairman

(Independent Non-Executive Director)

Lim Hock Chye - Member

(Independent Non-Executive Director)

Abdul Latif Bin Mahamud - Member

(Non-Independent Non-Executive Director)

Safrizal Bin Mohd Said is a member of CPA Australia and the Chartered Taxation Institute of Malaysia. The composition of the Audit Committee during the financial year complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The positions of Chairman of the Audit Committee and Chairman of the Board are assumed by different persons to prevent any impairment on objectivity of the Board's review of the Audit Committee's findings and recommendations.

A policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee has been formulated and included in the Terms of Reference of the Audit Committee.

The Audit Committee held a total of four (4) meetings during the financial year. The attendance records of the members are as follows:

Members	Attendance
Audit Committee Meetings:	
Safrizal Bin Mohd Said	4/4
Lim Hock Chye	4/4
Abdul Latif Bin Mahamud	4/4

The Internal Auditors attended three (3) Audit Committee meetings while the External Auditors attended two (2) Audit Committee meetings and one (1) Board meeting during the financial year.

AUDIT COMMITTEE REPORT**SUMMARY OF ACTIVITIES**

During the financial year, the Audit Committee undertook the following activities in carrying out its duties as set out in its Terms of Reference:

FINANCIAL RESULTS

The Audit Committee reviewed the Quarterly Interim Financial Reports (“Financial Reports”) presented by the Management to ensure compliance with the disclosure requirements of the approved Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”), the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements, prior to being recommended to the Board for its consideration and approval, and for subsequent announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”). The Audit Committee also sought explanations from Management on the Group’s performance from time to time.

In addition, the Audit Committee reviewed the Annual Audited Financial Statements (“Financial Statements”) presented by Management, in the presence of the External Auditors, to ensure these complied with the disclosure requirements of the MFRSs and IFRSs, the Companies Act 2016, the Listing Requirements and other statutory and regulatory requirements. The Audit Committee also sought to resolve contentious issues, if any, prior to recommending the Financial Statements to the Board for its consideration and approval, and for subsequent announcement to Bursa Securities.

In both the above reviews, the Chief Financial Officer assured the Audit Committee that the Financial Reports and Financial Statements had been prepared based on the consistent application of generally acceptable accounting policies and standards, that there were no material misstatements, and that the Financial Reports and Financial Statements gave a true and fair view of the financial positions of the Company and of the Group as at the respective reporting dates and of the financial performance and cash flows of the Company and of the Group for the reporting financial year.

INTERNAL AUDIT

The Audit Committee undertook the following tasks in relation to the Internal Audit:

- Reviewed and approved the Internal Audit Plan, including the scope of audit, and ensured that all major and/or high-risk activities were covered;
- Reviewed the Risk Assessment Reports and ensured the effective implementation of a risk management system across the Group;
- Reviewed the quarterly Internal Audit Reports, which detailed the observations and recommendations of the Internal Auditors, and the Management’s response to these recommendations;
- Reviewed weaknesses noted in the Internal Audit Reports and incidences of non-compliance of the internal control system to assess their possible impact on the effectiveness of the internal control system, the Group’s financial results as well as going concern assumptions;
- Reviewed Management’s remedial actions to be undertaken in relation to any weakness and/or non-compliance and the follow-up actions undertaken by the Management;
- Reviewed the suitability of the Internal Auditors for re-appointment, taking into consideration their independence, performance, competence and experience; and
- Received from the Internal Auditors written assurance confirming their professional independence to the audit engagement.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

The Audit Committee carried out the following tasks in relation to the External Audit:

- Reviewed and approved the External Audit Plan, scope and nature of the statutory audit of the Company's and of the Group's Financial Statements prior to the audit;
- Reviewed the External Audit Reports and results of the External Auditors' examination of the Company's and the Group's Financial Statements;
- Reviewed the External Auditors' recommendations on internal control weaknesses noted and Management's response to these recommendations;
- Reviewed and discussed with the External Auditors the impact of new and proposed changes in the financial reporting standards and other new developments in financial reporting;
- Reviewed the suitability of the External Auditors for re-appointment, taking into consideration their independence, performance, competence and experience, provision of non-audit services and audit fees; and
- Received from the External Auditors written assurance confirming their professional independence to the audit engagement.

RISK MANAGEMENT

The Audit Committee reviewed the Group's Risk Management Framework and Registry of Risks as well as ongoing identification, evaluation and management of the significant risks affecting the Group, as reported in the Statement on Risk Management and Internal Control in this Annual Report.

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/WHISTLE-BLOWING

During the financial year, the Company, through its holding company, Ancom Berhad, initiated Anti-Bribery and Anti-Corruption Management within the Group. The holding company engaged a law firm to draft an Anti-Bribery and Anti-Corruption Policy ("Policy") which sets out the Group's commitments and requirements regarding ethical business practices and personal conduct. It also sets out the behaviour the Group expects of its employees as well as what the Group's employees and business partners can expect from the Group. The Group shall conduct its business with integrity, respecting the laws, cultures, dignity and rights of individuals in all of the countries where it operates. All the Group's employees and persons associated with the Group are expected to act in accordance with corporate values and ethics as set out in the Policy.

Briefings to the Board and employees have been conducted to emphasise the importance of the Policy and the dire consequences of any breach in relation to it.

A Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website at www.ancomlogistics.com.my for employees and any stakeholders to raise genuine concerns of wrongdoing or improper conduct involving the Group and its Directors, managers or employees in accordance with the Company's Whistle-Blowing Policy.

RELATED PARTY TRANSACTIONS

The Audit Committee reviewed the procedures for related party transactions that took place within the Company and the Group during the financial year, including the recurrent related parties transactions ("RRPT") of a revenue or trading nature. The Audit Committee is satisfied that the procedures are sufficient to ensure that the related party transactions undertaken were on arm's length basis and on terms not more favourable to the related parties than those generally available to the public, nor were detrimental to the Company's minority shareholders.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee conducts a review of these procedures and processes at least once in a financial year.

AUDIT COMMITTEE REPORT

EMPLOYEES' SHARE OPTION SCHEME

The Company does not have an Employees' Share Option Scheme in place.

INTERNAL AUDIT FUNCTION

The Audit Committee recognises the importance of the Internal Audit function and the need for it to be independent of Management in order to carry out its functions effectively. During the financial year, the Group's Internal Audit function was outsourced to an independent firm of consultants.

The Internal Audit function assists the Board to review the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of its assets and the integrity of its information management, thus determining future requirements for the internal control system.

The Internal Audit Review concentrated on areas of concern where the Audit Committee needed assurance that the Group's Internal Control system was adequate and effective, and was in line with the Internal Audit Plan approved by the Audit Committee. The review covered key functional areas and business activities of major subsidiaries of the Group, placing emphasis on best practices and management assurance encompassing all business risks, particularly:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

The Internal Audit approach broadly involved inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year, and presented their quarterly Internal Audit Reports to the Audit Committee at its meetings for review and discussion with Management. The quarterly Internal Audit Reports highlighted the Internal Auditors' review and findings on the Group's compliance with established internal policies and procedures, their assessment of the magnitude of potential financial effects arising from weaknesses noted, as well as the Internal Auditors' recommendations on corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit Reviews during the financial year, the Internal Auditors reported that the internal control systems and processes of the companies audited were generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit Review during the financial year. None of the weaknesses noted have resulted in any material loss that would require separate disclosure in this Report, as reported by the Audit Committee.

The total cost incurred for the Group's Internal Audit function during the financial year was RM34,000 (2019: RM32,000).

ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

EXTERNAL AUDITORS

Under its Terms of Reference and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest, including the extent of non-audit services performed by the External Auditors during the financial year that may impact their independence and objectivity. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, quality of the staff assigned and the Audit Committee's opinion on the quality of the audit works.

During the financial year, the Audit Committee carried out an assessment of BDO PLT, the External Auditors, based on the above criteria and was satisfied with the External Auditors' competency, independence and quality of audit work. The External Auditors have given written assurance to the Audit Committee on their compliance with all relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors.

The Board concurred with the Audit Committee's recommendation and will recommend that the shareholders approve Messrs BDO PLT's re-appointment at the forthcoming 54th Annual General Meeting of the Company.

INTERNAL AUDITORS

The Audit Committee also assessed the independence and performance of the Internal Auditors during the financial year.

The assessment of independence focuses on whether there exists any relationship between the Internal Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest arising from such relationships. The assessment of performance focuses on the Internal Auditors' experience, competency and resources as well as the quality of staff assigned and the Audit Committee's opinion on the quality of the Internal Audit Reports.

The Audit Committee was satisfied with the Internal Auditors' competency, independence and quality of reports. The Internal Auditors have given written assurance to the Audit Committee that they have complied with all relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to continue to engage the Internal Auditors.

The Board concurred with the Audit Committee's recommendation.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the Statement on Risk Management and Internal Control in this Annual Report for more information.

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Board of Directors ("Board") has combined the functions of the Remuneration Committee and Nomination Committee into a Remuneration and Nomination Committee ("R&N Committee"). The R&N Committee was established on 24 September 2001.

The Board is pleased to present its Remuneration and Nomination Committee Report for the financial year ended 31 May 2020.

TERMS OF REFERENCE

The R&N Committee is governed by its Terms of Reference, which are available on the Company's website at www.ancomlogistics.com.my. The Terms of Reference was last reviewed by the Board on 28 July 2020.

MEMBERS AND MEETINGS

Membership of the R&N Committee, which comprises all Independent Directors, is as follows:

Lim Hock Chye - Chairman

(Independent Non-Executive Director)

Safrizal Bin Mohd Said - Member

(Independent Non-Executive Director)

Dato' Abdul Latif Bin Abdullah - Member

(Independent Non-Executive Director)

The R&N Committee held one (1) meeting during the financial year, which was attended by all its members.

SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2020, the R&N Committee carried out its duties as set out in its Terms of Reference, and undertook the following activities:

ASSESSMENT OF DIRECTORS

The R&N Committee conducted the following Board assessments:

- Board Performance Evaluation;
- Board Members Skill Evaluation; and
- Individual Directors Peer Evaluation.

The Board Performance Evaluation was performed on the Board structure, operations and dynamics; the Chairman's roles and responsibilities; strategy and planning; risk management and internal control; measuring and monitoring performance; management evaluation, compensation and succession planning; and shareholder communication and investor relations.

The Board Member Skills Evaluation assessed the Directors' skills and understanding of: strategy and entrepreneurship; legal and regulatory requirements; corporate governance, risk management and internal control; audit, accounting, financial reporting and taxation; human capital; sales and marketing; strategy and planning; government relations; marketing and communication; and information technologies and digital skills.

REMUNERATION AND NOMINATION COMMITTEE REPORT

Under the Individual Directors Peer Evaluation, individual Directors were assessed by fellow Directors on the same topics as in the Board Member Skills Evaluation.

In addition, taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&N Committee assessed each Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.

The R&N Committee was satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board are appropriate and well-balanced, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

The R&N Committee did not engage an independent expert for the annual assessment as suggested by the Malaysian Code on Corporate Governance 2017 ("CG Code"). However, it has taken note that an independent expert or party would lend greater objectivity to the assessment by providing an unbiased perspective on a Director's performance and his ability to contribute effectively to the Board.

RE-ELECTION OF DIRECTORS

Based on the results of the assessment, the R&N Committee has recommended to the Board the re-election of the following Directors who are retiring at the Company's forthcoming 54th Annual General Meeting ("AGM") pursuant to the Constitution of the Company:

Pursuant to Clause 125 of the Constitution

- i. Lim Hock Chye; and
- ii. Safrizal Bin Mohd Said.

Pursuant to Clause 130 of the Constitution

Tan Sri Datuk Dr. Ambipakapan A/L S. Kandiah*

- * An Independent Non-Executive Director appointed subsequent to the financial year. No assessment was done on this new Director.

INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The R&N Committee assessed the independence of the Independent Directors using the following criteria:

- The Independent Director is neither an employee nor related to any major shareholder/Management of the Group and does not participate in the day-to-day operations of the Group;
- The Independent Director has fulfilled the definition of "Independent Directors" in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
- He is free from any business or other relationship with the Group which would materially interfere with the exercise of his independent judgement on matters at hand;
- He is a person of calibre and credibility, and has the necessary skills and experience to bring independent judgement on issues of strategy, business performance, resources and standards of conduct; and
- He is able to provide independent views in the Board's discussions and has not acted in any way that would compromise his independent judgement.

REMUNERATION AND NOMINATION COMMITTEE REPORT

From the results of the Individual Directors Peer Evaluation performed by the Directors, the Directors are satisfied that the Independent Directors have conducted themselves in a manner that indicates independence, providing the necessary checks and balances in the best interest of the Company and its shareholders.

The R&N Committee was satisfied with the level of independence demonstrated by the Independent Directors and recommended that they be retained as Independent Directors of the Company.

In conjunction with the above assessment, the R&N Committee also considered the continued appointments of Lim Hock Chye and Safrizal Bin Mohd Said who have each served as Independent Directors for a continued period of more than twelve (12) years.

The R&N Committee is of the view that the length of service of an Independent Director does not affect his ability to remain independent or to discharge his duties with integrity and competency. More importantly, the Independent Director must maintain his independence and freedom from any business or other relationship which could interfere with the exercise of independent judgement or the ability to provide the necessary checks and balances in the best interests of the Company and its shareholders. The R&N Committee also believes that valuable contributions can be obtained from Directors who have developed valuable insight into the Group and its business due to long directorship tenures in the Company.

The Board concurred with the view of the R&N Committee and will seek shareholders' approval at the forthcoming AGM to retain both of Lim Hock Chye and Safrizal Bin Mohd Said as Independent Directors of the Company based on the above justifications.

REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Listing Requirements, the R&N Committee conducted an assessment of the terms of office and performance of the Audit Committee and each of its members and was of the opinion that the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

REMUNERATION OF DIRECTORS

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including the Directors' fees and benefits as per the Remuneration Policy which links the Directors' remuneration with their performance, value and contributions to the sustainability of the Company as well as the skills and experience required of them. The Remuneration Policy is available on the Company's website at www.ancomlogistics.com.my.

For the current financial year, the R&N Committee was of the opinion that the fees for the Non-Executive Directors, as indicated below, are reflective of current market rates for companies listed on the ACE Market of Bursa Malaysia Securities Berhad:

	Annual fee per Director (RM)
Chairman of the Board	60,000*
Non-Executive Director	50,000*
Member of Audit Committee	15,000*
Member of R&N Committee	5,000*

* same as in financial year 2019

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Non-Executive Directors also received attendance allowance of RM416.67 for each Board and Committee meeting attended during the financial year.

Due to the COVID-19 pandemic, the Board of Directors has instituted a range of austerity/cost-control measures, including salary cuts, designed to place the Group in good stead to face the economic uncertainty and a brutal market environment in the coming months. In this respect, the Non-Executive Directors have agreed to take a 30% reduction in their Director's fee from April 2020, subject to a further review at the end of September 2020.

Consequently, the Board has endorsed the R&N Committee's recommendation and will propose that the Directors' fees for the Board and Committees for the current financial year amounting to RM261,250 (2019 : RM282,205) for the Company and the Group, be paid to the Non-Executive Directors subject to shareholders' approval at the forthcoming AGM of the Company.

As in the previous year, the Executive Vice Chairman does not receive any remuneration from the Company and its subsidiaries in the current financial year. None of the Directors received any remuneration from the subsidiaries during the financial year.

Subject to shareholders' approval at the forthcoming AGM of the Company on the payment of Directors' fees, details of remuneration received and receivable by the Directors of the Company for the financial year ended 31 May 2020, are as follows:

	Director's fee (RM)	Meeting allowance (RM)	Benefits-in- kind (RM)	Total (RM)
Executive Director				
Dato' Siew Ka Wei	-	-	-	-
Non-Executive Directors				
Dato' Abdul Latif Bin Abdullah	61,750	2,500	11,100	75,350
Abdul Latif Bin Mahamud	66,500	3,750	-	70,250
Lim Hock Chye	66,500	4,167	-	70,667
Safrizal Bin Mohd Said	66,500	4,167	-	70,667
Total	261,250	14,584	11,100	286,934

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for coverage of Directors' defence costs and legal representation expenses incurred should any action be brought against any Director for actions undertaken as a Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or to have intentionally breached the law.

CONCLUSION

The R&N Committee is of the opinion that it has discharged its duties in accordance with its Terms of Reference during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT THE GROUP’S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 MAY 2020 MADE PURSUANT TO PARAGRAPH 15.26(B) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”). THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE “STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS” ENDORSED BY BURSA SECURITIES.

For the purpose of this Statement, the “Group” means the Company and its subsidiaries, excluding the associate. This Statement does not cover the associate as the Company does not have control over the operations, management or internal control systems of the associate.

BOARD RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of a sound risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group’s risk management and internal control system through ongoing and independent reviews carried out by the Internal Audit function of the Group.

The Internal Audit reviews are focused on achieving the following objectives:

- Effective and efficient operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding of assets.

It is important to note that the Group’s risk management and internal control system is designed to identify, manage and mitigate, rather than to eliminate, risks that may impede the achievement of the Group’s business objectives due to the inherent limitations of any system of internal control. As such, the Group’s risk management and internal control system can only provide reasonable and not absolute assurance against material misstatement of financial information, financial losses or fraud.

RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks that could hinder the Group from achieving its objectives. The process was in place for the financial year under review and up to the date of issuance of this Annual Report.

The process of risk identification involves identifying possible risk exposures arising from changes in the internal and external environment as well as operational conditions. The risk measurement guidelines consist of qualitative measures to determine the financial and non-financial consequences of the different risks based on their likelihood and impact.

As part of the risk management process, a Registry of Risks and a Risk Management Handbook have been adopted. The Registry of Risks identifies principal business risks and is updated according to changes in the risk profile as well as the identities of the risk owners. The Risk Management Handbook summarises the risk management methodology, approach and processes; the roles and responsibilities of the risk owners; and various risk management concepts. It is the responsibility of risk owners to ensure that adequate control systems are implemented to minimise and control risks faced by the Group.

Management is empowered with the responsibility to manage the risks and internal controls associated with the Group’s operations and to ensure compliance with the applicable laws and regulations. A Risk Manager is appointed to review, update and report on key risk factors of the main operating subsidiaries at the Audit Committee’s quarterly meetings.

In addition, significant issues and controls implemented are discussed at Management meetings and the quarterly Audit Committee meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

In efforts to provide an adequate and effective internal control system, and in accordance with the Malaysian Code on Corporate Governance 2017, the Group appoints an independent consulting firm to review the adequacy and integrity of its system of internal control and perform the role of Internal Auditors. The Internal Auditors report directly to the Audit Committee.

The Internal Audit addresses critical business processes, identifies risks and internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly Internal Audit Reports and Status Reports on follow-up actions are tabled to the Audit Committee during its quarterly meetings.

For the financial year ended 31 May 2020, the following subsidiaries of the Group were audited by the Internal Auditors in accordance with the Internal Audit Plan approved by the Audit Committee:

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (June – August 2019)	October 2019	Pengangkutan Cogent Sdn. Bhd.	<ul style="list-style-type: none"> • Finance and Accounts • Procurement • Human Resources • Safety and Health • Maintenance
2nd Quarter (September – November 2019)	January 2020	Ancom-Chemquest Terminals Sdn. Bhd.	Follow-up updates on previously reported findings
3rd Quarter (December 2019 – February 2020)	April 2020*	Pengangkutan Cogent Sdn. Bhd.*	Follow-up updates on previously reported findings
4th Quarter (March – May 2020)	July 2020	Ancom-Chemquest Terminals Sdn. Bhd.	<ul style="list-style-type: none"> • Facilities/Equipment Management • Plant Safety, Health and Environment

* Due to the Movement Control Order (“MCO”), the Audit Committee meeting scheduled for April 2020 was not convened. A Board meeting in May 2020 assumed the responsibilities of the Audit Committee in approving the quarterly Financial Results Announcement and the Statutory Audit Plan for the financial year ended 31 May 2020. In order to reduce the extent of human interaction and contact during the Board of Directors meeting in May 2020, discussion on this Quarterly Internal Audit Report was postponed till the Audit Committee meeting scheduled for July 2020.

KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROL SYSTEM

The main features of the Group’s risk management process and internal control system are summarised as follows:

- *Organisational Structure and Responsibility Levels*

The Group’s organisational structure has clearly defined levels of authority and lines of responsibility from operating units up to the Board, to ensure accountability for risk management and internal control activities. There is proper segregation of duties and responsibilities to eliminate the possibility of an employee having total control of a business process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board entrusted the daily running of the business to the Executive Vice Chairman (“EVC”), assisted by the Deputy Chief Executive Officer (“DCEO”) and the General Managers of the respective business units who are “hands on” in running the operating units. Experienced and competent employees have been placed in positions of responsibility to ensure the objectives of the Group’s risk management and internal control system are achieved.

- *Risk Management Process*

The risk management process in the Group is embedded within its business operations and guided by the Group’s operational manuals, policies and procedures. The Group’s risk management framework encompasses an ongoing process for identifying and assessing key risks affecting the Group’s operations and results. Mitigation efforts are then identified and their effectiveness evaluated following which risk owners are assigned to monitor the occurrence of the risks.

The following are the types of risk affecting the Group’s operations:

- Hazard risks, which include fire and other sources of property damage such as windstorms, theft and other crimes, personal injury, business interruption, disease and disability, and liability claims;
- External/Market risks due to changes in the external economic environment;
- Operational risks due to changes in the internal environment arising from daily tactical business activities;
- Strategic risks due to long-term policies or strategic objectives taken to maintain operational competitiveness;
- Financial risks which are associated with the effective management and control of the Group’s finances and effects of external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures; and
- Compliance risks such as occupational, health & safety, environment, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements.

- *Audit Committee, Risk Management and Internal Audit*

The Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. A Risk Management Working Group (“RMWG”) comprising the EVC, DCEO, the Chief Financial Officer and Risk Manager has been set up to report on matters relating to risk management to the Audit Committee.

The RMWG shall consider any matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it deems to be appropriate. With respect to risk management, the duties of the RMWG include:

- Assessment and monitoring of risks associated with the Group’s operations;
- Development and implementation of internal compliance and control systems and procedures to manage risks;
- Assessment and monitoring of the effectiveness of controls instituted;
- Reviews and recommendations to the Audit Committee in relation to risk management;
- Making recommendations to the Audit Committee on compliance by the Group with its risk management strategy;
- Reporting any material changes to the risk profile of the Group to the Audit Committee;
- Monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group’s risk management strategy;
- Reporting to the Audit Committee on the Group’s annual reporting responsibilities in relation to matters pertaining to the Group’s risk management strategy; and
- Undertaking annual review in accordance with the Group’s risk management framework, and making recommendations to the Audit Committee in connection with changes required to be made to the Group’s risk management strategy.

The Audit Committee has the authority to seek any information it requires from any officer or employee of the Company or its subsidiaries and such officers or employees are required to respond to the enquiries.

The Audit Committee is authorised to seek independent professional advice if necessary. The Audit Committee will review its own performance and Terms of References yearly to ensure maximum effectiveness, recommending any changes it considers necessary to the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To assist the Audit Committee in discharging its duties and responsibilities relating to the internal control system, the Audit Committee outsources the Group's Internal Audit function to an independent firm of consultants.

The Audit Committee is empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has the authority and resources necessary to carry out its responsibilities.

It approves the Internal Audit Plan and reviews and assesses the performance of the Internal Audit function on a yearly basis.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan approved by the Audit Committee.

- *Reporting and Review*

The EVC and DCEO hold meetings whenever applicable with the General Managers of the operating units to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing actual results with the previous year's results and the explanations on significant variances is presented to the Board during the Board meetings.

The Group's Quarterly Interim Financial Reports and Annual Audited Financial Statements are released to Bursa Securities only after being reviewed by the Audit Committee and approved by the Board.

- *Group's Policies and Procedures*

The Group's Policies and Procedures are a formal guide for the Management and employees to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: authority limits and authorisation mandates; protection and maintenance of assets; human resources management; sales; finance; and procurement and operations. The Limits of Authority in the Group's Policies and Procedures delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2020. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers nor are the matters set out in this statement factually incorrect.

CONCLUSION

The Board has received assurance from the EVC, DCEO and Chief Financial Officer that the Group's risk management and internal control system operated adequately and effectively during the financial year under review and up to the date of issuance of this Annual Report.

The Board is of the view that the Group's risk management and internal control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material loss, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment. The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

SUSTAINABILITY STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS PLEASED TO PRESENT ITS SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MAY 2020 (“FY 2020”).

SCOPE OF DISCLOSURE

The information provided in this Sustainability Statement covers the period from 1 June 2019 to 31 May 2020 and applies to Ancom Logistics Berhad (“ALB” or “Company”) and its subsidiaries (“Group”). The reporting scope covers Malaysia and Singapore based on the geographical location of the Group’s operations and external customers.

CUSTOMER MANAGEMENT

ALB prides itself on providing quality, reliable, cost-effective and innovative logistics solutions specifically transportation and storage. Ensuring these tasks are executed in a timely and secured manner, the Group strives to go beyond meeting customer needs to delivering a positive customer experience.

SUPPLIER MANAGEMENT & PROCUREMENT PRACTICES

The Group’s procurement function adopts an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes and efficiency, maintaining long-term relationships with suppliers, and complying with the applicable laws and regulations.

In addition to an overarching Procurement Policy which applies to all operating locations, the Group has green procurement guidelines which recognise its responsibility and commitment to continuously improving its environmental credentials. This is achieved through responsible supplier sourcing, waste management, pollution prevention, use of renewable energy, energy efficiency and supply chain efficiency.

Playing its part to support the local economy, the Group makes a conscious effort to optimise procurement from local suppliers.

Suppliers’ performance is monitored through evaluation, which generally focuses on areas such as price and payment terms, product and service quality, scale of operations, reliability and credibility. Any identified issues are communicated with the suppliers for necessary rectification and improvement.

COMMUNITY ENGAGEMENT & INVESTMENT

The Group is aware of its role in society. As part of its social engagement, ALB is actively involved in knowledge-sharing and the development of professional skills through programmes such as internships and work placements through which students are exposed to the Group’s range of businesses.

In addition, the Group participates in various community projects, and contributes financially to charitable organisations. ALB also organises activities to reach out to local communities such as visiting the disenfranchised, distributing food and medical supplies, and making meaningful donations.

These activities generally involve the Group’s employees, who are encouraged to volunteer for community projects.

INDIRECT ECONOMIC IMPACT

The Group’s business generates a wide range of indirect economic benefits. For example, investment into its regional logistics network benefits local communities by facilitating commerce and providing jobs.

ENVIRONMENTAL IMPACT

CARBON AND OTHER GREENHOUSE GAS EMISSIONS

The Group recognises that its operations necessarily have a carbon footprint, and is committed to minimise its emissions. Regular and scheduled maintenance are performed on the Group's fleet of vehicles and all its plants to ensure optimal performance and efficiency. Additionally, the Group's drivers are trained to not leave engines running when vehicles are idle to minimise emissions.

WASTE AND EFFLUENT MANAGEMENT

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. In order to comply with all the relevant regulatory requirements, it ensures its employees are sufficiently trained to be able to manage its industrial effluents and scheduled waste properly. Used materials such as paper, cartons and cardboard boxes are re-used where possible, or sent to recycling centres.

WATER CONSUMPTION

Water is used in a myriad ways at the Group. Besides generating steam and cooling in production processes, it is also used for drinking, cleaning and in washrooms.

The Group implements various initiatives to reduce water waste as part of its environmental management system. This includes initiatives to instil responsible practices and habits among its employees.

ENERGY CONSUMPTION

The Group continuously looks for ways to enhance the energy efficiency of its business operations, both to lower its operational costs and reduce its carbon footprint.

Energy-saving lightbulbs are used whenever possible, while traditional air-conditioners have been replaced by the more energy-efficient inverted models. Employees, meanwhile, are encouraged to switch off lights and air-conditioners when the different work spaces are not in use.

SOCIAL CONTRIBUTION

WORKPLACE DIVERSITY & INCLUSION

The Group recognises that a diverse workforce brings numerous benefits such as a broader perspective and enriched understanding of the different markets. It therefore strives to attract a diverse mix of employees in terms of race and age while striking a good balance of the genders. Career opportunities are offered based on individual merit, irrespective of race or gender.

In FY 2020, all employees in its Malaysian operations were local and comprised a fair representation of the country's major ethnic groups. In terms of gender equity, the biggest challenge lies in the nature of ALB's business which is still a male dominated industry.

Despite this challenge, the Group strives to increase the number of women in all positions, and especially in management roles over the longer term.

The Group also encourages its people to perform to the best of their ability by motivating them and valuing their contributions. Recognising the importance of teamwork, regular teambuilding activities are held to strengthen a sense of camaraderie.

SUSTAINABILITY STATEMENT

OCCUPATIONAL SAFETY & HEALTH, WORKFORCE TRAINING AND DEVELOPMENT

The Group is fully committed to the health and safety of its people, firm in the belief this is its first and primary responsibility. Safety represents a core value for the Group, and is an unequivocal expectation from its employees, their families and communities. To honour its commitment, the Group seeks to establish a "Safety First" culture through training, coaching and recognition of safe behaviours and practices.

Various safety programmes have been introduced to address major risks. During the year, scheduled safety drills were held for all drivers and operating personnel at the Bulk Liquid Terminal to ensure they are equipped to handle emergencies. These included fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills. One of the drills was conducted with Bomba Malaysia/West Port Bomba.

Further protecting the safety of its people, the Group ensures that employees use only Personal Protective Equipment ("PPE") that is registered with the Department of Occupational Safety and Health.

The Group constantly reviews its Occupational Safety and Health ("OSH") policies and management systems to ascertain they are appropriate and effective.

In terms of training, Management and Supervisory Development programmes are organised to provide employees with career advancement opportunities.

EMPLOYEE BENEFITS

The Group does its best to be an exemplary corporate citizen. It believes in providing for its employees in order to make their work life more comfortable.

Employees are provided with medical coverage and insurance benefits. For senior employees, they are provided with life insurance as well as coverage against personal accidents, hospitalisation and surgery. In addition, employees also receive transport and medical allowances based on their job scope and area of work.

Due to the COVID-19 pandemic, the Board has instituted a range of austerity/cost-control measures, including salary cuts, to strengthen the Group's financial position in the coming months. Accordingly, staff, senior management as well as Directors of the Group have agreed to 10%-30% reduction in their pay and remuneration from April 2020, subject to a review at the end of September 2020.

The Group has not dismissed any of its employees despite the crisis.

ANTI-BRIBERY AND ANTI-CORRUPTION MANAGEMENT/WHISTLE-BLOWING

Sound corporate governance and ethical business conduct are fundamental to the achievement of the Group's objectives to enhance stakeholder value as well as grow its business sustainably. It is the Group's policy to conduct its business in a fair, honest and transparent manner. The Group strongly opposes corrupt practices or acts of bribery to obtain an unfair advantage over others.

The Board has established an Anti-Bribery and Anti-Corruption Management/Whistle-Blowing Policy within the Group as reported in the Audit Committee Report in this Annual Report. Any incidents of bribery, corruption, unethical behaviour, malpractice, unlawful or improper conduct can be reported by the Group's employees and business partners through the whistle-blowing channel at www.ancomlogistics.com.my.

In FY 2020, there were no confirmed incidents of corruption nor any significant fine or non-monetary sanction for non-compliance with laws and/or regulations.

PRODUCT AND SERVICES RESPONSIBILITY

As a provider of transportation and storage services, the Group is an important component of its customers' supply chains. To ensure the highest level of service, the Group records every complaint as well as feedback from customers in order to continuously enhance its service delivery.

The Group's customers also entrust it with sensitive information, and the Group upholds this trust through privacy and information security programmes. The Group protects its customers' privacy by securing their data in accordance with established policies.

COMPLIANCE

An effective governance structure and risk management system forms the backbone of the Group's business operations. Risk assessments are conducted periodically to identify and mitigate significant risks that affect the Group's business operations. Annually, the Group reviews the adequacy of insurance coverage of all its business operations to safeguard against potential threats.

Employees of the Group are involved in identifying and mitigating sustainability risks across all areas of the Group's operations. The Group's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures as well as other relevant professional and regulatory requirements.

DIRECTORS' RESPONSIBILITIES STATEMENT

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare Audited Financial Statements for a financial year to give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the financial performance and cash flows of the Company and of the Group for the financial year.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and of the Group as at 31 May 2020 and of the financial performance and cash flows of the Company and of the Group for the financial year ended 31 May 2020. The Directors are also responsible for ensuring that the Audited Financial Statements comply with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- Adopted accounting policies which are appropriate and which have been consistently applied;
- Made judgements and estimates which are reasonable and prudent;
- Prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- Ensured that all applicable approved accounting standards have been followed subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have also provided the Auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they consider appropriate to enable them to audit and report on the Audited Financial Statements.



FINANCIAL STATEMENTS

For the Financial Year Ended 31 May 2020

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	631	62
Attributable to:		
Owners of the parent	(360)	62
Non-controlling interests	991	-
	631	62

DIVIDEND

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Abdul Latif Bin Abdullah	(Non-Executive Chairman)
Dato' Siew Ka Wei	(Executive Vice Chairman)
Tan Sri Datuk Dr. Ampikaipakan A/L S.Kandiah	(Appointed on 24 July 2020)
Abdul Latif Bin Mahamud	
Safrizal Bin Mohd Said	
Lim Hock Chye	

Subsidiaries of Ancom Logistics Berhad (excluding those Directors listed above)

Dato' Lim Wee Sern	
Chin Kok Wooi	
Francis Quah Chuan Hoe @ Quah Chuan Hoe	(Alternate to Chin Kok Wooi) (Appointed on 14 July 2020)
Lee Cheun Wei	
Sabli Bin Sibil	
Surasak Suwannapasri	
Somsak Chatteerapat	(Alternate to Surasak Suwannapasri)

DIRECTORS' INTERESTS

The Director holding office at the end of the financial year and his beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →			Balance as at 31.5.2020
	Balance as at 1.6.2019	Bought	Sold	
Shares in the Company				
<u>Direct interest:</u>				
Dato' Siew Ka Wei	369,867	-	-	369,867
<u>Indirect interest:</u>				
Dato' Siew Ka Wei	214,194,996	-	-	214,194,996

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

	← Number of ordinary shares →			Balance as at 31.5.2020
	Balance as at 1.6.2019	Bought	Sold	
Shares in the holding company				
Ancom Berhad				
<u>Direct interest:</u>				
Dato' Siew Ka Wei	26,873,420	890,400	-	27,763,820
<u>Indirect interest:</u>				
Dato' Siew Ka Wei	22,518,921	77,300	-	22,596,221
Shares in a related company				
Nylex (Malaysia) Berhad				
<u>Direct interest:</u>				
Dato' Siew Ka Wei	2,096,460	1,635,500	-	3,731,960
<u>Indirect interest:</u>				
Dato' Siew Ka Wei	93,608,359	371,900	-	93,980,259

By virtue of his interest in the shares in the holding company, Ancom Berhad, Dato' Siew Ka Wei is deemed to have an interest in the shares in all the other subsidiaries of Ancom Berhad to the extent Ancom Berhad has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors as shown in 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 other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 23 to the financial statements.

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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors of the Company who held office during the financial year ended 31 May 2020 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-Executive Directors				
- fees	261	282	261	282
- other emoluments	15	15	15	15
- benefits-in-kind	11	11	11	11
	287	308	287	308

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. During the financial year, the total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM11,000.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen 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; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent event between the end of the reporting period and the date when the financial statements are authorised for issue are disclosed in Note 27 to the financial statements.

HOLDING COMPANY

The Directors regard Ancom Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding and ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 May 2020 were as follows:

	Group RM'000	Company RM'000
Statutory audit	103	57
Other services	4	4
	107	61

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

Dato' Abdul Latif Bin Abdullah

Director

Kuala Lumpur
26 August 2020

Dato' Siew Ka Wei

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 48 to 91 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 May 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Abdul Latif Bin Abdullah

Director

Dato' Siew Ka Wei

Director

Kuala Lumpur
26 August 2020

STATUTORY DECLARATION

I, Lim Chang Meng (CA 15594), being the officer primarily responsible for the financial management of Ancom Logistics Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur this)
26 August 2020)

Lim Chang Meng

Before me:

Baloo A/L T.Pichai

Commissioner for Oaths (No. W663)

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Ancom Logistics Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ancom Logistics Berhad, which comprise the statements of financial position as at 31 May 2020 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 91.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Recoverability of trade receivables

Gross trade receivables of the Group as at 31 May 2020 were RM5,029,000 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures performed include the following:

- (i) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- (ii) recomputed the correlation coefficient between the macroeconomics indicators set by the Group and historical losses to determine the appropriateness of the forward looking information used by the Group; and
- (iii) inquired of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

To the Members of Ancom Logistics Berhad

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

To the Members of Ancom Logistics Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (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 and 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 of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

BDO PLT

LLP0018825-LCA & AF0206
Chartered Accountants

Kuala Lumpur
26 August 2020

Pang Zhi Hao

03450/09/2021J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	21,403	30,573	129	185
Right-of-use assets	6	10,296	-	-	-
Investments in subsidiaries	7	-	-	22,474	22,474
Investment in an associate	8	1,802	1,802	1,833	1,833
		33,501	32,375	24,436	24,492
Current assets					
Trade and other receivables	9	9,370	9,165	2,568	1,347
Current tax assets		3	-	3	-
Other investments	10	2,650	2,163	-	-
Cash and bank balances	11	3,790	4,725	7	785
		15,813	16,053	2,578	2,132
TOTAL ASSETS		49,314	48,428	27,014	26,624
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	23,664	23,664	23,664	23,664
Accumulated losses		(9,102)	(8,742)	(2,575)	(2,637)
Merger reserve	13	8,526	8,526	-	-
		23,088	23,448	21,089	21,027
Non-controlling interests	7(c)	7,245	8,018	-	-
TOTAL EQUITY		30,333	31,466	21,089	21,027
LIABILITIES					
Non-current liabilities					
Borrowings	14	1,062	4,702	-	-
Lease liabilities	6	4,786	-	-	-
Deferred tax liabilities	16	4,234	4,351	-	-
		10,082	9,053	-	-
Current liabilities					
Trade and other payables	17	4,495	4,314	5,925	5,591
Borrowings	14	552	3,306	-	-
Lease liabilities	6	3,708	-	-	-
Current tax liabilities		144	289	-	6
		8,899	7,909	5,925	5,597
TOTAL LIABILITIES		18,981	16,962	5,925	5,597
TOTAL EQUITY AND LIABILITIES		49,314	48,428	27,014	26,624

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 May 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) for the financial year		631	769	62	(225)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss)		631	769	62	(225)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(360)	(344)	62	(225)
Non-controlling interests	7(c)	991	1,113	-	-
		631	769	62	(225)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 May 2020

	Note	Share capital RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
As at 1 June 2019		23,664	8,526	(8,742)	23,448	8,018	31,466
(Loss)/Profit for the financial year		-	-	(360)	(360)	991	631
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive (loss)/income		-	-	(360)	(360)	991	631
Transaction with owners							
Dividend paid to non-controlling interests of a subsidiary	7(d)	-	-	-	-	(1,764)	(1,764)
Total transaction with owners		-	-	-	-	(1,764)	(1,764)
As at 31 May 2020		23,664	8,526	(9,102)	23,088	7,245	30,333
As at 1 June 2018		23,664	8,526	(8,398)	23,792	8,669	32,461
(Loss)/Profit for the financial year		-	-	(344)	(344)	1,113	769
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive (loss)/income		-	-	(344)	(344)	1,113	769
Transaction with owners							
Dividend paid to non-controlling interests of a subsidiary	7(d)	-	-	-	-	(1,764)	(1,764)
Total transaction with owners		-	-	-	-	(1,764)	(1,764)
As at 31 May 2019		23,664	8,526	(8,742)	23,448	8,018	31,466

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

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 May 2020

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
As at 1 June 2019	23,664	(2,637)	21,027
Profit for the financial year	-	62	62
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	62	62
As at 31 May 2020	23,664	(2,575)	21,089
As at 1 June 2018	23,664	(2,412)	21,252
Loss for the financial year	-	(225)	(225)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	-	(225)	(225)
As at 31 May 2019	23,664	(2,637)	21,027

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 May 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		2,067	1,965	60	(213)
Adjustments for:					
Bad debts written off		3	-	-	-
Depreciation of property, plant and equipment	5	4,083	4,497	56	73
Depreciation of right-of-use assets	6	1,731	-	-	-
Dividend income from a subsidiary		-	-	(1,836)	(2,000)
(Gain)/Loss on disposal of property, plant and equipment		(99)	(89)	-	4
Impairment loss on:					
- trade receivables	9(g)	55	-	-	-
- other receivables	9(g)	10	-	24	40
Reversal of impairment loss on:					
- trade receivables	9(g)	-	(86)	-	-
- other receivables	9(g)	-	(15)	-	(16)
Interest expense	19	649	330	28	23
Interest income		(143)	(187)	(139)	(179)
Fair value gain in other investments		(87)	(92)	-	-
Property, plant and equipment written off	5	-	59	-	-
Unrealised gain on foreign exchange		(5)	(24)	-	-
Operating profit/(loss) before changes in working capital		8,264	6,358	(1,807)	(2,268)
Working capital changes:					
Trade and other receivables		973	1,144	11	(328)
Trade and other payables		205	(1,477)	46	(124)
Cash generated from/(used in) operations		9,442	6,025	(1,750)	(2,720)
Tax paid		(1,704)	(1,664)	(10)	(2)
Tax refunded		3	100	3	-
Net cash generated from/(used in) operating activities		7,741	4,461	(1,757)	(2,722)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 May 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend income from a subsidiary		-	-	1,836	2,000
Interest income		143	187	139	179
Placement of deposits pledged to a licensed bank		(5)	(4)	-	-
Purchase of other investments		(400)	(400)	-	-
Proceeds from disposal of property, plant and equipment		722	501	-	18
Purchase of property, plant and equipment	5	(932)	(3,682)	-	-
Repayments to related companies		(21)	(1,300)	(21)	(1,300)
Advances to holding company		(1,246)	(42)	(1,246)	(42)
Advances from subsidiaries		-	-	299	1,171
Net cash (used in)/generated from investing activities		(1,739)	(4,740)	1,007	2,026
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayments of hire purchase and lease creditors		-	(1,433)	-	(18)
Lease payments	6	(4,569)	-	-	-
Dividend paid to non-controlling interests of a subsidiary	7(d)	(1,764)	(1,764)	-	-
Interest paid		(105)	(330)	(28)	(23)
Net (repayments)/drawdown of borrowings		(506)	800	-	-
Net cash used in financing activities		(6,944)	(2,727)	(28)	(41)
Net decrease in cash and cash equivalents		(942)	(3,006)	(778)	(737)
Effect of exchange rate changes on cash and cash equivalents		2	22	-	-
Cash and cash equivalents at beginning of financial year		4,582	7,566	785	1,522
Cash and cash equivalents at end of financial year	11(c)	3,642	4,582	7	785

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 May 2020

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings					
As at 1 June 2019/2018		8,008	3,822	-	18
Effects of adoption of MFRS 16	28.1	(5,888)	-	-	-
Cash flows		(506)	(633)	-	(18)
Non-cash flows:					
- Purchase of property, plant and equipment	5(d)	-	4,819	-	-
As at 31 May 2020/2019	14	1,614	8,008	-	-
Lease liabilities					
As at 1 June 2019/2018		-	-	-	-
Effects of adoption of MFRS 16	28.1	10,026	-	-	-
Cash flows		(4,569)	-	-	-
Non-cash flows:					
- Unwinding of interest		544	-	-	-
- Additions		2,493	-	-	-
As at 31 May 2020/2019	6	8,494	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

1. CORPORATE INFORMATION

Ancom Logistics Berhad (“ALB” or “the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS 7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The holding and ultimate holding company of the Company is Ancom Berhad (“Ancom”), a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The consolidated financial statements for the financial year ended 31 May 2020 comprise the Company and its subsidiaries and the interest of the Company in an associate. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 August 2020.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 28.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 June 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* during the financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Group is organised into business units based on their services, and has two reportable operating segments as follows:

- (i) The logistics segment is in the business of providing services such as rental and transportation services. It also includes freight forwarding, packing and crafting services.
- (ii) The other segment is involved in investment holding activities.

The Group evaluates performance on the basis of profit or loss from operations before taxation. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the consolidated statement of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

The inter-segment revenue is eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

4. OPERATING SEGMENTS (CONTINUED)

(i) Operating segments

	Logistics		Others		Adjustments and eliminations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue								
External customers	30,930	29,697	-	-	-	-	30,930	29,697
Inter-segment	-	-	1,836	2,000	(1,836)	(2,000)	-	-
Total revenue	30,930	29,697	1,836	2,000	(1,836)	(2,000)	30,930	29,697
Segment profit/(loss) before taxation	3,838	4,262	51	(224)	(1,822)	(2,073)	2,067	1,965
Interest income	32	31	139	179	(28)	(23)	143	187
Depreciation of property, plant and equipment	(4,027)	(4,424)	(56)	(73)	-	-	(4,083)	(4,497)
Depreciation of right-of-use assets	(1,731)	-	-	-	-	-	(1,731)	-
Interest expense	(649)	(330)	(28)	(23)	28	23	(649)	(330)
Other material non-cash items:								
- impairment loss on trade and other receivables	(55)	-	(10)	-	-	-	(65)	-
- reversal of impairment loss on trade and other receivables	-	199	-	15	-	(113)	-	101
- gain/(loss) on disposal of property, plant and equipment	99	93	-	(4)	-	-	99	89
Segment assets	50,165	49,356	27,013	26,626	(27,864)	(27,554)	49,314	48,428
Investment in an associate	-	-	1,833	1,833	(31)	(31)	1,802	1,802
Additions to property, plant and equipment	932	8,501	-	-	-	-	932	8,501
Segment liabilities	17,959	15,951	6,717	6,383	(5,695)	(5,372)	18,981	16,962

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

4. OPERATING SEGMENTS (CONTINUED)

(ii) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of external customers.

	Revenue	
	2020 RM'000	2019 RM'000
Malaysia	28,647	27,431
Singapore	2,283	2,266
	30,930	29,697

(iii) Major Customer

Included in the Malaysia segment is revenue generated from a related company, Perusahaan Kimia Gemilang Sdn. Bhd. amounted to RM8,277,000 (2019: RM8,377,000).

5. PROPERTY PLANT AND EQUIPMENT

Group	Balance as at 1.6.2019 RM'000	Effects of adoption of MFRS 16 (Note 28.1) RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Reclassification* RM'000	Balance as at 31.5.2020 RM'000
Carrying amount							
Freehold land	1,016	-	-	-	-	-	1,016
Buildings	2,541	-	-	(148)	-	-	2,393
Plant and machinery	15,544	-	671	(2,677)	-	-	13,538
Motor vehicles	9,778	(6,707)	143	(819)	(623)	1,311	3,083
Furniture, fittings and office equipment	1,670	-	118	(431)	-	-	1,357
Renovations	24	-	-	(8)	-	-	16
	30,573	(6,707)	932	(4,083)	(623)	1,311	21,403

* The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	← At 31.5.2020 →		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	4,070	(1,677)	2,393
Plant and machinery	55,132	(41,594)	13,538
Motor vehicles	18,132	(15,049)	3,083
Furniture, fittings and office equipment	3,720	(2,363)	1,357
Renovations	26	(10)	16
	82,096	(60,693)	21,403

Group	Balance as at		Depreciation charge for the financial year	Disposals	Written off	Balance as at
	1.6.2018	Additions				
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount						
Freehold land	1,016	-	-	-	-	1,016
Buildings	2,689	-	(148)	-	-	2,541
Plant and machinery	17,528	720	(2,645)	-	(59)	15,544
Motor vehicles	5,453	6,089	(1,354)	(410)	-	9,778
Furniture, fittings and office equipment	322	1,692	(342)	(2)	-	1,670
Renovations	32	-	(8)	-	-	24
	27,040	8,501	(4,497)	(412)	(59)	30,573

	← At 31.5.2019 →		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	4,070	(1,529)	2,541
Plant and machinery	54,554	(39,010)	15,544
Motor vehicles	26,734	(16,956)	9,778
Furniture, fittings and office equipment	3,768	(2,098)	1,670
Renovations	26	(2)	24
	90,168	(59,595)	30,573

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2019 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2020 RM'000
2020			
Carrying amount			
Motor vehicles	181	(54)	127
Furniture, fittings and office equipment	4	(2)	2
	185	(56)	129
	← At 31.5.2020 →		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Motor vehicles	365	(238)	127
Furniture, fittings and office equipment	21	(19)	2
	386	(257)	129

Company	Balance as at 1.6.2018 RM'000	Depreciation charge for the financial year RM'000	Disposals RM'000	Balance as at 31.5.2019 RM'000
2019				
Carrying amount				
Motor vehicles	272	(71)	(20)	181
Furniture, fittings and office equipment	8	(2)	(2)	4
	280	(73)	(22)	185
	← At 31.5.2019 →			
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000	
Motor vehicles	365	(184)	181	
Furniture, fittings and office equipment	21	(17)	4	
	386	(201)	185	

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All items of property, plant and equipment is measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates used are as follows:

Buildings	13 - 30 years
Plant and machinery	10 - 15%
Motor vehicles	10 - 20%
Furniture, fittings and office equipment	10 - 20%
Renovations	20 - 33%

Freehold land has unlimited useful life and is not depreciated.

- (c) In the previous financial year, included in property, plant and equipment of the Group and the Company were assets acquired under hire purchase arrangements with a carrying amount of RM6,707,000 and RM19,000 respectively.
- (d) The Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020	2019
	RM'000	RM'000
Purchase of property, plant and equipment	932	8,501
Financed by hire purchase and finance lease arrangements	-	(4,819)
Cash payments on purchase of property, plant and equipment	932	3,682

6. LEASES

The Group as lessee

Right-of-use assets

Carrying amount	Balance as at 1.6.2019 RM'000	Effects of adoption of MFRS 16 (Note 28.1) RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Reclassification* RM'000	Balance as at 31.5.2020 RM'000
Land	-	3,846	-	(733)	-	3,113
Buildings	-	-	111	(25)	-	86
Motor vehicles	-	6,934	2,382	(951)	(1,311)	7,054
Plant and machinery	-	56	-	(17)	-	39
Office equipment	-	9	-	(5)	-	4
	-	10,845	2,493	(1,731)	(1,311)	10,296

* The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

6. LEASES (CONTINUED)

The Group as lessee (continued)

Lease liabilities	Balance as at 1.6.2019 RM'000	Effects of adoption of MFRS 16 (Note 28.1) RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Balance as at 31.5.2020 RM'000
Carrying amount						
Land	-	3,846	-	(854)	210	3,202
Buildings	-	-	111	(27)	3	87
Motor vehicles	-	6,115	2,382	(3,664)	328	5,161
Plant and machinery	-	56	-	(19)	3	40
Office equipment	-	9	-	(5)	-	4
	-	10,026	2,493	(4,569)	544	8,494

Represented by:	2020 RM'000
Current liabilities	3,708
Non-current liabilities	4,786
	8,494
Lease liabilities owing to financial institutions	5,024
Lease liabilities owing to non-financial institutions	3,470
	8,494

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

- (b) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	5 years
Buildings	2 years
Motor vehicles	3 years
Plant and machinery	5 years
Office equipment	3 years

- (c) The Group has certain leases of assets with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

6. LEASES (CONTINUED)

(d) The following are the amounts recognised in profit or loss:

	Group 2020 RM'000
Represented by:	
Depreciation charge of right-of-use assets (included in cost of sales)	1,701
Depreciation charge of right-of-use assets (included in administrative expenses)	30
Interest expense on lease liabilities (included in finance costs)	544
Expense relating to short-term leases (included in administrative expenses)	56
	2,331

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	22,752	22,752
Less: Accumulated impairment losses	(278)	(278)
	22,474	22,474

(a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRS.

(b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2020 %	2019 %	
Synergy Trans-Link Sdn. Bhd.	Malaysia	100	100	Investment holding
# Hikmat Ikhlas Sdn. Bhd.	Malaysia	35	35	Dormant
Subsidiaries of Synergy Trans-Link Sdn. Bhd.				
Ancom-Chemquest Terminals Sdn. Bhd. ("ACT")	Malaysia	51	51	Build, own, operate, lease and manage chemical tank farm and warehouse
Pengangkutan Cogent Sdn. Bhd.	Malaysia	100	100	Providing transportation and related services

The Group considers that it controls Hikmat Ikhlas Sdn. Bhd. ("HISB") even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of HISB. Since the date of acquisition of HISB, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The financial statements of HISB was consolidated as a subsidiary as the Group has control over the Board of HISB and has power to govern the financial and operating policies of HISB.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	ACT RM'000	HISB RM'000	Total RM'000
2020			
NCI percentage of ownership interest and voting interest (%)	49%	65%	
Carrying amount of NCI	7,560	(315)	7,245
Profit/(Loss) allocated to NCI/Total comprehensive income/(loss) allocated to NCI	997	(6)	991
2019			
NCI percentage of ownership interest and voting interest (%)	49%	65%	
Carrying amount of NCI	8,327	(309)	8,018
Profit/(Loss) allocated to NCI/Total comprehensive income/(loss) allocated to NCI	1,121	(8)	1,113

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

	ACT RM'000	HISB RM'000
2020		
Assets and liabilities		
Non-current assets	18,332	-
Current assets	5,777	2
Non-current liabilities	(6,479)	-
Current liabilities	(2,202)	(796)
Net assets/(liabilities)	15,428	(794)
Results		
Revenue	10,632	-
Profit/(loss) for the financial year	2,035	(9)
Total comprehensive income/(loss)	2,035	(9)
Cash flows from/(used in) operating activities	7,096	(14)
Cash flows (used in)/from investing activities	(2,209)	14
Cash flows used in financing activities	(5,085)	-
Net decrease in cash and cash equivalents	(198)	-
Dividend paid to NCI	1,764	-

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

2019	ACT RM'000	HISB RM'000
Assets and liabilities		
Non-current assets	17,393	-
Current assets	5,842	2
Non-current liabilities	(4,973)	-
Current liabilities	(1,268)	(787)
Net assets/(liabilities)	16,994	(785)
Results		
Revenue	10,684	-
Profit/(loss) for the financial year	2,286	(12)
Total comprehensive income/(loss)	2,286	(12)
Cash flows from/(used in) operating activities	5,371	(8)
Cash flows (used in)/from investing activities	(2,623)	8
Cash flows used in financing activities	(2,904)	-
Net decrease in cash and cash equivalents	(156)	-
Dividend paid to NCI	1,764	-

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	3,902	3,902	3,902	3,902
Share of post-acquisition reserves	(31)	(31)	-	-
	3,871	3,871	3,902	3,902
Less: Impairment loss	(2,069)	(2,069)	(2,069)	(2,069)
	1,802	1,802	1,833	1,833

Investment in an associate is measured at cost in the separate financial statements and accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2020	2019	
Tamco Chongqing Switchgear Company Limited	China	49%	49%	Under voluntary liquidation

Tamco Chongqing Switchgear Company Limited has been placed under liquidation in previous financial years. The completion of the liquidation is pending local regulatory requirements in China.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables				
Third parties	3,773	3,670	-	-
Amounts owing by related companies	1,245	1,717	-	-
Amount owing by a related party	11	8	-	-
	5,029	5,395	-	-
Less: Impairment loss	(213)	(158)	-	-
	4,816	5,237	-	-
Other receivables				
Amount owing by holding company	2,586	1,340	2,586	1,340
Amounts owing by subsidiaries	-	-	262	249
Amounts owing by related companies	200	203	-	3
Other receivables	192	465	11	11
Deposits	198	339	1	1
	3,176	2,347	2,860	1,604
Less: Impairment loss	(31)	(21)	(292)	(268)
	3,145	2,326	2,568	1,336
Total receivables	7,961	7,563	2,568	1,336
Prepayments	1,409	1,602	-	11
	9,370	9,165	2,568	1,347

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2019: 30 to 60 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amount owing by holding company is unsecured, bears interest at a rate of 3.5% to 6.0% (2019: 6.0%) per annum and is repayable within next 12 months or upon demand in cash and cash equivalents.
- (d) Amounts owing by subsidiaries and amounts owing by related companies in other receivables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable within next 12 months or upon demand in cash and cash equivalents.
- (e) The currency exposure profile of total receivables is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Singapore Dollar	550	805	-	-
United States Dollar	83	204	-	-
Ringgit Malaysia	7,328	6,554	2,568	1,336
	7,961	7,563	2,568	1,336

- (f) Recognition and measurement of impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses ("ECL") that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of customers sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative and other operating expenses in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Recognition and measurement of impairment loss (continued)

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Lifetime expected loss provision for trade receivables of the Group as at 31 May are as follows:

	Gross carrying amount RM'000	Lifetime expected loss RM'000	Net carrying amount RM'000
2020			
Collective assessment			
Not past due	4,077	(79)	3,998
Past due			
1 to 30 days	92	(10)	82
31 to 60 days	100	(44)	56
Over 60 days	54	(36)	18
	246	(90)	156
	4,323	(169)	4,154
Individual assessment	706	(44)	662
	5,029	(213)	4,816
2019			
Collective assessment			
Not past due	5,157	(62)	5,095
Past due			
1 to 30 days	112	(20)	92
31 to 60 days	23	(11)	12
Over 60 days	103	(65)	38
	238	(96)	142
	5,395	(158)	5,237

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Recognition and measurement of impairment loss (continued)

Impairment for other receivables and inter-company balances are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition (i.e. significant deterioration in the financial instruments' external or internal credit rating). For those in which the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables and inter-companies are adjusted by forward-looking information (unemployment rate) and multiplied by the amount of the expected loss arising from default to determine the 12-month or lifetime expected credit loss for other receivables and inter-company balances.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(g) Movements in impairment allowance are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Trade receivables		
As at 1 June 2019/2018	158	312
Charge for the financial year	55	-
Written off	-	(68)
Reversal of impairment loss	-	(86)
As at 31 May 2020/2019	213	158

NOTES TO THE FINANCIAL STATEMENTS

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) Movements in impairment allowance are as follows: (continued)

Other receivables	12-month ECL RM'000	Total RM'000	
Group			
As at 1 June 2019	21	21	
Charge for the financial year	10	10	
As at 31 May 2020	31	31	
As at 1 June 2018	36	36	
Reversal of impairment loss	(15)	(15)	
As at 31 May 2019	21	21	
Company			
As at 1 June 2019	20	248	268
Charge for the financial year	10	14	24
As at 31 May 2020	30	262	292
As at 1 June 2018	36	208	244
Charge for the financial year	-	40	40
Reversal of impairment loss	(16)	-	(16)
As at 31 May 2019	20	248	268

(h) Information on financial risks of trade and other receivables is disclosed in Note 22 to the financial statements.

10. OTHER INVESTMENTS

	Group	
	2020 RM'000	2019 RM'000
Current		
Unit trusts	2,650	2,163

Unit trusts are classified as fair value through profit or loss and measured at fair value categorised as Level 2 of the fair value hierarchy. Fair value of unit trusts is determined by reference to closing price at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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11. CASH AND BANK BALANCES

Cash and bank balances comprise the following as at the end of the reporting period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	3,642	4,582	7	785
Deposits with a licensed bank	148	143	-	-
	3,790	4,725	7	785

- (a) Deposits with a licensed bank of the Group amounting to RM148,000 (2019: RM143,000) have been pledged to a licensed bank for bank guarantee facilities granted to a subsidiary of the Group.
- (b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Singapore Dollar	286	990	-	-
Ringgit Malaysia	3,504	3,735	7	785
	3,790	4,725	7	785

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	3,790	4,725	7	785
Less:				
Deposits pledged with a licensed bank	(148)	(143)	-	-
	3,642	4,582	7	785

- (d) No expected credit losses were recognised arising from the bank balances because the probability of default by these financial institutions were negligible.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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12. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
At beginning/end of the financial year	473,286	23,664	473,286	23,664

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

13. MERGER RESERVE

	Group	
	2020 RM'000	2019 RM'000
Merger reserve	8,526	8,526

Merger reserve arose from the acquisition of certain subsidiaries in previous financial years that was accounted for under the pooling of interest method.

14. BORROWINGS

	Note	Group	
		2020 RM'000	2019 RM'000
Non-current liabilities			
Secured			
Term loan		1,062	1,614
Hire purchase and lease creditors	15	-	3,088
		1,062	4,702
Current liabilities			
Secured			
Term loan		552	506
Hire purchase and lease creditors	15	-	2,800
		552	3,306
		1,614	8,008

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14. BORROWINGS (CONTINUED)

	Note	Group 2020 RM'000	2019 RM'000
Total borrowings			
Term loan		1,614	2,120
Hire purchase and lease creditors	15	-	5,888
		1,614	8,008

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Term loan of the Group are secured by the corporate guarantees provided by the holding company.
- (c) Borrowings are denominated in Ringgit Malaysia.
- (d) Information on financial risks of borrowings is disclosed in Note 22 to the financial statements.

15. HIRE PURCHASE AND LEASE CREDITORS

The future minimum lease payments under the hire purchase arrangements together with the net minimum lease payments are as follows:

	Group 2020 RM'000	2019 RM'000
Minimum lease payments:		
Not later than one (1) year	-	3,041
Later than one (1) year and not later than five (5) years	-	3,219
Total minimum lease payments	-	6,260
Less: Future interest charges	-	(372)
Present value of minimum lease payments	-	5,888
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	-	2,800
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	-	3,088
	-	5,888

NOTES TO THE FINANCIAL STATEMENTS

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16. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2020	2019
	RM'000	RM'000
Balance as at 1 June 2019/2018	4,351	4,713
Recognised in profit or loss (Note 20)	(117)	(362)
Balance as at 31 May 2020/2019	4,234	4,351

(b) The components and movements of deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group	Property, plant and equipment	Total
	RM'000	RM'000
2020		
Balance as at 1 June 2019	4,505	4,505
Recognised in profit or loss	2	2
Balance as at 31 May 2020	4,507	4,507
2019		
Balance as at 1 June 2018	4,851	4,851
Recognised in profit or loss	(346)	(346)
Balance as at 31 May 2019	4,505	4,505
Deferred tax assets of the Group		
	Others	Total
	RM'000	RM'000
2020		
Balance as at 1 June 2019	(154)	(154)
Recognised in profit or loss	(119)	(119)
Balance as at 31 May 2020	(273)	(273)
2019		
Balance as at 1 June 2018	(138)	(138)
Recognised in profit or loss	(16)	(16)
Balance as at 31 May 2019	(154)	(154)

NOTES TO THE FINANCIAL STATEMENTS

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16. DEFERRED TAX LIABILITIES (CONTINUED)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the consolidated statement of financial position are as follows:

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses		
- Expires by 31 May 2026	423	423

Deferred tax assets of a subsidiary have not been recognised in respect of these items as it is not certain that the subsidiary will have future taxable profits to offset the unutilised tax losses.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	1,370	1,496	-	-
Amount owing to a related company	-	8	-	-
	1,370	1,504	-	-
Other payables				
Other payables	627	655	31	19
Accruals	1,821	1,444	426	392
Deposits	-	10	-	-
Amount owing to holding company	71	71	-	-
Amounts owing to related companies	606	630	32	56
Amounts owing to subsidiaries	-	-	5,436	5,124
	3,125	2,810	5,925	5,591
	4,495	4,314	5,925	5,591

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2019: 30 to 90 days) from date of invoice.
- (c) Amount owing to holding company, amounts owing to related companies and amounts owing to subsidiaries in other payables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable within next 12 months or on demand other than an amount owing to a subsidiary of RM312,000 (2019: Nil), which bears interest of 3.5% to 6.0% (2019: 6.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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17. TRADE AND OTHER PAYABLES (CONTINUED)

(d) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Singapore Dollar	121	30	-	-
Ringgit Malaysia	4,374	4,284	5,925	5,591
	4,495	4,314	5,925	5,591

(e) Information on financial risks of trade and other payables is disclosed in Note 22 to the financial statements.

18. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract with customers				
Services rendered, recognised at a point in time	19,626	20,160	-	-
Other revenue				
Rental income	11,304	9,537	-	-
Dividend income	-	-	1,836	2,000
	30,930	29,697	1,836	2,000

(a) Services rendered

Revenue in respect of the rendering of services arose from the logistics segment and is recognised at a point in time when the services have been rendered to the customer.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(c) Dividend income

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

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19. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense:				
- term loan	105	105	-	-
- lease liabilities	544	-	-	-
- hire purchases and lease creditors	-	225	-	-
- amount owing to a subsidiary	-	-	28	23
	649	330	28	23

20. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current income tax	1,521	1,490	-	12
Under/(Over)-provision in prior years	32	68	(2)	-
	1,553	1,558	(2)	12
Deferred tax (Note 16)				
Relating to origination and reversal of temporary differences	(468)	(380)	-	-
Under-provision in prior years	351	18	-	-
	(117)	(362)	-	-
	1,436	1,196	(2)	12

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

20. TAXATION (CONTINUED)

The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before taxation	2,067	1,965	60	(213)
Taxation at statutory tax rate of 24% (2019: 24%)	496	472	14	(51)
Tax effects in respect of:				
Expenses not deductible for tax purposes	580	702	426	543
Income not subject to tax	(23)	(64)	(440)	(480)
Under/(Over)-provision in prior years:				
- income tax	32	68	(2)	-
- deferred tax	351	18	-	-
	1,436	1,196	(2)	12

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.

21. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

The basic loss per ordinary share for the financial year has been calculated based on the consolidated loss for the financial year attributable to owners of the parent of RM360,000 (2019: RM344,000) and the weighted average number of 473,286,000 (2019: 473,286,000) ordinary shares in issue during the financial year.

	Group	
	2020	2019
Loss attributable to owners of the parent (RM'000)	(360)	(344)
Weighted average number of ordinary shares in issue ('000)	473,286	473,286
Basic loss per ordinary share for the financial year (sen)	(0.08)	(0.07)

(b) Diluted loss per ordinary share

The Group has no potential ordinary shares in issue at the end of the reporting period and therefore, diluted loss per ordinary share equals basic loss per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

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22. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholders value. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2020 and 31 May 2019.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings and lease liabilities owing to financial institutions. Total equity represents equity attributable to the owners of the parent.

	Group	
	2020	2019
	RM'000	RM'000
Total debts	6,638	8,008
Total equity attributable to owners of the parent	23,088	23,448
Gearing ratio	0.29	0.34

Pursuant to the requirements of Guidance Note No.3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital of the Company.

The Company has complied with this requirement during the financial year ended 31 May 2020. The Company is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

22. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Financial risk management (continued)**

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the functional currency, Ringgit Malaysia.

The Group also holds cash and bank balances denominated in foreign currency for working capital purposes.

The exposure of the Group to foreign currency risk is monitored on an on-going basis to ensure the net exposure is at an acceptable level.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the Singapore Dollar ("SGD") exchange rate against the functional currency of the Group, with all other variables held constant.

Profit after taxation	Group	
	2020	2019
	RM'000	RM'000
SGD/RM - strengthen by 3% (2019: 3%)	16	40
- weaken by 3% (2019: 3%)	(16)	(40)

Sensitivity analysis of other currency is not disclosed as the fluctuation of this foreign exchange rate against the Group's functional currency would not be significant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits placed with a licensed bank. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

NOTES TO THE FINANCIAL STATEMENTS

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22. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

In view of the insignificant financial effect on the Group's profit net of tax with the possible change in interest rates, the management did not separately disclose the effect of this sensitivity in the financial statements.

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Incremental borrowing rates/ Effective annual interest rates %	Within one year RM'000	One to five years RM'000	Total RM'000
2020					
Fixed rates					
Lease liabilities	6	5.03% - 6.23%	3,708	4,786	8,494
Amount owing by holding company	9	3.50% - 6.00%	2,586	-	2,586
Deposits with a licensed bank	11	2.60% - 3.10%	148	-	148
Floating rates					
Term loan	14	5.72%	552	1,062	1,614
2019					
Fixed rates					
Amount owing by holding company	9	6.00%	1,340	-	1,340
Deposits with a licensed bank	11	3.10% - 3.35%	143	-	143
Hire purchase and lease creditors	15	5.28% - 6.23%	2,800	3,088	5,888
Floating rates					
Term loan	14	5.98%	506	1,614	2,120

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

22. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(ii) Interest rate risk (continued)

Company	Note	Effective annual interest rates %	Within one year RM'000	One to five years RM'000	Total RM'000
2020					
Fixed rates					
Amount owing by holding company	9	3.50% - 6.00%	2,586	-	2,586
Amount owing to a subsidiary	17	3.50% - 6.00%	312	-	312
2019					
Fixed rates					
Amount owing by holding company	9	6.00%	1,340	-	1,340

(iii) Liquidity and cash flow risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
2020			
Group			
Financial liabilities			
Trade and other payables	4,495	-	4,495
Lease liabilities	4,082	5,108	9,190
Borrowings	627	1,118	1,745
Total undiscounted financial liabilities	9,204	6,226	15,430
Company			
Financial liabilities			
Trade and other payables	5,925	-	5,925
Total undiscounted financial liabilities	5,925	-	5,925

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

22. CAPITAL AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity and cash flow risk (continued)

2019	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities			
Trade and other payables	4,314	-	4,314
Borrowings	3,653	4,965	8,618
Total undiscounted financial liabilities	7,967	4,965	12,932
Company			
Financial liabilities			
Trade and other payables	5,591	-	5,591
Total undiscounted financial liabilities	5,591	-	5,591

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each of the financial assets recognised in the statements of financial position.

The Group's primary exposure to credit risk arises through its trade receivables details of which are disclosed in Note 9 to the financial statements.

Credit risk concentration profile

At the end of the reporting period, the Group and the Company do not have any significant exposure to any individual customer or counter party nor do they have any major concentration of credit risk related to any financial instruments other than amount owing by holding company of RM2,586,000 (2019: RM1,340,000).

NOTES TO THE FINANCIAL STATEMENTS

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23. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 7 to the financial statements.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2020	2019
	RM'000	RM'000
Holding company:		
Interest received	139	179
Related companies:		
Rendering of services	9,252	9,835
Purchase of services	21	18
Management services	315	-
Related parties:		
Rendering of services to a company which owned by a corporate shareholder of a subsidiary	73	77
Rental income received from a company in which a Director of the Company has substantial indirect shareholding	-	28
Purchase of services from a company in which a Director of the Company has substantial indirect shareholding	-	75

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

23. RELATED PARTY DISCLOSURES (CONTINUED)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Company	
	2020 RM'000	2019 RM'000
Holding company:		
Interest received	139	179
Subsidiaries:		
Interest paid	28	23
Dividend received	1,836	2,000
Related company:		
Management services	245	-
Related party:		
Rental income received from a company in which a Director of the Company has substantial indirect shareholding	-	28
Purchase of services from a company in which a Director of the Company has substantial indirect shareholding	-	75

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fees	285	348	261	282
Short-term employee benefits	822	754	-	-
Defined contribution plan	67	70	-	-
Other emoluments	15	15	15	15
	1,189	1,187	276	297

NOTES TO THE FINANCIAL STATEMENTS

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24. COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2020	2019
	RM'000	RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	1,244	149
Approved but not contracted for	15,000	-
	16,244	149

(b) Operating lease commitments

The Group has aggregate future minimum leases commitments as at the end of each reporting period, as follows:

	Group	
	2020	2019
	RM'000	RM'000
Not later than one (1) year	-	854
Later than one (1) year and not later than five (5) years	-	3,415
Later than five (5) years	-	213
	-	4,482

25. EMPLOYEE BENEFITS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	6,565	6,392	777	744
Defined contribution plan	661	646	69	62
Other benefits	419	559	3	3
	7,645	7,597	849	809

26. CONTINGENT LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Bank guarantees given by financial institutions for working capital	830	830

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

26. CONTINGENT LIABILITIES (CONTINUED)

The bank guarantees of the Group are secured by means of corporate guarantee issued by the holding company and deposits with a licensed bank of the Group as disclosed in Note 11 to the financial statements.

The Group designates guarantees as insurance contracts as defined in MFRS 4 *Insurance Contracts*.

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Group is negligible.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIODSignificant event during the financial year

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 August 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next 12 months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

Event subsequent to the end of the reporting period

ALB had on 16 July 2020 announced that the Company and its holding company, Ancom had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn. Bhd. ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn. Bhd. ("MYEG Capital") and Avocat Sdn. Bhd. ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, Ancom and Vendors shall be collectively referred to as "Parties")

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition ("Proposed Private Placement");
- (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors ("Proposed Offer for Sale"); and
- (v) Proposed disposal by ALB of Synergy Trans-Link Sdn. Bhd. ("STL"), a wholly-owned subsidiary of ALB, to Nylex (Malaysia) Berhad ("Nylex"), a 50.25% subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later ("Proposed Disposal"). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

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28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**28.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the lease liability and right-of-use assets are computed on a forward looking basis from the transition date. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 June 2019. The incremental borrowing rate of the Group applied to the lease liabilities on 1 June 2019 was 5.9%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2020

28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)**28.1 New MFRSs adopted during the financial year (continued)**MFRS 16 Leases (continued)

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 June 2019;
- (c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 June 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	Note	As at 31 May 2019 RM'000	Impact RM'000	As at 1 June 2019 RM'000
Right-of-use assets	(a)	-	10,845	10,845
Lease liabilities	(b)	-	10,026	10,026
Property, plant and equipment	5	30,573	(6,707)	23,866
Hire purchase and lease creditors		5,888	(5,888)	-

- (a) The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 May 2019.

- (b) Lease liabilities are measured as follows:

	Group 2020 RM'000
Operating lease commitments as at 31 May 2019 as disclosed under MFRS 117	4,482
Weighted average incremental borrowing rate as at 1 June 2019	5.9%
Discounted operating lease commitments as at 1 June 2019	4,138
Finance lease liabilities recognised as at 31 May 2019	5,888
Lease liabilities recognised as at 1 June 2019	10,026

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28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)**28.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

28.3 Financial reporting updateIFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding "Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)".

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 May 2020.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not raise proceeds from any corporate exercise during the financial year.

Audit Fee and Non-Audit Fee

The disclosure on audit fee and non-audit fee paid or payable to the External Auditors of the Company is in page 43 to the financial statements.

Material Contracts Involving Directors' / Major Shareholders' Interests

There was no material contract (other than contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries which involves the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2020 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at last annual general meeting of the Company, is as follows:

Transacting Parties		Nature of transaction	Value of RRPT (RM'000)	Interested directors, major shareholders and connected persons
ALB Group	Related Parties			
ACT (Seller)	PKG, CKG and Fermpro (Buyer)	Charges for storage rental for liquid chemicals	4,766	Ancom Berhad, Dato' Siew Ka Wei and Siew Nim Chee & Sons Sdn. Bhd.
		Charges for handling of liquid chemicals for storage	290	
PCSB (Seller)	PKG, NSC, CKG and Fermpro (Buyer)	Charges for transportation of liquid chemicals	4,196	

Notes :

- ACT - Ancom-Chemquest Terminals Sdn. Bhd.
- PCSB - Pengangkutan Cogent Sdn. Bhd.
- PKG - Perusahaan Kimia Gemilang Sdn. Bhd.
- CKG - CKG Chemicals Pte Ltd
- Fermpro - Fermpro Sdn. Bhd.
- NSC - Nylex Specialty Chemicals Sdn. Bhd.

LIST OF PROPERTIES

As at 31 May 2020

	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2020 (RM'000)	Date of Acquisition / Revaluation
<u>Ancom-Chemquest Terminals Sdn. Bhd.</u>						
1.	Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 4 years <i>(Expiring on 31 August 2024)</i>	9.8 acres	Tank farm, office and warehouse Age of building : approximately 23 years	13,767	N/A
<u>Pengangkutan Cogent Sdn. Bhd.</u>						
2.	PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya Johor Bahru, Johor	Freehold	6,070.3 sq.m.	Office building Age of building : approximately 11 years	3,013	2010

ANALYSIS OF SHAREHOLDINGS

As at 1 September 2020

NO. OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Class of securities : Ordinary shares ("Shares")
 Total no. issued : 473,286,313
 No. of holders : 14,310
 Voting rights : One vote per Share on a poll

DISTRIBUTION SCHEDULE

Holdings	No. of holders	Total Holdings	%
Less than 100	3,485	167,019	0.035
100 to 1,000	4,935	2,113,537	0.447
1,001 to 10,000	3,636	17,304,217	3.656
10,001 to 100,000	1,907	68,935,182	14.565
100,001 to less than 5% of issued Shares	343	145,098,350	30.658
5% and above of issued Shares	4	239,668,008	50.639
	14,310	473,286,313	100.000

SUBSTANTIAL HOLDERS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Rhodemark Development Sdn. Bhd.	66,177,380	13.98	-	-
Synergy Tanker Sdn. Bhd.	64,504,192	13.63	-	-
Ancom Berhad	54,913,285	11.60	130,808,072 ^(a)	27.64
Lim Hock Heng	54,073,516	11.43	-	-
Dato' Siew Ka Wei	169,867	0.04	186,367,934 ^(b)	39.38
Chan Thye Seng	-	-	185,736,357 ^(c)	39.24
Pacific & Orient Berhad	-	-	185,721,357 ^(d)	39.24
Mah Wing Investments Limited	-	-	185,721,357 ^(e)	39.24
Mah Wing Holdings Sdn. Bhd.	-	-	185,721,357 ^(e)	39.24

Notes:

- (a) Deemed interested by virtue of its direct interest in Synergy Tanker Sdn. Bhd., Ancom Properties Sdn. Bhd. (formerly known as Ancom Chemicals Sdn. Bhd. and Ancom Overseas Ventures Sdn. Bhd.) and Rhodemark Development Sdn. Bhd.
 (b) Deemed interested by virtue of his direct and indirect interest in Ancom Berhad, Siew Nim Chee & Sons Sdn. Bhd., Silver Dollars Sdn. Bhd. and Datin Young Ka Mun.
 (c) Deemed interested by virtue of his indirect interest in Ancom Berhad and Tan Soo Leng.
 (d) Deemed interested by virtue of its direct and indirect interest in Ancom Berhad.
 (e) Deemed interested by virtue of its direct and indirect interest in Pacific & Orient Berhad.

DIRECTORS' HOLDINGS

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Siew Ka Wei	169,867	0.04	186,367,934 ^(f)	39.38

Note:

- (f) Deemed interested by virtue of his direct and indirect interest in Ancom Berhad, Siew Nim Chee & Sons Sdn. Bhd., Silver Dollars Sdn. Bhd. and Datin Young Ka Mun.

ANALYSIS OF SHAREHOLDINGS

As at 1 September 2020

THIRTY LARGEST HOLDERS

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

Name	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rhodemark Development Sdn. Bhd.	66,177,300	13.983
2. Synergy Tanker Sdn. Bhd.	64,504,192	13.629
3. Kenanga Nominees (Tempatan) Sdn. Bhd. - Ancom Berhad	54,913,000	11.602
4. Lim Hock Heng	54,073,516	11.425
5. Tina Jennifer Pereira A/P Sebastian Ellarian Pereira	9,615,700	2.031
6. Mohd Johar Bin Arif	6,762,500	1.429
7. HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for Credit Suisse (HK BR-TST-ASING)	4,800,000	1.014
8. Kenneth William Khoo Boo Hor	4,308,100	0.910
9. Kuak Juan Chee	4,083,700	0.863
10. Lim Kim Loy	3,000,000	0.634
11. Public Invest Nominees (Tempatan) Sdn. Bhd. - Exempt An for Phillip Securities Pte Ltd (Clients)	2,942,300	0.622
12. Public Nominees (Tempatan) Sdn. Bhd. - Ng Geok Kuan (E-SRB)	2,820,000	0.596
13. Public Nominees (Tempatan) Sdn. Bhd. - Wong Fook Yew (E-SS2)	2,593,200	0.548
14. Dato' Sri Ker Cherk Yee	2,083,800	0.440
15. Ling Yoke Tek	1,800,000	0.380
16. HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for The HongKong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	1,750,000	0.370
17. Shaharudin Bin Mohamad Hashim	1,550,700	0.328
18. Kuek Boon Siang	1,500,000	0.317
19. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (CEB)	1,400,000	0.296
20. Loh Kah Guan	1,367,300	0.289
21. Kenanga Nominees (Tempatan) Sdn. Bhd. - Rakuten Trade Sdn. Bhd. for Mohamad Safari Bin Md Yunus	1,250,000	0.264
22. Lee Chee Kean	1,225,000	0.259
23. Loh Boon Hong	1,200,000	0.254
24. Choo Mun Yee	1,100,000	0.232
25. Loh Kah Peng	1,100,000	0.232
26. Soh Swee Hock @ Soh Say Hock	1,080,000	0.228
27. CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Ooi Sang Juen (Seri Damai-CL)	1,000,000	0.211
28. Glorified Power Sdn. Bhd.	1,000,000	0.211
29. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Yong Heng Loong	1,000,000	0.211
30. Rossana Annizah Binti Rashid	1,000,000	0.211
Total	303,000,308	64.019

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting (“**AGM**”) of the Company will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“**Broadcast Venue**”) on Wednesday, 21 October 2020 at 11.30 a.m. using remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at <https://tiih.online>, to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 May 2020 together with the Reports of the Directors and the Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To re-elect Directors who are retiring by rotation pursuant to Clause 125 of the Company’s Constitution: | |
| (i) Lim Hock Chye | [Ordinary Resolution 1] |
| (ii) Safrizal Bin Mohd Said | [Ordinary Resolution 2] |
| 3. To re-elect as a Director, Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah, who is retiring pursuant to Clause 130 of the Company’s Constitution. | [Ordinary Resolution 3] |
| 4. To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2020. | [Ordinary Resolution 4] |
| 5. To approve the payment of Directors’ benefits (excluding Non-Executive Directors’ fees) for the Non-Executive Directors from the date of the forthcoming annual general meeting until the next annual general meeting of the Company. | [Ordinary Resolution 5] |
| 6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | [Ordinary Resolution 6] |

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification(s), to pass the following resolutions:

- | | |
|---|--------------------------------|
| 7. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RRPTs”) | [Ordinary Resolution 7] |
|---|--------------------------------|

“THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 29 September 2020, provided that such transactions are necessary for the Group’s day-to-day operations and carried out in the ordinary course of business at arms-length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the authority conferred by such mandate shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to take such steps to implement, finalise and to give full effect to the Proposed Renewal of Shareholders' Mandate for RRPTs with full power to assent to any conditions, modifications, variations and/ or amendments as may be required by the relevant authorities or as the Directors deemed fit and expedient at their discretion in the best interest of the Company."

8. PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 and 76 OF THE COMPANIES ACT 2016

[Ordinary Resolution 8]

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities pursuant to this resolution.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

9. PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

- (i) "THAT approval be and is hereby given to Lim Hock Chye, who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company until the conclusion of the next Annual General Meeting."

[Ordinary Resolution 9]

- (ii) "THAT approval be and is hereby given to Safrizal Bin Mohd Said, who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Director of the Company until the conclusion of the next Annual General Meeting."

[Ordinary Resolution 10]

NOTICE OF ANNUAL GENERAL MEETING

10. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

[Special Resolution]

“THAT the proposed amendments to the Constitution of the Company as set out in the Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Constitution of the Company.”

11. OTHER ORDINARY BUSINESS

To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board,

CHOO SE ENG (MIA 5876) (SSM PC No. 201908002341)

STEPHEN GEH SIM WHYIE (MICPA 1810) (SSM PC No. 201908001029)

Company Secretaries

Petaling Jaya

29 September 2020

NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the 54th AGM. **Members will not be allowed to attend the 54th AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available via the Company’s website at <http://www.ancomlogistics.com.my/agm.php> on registration, participation and voting at the 54th AGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 October 2020 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the 54th AGM.
3. A member, including an authorised nominee, entitled to participate, speak and vote at the 54th AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company’s Share Registrar at least forty-eight (48) hours before the time appointed for holding the 54th AGM:
 - i. In hardcopy form
The Proxy Form may be deposited at the Company’s Share Registrar’s office at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means
The Proxy Form can be electronically lodged with the Company’s Share Registrar via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the appointment and registration of proxy for the 54th AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 54th AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 May 2020

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 4 – Non-Executive Directors' Fees

Pursuant to Section 230(1) of the Companies Act 2016, the Directors' fees and benefits payable to the Directors of the listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors has recommended to the shareholders for approval on the fees payable to the Non-Executive Directors by the Company and by the Group of RM261,250 for the financial year ended 31 May 2020.

3. Ordinary Resolution 5 – Directors' Benefits

The Directors' benefits comprise the meeting attendance allowance of RM416 per meeting and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("NEDs").

In determining the estimated total amount of benefits (excluding Directors' fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved. The Board has recommended to the shareholders for approval on the Directors' benefits payable to the NEDs of up to RM90,000 from the date of the forthcoming annual general meeting until the next annual general meeting of the Company in 2021.

4. Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company's Circular to Shareholders dated 29 September 2020.

NOTICE OF ANNUAL GENERAL MEETING

5. Ordinary Resolution 8 – Proposed Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed resolution is to seek shareholders' mandate to empower the Directors to issue and allot up to a maximum of twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being ("20% Mandate"). This authority will continue to be in force until 31 December 2021, unless such approval is revoked or varied by the Company at a general meeting.

This general mandate, if passed, will provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company.

The Company had, at the last AGM held on 17 October 2019, obtained the mandate from the shareholders to allot up to a maximum of ten per centum (10%) of the total number of issued shares of the Company ("Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised.

In light of the economic challenges arising from the global COVID-19 outbreak and having considered the current prospective financial positions of the Company, the Board is of the view that this twenty per centum (20%) Mandate is in the best interest of the Company and its shareholders as it will enable the Board to take swift action during this challenging time in meeting future financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic.

6. Ordinary Resolutions 9 and 10 – Proposed Continuation in Office as Independent Directors

The Board, through the Remuneration and Nomination Committee had carried out the necessary assessment on Lim Hock Chye and Safrizal Bin Mohd Said who have served as Independent Directors for a cumulative term of more than twelve (12) years and had recommended them to continue to act as the Independent Directors of the Company based on the following justifications:

- (i) they fulfill the criteria as Independent Director as per the definitions stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and based on the peer-assessment by the Directors, the Directors are also satisfied with them appearing to demonstrate conduct and behaviour that are essential indicators of independence, and they have acted in a manner that provide the necessary check and balance in the best interest of the Company;
- (ii) they have been with the Company for more than twelve (12) years and therefore understand the Group's business operations which enable them to participate actively during deliberations of discussions at the Board and Committee Meetings;
- (iii) they are knowledgeable and have applied their vast experience and due care in exercising independent judgement and bringing objectivity to the oversight function of the Board; and
- (iv) they have given time commitment to attend the Company's meetings and performance of duties and have carried out their professional duties in the interest of the Company.

Their profiles are set out in the Company's 2020 Annual Report. The Board has decided not to adopt the 2-tier voting process for the approval to retain Lim Hock Chye and Safrizal Bin Mohd Said as Independent Directors of the Company.

7. Special Resolution – Proposed Amendments to the Constitution of the Company

Pursuant to Section 132(1) of the Companies Act 2016 ("Act"), a distribution of dividends to shareholders shall be authorised by the Directors of the Company. The Special Resolution, if passed, will align the Constitution of the Company with the provisions of the Act.

NOTICE OF ANNUAL GENERAL MEETING

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The Constitution of the Company are proposed to be amended in the following manner:

Clause No.	Existing Clause	Amended Clause
Clause 162	The Company in general meeting may subject to Sections 131 to 133 of the Act by ordinary resolution declare dividends payable to the members in accordance with their respective rights and priorities out of any lawfully distributable profits, but no dividend shall exceed the amount recommended by the Directors.	The Directors may from time to time authorise a distribution of dividends in accordance with Sections 131 to 133 of the Act, but no dividend shall exceed the amount recommended by the Directors. Any dividend so authorised must be paid out of profits of the Company available for distribution as the Directors consider appropriate, if the Directors are satisfied that the Company will be solvent for a period of twelve (12) months after the distribution is made.
Clause 163	Subject to the Act, the Directors may pay dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.	Subject to the Act, the Directors may pay dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may pay dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of a dividend on any shares having deferred or non-preferred rights.

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**ANCOM LOGISTICS BERHAD**[Registration No. 196601000150 (6614-W)]
Incorporated in Malaysia

PROXY FORM

CDS A/C. No.	No. of shares held

I/We _____ NRIC No. _____
(Full Name in Block Letters)of _____
(Full Address)

being (a) member(s) of ANCOM LOGISTICS BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of shareholdings to be represented %
NRIC No.		
Full Address		
		100 %

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to participate and to vote for *me/us on *my/our behalf at the 54th Annual General Meeting of the Company to be conducted entirely through live streaming from the Broadcast Venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 21 October 2020 at 11.30 a.m. and to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Lim Hock Chye as a Director of the Company		
2	To re-elect Safrizal Bin Mohd Said as a Director of the Company		
3	To re-elect Tan Sri Datuk Dr. Ampikaipakan A/L S. Kandiah as a Director of the Company		
4	To approve the payment of Directors' fees		
5	To approve the payment of Directors' benefits		
6	To re-appoint Messrs BDO PLT as Auditors of the Company		
7	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
8	Proposed authority to issue and allot shares		
9	Proposed continuation in office as an Independent Director – Lim Hock Chye		
10	Proposed continuation in office as an Independent Director – Safrizal Bin Mohd Said		
SPECIAL RESOLUTION		FOR	AGAINST
Proposed amendments to the Constitution of the Company			

(Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

[*Delete if not applicable]

Dated this _____ day of _____ 2020

Telephone no. during office hours:

[Signature / Common Seal of shareholder(s)]

NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the 54th AGM. **Members will not be allowed to attend the 54th AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available via the Company's website at <http://www.ancomlogistics.com.my/agm.php> on registration, participation and voting at the 54th AGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 October 2020 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his behalf at the 54th AGM.
3. A member, including an authorised nominee, entitled to participate, speak and vote at the 54th AGM may appoint not more than two (2) proxies to participate, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the 54th AGM:
 - i. In hardcopy form
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. By electronic means
The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the appointment and registration of proxy for the 54th AGM.

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ANCOM LOGISTICS BERHAD

[Registration No. 196601000150 (6614-W)]

The Share Registrar:

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 54th AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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