VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

26 December 2023

The Board of Directors
AGX Group Berhad
Unit 1A-C and Unit 2A-C, 2nd Floor,
Jalan USJ 10/1A
Pusat Perniagaan USJ 10
47610 UEP Subang Jaya
Selangor Darul Ehsan, Malaysia

Dear Sirs and Madams

Independent Assessment of the Third-Party Logistics Industry

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of AGX Group Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Date of report: 26 December 2023

INDEPENDENT ASSESSMENT OF THE THIRD-PARTY LOGISTICS INDUSTRY

1. INTRODUCTION

- AGX Group Berhad and its subsidiaries (AGX Group) are third-party logistics (3PL) service providers involved in providing sea and air freight forwarding, aerospace logistics, warehousing and other 3PL services, and road freight transportation, with markets and operation centres in Malaysia, the Philippines, Korea, Myanmar and Singapore, which form the focus of this report.

- In the context of this report, logistics refers to international and domestic movement and storage of goods, cargo or freight (used interchangeably) and related services, but excludes pipelines, postal, courier, hired vehicles and localised pick-up and delivery services. It also refers to 3PL. GDP refers to nominal GDP unless stated otherwise.

2. INDUSTRY STRUCTURE

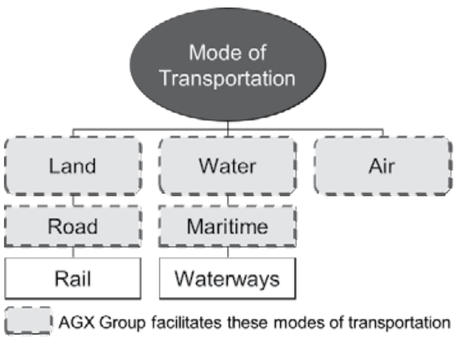
2.1 Overall logistics industry

- The logistics industry is involved in managing and organising the storage and movement of goods, also referred to as freight, from one point to another. Logistics is one component of a supply chain. A supply chain comprises a series of activities starting from goods that are extracted, manufactured, produced, processed or procured, up to delivery to their final destinations. The logistics industry can be segmented as depicted in the diagram provided.

AGX Group operates in all of the above segments of the logistics industry

- **Warehousing** is mainly concerned with the temporary storage of goods in an enclosed and covered building. The types of warehousing include, among others, general, hazardous and high-security goods, as well as goods stored in ambient or temperature and humidity-controlled environments. In some situations, warehousing also includes storage of goods in open yards but does not include storage of liquids or gases in storage tanks. AGX Group is involved in the warehousing of general goods at ambient temperature within enclosed and covered buildings.

  Warehouses can be bonded or non-bonded. Bonded warehouses are designated secured areas or buildings where the stored goods are exempted from customs duties and taxes. Non-bonded warehouses are ordinary warehouses. AGX Group provides both bonded and non-bonded warehouse services.



AGX Group facilitates these modes of transportation

- **Transportation** refers to the physical movement of goods using vehicles to traverse over land, water or air. Road transportation is commonly categorised into haulage, which involved the movement of goods within standardised containers, and trucking which refers to goods transported using trucks or vans. AGX Group is involved in providing haulage and trucking services. Transportation over bodies of water includes oceans and seas (maritime), and waterways such as rivers. Goods are categorised as containerised or non-containerised. Containerised goods are goods packed within standardised 20-foot or 40-foot containers, while non-containerised goods include bulk goods such as grains and coal, and other general goods placed onboard vessels. AGX Group is involved in mainly containerised sea freight. Air transportation uses commercial cargo and scheduled passenger flights, as well as chartered flights. AGX Group uses all modes of air transportation.

- **Freight forwarding** is a service mainly involved in arranging cross-border transportation of freight, including warehousing where necessary. A freight forwarder's main function is to organise and manage the end-to-end transportation of goods on behalf of its customers. Among others, it involves arranging and booking cargo space on vehicles, preparing all relevant documentation, permits and approvals including those for customs and port authorities, clearing customs and ports, and ensuring that freight arrives at its destination promptly and safely. AGX Group provides freight forwarding services.

- Operators of logistics services are commonly segregated into service providers, asset owners and/or operators. Asset owners include entities that own vehicles such as ships, aircraft and road vehicles, and warehouses. Ships and aircraft that transport goods for multiple customers are referred to as common carriers. Freight forwarders or shippers will book space on common carriers. A large proportion of logistics service providers are not owners or operators of ships and aircraft, while some would own or operate road vehicles and warehouses. AGX Group operates road vehicles and warehouses. AGX Group owns and leases road vehicles, and leases warehouses but does not own ships or aircraft.

2.2 Value-added logistics services

- Value-added logistics services refer to additional services (such as picking, packing and urgent delivery) to complement conventional logistics services including the following:
  - **Aerospace logistics** is a specialised air freight service generally involved with the timely delivery of aircraft parts, components and equipment that are essential to restore an inoperable aircraft-on-the-ground (AOG) to its operational state. An AOG disrupts flight schedules, inconveniences passengers, incurs expenses and often leads to a loss of revenue for the operator. Thus, the timely delivery of essential aircraft parts, components and equipment is critical in aerospace logistics. Aerospace logistics is project-based. It can also involve unscheduled air freight of parts, components and equipment between vendors and repair centres. AGX Group is involved in the provision of aerospace logistics for AOG as well as for general aerospace transportation projects.
  - **Distribution logistics** refers to the planning, storage, handling and transport of goods from suppliers to distribution centres and retail outlets. It is a point-to-multipoint service. AGX Group provides distribution logistics in Malaysia and Singapore.
  - **E-fulfilment** involves fulfilling purchasers' online orders. The process includes receiving and storing inventory from one or multiple sources (warehousing), picking and packing goods (management of inventory), and final delivery (last-mile delivery) to purchasers at their homes or commercial premises. Sometimes two parties are involved in e-fulfilment, where one party focuses on the warehousing and management of inventory while the other is involved in the last-mile delivery. AGX Group provides warehousing and management of e-fulfilment services in the Philippines and Singapore.

3. SUPPLY AND DEMAND CONDITIONS

- Factors influencing the supply of logistics services include, among others, regulatory environment that may impede the entry of new operators and/or affect the operations and provision of services by existing operators; and macro factors such as border closures, freight rates, geopolitical events and trade barriers. Factors influencing the demand for logistics services include, among others, economic activities, particularly domestic and foreign trade activities, and e-commerce.

- Logistics service providers are dependent on the level of economic activities, as higher economic activities support increased production and consumption requiring movement and storage of goods, which will drive demand for logistics services. Additionally, level of external trade activities will have a direct impact on the logistics industry, as the importers and exporters rely on warehousing, transportation and freight forwarding services to facilitate domestic and cross-border trades. Furthermore, the amount of cargo passing through airports and seaports provides some indication of logistics activities including freight forwarding, and road and sea freight transportation.

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

3.1 Economic activities

	2018	2019	2020	2021	2022	CAGR (2018-22)	CAGR (2020-22)
Real GDP growth/(decline) of the economy							
Malaysia	4.8%	4.4%	(5.5%)	3.3%	8.7%	2.6%	5.9%
The Philippines	6.3%	6.1%	(9.5%)	5.7%	7.6%	2.2%	6.6%
Korea	2.9%	2.2%	(0.7%)	4.3%	2.6%	2.1%	3.5%
Myanmar (1)	6.4%	6.8%	3.2%	(5.9%)	2.8%	1.6%	(1.6%)
Singapore	3.6%	1.3%	(3.9%)	8.9%	3.6%	2.4%	6.2%
Real GDP growth/(decline) of the transport and storage sector							
Malaysia	6.3%	6.8%	(21.5%)	1.4%	30.8%	2.7%	15.2%
The Philippines	7.7%	6.4%	(30.6%)	6.3%	23.9%	(0.7%)	14.8%
Korea	3.7%	1.7%	(17.3%)	6.7%	9.1%	(0.6%)	7.9%
Myanmar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	1.0%	0.1%	(15.8%)	9.9%	4.0%	(0.9%)	6.9%

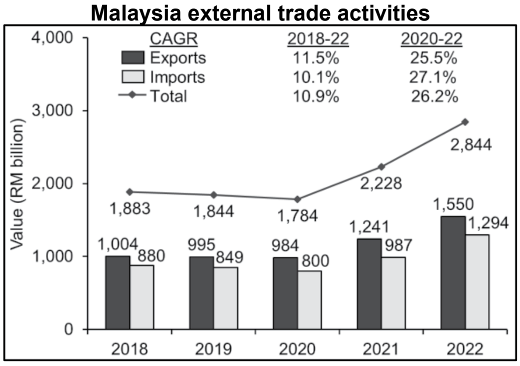
GDP = Gross Domestic Product; CAGR = compound annual growth rate; n.a. = information not available
Note: (1) Myanmar's data is based on fiscal year 1 October to 30 September (*Source: Department of Statistics Malaysia, Philippine Statistics Authority, Bank of Korea, Central Bank of Myanmar, Central Statistical Organisation Myanmar, Department of Statistics Singapore)*

- In 2020, all countries (except Myanmar in fiscal year ended 2021) experienced negative economic growth due to global and domestic containment measures implemented during the COVID-19 pandemic, which resulted in a downturn in the transport and storage sector. In 2022, all countries experienced recovery growth due to the expansion across most sectors after the progressive easing of containment measures arising from the COVID-19 pandemic. The real GDP of the transport and storage sector in Malaysia, the Philippines, Korea and Singapore accounted for 3.7%, 3.4%, 3.1% and 6.1% of the country's respective real GDP in 2022 *(Source: Department of Statistics Malaysia, Philippine Statistics Authority, Bank of Korea, Department of Statistics Singapore)*. In fiscal year ended 2022 (FY2021-22), Myanmar's GDP for the transportation industry grew by 10.2%, which accounted for 10.0% of Myanmar's GDP *(Source: Central Statistical Organisation Myanmar)*.

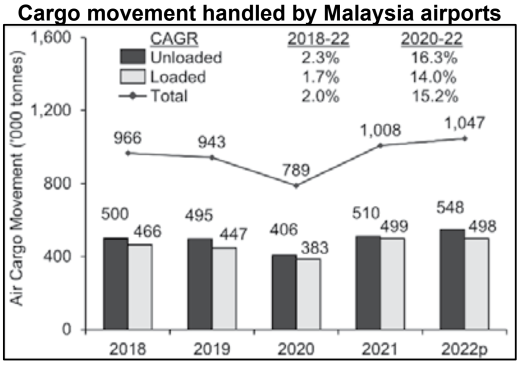
3.2 Malaysia

- In 2022, the value of exports and imports in Malaysia grew by 24.9% and 31.0% respectively, resulting in a growth of external trade activities by 27.6%. The growth was mainly attributed to strong external demand for exports, higher commodity prices and an increase in intermediate imports. Nevertheless, the growth of exports and imports slowed since the fourth quarter of 2022, in line with the global economic slowdown and commodity price softening. For the first 9 months of 2023, the value of exports and imports declined by 8.4% and 8.9% respectively, resulting in a decline of external trade activities by 8.7% compared to the first 9 months of 2022. The decline was mainly attributed to moderated global growth weighed by elevated inflation and higher interest rates. *(Source: Bank Negara Malaysia (BNM))*

Malaysia external trade activities



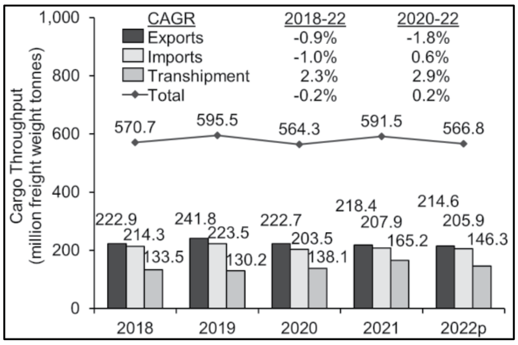
Cargo movement handled by Malaysia airports



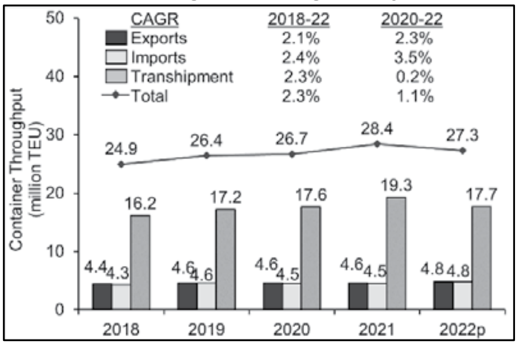
p = preliminary (Source: Department of Statistics Malaysia, Ministry of Transport Malaysia)

- Total air cargo handled by airports in Malaysia grew by 27.7% in 2021, partly contributed by the strong growth of e-commerce and the electrical and electronics sector in Malaysia. In 2022, the total air cargo handled by airports in Malaysia grew by 3.9% to 1.0 million tonnes. The reduced growth was mainly due to weaker global economic sentiment amid persistent inflationary pressure, rising interest rates and a fear of recession, despite the continued growth of e-commerce in Malaysia. For the first 9 months of 2023, the total air cargo handled by airports in Malaysia declined by 13.3% compared to the first 9 months of 2022.

Cargo throughput through Malaysia ports



Container throughput through Malaysia ports



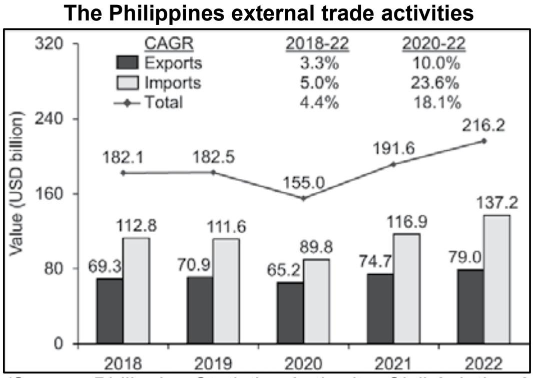
TEU = Twenty-foot equivalent units; p = preliminary (Source: Ministry of Transport Malaysia)

- In 2022, sea freight transportation based on cargo throughput declined by 1.7% and 1.0% for exports and imports respectively, whereas sea freight transportation based on container throughput grew by 3.9% and 5.9% for exports and imports respectively. Overall, cargo and container throughput declined by 4.2% and 4.0% respectively, where both declines were mainly due to reduced transhipment. For the first 9 months of 2023, the overall cargo and container throughput grew by 0.7% and 0.6% respectively compared to the first 9 months of 2022.

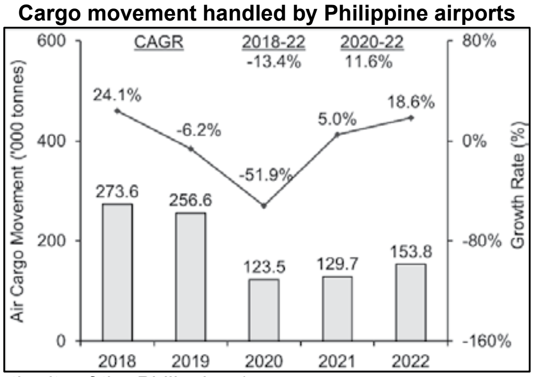
3.3 The Philippines

- In 2022, the Philippines' external trade grew by 12.9%, contributed by 5.7% and 17.4% growth from export and import values respectively. Electronics product exports, which accounted for 57.7% of the country's exports by value, registered a growth of 7.2% in 2022. The top three imported product groups namely electronic products; mineral fuels, lubricants and related materials; and transport equipment, grew by 3.2%, 74.6% and 32.7% respectively in 2022. For the first 9 months of 2023, the Philippines' external trade declined by 8.9%, contributed by a decline of 6.6% and 10.2% from export and import values respectively compared to the first 9 months of 2022.

The Philippines external trade activities



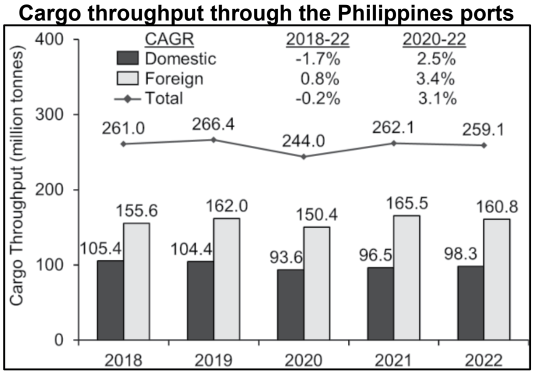
Cargo movement handled by Philippine airports



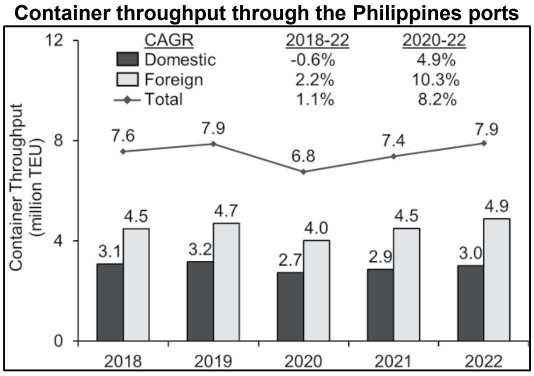
(Source: Philippine Statistics Authority; Civil Aviation Authority of the Philippines)

- In 2022, air cargo handled at the Philippines airports grew by 18.6%, mainly due to the low base effect in 2020 due to the COVID-19 pandemic, which was followed by a modest recovery of 5.0% in 2021. In 2022, cargo throughput through the Philippines ports declined by 0.2%, mainly due to the 3.1% decline in foreign container throughput. In the same year, container throughput through the Philippines ports grew by 7.2%, contributed by both domestic and foreign container throughput that grew by 5.3% and 8.5% respectively. For the first 9 months of 2023, cargo throughput through the Philippines ports grew by 3.8% while container throughput declined by 6.6% compared to the first 9 months of 2022.

Cargo throughput through the Philippines ports



Container throughput through the Philippines ports

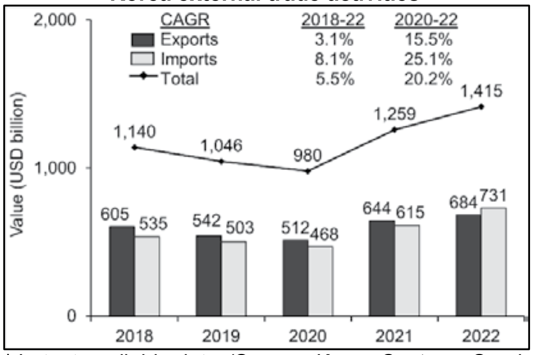


(Source: Philippine Ports Authority)

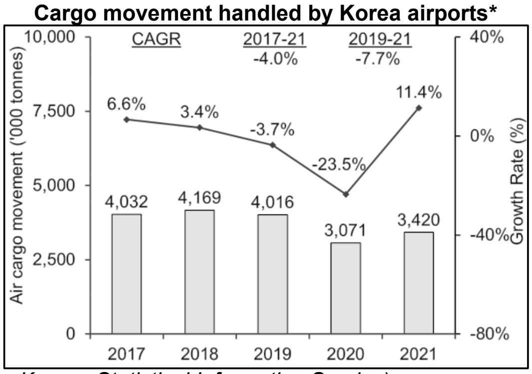
3.4 Korea

- In 2022, Korea's external trade grew by 12.3%, contributed by 6.1% and 18.9% growth from export and import values respectively. The moderated export growth was due to the overall slump in the export of semiconductors, as well as weak economic sentiment amid high inflation *(Source: Ministry of Economy and Finance, Korea)*. For the first 9 months of 2023, Korea's external trade declined by 12.1%, contributed by a decline of 11.5% and 12.6% from export and import values respectively.

Korea external trade activities



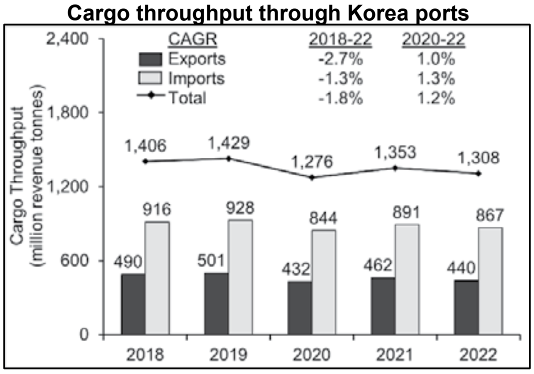
Cargo movement handled by Korea airports*



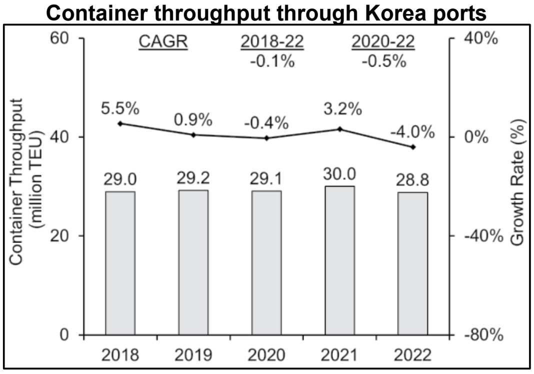
* Latest available data *(Source: Korea Customs Service; Korean Statistical Information Service)*

- In 2020, the air freight volume handled by airports in Korea further declined by 23.5%, followed by a growth of 11.4% in 2021, mainly due to the implementation of containment measures due to the COVID-19 pandemic.

Cargo throughput through Korea ports



Container throughput through Korea ports



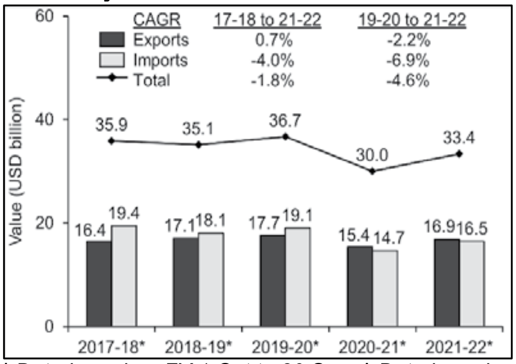
(Source: Korean Statistical Information Service)

- In 2022, cargo and container throughput through Korea ports declined by 3.3% and 4.0% respectively, mainly due to weaker economic sentiments and decreasing sea freight rates. For the first 9 months of 2023, cargo throughput through Korea ports declined by 1.1% while container throughput grew by 2.7% compared to the first 9 months of 2022.

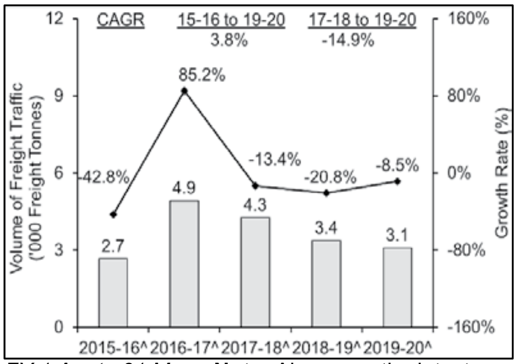
3.5 Myanmar

- In FY2021-22, Myanmar's external trade activities grew by 11.2%, attributed to 10.1% and 12.3% growth in export and import values respectively. In the first half of FY2022-23 (October 2022 to March 2023), Myanmar's external trade activities grew by 3.5% compared to the first half of FY 2021-22. *(Source: Central Statistical Organisation Myanmar)*

Myanmar external trade activities



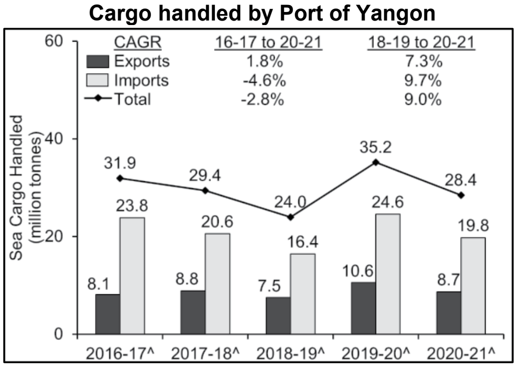
Volume of private air freight traffic



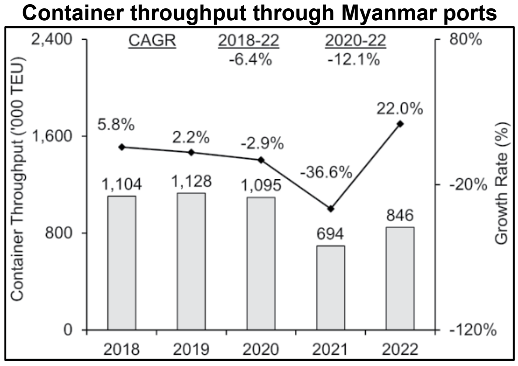
** Data based on FY 1 Oct to 30 Sep; ^ Data based on FY 1 Apr to 31 Mar.* **Note:** Above are the latest available data *(Source: Central Statistical Organisation Myanmar; Myanmar Statistical Information Service)*

- The Port of Yangon is the premier port of Myanmar and handles about 90% of the country's exports and imports *(Source: Myanmar Port Authority)*. In FY2020-21, total sea cargo handled by the Port of Yangon declined by 19.1%, contributed by the decline of 18.1% and 19.5% from exports and imports respectively, mainly due to containment measures implemented during the COVID-19 pandemic. In 2021, container throughput declined by 36.6% to 0.7 million TEU, followed by a growth of 22.0% to 0.8 million TEU in 2022.

Cargo handled by Port of Yangon



Container throughput through Myanmar ports



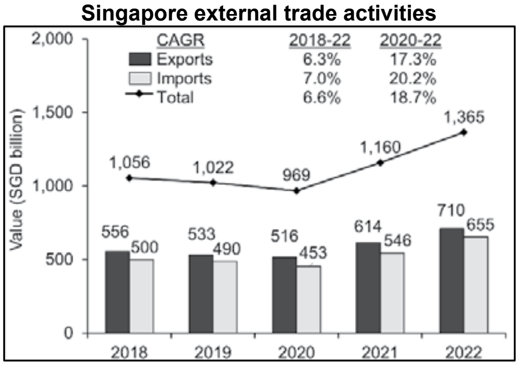
^ Data based on FY 1 Apr to 31 Mar. **Note:** Above are the latest available data *(Source: Central Statistical Organisation Myanmar; Vital Factor analysis)*

3.6 Singapore

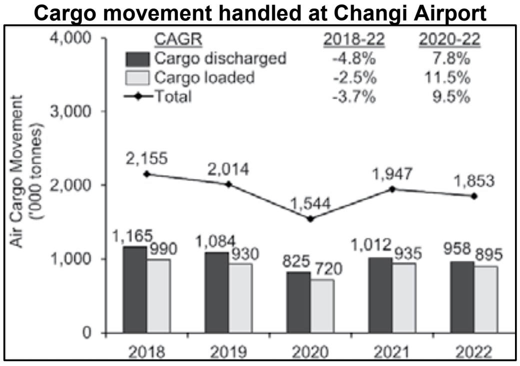
- In 2022, Singapore's exports and imports grew by 15.6% and 20.1% respectively, resulting in 17.7% growth in total external trade activities. The growth of external trade activities growth was attributed primarily to the 47.5% growth of oil trades amid higher oil prices, and the 11.9% growth of non-oil trades comprising, among others, electronic products, structures of ships and boats, measuring instruments and specialised machinery. For the first 9 months of 2023, Singapore's exports and imports declined by 13.2% and 16.0% respectively, resulting in a 14.5% decline in total external trade activities, mainly due to declining commodity prices and a weakened external outlook. *(Source: Ministry of Trade and Industry Singapore)*

- In 2022, air cargo handled at Singapore's Changi Airport declined by 4.8%, attributed to global economic uncertainty and inflationary pressure. For the first 9 months of 2023, air cargo handled at Singapore's Changi Airport declined by 7.9% compared to the first 9 months of 2022.

Singapore external trade activities

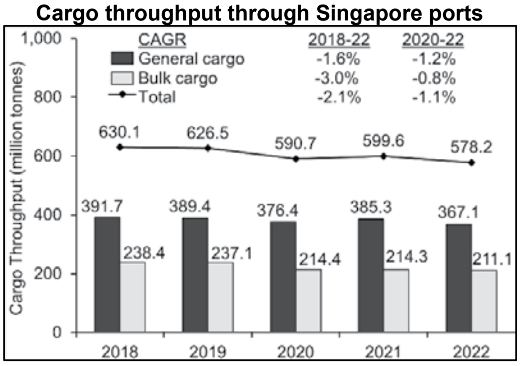


Cargo movement handled at Changi Airport

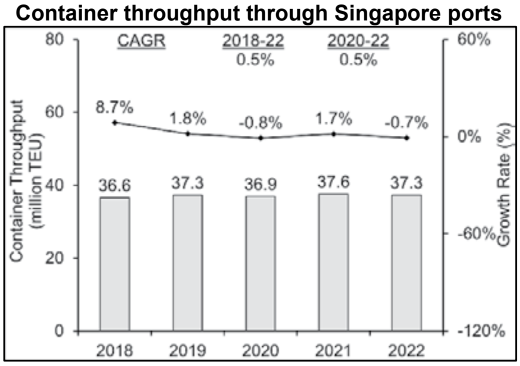


(Source: Department of Statistics Singapore)

Cargo throughput through Singapore ports



Container throughput through Singapore ports



(Source: Maritime and Port Authority of Singapore)

- In 2022, cargo and container throughput through Singapore ports declined by 3.6% and 0.7% respectively mainly due to declining sea freight attributed to rising commodity prices and global inflation causing a drop in demand for goods. For the first 9 months of 2023, cargo and container throughput through Singapore ports grew by 1.2% and 3.5% respectively compared to the first 9 months of 2022.

4. COMPETITIVE LANDSCAPE

- As of 26 December 2023:
  - 1,421 operators registered as members of the Federation of Malaysian Freight Forwarders;
  - 586 operators registered as air freight forwarders with the Civil Aeronautics Board of Philippines; 907 operators accredited by the Department of Trade and Industry of Philippines as sea freight forwarders, of which 823 are accredited as international freight forwarders. Out of the 823 international freight forwarders, 567 of them are also accredited as non-vessel operating common carriers;
  - 767 operators registered as members of Korea International Freight Forwarders Association;
  - 260 operators registered as ordinary members of Myanmar International Freight Forwarders Association, which comprises domestic freight forwarding and logistics companies; and
  - 689 operators registered with the Singapore Logistics Association, comprising 31 air freight forwarders, 85 sea freight forwarders, and 311 both air and sea freight forwarders.

- The selection criteria for the companies below are publicly listed companies, and providing sea and/or air freight services, among others. This is not an exhaustive list and is used to indicate the performance of companies in the industry.

VITAL FACTOR CONSULTING
Creating Winning Business Solutions

Operators in the Industry	FYE[1]	Revenue [2] (RM'000)	Seg rev (RM'000)	GP[2] (RM'000)	GP Margin	NP/(NL)[2] (RM'000)	NP/(NL) Margin
AGX Group	**Dec-22**	**234,429**	**234,429**	**50,421**	**21.5%**	**13,541**	**5.8%**
Listed companies in Malaysia							
Tasco Bhd [3]	Mar-23	1,606,834	1,606,834	199,935	12.4%	92,259	5.7%
Harbour-Link Group Bhd [4]	Jun-23	1,006,956	342,774	260,311	25.9%	175,071	17.4%
FM Global Logistics Holdings Bhd [5]	Jun-23	948,361	948,337	229,207	24.2%	47,152	5.0%
CJ Century Logistics Holdings Bhd [6]	Dec-22	930,396	930,396	133,824	14.4%	28,163	3.0%
Tiong Nam Logistics Holdings Bhd [7]	Mar-23	725,692	645,502	123,303	17.0%	28,068	3.9%
Swift Haulage Berhad [8]	Dec-22	643,768	642,692	197,438	30.7%	49,218	7.6%
KGW Group Berhad [9]	Dec-22	229,695	229,695	35,218	15.3%	16,335	7.1%
See Hup Consolidated Bhd [10]	Mar-23	126,190	113,813	n.a.	n.a.	(6,097)	(4.8%)
Tri-Mode System (M) Bhd [11]	Dec-22	124,624	124,387	19,735	15.8%	10,474	8.4%
Xin Hwa Holdings Bhd [12]	Mar-23	118,282	96,758	27,580	23.3%	(15,709)	(13.3%)
Transocean Holdings Bhd [13]	Dec-22	28,881	21,176	n.a.	n.a.	1,759	6.1%
Listed companies in the Philippines [14]							
LBC Express Holdings, Inc. [15]	Dec-22	1,227,315	1,176,665	231,609	18.9%	(43,893)	(3.6%)
Chelsea Logistics [16]	Dec-22	519,760	273,359	61,666	11.9%	(204,148)	(39.3%)
Listed companies in Korea [17]							
CJ Logistics Corporation [18]	Dec-22	41,377,862	n.a.	4,045,468	9.8%	671,359	1.6%
Hanjin Transportation C/L [19]	Dec-22	9,719,375	n.a.	736,264	7.6%	176,553	1.8%
Taewoong Logistics C/L [20]	Dec-22	4,530,515	n.a.	558,531	12.3%	319,666	7.1%
Hansol Logistics C/L [21]	Dec-22	3,463,434	n.a.	268,379	7.7%	82,685	2.4%
Han Express C/L [22]	Dec-22	2,927,087	n.a.	107,724	3.7%	29,191	1.0%
Dongbang Transport Logistics C/L [23]	Dec-22	2,587,357	n.a.	302,135	11.7%	4,430	0.2%
Intergis C/L [24]	Dec-22	2,455,864	n.a.	201,458	8.2%	106,835	4.4%
Sun Kwang C/L [25]	Dec-22	587,174	n.a.	163,765	27.9%	50,112	8.5%
Listed companies in Myanmar [26]							
Ever Flow River Group Public C/L [27]	Mar-23	117,082	71,105	13,265	11.3%	4,006	3.4%
Listed companies in Singapore							
A-Sonic Aerospace Limited [28,29]	Dec-22	1,667,053	1,661,327	n.a.	n.a.	24,215	1.5%
Cosco Shipping (Singapore) [30,31]	Dec-22	592,480	426,218	131,624	22.2%	(280,086)	(47.3%)
Vibrant Group Limited [30,32]	Apr-23	543,682	519,899	183,138	33.7%	1,857	0.3%
GKE Corporation Limited [30,33]	May-23	347,650	275,324	97,354	28.0%	12,476	3.6%
Eneco Energy Limited [30,34]	Dec-22	102,189	102,189	n.a.	n.a.	6,536[35]	6.4%

FYE = financial year ended; Seg rev = segment revenue incorporating logistics services only; GP = gross profit; NP = net profit after tax; NL = net loss after tax; Bhd = Berhad; C/L = Co., Ltd; n.a. = information not available

(1) Latest audited financial information from annual reports of respective companies and AGX Group.
(2) May include other business activities, products or services in addition to logistics services.
(3) Provides air and sea freight forwarding, contract logistics, trucking and cold supply chain services.
(4) Provides mainly shipping and marine services, integrated logistics, and engineering works.
(5) Provides sea and air freight forwarding, and domestic logistics services.
(6) Provides total logistics and procurement logistics services.
(7) Provides logistics and warehousing services, property development, and hotel and dormitory operations.
(8) Provides container haulage, land transportation, warehousing and container depot, and freight forwarding services.
(9) Provides ocean freight services, air freight services and freight forwarding services, as well as warehousing and distribution of healthcare-related products and devices.
(10) Provides transportation and logistics services, trading of general merchandise and construction activities.
(11) Provides sea and air freight, haulage, freight forwarding, warehousing and marine insurance.
(12) Provides land transport, warehousing and distribution services, and other activities.
(13) Provides logistics solutions, and manufacturing and trading of tyre products.
(14) Financial figures in PHP and converted to RM based on BNM's exchange rate of PHP100 = RM8.0799 for 2022.
(15) Provides logistics and money transfer services.
(16) Chelsea Logistics and Infrastructure Holdings Corp. is involved in the shipping, transport and logistics business.
(17) Financial figures in KRW and converted to RM based on BNM's exchange rate of KRW100 = RM0.3411 for 2022.
(18) Provides sea and air transportation, customs clearance, storage and international express services in the global e-commerce market.
(19) Provides inland and sea transportation, stevedoring, warehousing, air and sea freight forwarding, global express, and small package delivery services.
(20) Provides sea and air freight and forwarding, inland and rail transportation and insurance services globally.

(21) Provides global logistics, container and truck transportation, and warehousing and distribution services.
(22) Provides special cargo and distribution logistics, as well as freight forwarding services.
(23) Provides stevedoring, freight forwarding, container storage, and inland and marine transportation services.
(24) Provides stevedoring, inland transportation, shipping and global logistics services.
(25) Provides grain terminal, container terminal, stevedoring, cargo transportation and freight forwarding services.
(26) Financial figures in MMK and converted to RM based on BNM's exchange rate of MMK100 = RM0.2294 for 2022.
(27) Provides logistics services, trading of rubber and other goods, and garment inspection.
(28) Financial figures in USD and converted to RM based on BNM's exchange rate of USD = RM4.4011 for 2022.
(29) Provides aviation and logistics solutions, including transportation, warehousing, and freight forwarding services.
(30) Financial figures in SGD and converted to RM based on BNM's exchange rate of SGD = RM3.1915 for 2022.
(31) Cosco Shipping International (Singapore) Co., Ltd provides logistics, shipping, ship repair and marine engineering services, and property management.
(32) Provides freight and logistics, financial, and real estate services.
(33) Provides warehousing and logistics services, and strategic investments.
(34) Provides inbound and outbound transportation, distribution management and freight forwarding services.
(35) Included profit for the year from discontinued operations of RM5.6 million.

5. BARRIERS TO ENTRY

- In Malaysia, the key barriers to entry to the logistics industry are focused on licencing, approvals, minimum bumiputra and maximum foreign equity participation except for International Integrated Logistics Services status companies which allow 100% foreign equity participation. While there is a need to use assets such as land vehicles and warehouses, these can be leased or rented, while sea and air cargo spaces are commonly booked with common carriers. The numerous numbers of logistics service providers in various countries indicate the ease of entry into the logistics industry.

6. MARKET SIZE AND MARKET SHARE

	Sea Freight (1)			Air Cargo (2)		
2022	Market size ('000 TEU) (a)	AGX Group ('000 TEU) (b)	AGX Group's share (3)	Market size (tonnes) (a)	AGX Group (tonnes) (b)	AGX Group's share (3)
Malaysia	27,300	4	Less than 1%	1,047,000	2,145	Less than 1%
The Philippines	7,900	14	Less than 1%	153,800	5,292	3.4%
Korea	28,800	2	Less than 1%	*	312	N/A
Myanmar	846,000	2	Less than 1%	*	300	N/A
Singapore	37,300	2	Less than 1%	1,853,000	278	Less than 1%

*Source: (a) Ministry of Transport Malaysia, Philippine Ports Authority, Civil Aviation Authority of the Philippines, Korean Statistical Information Service, Vital Factor analysis, Maritime and Port Authority of Singapore, Department of Statistics Singapore; (b) AGX Group's sea freight (TEU) and air cargo (tonnes) volume of their respective country of operation; * No latest publicly available data; TEU = 20-foot equivalent unit containers; N/A = not available. (1) Includes exports, imports and transhipments of laden container; (2) Includes air freight and aerospace logistics; (3) AGX Group's sea freight (TEU) and air cargo (tonnes) volume divided by their respective market sizes, multiplied by 100%.*

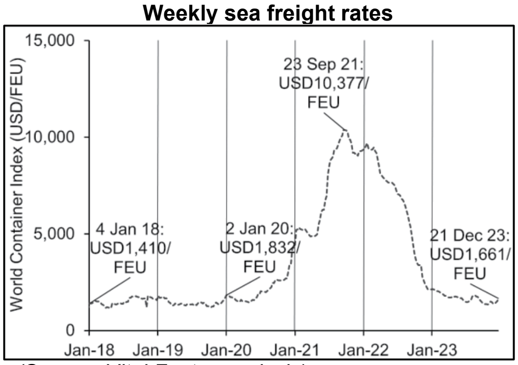
There were no publicly available statistics or data on the market size for third-party warehousing, therefore it is not possible to derive market share.

7. INDUSTRY CONSIDERATION FACTORS

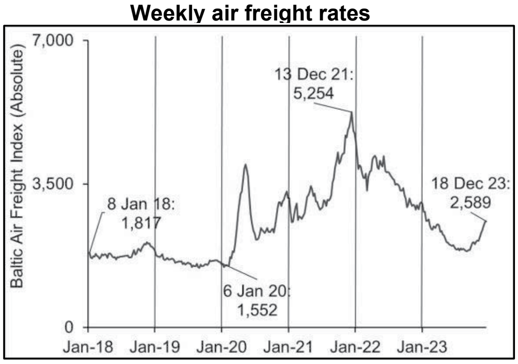
- Logistics service providers are dependent on economic activities at the global and domestic levels which drive demand for goods and services. In 2022, the global economy's real GDP grew by 3.5%, mainly affected by the continuing Russia-Ukraine conflict, economic slowdown in China due to frequent lockdowns, and higher inflation worldwide which triggered a sharp tightening in global financial conditions, as well as the sharp appreciation of the US dollar *(Source: Vital Factor analysis)*. However, China has eased the COVID-19 restrictions since November 2022.

- The global supply chain disruption prompted by the COVID-19 pandemic, combined with the US-China trade war has led to higher sea and air freight rates since 2020. The increase in sea and air freight rates largely affects consignors (sending parties) and consignees (receiving parties) as they have to pay for the freight rates. Following the gradual relaxing of containments in various countries in 2022, the sea and air freight rates declined, mainly due to greater availability of freight capacity globally and lower demand for freight as the global economy remains uncertain, attributing to the continuing Russia-Ukraine conflict, inflationary pressures and tightening in global financial conditions. The sea and air freight rates were generally lower in 2023 compared to 2022. Moving forward, the sea and air freight rates may be affected by the cargo ship attacks in the Red Sea resulting from the geopolitical conflicts.

Weekly sea freight rates



Weekly air freight rates



(Source: Vital Factor analysis)

- **MALAYSIA**: The real GDP of Malaysia's economy, and transport and storage sector grew by 8.7% and 30.8% respectively in 2022. For the first 9 months of 2023, the real GDP of Malaysia's economy, and transport and storage sector grew by 3.9% and 14.4% respectively compared to the first 9 months of 2022. The real GDP of Malaysia's economy is expected to grow by 4.0% in 2023, and is forecasted to grow between 4.0% and 5.0% in 2024. The growth is anticipated to be mainly driven by sustained domestic consumption and improved export activities. *(Source: Ministry of Finance)*

- **THE PHILIPPINES**: The real GDP of the Philippines' economy, and transport and storage sector grew by 7.6% and 23.9% respectively in 2022. For the first 9 months of 2023, the real GDP of the Philippines' economy, and transport and storage sector grew by 5.5% and 14.4% respectively compared to the first 9 months of 2022. In 2023, the real GDP of the Philippines economy is projected to grow between 6.0% and 7.0% in consideration of external headwinds such as the slowdown in major advanced economies *(Source: National Economic and Development Authority, the Philippines)*.

- **KOREA**: The real GDP of Korea's economy, and transport and storage sector grew by 2.6% and 9.1% respectively in 2022. For the first 9 months of 2023, the real GDP of Korea's economy, and transport and storage sector grew by 1.1% and 10.9% respectively compared to the first 9 months of 2022. In 2023, the real GDP growth of Korea's economy is projected to be 1.4% due to deteriorating external conditions *(Source: Ministry of Economy and Finance).*

- **MYANMAR**: The real GDP of Myanmar's economy grew by 2.8% in FY2021-22, while the GDP of the transportation industry also grew by 10.2%. The growth was mainly due to recovery from the economic disruption resulting from the COVID-19 pandemic and the military coup on 1 February 2021. In the first quarter of FY2022-23 (October 2022 to December 2022), Myanmar's real GDP grew by 3.5% compared to the first quarter of FY2021-22, while the GDP of the transportation industry grew by 11.2%. *(Source: Central Statistical Organisation Myanmar)*

- **SINGAPORE**: The real GDP of Singapore's economy, and transport and storage sector grew by 3.6% and 4.0% respectively in 2022. For the first 9 months of 2023, the real GDP of Singapore's economy, and transport and storage sector grew by 0.7% and 2.6% respectively compared to the first 9 months of 2022. The real GDP of Singapore's economy is expected to grow around 1.0% in 2023, and between 1.0% and 3.0% in 2024. *(Source: Ministry of Trade and Industry Singapore)*.

- The prospects and outlook of the third-party logistics industry in the five respective countries are dependent on several factors, including trade performance with trading partners, internal domestic economic growth, and the overall global well-being moderated by geopolitical events and trade sanctions, such as the US-China trade war. In 2023, the real GDP of the global economy is projected to be 3.0%, a slower growth compared to 2022, mainly due to persistent inflation and the slow recovery of China's economy, despite the recovery from the global supply chain disruptions and shipping costs, as well as the resilience shown in the service sectors *(Source: Vital Factor analysis)*.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

9.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

9.1.1 We are subject to regulatory requirements for our business operations

We require approvals, licences and permits from various governmental authorities in the countries where we carry out our business operations (i.e. Malaysia, the Philippines, Korea, Myanmar and Singapore). Further details of major approvals, licences and permits which has been obtained by our Group are set out in Section 7.10 of this Prospectus.

These approvals, licences and permits are subject to, amongst others, various conditions imposed by authorities and periodic renewals. The inability of our Group to comply with any of the conditions stipulated therein may result in the revocation or non-renewal of these approvals, and failure to renew the licences/permits may adversely affect the continuity of our Group's business operations which in turn may adversely affect our financial performance.

Any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/or our directors, restrictions on operation and/or remedial liabilities which would have a material impact on our Group.

Further, new regulations may, from time to time, be implemented by the relevant authorities in the countries where we carry out our business operations. These new regulations may lead to additional approvals, licences and permits required for our business operations or additional or more onerous conditions being imposed on our existing approvals, licences and permits. If we are unable to comply with the changes arising therefrom, the relevant business operations of our Group may be subject to disruptions or penalties.

As disclosed in Note (1) in Section 7.9.2 of this Prospectus, there were past material non-compliances by AGX Malaysia in relation to the Previous Port Klang Warehouse 1, Previous Port Klang Warehouse 2 and Previous Telok Gong Warehouse, and the consequences of non-compliance are as follows:

(i) Pursuant to Section 27A of the Fire Services Act, any owner, occupier or person having the overall management of the designated premises who fails to establish a fire safety organisation shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both. The potential maximum fine of RM150,000 for not establishing a fire safety organisation in the Previous Port Klang Warehouse 1, Previous Port Klang Warehouse 2 and Previous Telok Gong Warehouse respectively, represents 0.89% of our Group's profit before tax for the FYE 2022.

(ii) Pursuant to the Street, Drainage and Building Act 1974, any person who occupies or permits to be occupied any building or any part of a building without a CF/CCC shall be liable on conviction to a fine not exceeding RM250,000 or imprisonment for a term not exceeding ten (10) years or to both. The potential maximum fine of RM250,000 for occupying the Previous Port Klang Warehouse 2 which contained unapproved awning extension without a CF/CCC obtained by the landlord in respect of the unapproved extension represents 1.49% of our Group's profit before tax for the FYE 2022.

As part of the remedial steps taken by our Group to rectify the non-compliances above, we have amalgamated and terminated our tenancies at the Previous Port Klang Warehouse 1, Previous Port Klang Warehouse 2 and Previous Telok Gong Warehouse, and relocated to the Lot 41 Warehouse. Please refer to Note (1) in Section 7.9.2 of this Prospectus for further details.

As at the LPD, we have not been fined or issued with any notice of non-compliance from the relevant authorities in relation to the past non-compliances above. Please refer to Section 7.20.1 of this Prospectus for the relevant provisions of the Fire Services Act 1988 and Street, Drainage and Building Act 1974.

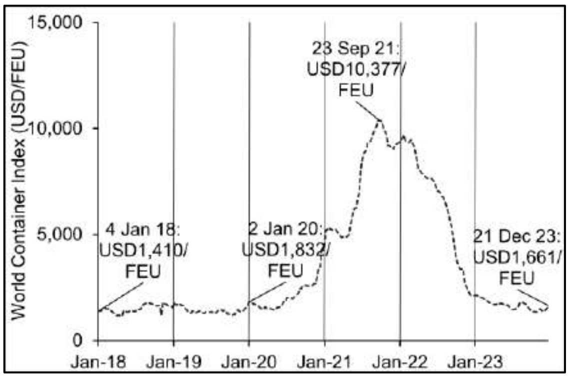
9.1.2 We are subject to risks related to fluctuations in sea and air freight rates

The pricing of our sea freight forwarding services, and for our air freight forwarding and aerospace logistics services are largely dependent on the prevailing sea freight rates and air freight rates, respectively. Sea and air freight rates are subject to fluctuations based on, among other factors, the level of economic and external trade activities, trade relations between major economies, availability of empty containers and demand for sea or air freight on a particular route coupled with the availability of vessels or aircraft travelling on that route.

As an example, the global supply chain disruption prompted by the COVID-19 pandemic, combined with the US-China trade war has led to higher sea and air freight rates since 2020.

<u>Sea freight rates</u>

The weekly sea freight rate generally grew by 466.4% from USD1,832/FEU on 2 January 2020 to USD10,377/FEU on 23 September 2021 (the highest rate recorded between 4 January 2018 and 21 December 2023), before declining by 84.0% to USD1,661/FEU on 21 December 2023. The graphical illustration of the weekly sea freight rates, represented by the World Container Index, from 4 January 2018 to 21 December 2023 is presented in the chart as follows (Source: IMR Report):



To further illustrate, during the Financial Years and Period Under Review, our Group's total revenue, volume handled and average pricing (i.e. average revenue per TEU) for the sea freight forwarding segment (being our largest revenue contributor for FYE 2020, FYE 2021 and FYE 2022 and second largest revenue contributor for FPE 2023) were as follows:

		FYE 2020	FYE 2021	FYE 2022	FPE 2023
Sea freight forwarding					
Revenue (RM'000)	**(A)**	61,224	119,973	126,582	44,925
Volume handled (TEU)	**(B)**	19,363	21,205	25,037	9,643
Average revenue per TEU (rounded to the nearest hundred RM)	**(A / B)**	3,200	5,700	5,100	4,700

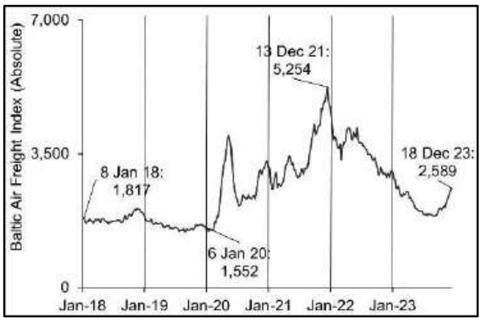
In line with the increase in weekly sea freight rates during the FYE 2021 as set out in the chart above, our average revenue per TEU increased by approximately RM2,500 per TEU from RM3,200 per TEU in FYE 2020 to RM5,700 per TEU in FYE 2021. Coupled with an increase in our volume handled by 1,842 TEU from 19,363 TEU handled in FYE 2020 to 21,205 TEU handled in FYE 2021, our Group's revenue for the sea freight forwarding segment has increased by 95.96% or RM58.75 million from RM61.22 million for the FYE 2020 to RM119,97 million for the FYE 2021.

As for FYE 2022, the weekly sea freight rates had been on a declining trend and resulting therefrom, our average revenue per TEU decreased by approximately RM600 per TEU from RM5,700 per TEU in FYE 2021 to RM5,100 per TEU in FYE 2022. Notwithstanding the foregoing, our volume handled increased by 3,832 TEU from 21,205 TEU handled in FYE 2021 to 25,037 TEU handled in FYE 2022. Following this, our Group has managed to record an increase in revenue for the sea freight forwarding segment by approximately 5.51% or RM6.61 million from RM119.97 million for the FYE 2021 to RM126.58 million for the FYE 2022.

For FPE 2023, the weekly sea freight rates were generally lower as compared to FPE 2022 and in line with this, our average revenue per TEU decreased by approximately RM4,300 per TEU from RM9,000 per TEU in FPE 2022 to RM4,700 per TEU in FPE 2023. Coupled with a decrease in our volume handled by 974 TEU from 10,617 TEU handled in FPE 2022 to 9,643 TEU handled in FPE 2023, our Group's revenue for the sea freight forwarding segment has decreased by approximately 52.99% or RM50.65 million from RM95.57 million for the FPE 2022 to RM44.93 million for the FPE 2023.

<u>Air freight rates</u>

The weekly air freight rate, represented by Baltic Air Freight Index, generally grew by 238.5% from 1,552 on 6 January 2020 to 5,254 on 13 December 2021 (the highest index value recorded between 8 January 2018 and 18 December 2023), before declining by 50.7% to 2,589 on 18 December 2023. The graphical illustration of the weekly freight rates, represented by the Baltic Air Freight Index, from 8 January 2018 to 18 December 2023 is presented in the chart as follows (Source: IMR Report):



For further illustration, during the Financial Years and Period Under Review, our Group's total revenue, volume handled and average pricing (i.e. average revenue per tonne) for the air freight forwarding segment (being our second largest revenue contributor for FYE 2020, FYE 2021, FYE 2022 and third largest revenue contributor for FPE 2023) were as follows:

		FYE 2020	FYE 2021	FYE 2022	FPE 2023
Air freight forwarding Revenue (RM'000)	**(A)**	35,012	51,785	63,650	20,916
Volume handled (tonnes)	**(B)**	3,947	6,733	6,656	3,229
Average revenue per tonne (rounded to the nearest hundred RM)	**(A / B)**	8,900	7,700	9,600	6,500

Notwithstanding the increase in weekly air freight rates during the FYE 2021, our Group recorded a decrease in average revenue per tonne by RM1,200 per tonne from RM8,900 per tonne in FYE 2020 to RM7,700 per tonne in FYE 2021. This was mainly contributed by our Philippines operations, being the largest contributor to the air freight forwarding segment in FYE 2021 (i.e. approximately 56%) whereby there was higher handling of inbound air freight cargo which is associated with lower charges for documentation and excludes air freight charges.

However, our Group managed to record an increase in revenue for the air freight forwarding segment by approximately 47.91% or RM16.78 million from RM35.01 million for the FYE 2020 to RM51.79 million for the FYE 2021, contributed by an increase in volume handled by 2,786 tonnes from 3,947 tonnes in FYE 2020 to 6,733 tonnes in FYE 2021.

As for FYE 2022, our average revenue per tonne increased by RM1,900 per tonne from RM7,700 per tonne in FYE 2021 to RM9,600 per tonne in FYE 2022, notwithstanding the weekly air freight rate was on a declining trend as depicted in the chart above. This was mainly contributed by our Philippines operations, being the largest contributor to the air freight forwarding segment in FYE 2022 (i.e. approximately 56%), whereby longer routes (associated with higher average revenue per tonne) were introduced to meet some customer requirements.

In line with the foregoing, our Group managed to record an increase in revenue for the air freight forwarding segment by approximately 22.91% or RM11.86 million from RM51.79 million for the FYE 2021 to RM63.65 million for the FYE 2022.

For FPE 2023, the weekly air freight rates were generally lower as compared to FPE 2022, and in line with this, our average revenue per tonne decreased by approximately RM6,000 per tonne from RM12,500 per tonne in FPE 2022 to RM6,500 per tonne. Coupled with a decrease in our volume handled by 757 tonnes from 3,986 tonnes in FPE 2022 to 3,229 tonnes in FPE 2023, our Group's revenue for the air freight forwarding segment has decreased by approximately 57.93% or RM28.80 million from RM49.72 million for the FPE 2022 to RM20.92 million for the FPE 2023.

Apart from the above, aerospace logistics segment became our Group's largest revenue contributor in FPE 2023, representing approximately 37.06% of our Group's total revenue in FPE 2023. In line with the lower weekly air freight rates in FPE 2023 as compared to FPE 2022, our average revenue per tonne for the aerospace logistics segment decreased by approximately RM6,500 per tonne from RM20,300 per tonne in FPE 2022 to RM13,800 per tonne in FPE 2023. Notwithstanding the foregoing, our volume handled for aerospace logistics increased by 2,498 tonnes from 787 tonnes handled in FPE 2022 to 3,285 tonnes handled in FPE 2023. Following this, our Group has managed to record an increase in revenue for the aerospace logistics segment by approximately 183.52% or RM29.32 million from RM15.98 million for the FPE 2022 to RM45.30 million for the FPE 2023.

Please refer to Section 12.3.3 of this Prospectus for further details on the result of operations – revenue of our Group.

From the illustration above, our pricings for these services are to a certain extent dependent on the prevailing sea and air freight rates, notwithstanding that they may be affected by several other factors such as the country of operations where they have different trade routes and points of origin and destination as well as the types of goods being shipped.

As such, our historical financial performances during FYE 2020 and FYE 2021 may be partially contributed by the increase in sea and air freight rates as illustrated above and in view that the aforementioned rates were on a decreasing trend subsequent to recording the highest rates (i.e. USD10,377/FEU for sea freight rate recorded on 23 September 2021 and index value of 5,254 for air freight rate recorded on 13 December 2021), there is no assurance that we will be able to impose such pricing on our customers in the future. If we are unable to increase our volume and/or charge higher pricing in the future, our revenue may be negatively affected and thereby adversely affecting our financial performance.

The increase in sea and air freight rates largely affects the senders or the receivers as they are the ones who have to pay for the sea and air freight rates. Following the gradual relaxing of containments in various countries in 2022, the sea and air freight rates declined, mainly due to greater availability of freight capacity globally and lower demand for freight as the global economy remains uncertain, attributing to the continuing Russia-Ukraine conflict, inflationary pressures and tightening in global financial conditions. The sea and air freight rates were generally lower in 2023 compared to 2022. Moving forward, the sea and air freight rates may be affected by the cargo ship attacks in the Red Sea resulting from geopolitical conflicts (Source: IMR Report).

In general, an increase in sea or air freight rates would result in an increase of our pricing for the corresponding service, which may result in an increase in our revenue. However, there is a risk that some of our customers may postpone sending their goods or switch to another mode of transportation, which may adversely affect our revenue. In addition, we may not be able to pass on the entire increase in rates to specific customers which may result in a reduction in margin from that customer.

Conversely, a decrease in sea or air freight rates would generally result in a decrease in our pricing for the corresponding service to remain competitive. There is a risk that this would reduce our revenue and profitability if we are unable to increase business volume to compensate for the decrease in pricing.

Premised on the above, there can be no assurance that our business operations and financial performance will not be adversely affected by the fluctuations in sea and air freight rates.

9.1.3 The demand for our logistics services and our business volume may be adversely affected by an adverse development in global economy

Our Group's logistic services involve international shipments where freights are shipped from one country to another. Given the nature of such, the business volume and performance of our Group is dependent on the level of international trades of the countries where we carry out our business operations.

The level of international trades of these countries are dependent on various factors including but not limited to the foreign demand for goods produced from these respective countries as well as the conditions of the global economy. As such, the demand of our logistic services and business volume generally follow suit with the level of international trade activities and the performance of global economy.

The COVID-19 pandemic had led to contraction of the global economy in 2020 which subsequently recovered in 2021. Although the global economy is expected to continue its recovery, factors such as the ongoing war between Russia and Ukraine has led to higher commodity and energy prices, further adding to inflationary pressures arising from supply chain disruptions caused by the COVID-19 pandemic. Notwithstanding the aforesaid global economy contraction, our business volume for sea and air freight forwarding had been on an increasing trend during the FYE 2020, FYE 2021 and FYE 2022. Meanwhile, our business volume for aerospace logistics had declined in FYE 2020 and FYE 2021, following the COVID-19 pandemic related restrictions on domestic and international passenger flights, and had increased in FYE 2022 in line with the increase in activities in the aviation industry.

Any global economic slowdown, increase in inflation and possible global recession may affect the level of international trade activities. This may in turn lead to a decline in the demand for our logistics services and business volume whereby our business operations and financial performance may be adversely affected following such decline.

9.1.4 Our business operations and financial performance may be adversely affected by the outbreak of infectious diseases

The outbreak of pandemics of infectious diseases or other health epidemics may create substantial economic uncertainty and global instability, which may adversely affect business operations and overall economic activity globally.

As seen during the start of the COVID-19 pandemic, governments around the world imposed various lockdown measures to curb the spread of the virus, leading to disruptions and temporary cessation of business activities.

Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, governments may, again, impose lockdown measures including closure of international borders as well as temporary cessation of a range of business activities. These measures may have an adverse impact on economic activities globally, which may in turn affect the demand for our services, such as our aerospace logistics services.

As stated in Sections 3.1, 7.2.2 and 12.3.3 of this Prospectus, our Group provides aerospace logistics services, which are driven by the activities of the aviation industry. Our Group's revenue from aerospace logistics were RM16.75 million in FYE 2020, RM11.72 million in FYE 2021, RM29.68 million in FYE 2022 and RM45.30 million for FPE 2023 (RM15.98 million for FPE 2022).

The decline in revenue for our aerospace logistics services in FYE 2021 was mainly attributed to the restrictions placed on domestic and international air travel as a result of the COVID-19 pandemic. However, our revenue and volume from aerospace logistics services in FYE 2022 and FPE 2023 were higher, compared to FYE 2021 and FPE 2022, respectively, reflecting higher demand to transport aircraft parts, components and equipment for maintenance as domestic and international air travel increased with the relaxation of COVID-19 pandemic related restrictions.

Based on the above, should there be any restriction placed on domestic and international air travel due to future outbreak of infectious disease or any other reasons, there is no assurance that there will not be any material adverse impact to the demand for our Group's aerospace logistics services. In view that aerospace logistics services were the largest revenue contributor of the Group for FPE 2023 (accounting for 37.06% of the Group's total revenue), this may in turn have a material adverse impact on our Group's financial performance.

We may also incur additional expenditures for complying with the necessary standard operating procedures in order to continue our business activities. As such, our Group's business operations and financial performance may be adversely affected if there is another global outbreak of infectious disease in the future.

9.1.5 We are dependent on our major customers (i.e. Kukdo Chemical and AirAsia Group) and any disruption or loss of Kukdo Chemical and AirAsia Group, respectively as a customer may affect our financial performance

We are dependent on Kukdo Chemical and AirAsia Group as a customer. Kukdo Chemical has been a customer of AGX Korea for approximately 11 years as at the LPD, and engages AGX Korea primarily for sea and air freight forwarding services. AirAsia Group has been a customer of our Group for approximately 18 years as at the LPD, and engages our Group primarily for aerospace logistics and warehousing services.

Kukdo Chemical was the largest customer of our Group during the FYE 2020, FYE 2021 and FYE 2022, accounting for more than 10% of our Group's total revenue (i.e. 13.25%, 27.56% and 20.05% for the FYE 2020, FYE 2021 and FYE 2022 respectively). For FPE 2023, the revenue contribution from Kukdo Chemical accounted for 7.16% of the Group's total revenue.

In addition, the revenue contribution from Kukdo Chemical represents a significant portion of our revenue from Korea's operations for the Financial Years and Period Under Review, contributing 82.10%, 91.04%, 86.20% and 73.87% of the revenue from Korea's operations for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

Our Group's total revenue from AirAsia Group were 7.98% for FYE 2020, 3.31% for FYE 2021, 10.50% for FYE 2022 and 27.37% for FPE 2023 of our Group's total revenue, which accounted for more than 10% in FYE 2022 and FPE 2023. In addition, the revenue contribution from AirAsia Group represents a significant portion of our revenue from aerospace logistics services for the Financial Years and Period Under Review, contributing 58.36%, 54.65%, 82.93% and 73.86% of the aerospace logistics services revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

Notwithstanding that we have on-going service contracts with Kukdo Chemical and AirAsia Group (further details of the International Freight Transportation Agreement dated 1 August 2012 between AGX Korea and Kukdo Chemical and Service Agreement dated 1 September 2023 between AGX Malaysia and PT Indonesia AirAsia are set out in Sections 7.3.6 and 7.18 of this Prospectus, respectively), there can be no assurance that Kukdo Chemical and AirAsia Group will continue to engage us for our sea and air freight forwarding services. The service contracts will not provide an assurance that we will continue to generate revenue from Kukdo Chemical and AirAsia Group as we only carry out services based on the purchase orders as and when they are issued by Kukdo Chemical and AirAsia Group or the acceptance of quotations as and when they are requested by Kukdo Chemical and AirAsia Group. Furthermore, there is no assurance that the aforementioned service contracts may not be terminated by Kukdo Chemical and AirAsia Group.

As such, we are exposed to the risk of losing Kukdo Chemical and AirAsia Group as a customer or reduced orders from Kukdo Chemical and AirAsia Group, respectively. In such event and in view that sea and air freight forwarding as well as aerospace logistics segments have been our Group's main revenue contributor for the Financial Years and Period Under Review, our financial performance may be adversely affected.

Although we have business relationships of approximately 11 years with Kukdo Chemical and 18 years with AirAsia Group, and have not encountered any major disputes with Kukdo Chemical and AirAsia Group, respectively, there is no assurance that our current relationship with Kukdo Chemical and AirAsia Group will maintain and/ or not deteriorate.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

9.1.6 We are dependent on our Executive Directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the logistics business, as well as an understanding of our customers' needs and requirements. As such, any loss of our Executive Directors and key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Details of our Executive Directors and key management personnel's length of experience in the logistics industry and number of years with our Group are set out as follows:

Name / designation	No. of years in the logistic industry	No. of years with the Group
Dato' Ponnudorai A/L Periasamy (Executive Director / Group CEO)	35	19
Jayasielan A/L Gopal (Executive Director)	44	19
Penu Mark (Executive Director)	14	14
Neo Lip Pheng, Peter (Executive Director)	31	13
Chang Poh Sheng (CFO)	6	6
Yun JaeHoon (Managing Director of AGX Korea)	22	12
Maximino Baylen Gulmayo, Jr. (Managing Director of AGX Philippines)	31	12

The profiles of our Board and key management personnel are set out in Sections 5.1.2, 5.2.2 and 5.4.3 of this Prospectus.

During the FYE 2022, our operations in the Philippines and Korea were the first and second largest revenue contributors to our Group, accounting for approximately 38.05% and 23.27% of our Group's total revenue respectively. As our operations in the Philippines and Korea are spearheaded by Maximino Baylen Gulmayo, Jr, being the Managing Director of AGX Philippines and Yun JaeHoon, being the Managing Director of AGX Korea respectively, the loss of any of them as key management personnel may have a material adverse impact on our Group's financial performance.

As part of our strategy to retain our employees, we offer competitive remuneration packages to our key management personnel. In addition, we provide a healthy working environment, we practise good workplace culture and uphold work ethics to create a sense of belonging and foster good working relationships amongst our employees. We also provide training and career development opportunities for our employees.

Further, in conjunction with our Listing, we have allocated a portion of our IPO Shares to the Eligible Persons, including our key management personnel. Should these employees subscribe to our IPO Shares, they will become shareholders of our Company and may therefore be further motivated to continuously contribute to our success.

In the Financial Years and Period Under Review up to the LPD, we have not experienced any loss of our key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should any such changes occur.

9.1.7 We may face credit risk and default in payment by our customers

Generally, the trade credit terms granted to our customers range from 30 to 90 days. Our customers have varying degrees of creditworthiness which expose us to the risk of non-payment of them. Should our customers fail to meet their payment obligations in accordance with the agreed terms, our operating cash flows, financial condition and financial performance could be adversely affected.

We are aware of the consequences arising from our exposure to credit risk and have implemented credit risk management policies through the application of credit terms approval and monitoring procedures on an ongoing basis.

We incurred net allowance for impairment losses on trade receivables (including bad debts written off) of approximately RM1.52 million, RM2.57 million, RM0.37 million and RM0.58 million for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively. Although there have been no material collection problems for trade receivables during the Financial Years and Period Under Review up to the LPD, there is no assurance that our customers will be able to fulfil their payment obligations and that our Group will not encounter collection problems in the future. If our customers default or delay their payments, this could lead to impairment of our trade receivables which may adversely affect our financial condition and financial performance.

9.1.8 We may face difficulty in implementing our future plans

As set out in Sections 4.7.1 and 7.21 of this Prospectus, we intend to utilise part of the IPO proceeds for, amongst others, expanding our existing business operations in Malaysia and South Korea as well as the repayment of bank borrowings. The successful implementation of our future plans above is based on current circumstances and is dependent on several factors including the availability of funds, industry prospects, general economy conditions and relevant laws and regulations, some of which are beyond our control.

As part of our business expansion plan, we intend to set up the New Warehouses and Offices in Malaysia and South Korea (please refer to Section 4.7 of this Prospectus for further details). In this regard, we will be required to identify appropriate premises as well as hire personnel with the requisite skills and experiences to support our business operations. We may not be able to identify an appropriate premise in a timely manner considering the need to ensure the availability of premises with appropriate conditions and with all the necessary approvals. Further, there is no certainty that we are able to hire the relevant personnel as people may not respond to our job postings or we are unable to meet the expectations of candidates in terms of remuneration and working arrangements. Lastly, there is also no certainty that we may be able to secure customers for our businesses at these new locations.

Should these circumstances change materially from our expectations, we may need to reconsider and revise or defer our current future plans to cater for these changes. In such event, we may not be able to derive the expected benefits from the current future plans and this may adversely affect our business and financial performance. Pursuant to Rule 8.24 of the Listing Requirements, we must issue a circular to our shareholders and seek our shareholders' approval if we propose to make a change of 25% or more to the utilisation of proceeds raised from our Public Issue.

9.1.9 We are dependent on other freight forwarders and service providers in our logistic services

We appoint other freight forwarders to manage our logistics business in certain instances when we are engaged by our customers to provide logistics services in countries where we do not have a physical presence. In these instances, we incur local charges which are fees that we pay to other freight forwarders and third-party logistics service providers to manage our customer's goods. These include packing and unpacking as well as breakbulk, further details of which are set out in Section 12.3.4 of this Prospectus. Our local charges represented 22.37%, 13.96%, 17.65% and 16.51% of our cost of sales for the Financial Years and Period Under Review respectively.

We also engage third party service providers to provide certain facilities and services required for our operations, including vehicle maintenance and IT support services.

Any failure by the independent third parties service providers engaged by us to perform their services or our failure to renew our contracts with the independent third party service providers or negotiate replacement contracts with other independent third party service providers at comparable or acceptable rates, upon the termination or expiration of such contracts, may affect our business operations.

Any failure by our business partners, overseas freight forwarders or independent third party service providers may have an adverse impact on our reputation, business, operations and financial performance.

As disclosed in Note (2) in Section 7.10.1 of this Prospectus, in the event AGX Malaysia is unable to comply with the Bumiputera Participation Condition (or any subsequent revised Bumiputera Participation Condition by MOF) imposed on the approval to act as forwarding agent granted to AGX Malaysia by RMCD by 31 December 2024 or any further extensions of time granted by MOF and if such approval is revoked, cancelled or not renewed as a result of the non-compliance with the Bumiputera Participation Condition, AGX Malaysia would not be able to continue to provide custom clearance services on its own, and would be required to depend on third party forwarding agents engaged by AGX Malaysia, i.e. New Sign Logistics (M) Sdn Bhd, to provide customs clearance services on its behalf. By engaging third party forwarding agents, we face the risk of not being able to secure new customers in particular, customers that require our Group's involvement in the entire freight forwarding process, including customs clearance at Malaysia customs and ports.

In view of the arrangement above and the possibility of AGX Malaysia not being able to provide custom clearance services on its own, the revenue and/or gross profit contributions generated from the customs clearance services will be reduced.

During the Financial Years and Period Under Review, the processing of documentations for custom clearance contributed less than 2% of AGX Malaysia's revenue and less than 3% of AGX Malaysia's gross profits.

In addition, we cannot guarantee that the third-party service providers or forwarding agents have the requisite and similar expertise as our Group, and the quality of services provided by them to our customers is the same as our Group. Nevertheless, with AGX Malaysia's experience in the road freight transportation business and customs clearance, AGX Malaysia would be able to provide guidance to the third-party service providers and forwarding agents to carry out the services on our Group's behalf.

9.1.10 Our existing tenancies may be terminated and we may not successfully renew our existing tenancies

Presently, our operational facilities are rented from third-parties with tenancy terms ranging between 1 to 5 years. Further details of our operational facilities are set out in Section 7.3.7 of this Prospectus and the tenancy terms/tenure are set out in Section 7.9.2 of this Prospectus.

Save as disclosed in Section 7.9.2 of this Prospectus, upon expiry of the respective tenancies, the respective landlords will have the absolute right to review and revise the terms and conditions of the tenancy agreements. In this regard, there is no assurance that we will be able to renew the tenancy agreements on commercially favourable terms and conditions in the future.

Our Group is unable to estimate the renewal cost for the rental of operational facilities as this is subject to among others, the market rental rate as well as rental rates demanded by the landlord at the relevant time.

As for the costs to be incurred for relocation to a new premises, it will depend on among others, the logistics costs for moving the goods depending on location and distance as well as renovation costs to be incurred. The renovation costs also depend on the conditions of identified facility and is typically higher for bare unit which requires more renovation and lower for move-in ready unit.

If these tenancies are not renewed or we are unable to secure new alternative tenancies at reasonable rates and strategic locations, our business operations may be materially affected.

9.1.11 We may not be able to procure sufficient amount of cargo space to meet our customers' requirements

We procure cargo spaces from air and ocean cargo carriers for our sea and air freight forwarding businesses. In this regard, cargo spaces are provided by our suppliers on a first come first serve basis at the point when we make the booking request. As such, there is no assurance that we are able to secure sufficient cargo spaces to meet our customers' requirements.

Notwithstanding that during the Financial Years and Period Under Review, we have not experienced any such incidents, we cannot guarantee that we will not encounter any shortage of cargo spaces nor we are able to continue leverage on our relationships with our suppliers to procure sufficient cargo spaces to meet our customers' requirements. If such event happens, it may lead to reputational damage and thus affecting our business and financial performance adversely.

9.1.12 Our major customers or the industries they are involved in may experience a trade ban

Given the nature of our Group's business in the logistics industry, we are reliant on our major customers' business activities as well as the industries that they are involved in.

In the event our major customers receive a trade ban by any foreign country that they export their products to, we may experience a decrease in demand for our services as they will not be able to trade their products in the countries where the ban is in place.

The industries which our major customers are involved in may also be subject to tariffs or trade bans enacted by different overseas countries. This would also affect the demand for our major customers' products, which would in turn adversely affect the demand for our services.

Therefore, should our major customers or the industries they are involved in experience a trade ban, our business operations and financial performance may be adversely affected.

9.1.13 We are subject to the risk of fluctuation in foreign exchange rates

Our Group's revenue is mainly derived from international shipments and given that we have businesses in several countries (i.e. Malaysia, the Philippines, Korea, Myanmar and Singapore), most of our businesses are conducted in foreign currencies.

Our Group's revenue denominated in foreign currency represented to 88.31%, 89.63%, 88.29% and 81.33% of our Group's total revenue for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively. On the other hand, cost of sales denominated in foreign currency represented to 89.18%, 89.08%, 92.02% and 89.96% of our Group's total cost of sales for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

As we are unable to estimate the movement of foreign exchange rates and its impact on our revenue and cost of sales in foreign currencies, any significant fluctuation in the exchange rate of the respective foreign currencies into RM or vice versa may have a significant impact, either positive or negative, on our financial performance.

Presently, we have not entered into hedging transactions to manage our exposures to currency risk for receivables and payables which are denominated in foreign currencies. As such, there is no assurance that any significant fluctuation in foreign currency exchange rate will not have an adverse impact on our overall financial performance.

9.1.14 We are affected by breach of laws and regulations attributable to our customers

Save for our warehousing and 3PL services, our customers engage our logistic services by a written request. The written request will specify amongst others, the type and quantity of cargos to be transported, special handlings requirements, pick-up timing and location as well as delivery destination. Based on the written request above, we will then provide them with a formal proposal/quotation (for customers without a service contracts), including our standard terms of service, which encompass the provision of true, complete and accurate information of the cargo by the customers as well as compliance with the laws and regulations of the respective destination countries.

Typically, entrance of cargos to any countries is subject to customs clearance and given that we have no actual knowledge of the goods contained in the cargos/containers, there can no assurance that these cargos may be different from what have been declared to us by our customers. In this regard, if such cargos involve illegal activities or is in breach of the relevant jurisdiction, we may be subjected to investigations or penalties imposed by the relevant authorities. In such event, our reputation and business operations may be adversely affected.

Although we undertake steps to ensure the accuracy and reliability of cargo information provided to us which include know-your-client procedures prior to accepting customers' order as well as verifying the necessary document for shipments, the cargos may be different from what have been declared to us by our customers. During the Financial Years and Period Under Review, we have not encountered any breach of laws and regulations attributable to our customers arising from such an event.

9.1.15 We face threat of cargo hijacking and theft incident

The risks of cargo hijacking and theft incidents are inherent to the nature of our road freight transportation and warehousing and 3PL businesses. The potential impact of such includes reputational damage leading to a reduction in demand for our logistic services, increased costs to tighten security as well as additional insurance costs.

In the past, we have not encountered any incident of cargo hijacking and theft. However, there can no assurance that such incidents will not occur in the future. If such incidents occur, we may be liable for the losses and be subjected to claims by our customers, which may lead to adverse impact on our financial performance.

9.1.16 Our insurance coverage may not be sufficient to cover for all the risks associated with our business operations

We have insurance coverage to protect ourselves against various potential losses and liabilities. As at the LPD, we have forwarder protect liability insurance covering up to USD500,000 for any one incident or occurrence for all our logistics services.

Despite the above, we are still exposed to the risk that the insurance coverage may not be sufficient to cover all the risks associated with our business operations in the future. In addition, our offices and warehouse may be exposed to the risk of, among others, burglary, breakout of fire and flood which may cause disruption to our business operations and adversely affect our financial performance.

In the event of uninsured losses or losses exceeding our insured limit, including those by other circumstances beyond our control, we may be required to bear such losses, damages or liabilities. During the Financial Years and Period Under Review, we have not encountered any material incident of claims against our insurance.

We cannot assure that our insurance coverage would be sufficient to cover all potential losses and indemnify us against all possible liabilities arising from our operations as well as to offset the potential financial losses arising from public liability, fire, theft and personal accidents. Our business and financial performance may be adversely affected if such claims exceed the coverage of our insurance policies.

9.1.17 We are subject to interest rate fluctuations

As at the LPD, we have a total of, short-term and long-term borrowings (including lease liabilities), approximately RM12.32 million in aggregate, out of which 96.31% or approximately RM11.87 million are borrowings with variable interest rates.

As such, we are susceptible to fluctuations in interest rates for our bank borrowings. We may also face difficulties in obtaining additional financing from the financial institutions to fund our working capital requirements and future business expansion if we are unable to meet our repayment obligations.

As we are unable to estimate the movement of interest rate, any significant increase in the interest rate may have a material adverse effect on our financial performance. Presently, we have not entered into hedging transactions to manage our exposure to interest rate risk. During the Financial Years and Period Under Review, we have not experienced any material adverse effect resulting from an increase in interest rate.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We operate in a competitive industry

We operate in a competitive industry and face competition in the countries where we operate. As of 26 December 2023, there were:

- 1,421 operators registered as members of the Federation of Malaysian Freight Forwarders;

- 586 operators registered as air freight forwarders with the Civil Aeronautics Board of Philippines; 907 operators accredited by the Department of Trade and Industry of Philippines as sea freight forwarders, of which 823 are accredited as international freight forwarders. Out of the 823 international freight forwarders, 567 of them are also accredited as non-vessel operating common carriers;

- 767 operators registered as members of Korea International Freight Forwarders Association;

- 260 operators registered as ordinary members of Myanmar International Freight Forwarders' Association, which comprises domestic freight forwarding and logistics companies; and

- 689 operators registered with the Singapore Logistics Association, comprising 31 air freight forwarders, 85 sea freight forwarders, and 311 both air and sea freight forwarders.

(Source: IMR Report)

It should be noted that there are operators that are not registered with the respective government bodies and associations. Operators in the industry compete based on, among others, range of services provided, customer service, rates, geographical coverage, physical presence in different countries and availability of warehouse space. Due to the large number of operators in the countries where we operate in, our existing and prospective customers can choose our competitors to provide them with logistics services. Competition may result in, among others, reduction in our rates and profit margins, loss of existing customers and/or failure to secure new customers, which could adversely affect our business operations, financial performance and prospects.

9.2.2 We are subject to economic, social, political and regulatory risks in the countries where we have a physical presence, as well as pandemic and geopolitical risks

Our business operations, financial performance and growth prospects in the countries where we have a physical presence may be adversely affected by economic, social, political and regulatory events in the respective countries. These events include, but are not limited to, global, regional or domestic recession or economic slowdown, inflation and supply chain disruptions; the occurrence of war, civil war, rebellion or civil disobedience; changes in political leadership or system of government; changes in the economy, interest rate, taxation, trade, corporate ownership, equity participation, investment, foreign exchange or profit repatriation policies; and changes in logistics industry regulations. In addition, we also face risks related to the COVID-19 pandemic or other diseases, and geopolitical events such as the Russia-Ukraine armed conflict.

These events are beyond our control, and the occurrence of one or more of these events may have an adverse effect on our business operations, financial performance and growth prospects.

9.3 RISKS RELATING TO OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including, but not limited to, our historical earnings, prospects and future plans and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing or that an active market for our Shares will develop.

9.3.2 The trading price and volume of our Shares upon Listing may be volatile

The market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variations in our results and operations;

(ii) success or failure in our management team in implementing business and growth strategies;

(iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(iv) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;

(v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;

(vi) additions or departures of key senior management;

(vii) fluctuations in stock market prices and volumes; or

(viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

9.3.3 There may be a potential delay to or cancellation of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

(i) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations;

(ii) the revocation of approvals from relevant authorities for our Listing and/or admission for whatever reason; or

(iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled. Our Company and Selling Shareholders, shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which our Company and Selling Shareholders shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, investors will not receive any of our IPO Shares and all monies paid in respect of applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, our Company and Selling Shareholders shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

   (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case, there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

   (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

Nonetheless, our Board will endeavour to ensure compliance with the various requirements for our Listing.

9.3.4 Future sale or issuance of our Shares could adversely affect our Share price

Any future sale, issuance or availability of our Shares can have an adverse effect on our Share price. The sale of a significant amount of our Shares in the public market after our IPO, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to raise funds from the issue of additional equity securities.

If our Promoters sell, or are perceived to sell, substantial amounts of Shares in the public market following the expiry of the moratorium period, this may result in a dampening effect on our Share price.

9.3.5 We are a holding company and, as a result, are dependent on the flow of dividends from our subsidiaries to provide funds for payment of dividends on our Shares

Our ability to pay dividends or make other distributions to our shareholders is not guaranteed. Our Company is a holding company and we conduct, substantially, all of our operations through our subsidiaries. Accordingly, an important source of our income is the amount of dividends and other distributions that our Company receives from our subsidiaries. Consequently, our ability to declare and pay dividends are dependent on the financial performance of our subsidiaries.

Please refer to Section 12.4 of this Prospectus for further discussion on our dividend policy and Section 14.5 of this Prospectus for detailed information on the repatriation of capital, remittance of profit and taxation by or to our Group.

9.3.6 Our future fund-raising exercise may result in dilution of your shareholdings

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our service offering. Thus, we may need additional capital expenditure for future expansions and/or investments. An issue of new shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investments by shareholders.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 5 of this Prospectus, our Promoters will directly and collectively hold, in aggregate, 58.27% of our enlarged issued share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group. They may also be able to influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

For instance, due to the Promoters' collective shareholding, unless the Promoters are required to abstain from voting either by law and/or by the relevant guidelines or regulations, where the Promoters vote in favour of ordinary resolutions which require a simple majority approval, their voting in favour will result in the ordinary resolutions being passed. Conversely, if the Promoters vote against such resolutions, such resolutions will not be able to be passed.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to the exemptions, generally a "related party transaction" is a transaction entered into by a listed corporation or its subsidiary which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including, a director or major shareholder within the preceding 6 months before the transaction was entered into) as per Rule 10.02 of the Listing Requirements. "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company as per Rule 1.01 of the Listing Requirements.

Upon our Listing, we may be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with Rule 10.08 of the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time and the interested person shall abstain from voting on resolution(s) pertaining to the respective transaction.

Under the Listing Requirements, related party transactions may be aggregated to determine the materiality if the transaction occurred within a 12 months period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation/ asset or of various parcels of land contiguous to each other.

10.1 RELATED PARTY TRANSACTIONS

Save for the Pre-IPO Internal Re-organisation Acquisitions as set out in Section 6.6.1 of this Prospectus and as disclosed below, there are no material related party transactions, existing or proposed, entered or to be entered into by our Group which involved the interests, direct or indirect, of our Directors, major shareholders and/ or persons connected with them for the Financial Years and Period Under Review and up to the LPD:

				Transaction value				
No.	**Transacting parties**	**Nature of relationship**	**Nature of transaction**	**FYE 2020** **RM'000**	**FYE 2021** **RM'000**	**FYE 2022** **RM'000**	**FPE 2023** **RM'000**	**1 September 2023 up to the LPD** **RM'000**
1.	AGX Malaysia and Golden Empire Logistics (M) Sdn Bhd ("**Golden Empire**")(1)	Dato' Ponnudorai A/L Periasamy is the Executive Director/ Group CEO, Promoter and substantial shareholder of AGB. Saravanan A/L Suppiah is the director and shareholder of Golden Empire. Saravanan A/L Suppiah is Dato' Ponnudorai A/L Periasamy's spouse's brother.	Provision of air and sea freight forwarding services by AGX Malaysia to Golden Empire. This is a recurrent transaction and will subsist after the Listing.	185 (0.15% of our Group's revenue)	180 (0.09% of our Group's revenue)	371 (0.16% of our Group's revenue)	61 (0.05% of our Group's revenue)	8

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	1 September 2023 up to the LPD RM'000
2.	AGX Singapore and Premier Football[2]	Penu Mark is the Executive Director, Promoter and substantial shareholder of AGB. He is also a director and indirect shareholder of AGX Singapore. Penu Mark was a director (ceased to be a director on 15 February 2023) and indirect shareholder of Premier Football[3] (via his direct shareholding in Penu Investments[4]).	Provision of road freight transportation service by AGX Singapore to Premier Football. This was a recurrent transaction and will not subsist after the Listing.	16 (0.01% of our Group's revenue)	24 (0.01% of our Group's revenue)	2 (less than 1% of our Group's revenue)	-	-
3.	AGX Singapore and Premier Sports[5]	Penu Mark is the Executive Director, Promoter and substantial shareholder of AGB. He is also a director and indirect shareholder of AGX Singapore. Penu Mark is a director and indirect shareholder of Premier Sports (via his direct shareholding in Penu Investments).	Provision of road freight transportation service by AGX Singapore to Premier Sports. This is a recurrent transaction and will subsist after the Listing.	#	#	2 (less than 1% of our Group's revenue)	-	1

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

				Transaction value				
								1 September 2023 up to the LPD
	Transacting			FYE 2020	FYE 2021	FYE 2022	FPE 2023	
No.	parties	Nature of relationship	Nature of transaction	RM'000	RM'000	RM'000	RM'000	RM'000
4.	AGX Philippines and AAD Philippines[(6)]	Neo Lip Pheng, Peter and Penu Mark are the Executive Directors, Promoters and substantial shareholders of AGB. Neo Lip Pheng, Peter is a director and direct and indirect shareholder of AGX Philippines. Penu Mark is an indirect shareholder of AGX Philippines. Penu Mark was a director (ceased to be a director on 30 October 2022) and direct shareholder of AAD Philippines[(7)]. He was an indirect shareholder of AAD Philippines[(8)] (via his indirect shareholding in AAD Holdings[(9)] held via his indirect shareholding in TheScaleGroup[(10)] through Penu Investments). Neo Lip Pheng, Peter was an indirect shareholder of AAD Philippines[(8)] (via his indirect shareholding in AAD Holdings held via his direct shareholding in TheScaleGroup). Maximino Baylen Gulmayo, Jr. is a substantial shareholder of AGB. He is also a director and direct and indirect shareholder of AGX Philippines. Maximino Baylen Gulmayo, Jr. was a director (ceased to be a director on 30 October 2022) and direct shareholder of AAD Philippines[(7)]. He was an indirect shareholder of AAD	Provision of 3PL service by AGX Philippines to AAD Philippines. This was a recurrent transaction and will not subsist after the Listing.	648 (0.53% of our Group's revenue)	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	1 September 2023 up to the LPD RM'000
		Philippines[(8)] (via his indirect shareholding in AAD Holdings held via his direct shareholding in TheScaleGroup).						
5.	AGX Singapore and AAD Singapore[(11)]	Neo Lip Pheng, Peter and Penu Mark are the Executive Directors, Promoters and substantial shareholders of AGB. Neo Lip Pheng, Peter and Penu Mark are directors and indirect shareholders of AGX Singapore. Penu Mark was a director (ceased to be a director on 31 May 2021) and indirect shareholder of AAD Singapore[(8)] (via his indirect shareholding in AAD Holdings held via his indirect shareholding in TheScaleGroup through Penu Investments). Neo Lip Pheng, Peter was a director (ceased to be a director on 2 March 2020) and indirect shareholder of AAD Singapore[(8)] (via his indirect shareholding in AAD Holdings held via his direct shareholding in TheScaleGroup).	Provision of warehousing and other 3PL services by AGX Singapore to AAD Singapore. This was a recurrent transaction and will not subsist after the Listing.	1 (less than 1% of our Group's revenue)	-	-	-	-

Notes:

\# *The amount is negligible as it is less than RM1,000.*

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(1) Golden Empire is principally involved in forwarding of freight.

(2) Premier Football is principally involved in the retail sale and wholesale of football merchandise.

(3) Penu Investments had, on 31 January 2023, disposed of its entire shareholding in Premier Football, representing 100% of the total issued capital of Premier Football, to Warrix Holding Pte Ltd, a non-related party, for a consideration of SGD800,000 (equivalent to approximately RM2.59 million, based on the exchange rate of SGD1:RM3.2321, being the Bank Negara Malaysia's middle rate as at 12.00 p.m. on 31 January 2023).

(4) The principal activity of Penu Investments is investment holding in shares. Please refer to the list of investments of Penu Investments in Section 5.2.4(c) of this Prospectus.

(5) Premier Sports is principally involved in the distribution of football merchandise to official sports retailers.

(6) AAD Philippines principally engages in, conducts and carries on an e-commerce distribution business, rendering solutions for clients such as online store management, online distribution channel development, online data analysis and online campaign including the development, marketing and provision of internet goods and services; software systems; logistic, digital and payment services; and other services related to the said business inside and outside the Philippines through subsidiaries or otherwise, without engaging in mass media and advertising activities and providing value added telecommunication services and payment services requiring special permission under the law.

(7) Penu Mark and Maximino Baylen Gulmayo, Jr. have disposed of their entire shareholding in AAD Philippines, representing 0.001% and 5% of the total issued capital of AAD Philippines respectively, to AAD Holdings and ceased to be directors of AAD Philippines on 30 October 2022.

(8) TheScaleGroup had, on 1 June 2021, disposed of its entire shareholding in AAD Holdings, representing 100% of the total issued capital of AAD Holdings, to ADA Digital Singapore Pte Ltd for a consideration of USD20,000,000 (equivalent to approximately RM82.41 million, based on the exchange rate of USD1:RM4.1205, being the Bank Negara Malaysia's middle rate as at 12.00 p.m. on 1 June 2021). AAD Holdings in turn owns 95,756 shares in AAD Philippines, representing 95% of the total issued share capital of AAD Philippines and 100,000 shares in AAD Singapore, representing 100% of the total issued share capital of AAD Singapore, respectively.

(9) The principal activity of AAD Holdings is investment holding company for e-commerce distribution.

(10) The principal activity of TheScaleGroup is investment holding company for e-commerce distribution.

(11) The principal activities of AAD Singapore are development of software and applications (except games and cybersecurity) and e-commerce distribution.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Save for the following, our Directors, having considered all aspects of the related party transactions, are of the opinion that all the related party transactions set out above were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group as the transactions were based on comparable rates of similar services provided to external customers by our Group:

(i) our Group had, in FYE 2019 and FYE 2020, undertaken and completed the Pre-IPO Internal Re-organisation Acquisitions, details of which are set out in Section 6.6.1 of this Prospectus. All Pre-IPO Internal Re-organisation Acquisitions were completed by December 2020 and thereafter, our Group was formed. Please refer to Section 6.3 of this Prospectus for our Group structure.

The Pre-IPO Internal Re-organisation Acquisitions for the purposes of our Listing were considered as a one-off related party transaction.

(ii) the road freight transportation services provided by AGX Singapore to Premier Football for FYE 2020 had not been carried out on an arm's length basis. The rates charged by AGX Singapore to Premier Football in FYE 2020 were catered for small size shipment of goods and for domestic distributions to multiple locations, and there was no similar nature of service provided to other customers. The amounts transacted with Premier Football for the FYE 2020 were not material as they were less than 1% of our Group's revenue;

(iii) in relation to the provision of 3PL service by AGX Philippines to AAD Philippines for FYE 2020, the transactions were not carried out on an arm's length basis as there was no comparable rates and, therefore, the rates were on negotiated terms based on the warehouse space and the e-fulfilment services required by AAD Philippines. The amounts transacted with AAD Philippines for FYE 2020 were not material as they were less than 1% of our Group's revenue. Our Board is of the opinion that these transactions were transacted in the best interests of our Group. Nevertheless, AGX Philippines has ceased to provide its service to AAD Philippines since year 2021; and

(iv) the warehousing and other 3PL service provided by AGX Singapore to AAD Singapore had not been carried out on an arm's length basis, as the services provided to AAD Singapore were on ad-hoc basis. The amounts transacted with AAD Singapore for FYE 2020 were not material as they were approximately RM1,000, representing less than 1% of our Group's revenue.

Save for the transactions with Golden Empire and Premier Sports (collectively, "**Continuing RPTs**"), there are no subsisting transactions with the related parties after our Listing.

After our Listing, the terms of the Continuing RPTs will be reviewed by our Audit and Risk Management Committee and our Board shall seek the relevant approvals from our shareholders to enter into such recurrent related party transactions at a general meeting, unless otherwise exempted under the Listing Requirements. As at the LPD, our Board has confirmed that there are no other related party transactions entered into but not yet effected.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. We will make disclosures in our annual report of the aggregate value of recurrent related party transactions entered into by us based on the nature of transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Upon our Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to our Group and our minority shareholders, as well as in the best interest of our Group and our minority shareholders.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

There is no transaction that is unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which our Group was a party during the Financial Years and Period Under Review and up to the LPD.

10.3 OUTSTANDING LOANS AND/ OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

There are no outstanding loans and/ or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the Financial Years and Period Under Review and up to the LPD.

10.4 LOANS AND/ OR FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

There are no outstanding loans and/ or financial assistance (including guarantees of any kind) received by our Group from any related parties during the Financial Years and Period Under Review and up to the LPD.

Notwithstanding the above, the following Directors, Promoters and substantial shareholders of our Group have extended guarantees for our Group's banking and leasing/ hire purchase facilities:

Financiers	Type of facilities	Outstanding balance as at LPD '000	Facility limit '000	Guarantors
Malayan Banking Berhad ("**MBB**")(1)	Overdraft(2)	-	RM2,500	• Dato' Ponnudorai A/L Periasamy • Jayasielan A/L Gopal
OCBC Al-Amin Bank Berhad ("**OCBC**")(1)	Cash Line Facility-i Ijarah	-	RM1,000	• Dato' Ponnudorai A/L Periasamy • Jayasielan A/L Gopal
	Invoice Financing-I (Sales) (90 days)	RM355	RM5,000	
	Term Financing-i Commodity Murabahah	RM82	RM350	

Notes:

(1) The banking facilities from MBB and OCBC were provided to AGX Malaysia.

(2) We intend to reallocate part of the IPO proceeds allocated for working capital purposes to fully settle overdraft drawn after the LPD (if any) from MBB, within 3 months from the date of Listing.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In conjunction with our Listing, we have applied to MBB and OCBC for their approval to discharge the existing personal guarantees by replacing/substituting the same with a corporate guarantee from AGB after our Listing.

As at the LPD, we have received approvals dated 10 February 2020 and 9 July 2020 from MBB and OCBC, respectively, to discharge the existing personal guarantees and for such guarantees to be replaced with a corporate guarantee by AGB or by AGB upon Listing, as the case may be.

AGB had, on 12 June 2020, provided corporate guarantees for the banking facilities extended by MBB. AGB will provide corporate guarantee for the banking facilities extended by OCBC and will undertake to discharge the existing personal guarantees within 6 months from the date of Listing.

Further, we have put in place internal control and compliance procedures in relation to loans and/or financial assistance to be provided to related parties and/or third parties, and no further loans or financial assistance will be provided to any related parties by our Group unless such loans are permitted under the applicable laws and the Listing Requirements and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.5.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedures or course of conduct that raises questions of management integrity.

Our Audit and Risk Management Committee will submit an annual report to our Board summarising its activities during the financial year and the related significant results and findings.

10.5.2 Our Group's policy on related party transactions

Related party transactions by their nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the Directors of our Group are also directors and/or shareholders of the related parties of our Group, as disclosed in this Prospectus. Any such related party transactions may, individually and in aggregate, give rise to potential conflicts of interest.

It is the policy of our Group that all related party transactions in the course of business are made at arm's length and on normal commercial terms which are not more favourable to the related party than those available to the public and these terms are not detrimental to the other shareholders of our Company who are not part of the transaction. The related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and voting on resolutions pertaining to the matters and/or transactions where a conflict of interest may arise.

In addition, we have adopted a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation, to comply with the Listing Requirements and adhere to the best extent possible with the guidance principles as set out in the MCCG. The procedures which may form part of the framework include, amongst other things, the following:

(i) Identification process

(a) The Finance Department shall ensure proper documentation for all the RPT and RRPT. There should be proper segregation of processes for the preparation of documents, verification and approval.

(b) The Finance Department, overseen by the CFO, to compile a listing of related parties, nature of RPT and RRPT, the estimated value of annual transactions and control(s) put in place, subject to update from time to time.

(c) All Directors and major shareholders are required to declare and disclose any transaction in which they are deemed to have an interest and give their undertakings that all business transactions entered between themselves and/or persons connected with them and the group of companies are negotiated and agreed at arm's length basis based on normal commercial terms and are not to the detriment of the minority shareholders and favourable to the related party/parties.

(d) Our Company shall disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. Such disclosure includes a settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) Reporting process

Our Board shall ensure that there are adequate procedures established by our Group to ensure that a RPT or a RRPT is undertaken on arm's length basis and on our Group's normal commercial terms, consistent with our Group's usual business practices and policies, which are generally available to the public and are not detrimental to the minority shareholders. The procedures are as follows:

(a) A list of related parties will be circulated to our Board and management. All related parties of our Company and its subsidiaries are responsible for providing written notice to our Audit and Risk Management Committee of any potential RPT and RRPT involving him/her or Person Connected to him/her, including any additional information about the transaction that the Audit and Risk Management Committee may reasonably request.

(b) Our Audit and Risk Management Committee will determine whether the transaction does, in fact, constitute a RPT or RRPT.

(c) Our Company may be required to engage a professional or third-party opinion on the matter.

(d) The RPT and RRPT will be reviewed by our Audit and Risk Management Committee from time to time to ensure compliance with the Listing Requirements and applicable laws.

(e) The announcement in respect of the RPT and RRPT will be submitted to our Audit and Risk Management Committee and our Board for consideration.

(f) When it is approved by our Audit and Risk Management Committee and our Board, the announcement in respect of the RPT and RRPT will be submitted to Bursa Securities.

(g) The RPT and RRPT listing/document will be updated by our Company.

(h) The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to the proposed shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.

(i) Our Board and Audit and Risk Management Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RPT and RRPT have been complied with and the review shall be done at every quarter together with a review of the quarterly results.

(j) All RRPT shall be disclosed in the annual report of our Company and a breakdown of the transactions pursuant to the proposed shareholders' mandate during the financial year and for the subsequent financial year in the following manner:

- Aggregate value;
- Nature/type;
- Names of the related party/parties involved in each type of the RRPT; and
- Relationship of the related party/parties with our Company.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(iii) Authority of Audit and Risk Management Committee

As our Audit and Risk Management Committee is entrusted by our Board with the task of executing and managing this policy, our Audit and Risk Management Committee is vested with the following authority:

(a) have the adequate resources which it needs to perform its duties;

(b) have full access to any information which it requires in the course of performing its duties;

(c) have direct communication channels with the Directors, executive officer(s) and major shareholder(s), the employees and any persons, as the case may be, to obtain information and feedback in performing its duties; and

(d) to obtain the services of the external professional at the expense of our Company in carrying out its duties.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, as at the LPD, our Directors and substantial shareholders do not have any interest, direct or indirect, in businesses or corporations carrying on a similar trade as our Group, or which are the customers or suppliers of our Group:

No.	Name of company	Nature of transaction/ conflict	Principal activities	Interested Directors and/ or substantial shareholders	Nature of interest
1.	Premier Sports	Premier Sports is a customer of our Group. Our Group provides road freight transportation service to Premier Sports. Please refer to Section 10.1 of this Prospectus for details of the related party transaction.	Premier Sports is principally involved in the distribution of football merchandise to official sports retailers.	• Penu Mark	• Penu Mark is a director and indirect shareholder of Premier Sports (via his direct shareholding in Penu Investments).

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

11. CONFLICT OF INTEREST *(Cont'd)*

Our Board (save for Penu Mark, who is an interested Director) is of the view that the interest of Penu Mark in Premier Sports does not give rise to a conflict of interest situation, on the following bases:

(i) Premier Sports

Premier Sports is principally involved in the distribution of football merchandise to official sports retailers. The principal activities of Premier Sports do not compete with the business of our Group.

Our Group provides road freight transportation service to Premier Sports. Premier Sports is not a major customer of our Group and our Group is not dependent on Premier Sports. All the sales to Premier Sports are carried out on an arm's length basis and based on normal commercial terms which are not more favourable to Premier Sports than those generally available to third parties.

Although Penu Mark is the director of Premier Sports, his role is solely to provide overall guidance to the management team and he is not involved in the management and day-to-day operations of the company.

Our Audit and Risk Management Committee will assess the financial risk and matters relating to any potential conflict of interest situation that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, to ensure that transactions are carried out in the best interest of our Group.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by Principal Adviser

TA Securities confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Placement Agent and Underwriter for our IPO.

11.2.2 Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.2.3 Declaration by Cheang & Ariff

Cheang & Ariff confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors for our IPO.

11.2.4 Declaration by Vital Factor

Vital Factor confirms that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for our IPO.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Group's historical audited financial information comprise:

(i) the consolidated statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 August 2023; and

(ii) the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the FYEs 2020, 2021, 2022 and FPE 2023.

These information have been prepared in accordance with the approved accounting standards of Malaysian Financial Reporting Standards ("**MFRS**") and International Financial Reporting Standards.

12.1.1 Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of our Group's audited consolidated statement of profit or loss and other comprehensive income for the Financial Years and Period Under Review which was extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

	Audited			**Unaudited**	**Audited**
	FYE 2020 RM'000	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2022 RM'000**	**FPE 2023 RM'000**
Revenue	122,507	193,372	234,429	170,058	122,228
Cost of sales	(87,245)	(152,249)	(184,008)	(134,692)	(82,414)
GP	**35,262**	**41,123**	**50,421**	**35,366**	**39,814**
Other income	1,916	1,463	1,114	880	2,544
	37,178	**42,586**	**51,535**	**36,246**	**42,358**
Administrative expenses	(27,952)	(27,232)	(33,538)	(21,402)	(25,961)
Other expenses	(6,290)	(6,533)	(5,481)	(5,771)	(7,218)
Finance cost	(1,547)	(1,465)	(1,264)	(902)	(879)
Share of profits of equity accounted associates	5	61	5,536	2,875	2,062
PBT	**1,394**	**7,417**	**16,788**	**11,046**	**10,362**
Income tax expense	(834)	(1,477)	(3,247)	(2,405)	(2,916)
PAT	**560**	**5,940**	**13,541**	**8,641**	**7,446**
Other comprehensive income/ (expenses)	421	(372)	(387)	(802)	482
Total comprehensive income for the financial year	**981**	**5,568**	**13,154**	**7,839**	**7,928**
PAT attributable to:					
Owners of the Company	560	5,940	13,541	8,641	7,446
Non-controlling interests	#	#	#	#	#
	560	**5,940**	**13,541**	**8,641**	**7,446**
Total comprehensive income attributable to:					
Owners of the Company	981	5,568	13,154	7,839	7,950
Non-controlling interest	#	#	#	#	(22)
	981	**5,568**	**13,154**	**7,839**	**7,928**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
(1) EBITDA	7,903	13,465	23,407	15,598	15,394
(2)GP margin (%)	28.78	21.27	21.51	20.80	32.57
(3)PBT margin (%)	1.14	3.84	7.16	6.50	8.48
(4)PAT margin (%)	0.46	3.07	5.78	5.08	6.09
(5)Number of Shares assumed in issue ('000)	432,866	432,866	432,866	432,866	432,866
(6)Basic/ Diluted EPS (sen)	0.13	1.37	3.13	2.00	1.72

Notes:

(1) The table below sets forth a reconciliation of our PBT to EBITDA:

	Audited			*Unaudited*	*Audited*
	FYE 2020	*FYE 2021*	*FYE 2022*	*FPE 2022*	*FPE 2023*
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
PBT	1,394	7,417	16,788	11,046	10,362
Finance costs	1,547	1,465	1,264	902	879
Finance income	(54)	(67)	(90)	(19)	(18)
Depreciation	5,016	4,650	5,445	3,669	4,171
EBITDA	**7,903**	**13,465**	**23,407**	**15,598**	**15,394**

(2) GP margin is computed based on our GP over revenue.

(3) PBT margin is computed based on our PBT over revenue

(4) PAT margin is computed based on our PAT over revenue.

(5) Assumed number of ordinary shares in issue in AGB after the IPO.

(6) Computed based on PAT attributable to owners of the Company over the enlarged number of Shares in issue upon the Listing. The diluted EPS is equal to the basic EPS as the Company does not have any outstanding convertible securities.

 # The amount is below RM1,000.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.1.2 Statements of Financial Position

The following table sets out a summary of our Group's audited consolidated statement of financial position for the Financial Years and Period Under Review which was extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

	Audited			Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
ASSETS				
Non-current assets				
Investment in associates	312	373	2,349	4,411
Equipment	2,632	2,063	3,318	3,844
Right-of-use assets	5,615	8,631	6,924	10,034
Intangible assets	785	1,439	1,274	1,199
Deferred tax assets	616	175	-	-
Trade receivables	-	(2)5	-	-
Other receivables	(1)81	-	-	-
	10,041	**12,686**	**13,865**	**19,488**
Current assets				
Trade receivables	41,128	52,169	38,873	43,439
Other receivables, deposits and prepayments	11,839	11,264	10,551	12,672
Contract assets	1,745	4,611	4,974	3,781
Amount owing by associates	12	4	3,941	45
Amount owing by related parties	-	21	4	2
Fixed deposits with licensed banks	1,157	1,182	1,205	1,060
Cash and bank balances	5,521	8,657	13,134	10,405
Tax recoverable	-	-	283	119
	61,402	**77,908**	**72,965**	**71,523**
TOTAL ASSETS	**71,443**	**90,594**	**86,830**	**91,011**

Notes:

(1) Non-current other receivables for FYE 2020 were due to an amount owing from a customer of a former related party, which was subsequently struck off in 2018. As there was an amount owing by the former related party to AGX Singapore, the outstanding balances were paid by the customer to AGX Singapore based on instalment plans ranging from 1 to 3 years.

(2) Non-current trade receivables for FYE 2021 were due from 2 customers in the Philippines for services rendered by our Group. The outstanding balances were settled by the customers based on instalment plans ranging from 1 to 2 years.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES				
Equity				
Share capital	*	27,120	27,120	27,120
Retained profits	4,645	9,385	17,025	24,472
Reserves	646	273	(113)	390
NA/ Equity attributable to owners of the Company	**5,291**	**36,778**	**44,032**	**51,982**
Non-controlling interests	1	1	1	129
TOTAL EQUITY	**5,292**	**36,779**	**44,033**	**52,111**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	-	-	261	59
Lease liabilities	2,990	5,938	3,000	5,293
Term loans	1,150	1,297	513	-
Provisions	775	1,009	963	1,330
	4,915	**8,244**	**4,737**	**6,682**
CURRENT LIABILITIES				
Trade payables	12,525	23,170	15,143	13,776
Contract liabilities	-	13	-	-
Other payables and accruals	3,233	6,842	10,156	5,395
Amount owing to an associate	8	-	3	20
Amount owing to related parties	26,479	-	-	-
Lease liabilities	3,374	3,228	3,854	4,748
Term loans	12,589	9,742	7,821	7,034
Invoice financing	252	909	615	568
Bank overdraft	2,545	1,013	117	-
Current tax liabilities	146	654	351	677
Provisions	85	-	-	-
	61,236	**45,571**	**38,060**	**32,218**
TOTAL LIABILITIES	**66,151**	**53,815**	**42,797**	**38,900**
TOTAL EQUITY AND LIABILITIES	**71,443**	**90,594**	**86,830**	**91,011**

Note:

* *The share capital was RM10.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.1.3 Statements of Cash Flows

The following table sets out a summary of our Group's audited consolidated statement of cash flows for the Financial Years and Period Under Review which was extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
PBT	1,394	7,417	16,788	11,046	10,362
Adjustments for:					
Amortisation of intangible asset	3	13	141	95	95
Bad debts written off	-	360	51	-	305
COVID-19-related rent concessions	(7)	-	-	-	-
Depreciation of equipment	1,030	907	1,016	684	837
Depreciation of right-of-use assets	3,986	3,743	4,429	2,985	3,334
Equipment written off	29	-	14	-	-
Impairment losses:					
- trade receivables	1,519	2,299	4,669	1,336	1,969
- other receivables	208	128	17	219	245
Loss/ (Gain) on modification of leases	9	(4)	(84)	(3)	(51)
Retirement expenses	154	203	227	177	367
Unrealised loss/ (gain) on foreign exchange	-	-	325	(159)	146
Reversal of impairment losses:					
- trade receivables	-	(90)	(4,354)	-	(1,690)
- other receivables	(19)	-	(148)	-	(91)
Share of net profits of equity accounted associate	(5)	(61)	(5,536)	(2,875)	(2,062)
(Gain)/ Loss on disposal of equipment	(45)	(129)	5	-	(4)
Interest expenses	1,036	892	808	565	502
Interest expenses on lease liabilities	512	573	456	337	377
Interest income	(54)	(67)	(90)	(19)	(18)
Operating profit before working capital changes	**9,750**	**16,184**	**18,734**	**14,388**	**14,623**

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
(Increase)/ Decrease in trade and other receivables	(6,443)	(13,106)	13,777	3,785	(7,425)
(Increase)/ Decrease in contract assets	(594)	(2,866)	(363)	1,382	1,192
Increase/ (Decrease) in trade and other payables	1,868	14,403	(9,473)	(8,007)	(2,529)
Increase/ (Decrease) in contract liabilities	-	13	(13)	(13)	-
Increase in amount owing by an associate	-	(3)	^	(105)	(39)
Increase/ (Decrease) in amount owing to associates	4	(8)	3	2	17
(Increase)/ Decrease in amount owing by related parties	-	(6)	17	21	2
Cash from operations	**4,585**	**14,611**	**22,682**	**11,453**	**5,841**
Interest paid	(189)	(202)	(85)	(67)	(5)
Interest received	54	67	90	19	18
Income tax paid	(2,421)	(332)	(3,391)	(494)	(2,740)
Income tax refunded	-	-	-	-	96
Net cash from operating activities	**2,029**	**14,144**	**19,296**	**10,911**	**3,210**
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES					
Acquisition of a associates	-	-	(372)	(93)	-
(Addition)/ Withdrawal of fixed deposits with tenure more than 3 months	(30)	(24)	(18)	(18)	149
Additions of right-of-use assets	(52)	(105)	(136)	(190)	(151)
Changes in amount due from associates	^	10	(107)	-	3,935
Proceeds from disposal of equipment	178	342	25	-	8
Purchase of intangible asset	(130)	(687)	-	-	-
Purchase of equipment	(960)	(548)	(2,318)	(2,101)	(1,011)
Repayment from related parties	10	-	-	-	-
Net cash (for)/ from investing activities	**(984)**	**(1,012)**	**(2,926)**	**(2,402)**	**2,930**
CASH FLOWS FOR FINANCING ACTIVITIES					
Advances from/ (Repayment to) related parties	15	(532)	-	-	-
Dividend paid	-	(177)	(1,184)	(1,184)	(3,600)
Drawdown of invoice financing	1,590	4,728	6,642	5,030	3,726
Drawdown of term loans	16,177	38,023	31,526	30,403	-
Interest paid	(1,358)	(1,263)	(1,180)	(835)	(874)
Proceeds from issuance of ordinary shares	-	-	^	^	-
Proceeds from issuance of shares to non-controlling interest in a subsidiary	-	-	^	-	150
Repayment of invoice financing	(1,338)	(4,072)	(6,936)	(5,251)	(3,773)
Repayment of lease liabilities	(3,728)	(3,951)	(4,911)	(3,274)	(3,295)
Repayment of term loans	(16,056)	(40,403)	(33,907)	(32,517)	(1,541)
Net cash for financing activities	**(4,698)**	**(7,647)**	**(9,950)**	**(7,628)**	**(9,207)**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net (decrease)/ increase in cash and cash equivalents	(3,653)	5,485	6,420	881	(3,067)
Effects of foreign exchange translation	776	(816)	(1,041)	(786)	458
Cash and cash equivalents at beginning of the financial year	5,928	3,051	7,720	7,720	13,099
Cash and cash equivalents at end of the financial year/ period	**3,051**	**7,720**	**13,099**	**7,815**	**10,490**

Note:

^ *The amount is below RM1,000.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness based on our latest unaudited financial statements as at 30 November 2023 and pro forma after taking into account, our Public Issue and utilisation of proceeds from our Public Issue.

The pro forma financial information below does not represent our capitalisation and indebtedness as at 30 November 2023 and is provided for illustrative purpose only.

	Unaudited as at 30 November 2023 RM'000	**Pro Forma after Public Issue and utilisation of proceeds RM'000**
Indebtedness		
Short-term indebtedness		
Secured and guaranteed:		
- Lease liabilities (under hire purchase arrangement)	264	264
- Term loans	11,625	7,471
- Invoice financing	347	347
- Bank overdrafts	558	-
Unsecured and unguaranteed:		
- Lease liabilities	3,992	3,992
	16,786	12,074
Long-term indebtedness		
Secured and guaranteed:		
- Lease liabilities (under hire purchase arrangement)	212	212
Unsecured and unguaranteed:		
- Lease liabilities	5,023	5,023
	5,235	5,235
Total indebtedness	**22,021**	**17,309**
Capitalisation		
- Equity attributable to owners of the Company	52,240	81,515
- Non-controlling interests	151	151
Total capitalisation	**52,391**	**81,666**
Total capitalisation and indebtedness	**74,412**	**98,975**
Gearing ratio (times)(1)	0.42	0.21

Note:

(1) Computed based on total indebtedness divided by total shareholders' equity.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial conditions and results of operations for the Financial Years and Period Under Review should be read in conjunction with the consolidated financial statements of our Group and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, please see Note 4 of the Accountants' Report which is set out in Section 13 of this Prospectus.

12.3.1 Overview of our business operations

We are primarily a 3PL service provider where our services comprise sea and air freight forwarding, aerospace logistics, warehousing and other 3PL, and road freight transportation services. These services accounted for all of our revenues for the Financial Years and Period Under Review.

We do not own the ships or aircrafts used to transport the cargo for the sea and air freight forwarding services, and aerospace logistics that we provide. We provide sea and air freight forwarding in all the countries where we have a physical presence, namely Malaysia, the Philippines, Korea, Myanmar and Singapore. In addition, our operations in Malaysia, the Philippines and Singapore are involved in providing aerospace logistics services. Sea and air freight forwarding and aerospace logistics services accounted for at least 90.00% of our total revenue in each of the respective years of the Financial Years and Period Under Review.

We own and lease vehicles used to provide road freight transportation services in Malaysia, Myanmar and Singapore. We do not own any of the warehouse facilities that we utilise to provide warehousing and other 3PL services in Malaysia, the Philippines, Myanmar and Singapore.

Please refer to Section 7 of this Prospectus for further information on our business operations.

12.3.2 Revenue

(a) Overview

Our main revenue streams were from providing sea and air freight forwarding, and aerospace logistics services. Our other revenue streams were providing warehousing and other 3PL and road freight transportation services.

Our total revenue increased by RM70.86 million or 57.85%, from RM122.51 million in FYE 2020 to RM193.37 million in FYE 2021, and subsequently increased by RM41.06 million or 21.23% to RM234.43 million in FYE 2022. However, our revenue decreased by RM47.83 million, or 28.13% to RM122.23 million in FPE 2023.

Our largest revenue contributor for FYE 2022 was sea freight forwarding, which accounted for 54.00% of our total revenue for FYE 2022. Our other main business activities were air freight forwarding and aerospace logistics services, which accounted for 27.15% and 12.66% of our total revenue in FYE 2022 respectively. In addition, our warehousing and other 3PL services and road freight transportation services segments accounted for 3.89% and 2.30% of our revenue in FYE 2022 respectively.

For FPE 2023, our largest revenue contributor was aerospace logistics services which accounted for 37.06% of our total revenue, while our other main business activities of sea and air freight forwarding services respectively accounted for 36.76% and 17.11% of our total revenue respectively. Our warehousing and other 3PL services and road freight transportation services segments accounted for 5.68% and 3.39% of our total revenue for the FPE 2023 respectively.

Our Group Head office is located in Subang Jaya, Selangor and we have various operational facilities in Malaysia. We also operate in foreign countries, including the Philippines, Korea, Myanmar and Singapore. For the Financial Years and Period Under Review, the majority of our revenues were derived from foreign countries, which accounted for 86.77% (RM106.30 million), 91.09% (RM176.15 million), 89.27% (RM209.28 million) and 83.57% (RM102.14 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

Revenue from our Malaysia operations accounted for 13.23% (RM16.21 million), 8.91% (RM17.22 million), 10.73% (RM25.15 million) and 16.43% (RM20.09 million) of our total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

(b) Method of recognising revenue

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which our Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract**.**

Our Group recognises revenue when (or as) we transfer control over a service to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

We transfer control of a good or service at a **point in time** unless one of the following **over-time** criteria is met:

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

(i) Sea and air freight forwarding, and aerospace logistics services

Revenue from sea and air freight forwarding, and aerospace logistics services is recognised over time, using an output method based on forwarding schedule to measure progress towards complete satisfaction of the service.

(ii) Road freight transportation services

Revenue from road freight transportation services is recognised at a point in time once the service has been completed and we have an enforceable right to payment for the performance completed to date.

(iii) Warehousing and other 3PL services

Revenue from warehousing and other 3PL services is mainly recognised over storage period to measure progress towards complete satisfaction of the service.

(c) Functional currencies and foreign exchange rates

We have subsidiaries operating in Malaysia, the Philippines, Korea, Myanmar and Singapore. The individual financial statements of our subsidiaries in Malaysia are prepared in RM, and of the subsidiaries operating in foreign countries are prepared in foreign currencies, as follows:

Company	Status within our Group	Currency
AGB	Holding company	RM
AGX Malaysia	Subsidiary company	RM
AGX Philippines	Subsidiary company	PHP
AGX Worldwide	Subsidiary company	PHP
AGX Korea	Subsidiary company	KRW
AGX Myanmar	Subsidiary company	USD
AGX Singapore	Subsidiary company	SGD
AGX Transport	Subsidiary company	RM

Our consolidated financial statements are presented in RM, which is our Group's functional and presentation currency.

(d) Revenue segmentation by business activities

The following table summarises our revenue segmentation by business activities for the Financial Years and Period Under Review:

	FYE 2020		FYE 2021		FYE 2022	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sea freight forwarding	61,224	49.98	119,973	62.04	126,582	54.00
Air freight forwarding	35,012	28.58	51,785	26.78	63,650	27.15
Aerospace logistics[(1)]	16,750	13.67	11,717	6.06	29,683	12.66
Warehousing and other 3PL services	3,674	3.00	4,882	2.53	9,113	3.89
Road freight transportation	5,847	4.77	5,015	2.59	5,401	2.30
Total Revenue	**122,507**	**100.00**	**193,372**	**100.00**	**234,429**	**100.00**

	FPE 2022		FPE 2023	
Revenue	**RM'000**	**%**	**RM'000**	**%**
Sea freight forwarding	95,570	56.20	44,925	36.76
Air freight forwarding	49,718	29.23	20,916	17.11
Aerospace logistics	15,977	9.40	45,298	37.06
Warehousing and other 3PL services	5,485	3.22	6,947	5.68
Road freight transportation	3,308	1.95	4,142	3.39
Total Revenue	**170,058**	**100.00**	**122,228**	**100.00**

Note:

(1) Our revenue for the aerospace logistics had declined in FYE 2020 and FYE 2021, following the COVID-19 pandemic related restrictions on domestic and international passenger flights, and had increased in FYE 2022 in line with the increase in activities in the aviation industry.

12. FINANCIAL INFORMATION *(Cont'd)*

Our Group's revenue segmentation by business activities and operational countries for the Financial Years and Period Under Review are set out below:

	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Foreign operations	**99,148**	**80.94**	**167,037**	**86.38**	**193,378**	**82.49**	**143,347**	**84.29**	**94,049**	**76.94**
Sea freight forwarding	54,304	44.33	113,836	58.87	117,071	49.95	89,112	52.40	41,934	34.30
- *Philippines operations*	*22,513*	*18.38*	*27,845*	*14.40*	*39,989*	*17.06*	*23,947*	*14.08*	*24,466*	*20.02*
- *Korea operations*	*16,338*	*13.34*	*51,808*	*26.79*	*45,846*	*19.56*	*39,940*	*23.49*	*8,537*	*6.98*
- *Myanmar operations*	*10,451*	*8.53*	*21,386*	*11.06*	*21,043*	*8.98*	*17,418*	*10.24*	*3,878*	*3.17*
- *Singapore operations*	*5,002*	*4.08*	*12,797*	*6.62*	*10,193*	*4.35*	*7,807*	*4.59*	*5,053*	*4.13*
Air freight forwarding	26,839	21.92	40,709	21.05	51,911	22.14	40,704	23.93	17,669	14.46
- *Philippines operations*	*17,478*	*14.27*	*28,948*	*14.97*	*35,523*	*15.15*	*28,457*	*16.73*	*12,016*	*9.83*
- *Korea operations*	*3,441*	*2.81*	*6,725*	*3.48*	*8,693*	*3.71*	*6,954*	*4.09*	*3,318*	*2.71*
- *Myanmar operations*	*3,867*	*3.16*	*3,044*	*1.57*	*4,625*	*1.97*	*3,047*	*1.79*	*984*	*0.81*
- *Singapore operations*	*2,053*	*1.68*	*1,992*	*1.03*	*3,070*	*1.31*	*2,246*	*1.32*	*1,351*	*1.11*
Aerospace logistics	11,263	9.19	5,193	2.69	13,262	5.65	6,916	4.06	25,386	20.77
- *Philippines operations*	*10,085*	*8.23*	*3,608*	*1.87*	*11,989*	*5.11*	*5,948*	*3.49*	*24,008*	*19.64*
- *Singapore operations*	*1,178*	*0.96*	*1,585*	*0.82*	*1,273*	*0.54*	*968*	*0.57*	*1,378*	*1.13*
Warehousing and other 3PL services	3,534	2.88	4,456	2.30	8,568	3.66	5,127	3.02	6,406	5.24
- *Philippines operations*	*1,177*	*0.96*	*835*	*0.43*	*1,716*	*0.73*	*676*	*0.40*	*939*	*0.77*
- *Myanmar operations*	*78*	*0.06*	*44*	*0.02*	*61*	*0.03*	*46*	*0.03*	*7*	*0.01*
- *Singapore operations*	*2,279*	*1.86*	*3,577*	*1.85*	*6,791*	*2.90*	*4,405*	*2.59*	*5,460*	*4.46*
Road freight transportation	3,208	2.62	2,843	1.47	2,566	1.09	1,488	0.88	2,654	2.17
- *Myanmar operations*	*963*	*0.79*	*589*	*0.30*	*1,318*	*0.56*	*675*	*0.40*	*1,925*	*1.57*
- *Singapore operations*	*2,245*	*1.83*	*2,254*	*1.17*	*1,248*	*0.53*	*813*	*0.48*	*729*	*0.60*
Malaysia operations	**23,359**	**19.06**	**26,335**	**13.62**	**41,051**	**17.51**	**26,711**	**15.71**	**28,179**	**23.06**
Sea freight forwarding	6,920	5.65	6,137	3.17	9,511	4.05	6,458	3.80	2,991	2.45
Air freight forwarding	8,173	6.66	11,076	5.73	11,739	5.01	9,014	5.30	3,247	2.66
Aerospace logistics	5,487	4.48	6,524	3.37	16,421	7.01	9,061	5.33	19,913	16.29
Warehousing and other 3PL services	140	0.12	426	0.23	545	0.23	358	0.21	541	0.44
Road freight transportation	2,639	2.15	2,172	1.12	2,835	1.21	1,820	1.07	1,487	1.22
Total Revenue	**122,507**	**100.00**	**193,372**	**100.00**	**234,429**	**100.00**	**170,058**	**100.00**	**122,228**	**100.00**

(e) Relevant operating metrics

The relevant operating metrics summary of our business activities during the Financial Years and Period Under Review are summarised in the following table:

	Units	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Sea freight forwarding	TEU	19,363	21,205	25,037	10,617	9,643
Air freight forwarding	Tonnes	3,947	6,733	6,656	3,986	3,229
Aerospace logistics	Tonnes	1,732	1,036	1,671	787	3,285
Warehousing (1)						
• Floor space capacity (2)	Sq. ft. days	10,743,125	11,873,419	14,052,500	9,355,500	13,372,348
− actual usage	Sq. ft. days	6,791,475	6,171,364	10,981,237	7,073,099	9,212,291
− utilisation rate	%	63	(5)52	78	76	69
• Racking capacity (3)	Cubic ft. days	40,774,889	59,668,543	89,026,106	58,169,317	61,460,653
− actual usage	Cubic ft. days	29,466,684	27,483,165	62,311,964	42,164,395	53,954,923
− utilisation rate	%	72	(6)46	70	72	88
• Storage bin capacity (4)	Bin days	270,224	286,160	519,299	318,069	342,144
− actual usage	Bin days	117,997	216,983	327,442	186,423	224,862
− utilisation rate	%	(7)44	76	63	59	66
Road freight transportation						
• Vehicle capacity	Vehicle days	4,895	5,927	6,102	4,241	3,524
− actual usage	Vehicle days	3,333	4,077	4,215	3,106	2,221
− utilisation rate	%	68	69	69	73	63

Notes:

TEU = Twenty-foot equivalent container, the unit of measure for sea freight.

(1) Our warehouses provide different storage methods for our customers' goods.

(2) Customers' goods are stored in allocated floor space within an enclosed warehouse, with no usage of racking or storage bins. The customer is charged based on the floor space allocated to or used by them. This method is used at our Lot 41 Warehouse, Previous Port Klang Warehouses 1 and 2, and Previous Clark Warehouses A and B.

(3) Customers' goods are stored on racks in the warehouse without the use of storage bins. The customer is charged based on the volume allocated to or used by them. This method is used at our Yangon Warehouse, Gul Warehouse and Office, and Previous Changi South Warehouse.

(4) Customers' goods are stored in storage bins placed on racks installed in the warehouse. The customer is charged based on the number of storage bins allocated to or used by them. This method is used at our Subic Warehouses 1 and 2, and Previous Manila Warehouse.

(5) Relatively low utilisation rate for FYE 2021 mainly due to allocation of proportionally more space at the Previous Port Klang Warehouse 1 for non-revenue generating temporary storage for our sea freight forwarding services cargo, which was not revenue generating and consequently not included as actual usage.

(6) Relatively low utilisation rate for FYE 2021 mainly because we had to secure additional customers to make use of the space at Gul Warehouse and Office, which is larger compared to the Previous Changi South Warehouse.

(7) Relatively low utilisation rate for FYE 2020 mainly due to 1 existing customer of Subic Bay Warehouse 1 reducing demand for storage space during 2020, and 1 existing customer of Previous Manila Warehouse transferred their goods from this warehouse to a different warehouse. We were not able to secure new customers to fill the space.

12. FINANCIAL INFORMATION *(Cont'd)*

Volume of Sea and Air Freight Forwarding, and Aerospace Logistics

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Sea freight forwarding	**TEU**	**TEU**	**TEU**	**TEU**	**TEU**
Malaysia operations	5,300	3,817	4,332	2,519	2,430
Philippines operations	7,068	10,691	14,201	2,837	3,536
Korea operations	2,965	3,480	2,371	1,994	826
Myanmar operations	2,688	1,812	2,029	1,693	1,952
Singapore operations	1,342	1,405	2,104	1,574	899
Total	**19,363**	**21,205**	**25,037**	**10,617**	**9,643**
Air freight forwarding	**Tonnes**	**Tonnes**	**Tonnes**	**Tonnes**	**Tonnes**
Malaysia operations	891	745	1,019	790	474
Philippines operations	2,271	5,373	4,803	2,565	2,316
Korea operations	205	253	312	221	200
Myanmar operations	249	181	300	221	121
Singapore operations	331	181	222	189	118
Total	**3,947**	**6,733**	**6,656**	**3,986**	**3,229**
Aerospace logistics (1)	**Tonnes**	**Tonnes**	**Tonnes**	**Tonnes**	**Tonnes**
Malaysia operations	813	602	1,126	520	3,004
Philippines operations	832	384	489	236	246
Singapore operations	87	50	56	31	35
Total	**1,732**	**1,036**	**1,671**	**787**	**3,285**

Sea freight forwarding – Average Revenue and Average Freight Costs

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM	**RM**	**RM**	**RM**	**RM**
Average revenue per TEU (2)					
Malaysia operations	1,300	1,600	2,200	2,600	1,200
Philippines operations	3,200	2,600	2,800	8,400	6,900
Korea operations	5,500	14,900	19,300	20,000	10,300
Myanmar operations	3,900	11,800	10,400	10,300	2,000
Singapore operations	3,700	9,100	4,800	5,000	5,600
Average sea freight cost per TEU (3)	**RM**	**RM**	**RM**	**RM**	**RM**
Malaysia operations	300	700	900	1,200	200
Philippines operations	100	300	400	1,400	600
Korea operations	1,300	9,900	14,800	14,200	3,600
Myanmar operations	2,300	9,200	7,600	8,200	600
Singapore operations	1,700	5,700	2,600	2,800	2,200

Air freight forwarding - Average Revenue and Average Freight Costs

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM	**RM**	**RM**	**RM**	**RM**
Average revenue per tonne (2)					
Malaysia operations	9,200	14,900	11,500	11,400	6,900
Philippines operations	7,700	5,400	7,400	11,100	5,200
Korea operations	16,800	26,600	27,900	31,400	16,600
Myanmar operations	15,500	16,800	15,400	13,800	8,200
Singapore operations	6,200	11,000	13,800	11,900	11,400
Average air freight cost per tonne (3)	**RM**	**RM**	**RM**	**RM**	**RM**
Malaysia operations	5,800	10,300	8,100	7,800	4,600
Philippines operations	3,400	1,900	2,900	4,300	2,400
Korea operations	8,300	21,300	23,000	24,900	12,900
Myanmar operations	11,000	12,800	12,700	11,200	5,300
Singapore operations	2,800	6,400	7,400	4,700	1,600

Aerospace logistics - Average Revenue and Average Freight Costs

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM	RM	RM	RM	RM
Average revenue per tonne (1, 2)					
Malaysia operations	6,700	10,800	14,600	17,400	6,600
Philippines operations	12,100	9,400	24,500	25,200	97,600
Singapore operations	13,500	31,700	22,700	31,200	39,400
Average air freight cost per tonne (1, 3)	**RM**	**RM**	**RM**	**RM**	**RM**
Malaysia operations	2,500	4,100	5,500	7,200	2,900
Philippines operations	2,700	1,600	7,200	5,200	30,200
Singapore operations	14,100	35,400	40,600	63,000	80,100

Notes:

(1) We do not provide aerospace logistics services in Korea and Myanmar.

(2) The average revenue per TEU / tonne are estimated by dividing the revenue in relation to sea or air freight used to provide sea or air freight forwarding services by the sea or air freight services volume respectively, and rounded to the nearest hundred RM.

(3) The average sea or air freight costs per TEU / tonne is calculated by dividing the sea or air freight costs by the sea or air freight services volume respectively, and rounded to the nearest hundred RM.

The value and trend of the average sea and air freight rates vary among our country of operations mainly due to the following:

- each of our countries of operations has different trade routes and points of origin and destination. For example, longer distances between originating and destination points would involve higher costs due to increased sea/air freight charges, land transportation and operational expenses, which will be reflected in the higher sea/air freight forwarding charges to our customers; and

- different types of goods being shipped, where general goods usually incur lower freight rates compared to specialised cargos.

Furthermore, the value and trends of our average sea and air freight rates may be different to the global average sea and air freight rates as global freight rates are averages across many countries and are influenced by geopolitical events, supply and demand, and market conditions.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION *(Cont'd)*

(f) Revenue segmentation by geographical markets

Our revenue segmented by geographical markets (based on billings to customers) for the Financial Years and Period Under Review is as follows:

	FYE 2020		FYE 2021		FYE 2022	
Revenue	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	**16,207**	**13.23**	**17,223**	**8.91**	**25,153**	**10.73**
Foreign countries	**106,300**	**86.77**	**176,149**	**91.09**	**209,276**	**89.27**
Philippines	43,195	35.26	53,573	27.70	76,776	32.75
Korea	18,709	15.27	55,700	28.80	50,000	21.33
Myanmar	12,874	10.51	19,409	10.04	20,077	8.56
Singapore	12,390	10.11	17,688	9.15	19,162	8.17
Other countries (1)	19,132	15.62	29,779	15.40	43,261	18.46
Total Revenue	**122,507**	**100.00**	**193,372**	**100.00**	**234,429**	**100.00**

	FPE 2022		FPE 2023	
Revenue	**RM'000**	**%**	**RM'000**	**%**
Malaysia	**16,536**	**9.72**	**20,088**	**16.43**
Foreign countries	**153,522**	**90.28**	**102,140**	**83.57**
Philippines	51,812	30.47	50,928	41.67
Korea	43,533	25.60	9,460	7.74
Myanmar	16,160	9.50	6,072	4.97
Singapore	13,592	7.99	12,805	10.48
Other countries (1)	28,425	16.72	22,875	18.71
Total Revenue	**170,058**	**100.00**	**122,228**	**100.00**

Note:

(1) Other countries during the Financial Years and Period Under Review include, among others, Australia, China, Hong Kong, Indonesia, Japan, Thailand and the United States. During the Financial Years and Period Under Review, no individual "other country" accounted for more than 5.00% of our Group's revenue during any financial year except for China in FYE 2020, when it accounted for 5.01% of total Group revenue.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.3.3 Results of operations – Revenue

FYE 2021 compared to FYE 2020

Our Group's total revenue for FYE 2021 increased by RM70.86 million or 57.85% to RM193.37 million in FYE 2021 (FYE 2020: RM122.51 million). This was mainly driven by our Group's sea and air freight forwarding services, as well as our Group's warehousing and other 3PL services.

(a) Sea freight forwarding services

Our Group's revenue from sea freight forwarding services increased by RM58.75 million or 95.96% to RM119.97 million in FYE 2021 (FYE 2020: RM61.22 million). This was mainly contributed by the increase in the sea freight rates in FYE 2021 coupled with the increase in the volume of sea freight cargo handled for operations in certain countries as illustrated below.

The increase in the revenue for sea freight forwarding services segment was mainly contributed by the following:

- revenue from our operations in Korea increased by RM35.47 million or 217.10%, to RM51.81 million in FYE 2021 (FYE 2020: RM16.34 million). This was mainly driven by higher demand from 1 major customer who is involved in the manufacturing of organic chemical (i.e. Kukdo Chemical) as reflected in the increase in volume of sea freight cargo handled by 17.37% to 3,480 TEU in FYE 2021 (FYE 2020: 2,965 TEU). In view of this, Kukdo Chemical was not negatively affected by the COVID-19 pandemic. The increase in revenue was also contributed by higher prices as reflected in the increase in average revenue per TEU for our sea freight forwarding operations in Korea by RM9,400 per TEU or 170.91% to RM14,900 per TEU in FYE 2021 (FYE 2020: RM5,500 per TEU), on the back of rising sea freight rates in the industry.

- revenue from our operations in the Philippines increased by RM5.34 million or 23.68% to RM27.85 million in FYE 2021 (FYE 2020: RM 22.51 million). This was mainly driven by higher demand from customers as reflected in the increase in the sea freight cargo volume handled by 3,623 TEU or 51.26% to 10,691 TEU in FYE 2021 (FYE 2020: 7,068 TEU). This was contributed by higher sea freight cargo volume handled for 3 existing customers as well as securing a new customer in FYE 2021.

  Despite the increase in the volume of sea freight cargo handled, there was a decrease in our pricing as reflected in the decrease in average revenue per TEU by RM600 per TEU or 18.75% to RM2,600 per TEU in FYE 2021 (FYE 2020: RM3,200 per TEU). The decrease was attributed to the higher volume of inbound sea freight cargo handled in our Philippines operations which involves documentation only. In addition, there was a reduction in documentation handling as the authorities began the transition of on-line submission which resulted in the lower rates charged.

- revenue from our operations in Myanmar increased by RM10.94 million or 104.63% to RM21.39 million in FYE 2021 (FYE 2020: RM10.45 million). The increase in revenue was mainly contributed by higher pricing which was reflected in the increase in our average revenue per TEU by RM7,900 per TEU or 202.56% to RM11,800 per TEU in FYE 2021 (FYE 2020: RM3,900 per TEU), on the back of rising sea freight rates in the industry.

  Despite the increase in pricing, there was a decrease in the volume of sea freight cargo handled by 876 TEU or 32.59% to 1,812 TEU in FYE 2021 (FYE 2020: 2,688 TEU) as our customers' business activities were adversely affected by the effects of the COVID-19 pandemic and political events in Myanmar (including the military coup in February 2021), resulting in a decrease in demand for our sea freight forwarding services.

- revenue from our operations in Singapore for this segment increased by RM7.80 million or 155.84% to RM12.80 million in FYE 2021 (FYE 2020: RM5.00 million), which was contributed by higher pricing to customers. This was reflected in the increase in average revenue by RM5,400 per TEU or 145.95% to RM9,100 per TEU in FYE 2021 (FYE 2020: RM3,700 per TEU), on the back of the rising sea freight rates in the industry.

(b) Air freight forwarding services

For FYE 2021, our Group's revenue from air freight forwarding services increased by RM16.78 million or 47.91% to RM51.79 million in FYE 2021 (FYE 2020: RM35.01 million). The increase in revenue was contributed by overall higher air freight cargo volume handled as economies gradually recovered from the COVID-19 pandemic and restrictions were relaxed as well as increase in pricing to customers for the operations in various countries including Malaysia, Korea, Myanmar and Singapore.

The increase in air freight forwarding services revenue was mainly contributed by the following:

- revenue from our operations in the Philippines for this segment increased by RM11.47 million or 65.63% to RM28.95 million in FYE 2021 (FYE 2020: RM17.48 million), mainly contributed by the increase in volume of air freight cargo handled by 136.59% or 3,102 tonnes to 5,373 tonnes in FYE 2021 (FYE 2020: 2,271 tonnes) arising from higher demand from our customers for inbound and outbound air freight volume handled. In FYE 2021, there were limited spaces available for sea freight cargo as a result of global supply chain disruption during the COVID-19 pandemic in the industry. Arising therefrom, we have received increased orders from our customers in the Philippines for air freight forwarding services.

  Despite the increase in volume of air freight cargo handled, there was a decrease in our pricing as reflected in the decrease in average revenue per tonne by 29.87% or RM2,300 to RM5,400 per tonne in FYE 2021 (FYE 2020: RM7,700 per tonne). This was mainly due to higher handling of inbound air freight cargo which is associated with lower charges for documentation and excludes air freight charges.

- revenue from our operations in Korea increased by RM3.29 million or 95.44% to RM6.73 million in FYE 2021 (FYE 2020: RM3.44 million), mainly contributed by higher pricing to customers as reflected in the increase in average revenue per tonne by RM9,800 per tonne or 58.33% to approximately RM26,600 per tonne in FYE 2021 (FYE 2020: RM16,800 per tonne) on the back of rising air freight rates in the industry. Generally, the pricing for air freight forwarding services in Korea's operations is commonly higher as the type of shipments handled mainly consists of small volume items which are subject to a base rate irrespective of volume.

  In addition, the increase in revenue was partly contributed by the increase in the volume of air freight cargo handled for a major customer in Korea (i.e., Kukdo Chemical) where the cargo was for urgent deliveries as well as securing a new customer in FYE 2021;

- revenue for operations in Malaysia revenue increased by RM2.91 million or 35.52% to RM11.08 million in FYE 2021 (FYE 2020: RM8.17 million), mainly contributed by higher pricing to customers as reflected in the increase in average revenue per tonne by RM5,700 or 61.96% to approximately RM14,900 per tonne in FYE 2021 (FYE 2020: RM9,200 per tonne) on the back of rising air freight rates in the industry.

Despite the increase in the average revenue per tonne, there was a decrease in volume of air freight cargo volume handled by 146 tonnes or 16.39% to 745 tonnes in FYE 2021 (FYE 2020: 891 tonnes), mainly contributed by lower volume of medical personal protective equipment cargo in FYE 2021 compared to FYE 2020.

(c) Aerospace logistics services

Revenue from aerospace logistics services decreased by RM5.03 million or 30.05% to RM11.72 million in FYE 2021 (FYE 2020: RM16.75 million). This was mainly due to lower demand of the said services from customers as reflected in the decrease in volume of aerospace cargo handled by 696 tonnes or 40.18% to 1,036 tonnes in FYE 2021 (FYE 2020: 1,732 tonnes). There were still some COVID-19 pandemic related restrictions on domestic and international passenger flights in FYE 2021, and as a result, there was still limited demand from airlines for aircraft parts, components and equipment to carry out routine and scheduled maintenance and repairs on AOG in FYE 2021.

(d) Warehousing and other 3PL services

Revenue from warehousing and other 3PL services increased by RM1.21 million or 32.88%, to RM4.88 million in FYE 2021 (FYE 2020: RM3.67 million). The increase was mainly contributed by our operations in Singapore with the increase in revenue by RM1.30 million pertaining to other 3PL services following the easing of COVID-19 pandemic restrictions in Singapore.

In addition, the increase in revenue was partly contributed by our operations in Malaysia for warehousing and other 3PL services which increased by RM0.29 million from the commencement of the Previous Port Klang Warehouse 2 in November 2021 as well as the increased utilisation of the Previous Port Klang Warehouse 1 as we secured 1 new customer during the year.

This was partially offset by the decrease in our warehousing and other 3PL services in Philippines revenue, which decreased by RM0.34 million in FYE 2021. This was mainly due to one customer ceased engaging the Group to provide e-fulfilment service as it was no longer required by its business operation.

(e) Road freight transportation services

Revenue from road freight transportation services decreased by RM0.83 million or 14.23% to RM5.02 million in FYE 2021 (FYE 2020: RM5.85 million). This was mainly attributed to the decrease in revenue for the operations in Malaysia by 17.70% or RM0.47 million due to lower demand which was affected by COVID-19 pandemic conditions and this was reflected in the decrease in vehicle usage in Malaysia which decreased by 137 vehicle days or 10.55% to 1,161 vehicle days in FYE 2021 (FYE 2020: 1,298 vehicle days).

The decrease in revenue was also partly attributed to lower revenue from our operations in Myanmar, which decreased by RM0.37 million or 38.84% to RM0.59 million in FYE 2021 (FYE 2020: RM0.96 million). This was mainly due to lower demand from customers as reflected in the vehicle usage from 557 vehicle days in FYE 2020 to 534 vehicle days in FYE 2021 affected by lower economic activities resulting from the effects of the COVID-19 pandemic and political events in FYE 2021.

FYE 2022 compared to FYE 2021

For FYE 2022, our Group's total revenue increased by RM41.06 million or 21.23% to RM234.43 million in FYE 2022 (FYE 2021: RM193.37 million). The increase in revenue was contributed by all business segments as illustrated below:

(a) Sea freight forwarding services

Our Group's sea freight forwarding services revenue increased by RM6.61 million or 5.51% to RM126.58 million in FYE 2022 (FYE 2021: RM119.97 million). The increase in sea freight forwarding services revenue was attributed to the following:

- revenue from our operations in Philippines for this segment increased by RM12.14 million or 43.61% to RM39.99 million in FYE 2022 (FYE 2021: RM27.85 million), mainly driven by higher demand as reflected in the increase in the sea freight volume handled by 3,510 TEU, or 32.83% to 14,201 TEU in FYE 2022 (FYE 2021: 10,691 TEU). This was mainly driven by higher demand of these said services from three existing customers which collectively contributed to the increase in revenue of RM10.83 million. In addition, the increase in revenue was partly contributed by two new customers which collectively contributed revenue of RM1.57 million in FYE 2022.

- revenue from our operations in Malaysia for this segment increased by RM3.37 million or 54.98% to RM9.51 million in FYE 2022 (FYE 2021: RM6.14 million). This was mainly driven by higher demand as reflected in the increase in sea freight cargo volume handled, which increased by 515 TEU or 13.49% to 4,332 TEU in FYE 2022 (FYE 2021: 3,817 TEU). The increase in revenue was also attributed to higher pricing as reflected in the increase in the average revenue per TEU by approximately RM600 per TEU, or 37.50% to approximately RM2,200 per TEU in FYE 2022 (FYE 2021: RM1,600 per TEU). The increase in pricing was partly contributed by the increase in the handling of outbound sea freight cargo by 59.29% with full services including the charges for sea freight rates, as well as the increase in demand from existing customers.

The increase in sea freight forwarding services revenue was partially offset by the following:

- revenue from our operations in Korea for this segment decreased by RM5.96 million or 11.51% to RM45.85 million in FYE 2022 (FYE 2021: RM51.81 million). The decrease in revenue was mainly due to lower demand for sea freight cargo services from a major customer (i.e., Kukdo Chemical). This was reflected in the decrease in the sea freight cargo volume handled by 1,109 TEU or 31.87% to 2,371 TEU in FYE 2022 (FYE 2021: 3,480 TEU). Despite the decrease in the sea freight cargo volume handled, there was an increase in pricing as reflected in the increase in the average revenue by RM4,400 per TEU or 29.53% to approximately RM19,300 per TEU in FYE 2022 (FYE 2021: RM14,900 per TEU), attributed to higher charges to customers partly attributed to higher sea freight costs.

- revenue from our operations in Singapore for this segment decreased by RM2.61 million or 20.35% to RM10.19 million in FYE 2022 (FYE 2021: RM12.80 million). This was mainly contributed by lower pricing as reflected in the decrease in the average revenue for sea freight forwarding, which decreased by 47.25% to approximately RM4,800 per TEU in FYE 2022 (FYE 2021: RM9,100 per TEU). Despite the decrease in the average revenue, there was higher volume of sea freight cargo handled, which increased by 699 TEU or 49.75% to 2,104 TEU in FYE 2022 (FYE 2021: 1,405 TEU) arising from higher demand for inbound and outbound sea freight cargo.

(b) Air freight forwarding services

Our Group's revenue from air freight forwarding services increased by RM11.86 million or 22.91% to RM63.65 million in FYE 2022 (FYE 2021: RM51.79 million). The increase in revenue from air freight forwarding services was contributed by all business segments as illustrated below:

- revenue from our operations in the Philippines for this segment increased by RM6.57 million or 22.71% to RM35.52 million in FYE 2022 (FYE 2021: RM28.95 million). The increase in revenue was mainly driven by higher pricing as reflected in the increase in the average revenue per tonne by 37.04% to RM7,400 per tonne in FYE 2022 (FYE 2021: RM5,400 per tonne), which was partially contributed by the introduction of longer routes (which are associated with higher average revenue per tonne) to meet some customer requirements.

  In addition, the increase in revenue was also partly attributed to 3 new customers in FYE 2022. Despite the increase in the average revenue per tonne for our air freight forwarding services, there was a lower volume of air freight cargo volume handled, which decreased by 570 tonnes or 10.61% to 4,803 tonnes in FYE 2022 (FYE 2021: 5,373 tonnes). The decrease was mainly attributed to lower demand from some of our existing customers.

- revenue from our operations in Korea for this segment increased by RM1.96 million or 29.26% to RM8.69 million in FYE 2022 (FYE 2021: RM6.73 million). The increase in revenue was mainly due to increase in air freight cargo volume handled by 59 tonnes or 23.32% to 312 tonnes in FYE 2022 (FYE 2021: 253 tonnes), contributed by inbound air freight shipments of input materials for a major customer in response to temporary supply chain disruptions. The increase was also due to the higher pricing which was reflected in the increase in the average revenue per tonne by RM1,300 per tonne or 4.89% to RM27,900 per tonne in FYE 2022 (FYE 2021: RM26,600 per tonne).

- revenue from our operations in Myanmar for this segment increased by RM1.59 million or 51.94% to RM4.63 million in FYE 2022 (FYE 2021: RM3.04 million), which was mainly due to increase in air freight forwarding cargo volume handled by 119 tonnes or 65.75%, to 300 tonnes in FYE 2022 (FYE 2021: 181 tonnes) arising from the higher demand from customers following the relaxation of COVID-19 controls in Myanmar. Despite the increase in air freight cargo volume handled, there was a lower pricing charged as reflected in the decrease in the average revenue by RM1,400 per tonne or 8.33% to approximately RM15,400 per tonne in FYE 2022 (FYE 2021: RM16,800 per tonne), mainly attributed to lower rates offered to selected customers, especially those with longer length of relationships with our Group to maintain our business relationships.

- Revenue from our operations in Singapore for this segment increased by RM1.08 million or 54.12% to RM3.07 million in FYE 2022 (FYE 2021: RM1.99 million). This was mainly driven by the increase in the air freight forwarding cargo handled by 41 tonnes or 22.65% to 222 tonnes in FYE 2022 (FYE 2021: 181 tonnes), mainly contributed by three new customers in FYE 2022.

- revenue for our operations in Malaysia for this segment increased by RM0.66 million or 5.99% to RM11.74 million in FYE 2022 (FYE 2021: RM11.08 million). The increase in revenue was mainly contributed to increase in air freight forwarding cargo volume by 274 tonnes or 36.78% to 1,019 tonnes in FYE 2022 (FYE 2021: 745 tonnes). This was due to the higher demand of the services for the inbound air freight volume handled from an existing customer.

(c) Aerospace logistics services

Our Group's revenue from aerospace logistics services increased by RM17.96 million or 153.33% to RM29.68 million in FYE 2022 (FYE 2021: RM11.72 million). The increase in the revenue for this segment was mainly contributed by our operations in Malaysia and the Philippines in FYE 2022.

The revenue for our operations in Malaysia and the Philippines for this segment increased by 151.70% or RM9.90 million, and 232.29% or RM8.38 million respectively in FYE 2022. The increase in the revenue for operations in Malaysia for this segment was mainly attributed to higher cargo volume handled which increased by 524 tonnes or 87.04% to 1,126 tonnes in FYE 2022 (FYE 2021: 602 tonnes) which includes several shipments of specialised large cargo such as aircraft engines and other parts. Meanwhile, the increase in the revenue for the Philippines operations in this segment was driven by higher cargo volume handled which increased by 105 tonnes or 27.34% to 489 tonnes in FYE 2022 (FYE 2021: 384 tonnes) including several shipments of specialised large cargo such as aircraft engines and other parts.

The overall revenue growth in the aerospace logistic services segment was driven by the increase in activities within the aviation industry including maintenance services for passenger aircrafts which consequently increased the demand for aircraft parts, components and equipment for maintenance.

(d) Warehousing and other 3PL services

Our Group's revenue from warehousing and other 3PL services increased by RM4.23 million or 86.67% to RM9.11 million in FYE 2022 (FYE 2021: RM4.88 million). The increase in revenue was mainly contributed by higher revenue from our operations in Singapore where revenue from warehousing and other 3PL services increased by RM3.21 million, or 89.85% to RM6.79 million in FYE 2022 (FYE 2021: RM3.58 million). The increase in revenue for our operations in Singapore was due to more space rented out to customers following the move to the larger Gul Warehouse and Office, as well as higher overall utilisation rate in FYE 2022 (72%) compared to FYE 2021 (49%) as we succeeded in securing more customers. In addition, warehousing and other 3PL services revenue from our Philippines operations increased by RM0.88 million or 105.51% to RM1.72 million (FYE 2021: RM0.84 million) mainly from renting our more space to customers particularly at our Subic Warehouse 1 and 2. Subic Bay Warehouse 2 commenced operations in FYE 2022 and the additional space allowed us to expand our business with 1 existing customer, as well as secure new customers.

(e) Road freight transportation services

Our Group's revenue from road freight transportation services increased by RM0.38 million or 7.70% to RM5.40 million in FYE 2022 (FYE 2021: RM5.02 million). This was partly contributed by higher revenue from our road freight transportation operations in Myanmar where revenue in this segment increased by RM0.73 million, or 123.77% to RM1.32 million in FYE 2022 (FYE 2021: RM0.59 million). This was mainly due to the increased demand for road freight transportation for cargo between Myanmar and Thailand. Since March 2022, the Myanmar Government has imposed permit requirement for cargo imported into Myanmar via sea and air. Due to such new requirement, we have thus received more orders for road freight transportation service for haulage between Thailand and Myanmar.

In addition, the increase in revenue was contributed by road freight transportation operations in Malaysia where revenue increased by RM0.67 million or 30.52% to RM2.84 million in FYE 2022 (FYE 2021: RM2.17 million), which was partially contributed by revenue from 5 existing customers collectively amounting to RM0.67 million.

These increases were partially offset by lower revenue from the operations in Singapore where the revenue from road freight transportation services decreased by RM1.00 million or 44.63% to RM1.25 million in FYE 2022 (FYE 2021: RM2.25 million), which was mainly due to the loss of a customer during FYE 2022, as AGX Singapore could not agree on the rates requested by the customer.

FPE 2023 compared to FPE 2022

For FPE 2023, our Group's total revenue decreased by RM47.83 million or 28.13% to RM122.23 million in FPE 2023 (FPE 2022: RM170.06 million). The decrease in revenue was contributed by our sea and air freight forwarding services, which was partially offset by increases in revenue by our aerospace logistics, warehousing and other 3PL and road freight transportation services as illustrated below:

(a) Sea freight forwarding services

Our Group's revenue from sea freight forwarding services decreased by RM50.64 million or 52.99% to RM44.93 million in FPE 2023 (FPE 2022: RM95.57 million). This was mainly contributed by the following:

- revenue from our operations in Korea decreased by RM31.40 million or 78.63%, to RM8.54 million in FPE 2023 (FPE 2022: RM39.94 million). This was mainly attributed to the decrease in volume of sea freight cargo handled by 58.58% to 826 TEU in FPE 2023 (FPE 2022: 1,994 TEU) mainly contributed by lower demand for 1 existing major customer as their end-customers had excess stock in 2022 and consequently slowed-down purchases in 2023. The decrease in revenue was also contributed by lower prices as reflected in the decrease in average revenue per TEU for our sea freight forwarding operations in Korea by 48.50% to RM10,300 per TEU in FPE 2023 (FPE 2022: RM20,000 per TEU), on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022.

- decrease in revenue from our operations in Myanmar by RM13.54 million or 77.74% to RM3.88 million in FPE 2023 (FPE 2022: RM17.42 million), was mainly attributed to lower pricing. The lower pricing was reflected in the decrease in our average revenue per TEU by 80.58% to RM2,000 per TEU in FPE 2023 (FPE 2022: RM10,300 per TEU) on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022. This was partially offset by an increase in the volume of sea freight cargo handled by 15.30% to 1,952 TEU in FPE 2023 (FPE 2022: 1,693 TEU).

- revenue from our operations in Malaysia for sea freight forwarding services decreased by RM3.47 million or 53.69% to RM2.99 million in FPE 2023 (FPE 2022: RM6.46 million). This was mainly attributed to lower pricing which was reflected in the decrease in our average revenue per TEU by 53.85% to RM1,200 per TEU in FPE 2023 (FPE 2022: RM2,600 per TEU) on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022. In addition, sea freight cargo volume handled decreased slightly by 3.53% to 2,430 TEU in FPE 2023 (FPE 2022: 2,519 TEU).

- revenue from our operations in Singapore for this segment decreased by RM2.76 million or 35.28% to RM5.05 million in FPE 2023 (FPE 2022: RM7.81 million). This was contributed by decrease in sea freight cargo volume handled by 42.88% to 899 TEU in FPE 2023 (FPE 2022: 1,574 TEU). This was partially offset by an increase in pricing as reflected in the increase in average revenue by 12.00% to RM5,600 per TEU (FPE 2022: RM5,000 per TEU) mainly due to discontinuation of 1 existing low-margin customer in Singapore from April 2023 onwards.

These decreases in the revenue were partially offset by increase in revenue from our operations in the Philippines for this segment by RM0.52 million, or 2.17% to RM24.47 million in FPE 2023 (FPE 2022: RM23.95 million). This was mainly contributed by higher sea freight cargo volume handled, which increased by 24.64% to 3,536 TEU for FPE 2023 (FPE 2022: 2,837 TEU) arising from higher demand for sea freight forwarding services from 1 existing customer. The pricing was lower in FPE 2023 as reflected in the decrease in average revenue by 17.86% to RM6,900 per TEU in FPE 2023 (FPE 2022: RM8,400 per TEU), on the back of lower sea freight rates in the industry in FPE 2023.

(b) Air freight forwarding services

For FPE 2023, our Group's revenue from air freight forwarding services decreased by RM28.80 million or 57.93% to RM20.92 million in FPE 2023 (FPE 2022: RM49.72 million). This was mainly contributed by the following:

- revenue from our operations in the Philippines for this segment decreased by RM16.44 million or 57.77% to RM12.02 million in FPE 2023 (FPE 2022: RM28.46 million). This was mainly contributed by lower pricing as reflected in the decrease in average revenue per tonne by 53.15% to RM5,200 per tonne in FPE 2023 (FPE 2022: RM11,100 per tonne) on the back of lower air freight rates in the industry during FPE 2023 compared to FPE 2022. In addition, the volume of air freight cargo handled decreased by 9.71% to 2,316 tonnes in FPE 2023 (FPE 2022: 2,565 tonnes) mainly due to lower demand from 2 existing customers.

- revenue for operations in Malaysia for air freight forwarding services decreased by RM5.76 million or 63.98% to RM3.25 million in FPE 2023 (FPE 2022: RM9.01 million). This was mainly contributed by lower pricing as reflected in the decrease in average revenue per tonne by 39.47% to approximately RM6,900 per tonne in FPE 2023 (FPE 2022: RM11,400 per tonne) on the back of lower air freight rates in the industry during FPE 2023 compared to FPE 2022. In addition, the volume of air freight cargo handled decreased by 40.00% to 474 tonnes in FPE 2023 (FPE 2022: 790 tonnes) mainly due to lower demand for air freight forwarding services from customers.

- revenue from our operations in Korea for this segment decreased by RM3.63 million or 52.29% to RM3.32 million in FPE 2023 (FPE 2022: RM6.95 million), mainly contributed by lower pricing as reflected in the decrease in average revenue per tonne by 47.13% to approximately RM16,600 per tonne in FPE 2023 (FPE 2022: RM31,400 per tonne) on the back of lower air freight rates in the industry during FPE 2023 compared to FPE 2022. In addition, the volume of air freight cargo handled decreased by 9.50% to 200 tonnes in FPE 2023 (FPE 2022: 221 tonnes) mainly due to lower demand from 1 existing major customer.

- revenue from our operations in Myanmar for this segment decreased by RM2.07 million or 67.71% to RM0.98 million in FPE 2023 (FPE 2022: RM3.05 million), which was due to the decrease in air freight forwarding cargo volume handled by 45.25%, to 121 tonnes in FPE 2023 (FPE 2022: 221 tonnes) arising from decrease in demand for air freight forwarding services from customers. In addition, there was a lower pricing charged as reflected in the decrease in the average revenue by 40.58% to approximately RM8,200 per tonne in FPE 2023 (FPE 2022: RM13,800 per tonne) on the back of lower air freight rates in the industry during FPE 2023 compared to FPE 2022.

- revenue from our air freight forwarding services operations in Singapore decreased by RM0.90 million or 39.85% to RM1.35 million in FPE 2023 (FPE 2022: RM2.25 million), which was due to the decrease in air freight forwarding cargo volume handled by 37.57%, to 118 tonnes in FPE 2023 (FPE 2022: 189 tonnes) arising from decrease in demand for air freight forwarding services from customers. This was coupled by lower prices charged as reflected in the decrease in the average revenue by 4.20% to approximately RM11,400 per tonne in FPE 2023 (FPE 2022: RM11,900 per tonne) on the back of lower air freight rates in the industry during FPE 2023 compared to FPE 2022.

(c) Aerospace logistics services

Our Group's revenue from aerospace logistics services increased by RM29.32 million or 183.52% to RM45.30 million in FPE 2023 (FPE 2022: RM15.98 million), which was contributed by higher revenue from our operations in the Philippines, Malaysia and Singapore in FPE 2023.

- revenue for our operations in the Philippines for this segment increased by 303.63% or RM18.06 million to RM24.01 million in FPE 2023 (FPE 2022: RM5.95 million) which was mainly attributed to higher prices charged as reflected in the increase in the average revenue by 287.30% to approximately RM97,600 per tonne in FPE 2023 (FPE 2022: RM25,200 per tonne) which was mainly due to an increase in the number of shipments of aircraft engines from 2 shipments in FPE 2022 to 13 shipments in FPE 2023. Aircraft engines are large specialized cargo that are associated with higher revenue per tonne compared to general aerospace logistics cargo.

  In addition, the volume of cargo handled increased by 4.24% to 246 tonnes in FPE 2023 (FPE 2022: 236 tonnes) mainly due to the increase in the number of shipments of aircraft engines in FPE 2023 compared to FPE 2022.

- revenue for our operations in Malaysia for this segment increased by 119.75% or RM10.85 million to RM19.91 million in FPE 2023 (FPE 2022: RM9.06 million) which was driven by higher cargo volume handled which increased by 477.69% to 3,004 tonnes in FPE 2023 (FPE 2022: 520 tonnes), mainly due to higher demand in relation to increase in activities within the aviation industry including more maintenance services for passenger aircraft. In addition, we secured 1 new airline customer in Malaysia during FPE 2023 which contributed to the increase in cargo volume handled.

  However, there was lower prices charged as reflected in the decrease in the average revenue by 62.07% to RM6,600 per tonne in FPE 2023 (FPE 2022: RM17,400 per tonne which was mainly due to lower air freight rates in the industry during FPE 2023 compared to FPE 2022. Our operations in Malaysia mainly deals with general aerospace logistics cargo.

- revenue for our operations in Singapore for this segment increased by 42.36% or RM0.41 million to RM1.38 million in FPE 2023 (FPE 2022: RM0.97 million), which was mainly attributed to higher prices charged as reflected in the increase in the average revenue by 26.28% to RM39,400 per tonne in FPE 2023 (FPE 2022: RM31,200 per tonne) which was mainly due to higher proportion of small volume items shipped in FPE 2023 compared to FPE 2022. In general, the pricing for small volume items is higher per tonne as they are subject to a base rate irrespective of volume. This was reflected by the higher average air freight costs for the aerospace operations in Singapore by 27.14% or approximately RM17,100 per tonne to RM80,100 per tonne in FPE 2023. In addition, the higher revenue was also driven by higher cargo volume handled which increased by 12.90% to 35 tonnes in FPE 2023 (FPE 2022: 31 tonnes), which was mainly contributed by increased demand from 1 existing customer.

In general, the overall revenue growth in the aerospace logistic services segment was driven by higher activities within the aviation industry including maintenance services for passenger aircrafts which consequently increased the demand for aircraft parts, components and equipment required to carry out maintenance.

(d) Warehousing and other 3PL services

Revenue from warehousing and other 3PL services increased by RM1.46 million or 26.65%, to RM6.95 million in FPE 2023 (FPE 2022: RM5.49 million). The increase was mainly contributed by our operations in Singapore with the increase in revenue by RM1.06 million or 23.95% pertaining to higher demand for warehousing services from existing customers as well as securing new customers in FPE 2023.

The increase in revenue was also contributed by our operations for this segment in the Philippines and Malaysia. Revenue from our operations in the Philippines increased by RM0.26 million mainly due to higher utilisation of Subic Warehouse 2 during FPE 2023, as well as from securing 1 new customer in FPE 2023. Meanwhile, revenue from our operations in Malaysia increased by RM0.18 million mainly from a new warehousing services agreement with 1 existing customer.

(e) Road freight transportation services

Revenue from road freight transportation services increased by RM0.83 million, or 25.21% to RM4.14 million in FPE 2023 (FPE 2022: RM3.31 million). This was attributed to the increase in revenue for the operations in Myanmar by RM1.25 million or 185.19% to RM1.93 million in FPE 2023 (FPE 2022: RM0.68 million) which was mainly due to increased demand for road freight transportation for cargo between Myanmar and Thailand.

This was partially offset by decrease in revenue from our Singapore operations for this segment by RM0.08 million, or 10.33% to RM0.73 million in FPE 2023 (FPE 2022: RM0.81 million) mainly due to discontinuing of business relationship with 2 existing customer during FPE 2023.

In addition, revenue from our Malaysia operations for this segment decreased by RM0.33 million, or 18.30% to RM1.49 million in FPE 2023 (FPE 2022: RM1.82 million) which was mainly due to discontinuing of business relationship with 2 existing customer during FPE 2023.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.3.4 Cost of sales

Our cost of sales segmented by type of inputs for the Financial Years and Period Under Review is as follows:

Cost of Sales	FYE 2020		FYE 2021		FYE 2022	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Freight charges	38,566	44.20	97,389	63.97	112,000	60.87
Sea freight	*14,813*	*16.98*	*65,522*	*43.04*	*65,153*	*35.41*
Air freight (1)	*23,753*	*27.22*	*31,867*	*20.93*	*46,847*	*25.46*
Local charges	19,520	22.37	21,258	13.96	32,483	17.65
Handling and documentation charges	16,297	18.68	20,160	13.24	30,094	16.35
Road transportation charges	12,526	14.36	12,709	8.35	8,055	4.38
Others (2)	336	0.39	733	0.48	1,376	0.75
Total Cost of Sales	**87,245**	**100.00**	**152,249**	**100.00**	**184,008**	**100.00**

Cost of Sales	FPE 2022		FPE 2023	
	RM'000	**%**	**RM'000**	**%**
Freight charges	86,551	64.26	38,811	47.09
Sea freight	*53,535*	*39.75*	*8,685*	*10.54*
Air freight (1)	*33,016*	*24.51*	*30,126*	*36.55*
Local charges	20,612	15.30	13,609	16.51
Handling and documentation charges	18,146	13.47	21,344	25.90
Road transportation charges	8,435	6.26	3,753	4.55
Others (2)	948	0.71	4,897	5.95
Total Cost of Sales	**134,692**	**100.00**	**82,414**	**100.00**

Notes:

(1) Comprises air freight charges for air freight forwarding and aerospace logistics services.

(2) Others include sea and air freight forwarding sub-contractor fees, warehouse rental, storage fees, labour charges and others.

Our cost of sales for the Financial Years and Period Under Review segmented by business activities is as follows:

Cost of Sales	FYE 2020		FYE 2021		FYE 2022	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Sea freight forwarding	45,917	52.63	99,482	65.34	108,427	58.93
Air freight forwarding	26,725	30.63	40,064	26.31	50,737	27.57
Aerospace logistics	10,389	11.91	7,677	5.04	19,168	10.42
Warehousing and other 3PL services	1,453	1.67	2,734	1.80	3,007	1.63
Road freight transportation	2,761	3.16	2,292	1.51	2,669	1.45
Total Cost of Sales	**87,245**	**100.00**	**152,249**	**100.00**	**184,008**	**100.00**

Cost of Sales	FPE 2022		FPE 2023	
	RM'000	**%**	**RM'000**	**%**
Sea freight forwarding	82,312	61.11	34,137	41.41
Air freight forwarding	39,552	29.36	16,599	20.14
Aerospace logistics	10,143	7.54	27,488	33.36
Warehousing and other 3PL services	1,087	0.80	1,562	1.90
Road freight transportation	1,598	1.19	2,628	3.19
Total Cost of Sales	**134,692**	**100.00**	**82,414**	**100.00**

12. FINANCIAL INFORMATION *(Cont'd)*

Our Group's cost of sales segmentation by business activities and operational countries for the Financial Years and Period Under Review are set out below:

Cost of sales	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Foreign operations	**71,190**	**81.59**	**132,691**	**87.15**	**156,368**	**84.98**	**115,848**	**86.01**	**64,304**	**78.02**
Sea freight forwarding	40,573	46.50	94,517	62.08	101,118	54.96	77,094	57.24	32,074	38.91
- *Philippines operations*	*14,837*	*17.01*	*19,304*	*12.68*	*33,432*	*18.17*	*19,475*	*14.46*	*18,676*	*22.66*
- *Korea operations*	*13,883*	*15.91*	*45,190*	*29.68*	*41,173*	*22.38*	*35,795*	*26.58*	*6,932*	*8.41*
- *Myanmar operations*	*8,045*	*9.22*	*18,729*	*12.30*	*18,037*	*9.80*	*15,221*	*11.30*	*2,583*	*3.13*
- *Singapore operations*	*3,808*	*4.36*	*11,294*	*7.42*	*8,476*	*4.61*	*6,603*	*4.90*	*3,883*	*4.71*
Air freight forwarding	20,600	23.61	31,202	20.49	41,189	22.38	32,119	23.84	13,821	16.77
- *Philippines operations*	*13,313*	*15.26*	*20,992*	*13.79*	*26,491*	*14.40*	*21,296*	*15.81*	*9,330*	*11.32*
- *Korea operations*	*3,070*	*3.52*	*6,321*	*4.15*	*8,436*	*4.58*	*6,867*	*5.10*	*3,000*	*3.64*
- *Myanmar operations*	*3,020*	*3.46*	*2,396*	*1.57*	*3,888*	*2.11*	*2,536*	*1.88*	*677*	*0.82*
- *Singapore operations*	*1,197*	*1.37*	*1,493*	*0.98*	*2,374*	*1.29*	*1,420*	*1.05*	*814*	*0.99*
Aerospace logistics	7,208	8.26	3,341	2.19	9,917	5.39	4,943	3.68	15,226	18.48
- *Philippines operations*	*5,584*	*6.40*	*1,355*	*0.89*	*7,147*	*3.88*	*2,754*	*2.05*	*11,773*	*14.29*
- *Singapore operations*	*1,624*	*1.86*	*1,986*	*1.30*	*2,770*	*1.51*	*2,189*	*1.63*	*3,453*	*4.19*
Warehousing and other 3PL services	1,453	1.67	2,734	1.80	3,003	1.63	1,087	0.80	1,550	1.88
- *Philippines operations*	*1,098*	*1.26*	*2,408*	*1.59*	*1,879*	*1.02*	*437*	*0.32*	*497*	*0.60*
- *Myanmar operations*	*96*	*0.11*	*92*	*0.06*	*48*	*0.03*	*32*	*0.02*	*25*	*0.03*
- *Singapore operations*	*259*	*0.30*	*234*	*0.15*	*1,076*	*0.58*	*618*	*0.46*	*1,028*	*1.25*
Road freight transportation	1,356	1.55	897	0.59	1,141	0.62	605	0.45	1,633	1.98
- *Myanmar operations*	*795*	*0.91*	*468*	*0.31*	*1,099*	*0.60*	*564*	*0.42*	*1,633*	*1.98*
- *Singapore operations*	*561*	*0.64*	*429*	*0.28*	*42*	*0.02*	*41*	*0.03*	*-*	*-*
Malaysia operations	**16,055**	**18.41**	**19,558**	**12.85**	**27,640**	**15.02**	**18,844**	**13.99**	**18,110**	**21.98**
Sea freight forwarding	5,344	6.13	4,965	3.26	7,309	3.97	5,218	3.87	2,063	2.50
Air freight forwarding	6,125	7.02	8,862	5.82	9,548	5.19	7,433	5.52	2,778	3.37
Aerospace logistics	3,181	3.65	4,336	2.85	9,251	5.03	5,200	3.86	12,262	14.88
Warehousing and other 3PL services	-	-	-	-	4	#	-	-	12	0.02
Road freight transportation	1,405	1.61	1,395	0.92	1,528	0.83	993	0.74	995	1.21
Total Cost of Sales	**87,245**	**100.00**	**152,249**	**100.00**	**184,008**	**100.00**	**134,692**	**100.00**	**82,414**	**100.00**

Note:

\# *Less than 0.01%.*

Our cost of sales mainly consists of the following:

(i) Freight charges

Sea and air freight charges are paid to the carriers for the transportation of our customers' goods by cargo ships and planes, respectively.

For FYE 2021, our total freight charges increased by RM58.82 million or 152.53% to RM97.39 million mainly attributed to the following:

- total sea freight charges increased by RM50.71 million or 342.33%, to RM65.52 million (FYE 2020: RM14.81 million) mainly attributed to higher sea freight rates as reflected in the increase in our average sea freight cost per TEU by 287.50% to approximately RM3,100 per TEU in FYE 2021. The increase also contributed by the higher sea freight cargo volume handled which increased by 9.51% in FYE 2021.

- total air freight charges increased by RM8.12 million or 34.16% to RM31.87 million in FYE 2021 (FYE 2020: RM23.75 million) mainly attributed to higher air freight rates mainly attributed to increase in average air freight cost per tonne from our operations in Malaysia, Korea, Myanmar and Singapore. In addition, the increase in the total air freight charges was also contributed by higher air freight forwarding services cargo volume handled in FYE 2021, which increased by 70.59% in FYE 2021.

For FYE 2022, our total freight charges increased by RM14.61 million or 15.00% to RM112.00 million (FYE 2021: RM97.39 million). This was attributed to the increase in the total air freight charges by RM14.98 million or 47.01% to RM46.85 million in FYE 2022 (FYE 2021: RM31.87 million). This was mainly contributed by higher average air freight costs per tonne from our operations in certain countries mainly Philippines, Korea and Singapore, which increased mainly on the back of rising air freight rates in the industry. The average air freight costs per tonne for our operations in Malaysia decreased mainly due to higher demand for the services for inbound air freight volume which were mainly on documentation-only basis. Average air freight costs per tonne for our operations in Myanmar was slightly lower in FYE 2022 compared to FYE 2021.

In addition, the increase in total air freight charges was partly driven by higher volume handle from our aerospace logistics services segment in Malaysia and Philippines as reflected in the increase in cargo volume handled by 87.04% and 27.34% in FYE 2022 for our Malaysia and Philippines operations respectively.

For FPE 2023, our total freight charges decreased by RM47.74 million or 55.16% to RM38.81 million (FPE 2022: RM86.55 million) mainly attributed to the following:

- total sea freight charges decreased by RM44.85 million or 83.78%, to RM8.69 million (FPE 2022: RM53.54 million) mainly attributed to lower sea freight rates as reflected in the decrease in our average sea freight cost per TEU by 82.00% to approximately RM900 per TEU in FPE 2023 (FPE 2022: RM5,000 per TEU). This was mainly attributed to the lower sea freight forwarding services rendered from our operations in Korea where volume of sea freight cargo handled decreased by 58.58% in FPE 2023 as well as lower sea freight cost. The average sea freight cost for our operations in Korea decreased by 74.65% to RM3,600 per TEU in FPE 2023 (FPE 2022: RM14,200 per TEU) due to lower sea freight rates in the industry during FPE 2023.

- total air freight charges decreased by RM2.89 million or 8.75% to RM30.13 million in FPE 2023 (FPE 2022: RM33.02 million) mainly attributed to lower air freight cost per tonne for our Group's air freight forwarding services operations as well as aerospace logistics operations in Malaysia. In addition, air freight forwarding services cargo volume decreased by 18.99% in FPE 2023.

However, this was partially offset by increase in average air freight cost per tonne from our aerospace logistics operations in the Philippines which increased by 480.77% which was mainly due to higher number of aircraft engine shipments handled.

(ii) Local charges

Local charges are the fees that we pay to other third-party logistics service providers to provide sea and air freight forwarding services to us in countries where we do not have a physical presence. Examples of local charges include, among others, equipment rental, packing and unpacking, breakbulk, temporary storage, agency fees, container cleaning and fumigation charges, demurrage and detention fees, customs clearance and inspection fees, manpower and overtime, additional fees for handling dangerous cargo, and security fees. These local charges are in relation to our air and sea freight forwarding, and aerospace logistics services.

For FYE 2021, our total local charges increased by RM1.74 million or 8.90% to RM21.26 million (FYE 2020: RM19.52 million), which was mainly contributed by our operations in the Philippines and Myanmar. The increase was mainly attributed to the higher volume of sea and air freight cargo handled where the total sea and air freight cargo handled increased by 9.51% and 70.59% respectively in FYE 2021.

For FYE 2022, our total local charges increased by RM11.22 million or 52.80% to RM32.48 million (FYE 2021: RM21.26 million), which was mainly contributed by our Malaysia, Philippines and Myanmar operations. The increase was mainly attributed to the higher volume of sea freight and aerospace logistics cargo handled in FYE 2022 where the volume increased by 18.07% and 61.29% in FYE 2022 respectively.

For FPE 2023, our total local charges decreased by RM7.00 million or 33.98% to RM13.61 million (FPE 2022: RM20.61 million). This was mainly attributed to the lower local charges for our Philippines operations' sea freight forwarding due to fewer services provided to 1 existing customer, and lower local charges for air freight forwarding services as air freight cargo volume decreased by 9.71% in FPE 2023.

(iii) Handling and documentation charges

Handling charges are the fees paid, when required, to other third-party logistics service providers to handle our customers' goods. Examples of handling charges include, among others, forwarding, handling and customs charges, warehouse, terminal and airport handling charges, and processing fees. Documentation charges are the fees that are charged for submitting documents to authorities on behalf of our customers, such as bill of lading or airway bill fees.

For FYE 2021, the total handling and documentation charges increased by RM3.86 million or 23.70% to RM20.16 million (FYE 2020: RM16.30 million) mainly arising from higher volume of sea and air freight forwarding cargo handled in FYE 2021 where the total sea and air freight cargo handled increased by 9.51% and 70.59% in FYE 2021 respectively.

For FYE 2022, the total handling and documentation charges increased by RM9.93 million or 49.28% to RM30.09 million (FYE 2021: RM20.16 million) mainly arising from higher volume of sea and aerospace logistics cargo handled where the total sea and aerospace logistics cargo handled increased by 18.07% and 61.29% in FYE 2021 respectively.

For FPE 2023, the total handling and documentation charges increased by RM3.20 million or 17.62% to RM21.34 million (FPE 2022: RM18.15 million) mainly arising from aerospace logistics services in line with the increase in aerospace logistics cargo volume for our operations in Malaysia by 477.69%. In addition, the increase in total handling and documentation charges was contributed by sea freight forwarding services, in particular for our Philippines operations in line with sea freight cargo volume which increased by 24.64% in FPE 2023.

(iv) Road transportation charges

Road transportation charges are the fees that we pay to other third-party logistics service providers to transport our customers' cargo by road, as well as fuel that we purchase to operate our vehicle fleet.

For FYE 2021, the total road transportation charges increased by RM0.18 million or 1.46% to RM12.71 million (FYE 2020: RM12.53 million) mainly attributed to the higher trucking costs for our operations in Korea arising from higher demand of this transportation services for the sea freight cargos in Korea. This was also reflected in the higher volume of sea freight cargo handled in our operations in Korea, which increased by 17.37% in FYE 2021.

For FYE 2022, the total road transportation charges decreased by RM4.65 million or 36.62% to RM8.06 million (FYE 2021: RM12.71 million) attributed to the lower trucking costs for our operations in Korea due to lower demand of this transportation services for the sea freight cargos in Korea. This was also reflected in the lower volume of sea freight cargo handled in our operations in Korea, which decreased by 31.87% in FYE 2022.

For FPE 2023, the total road transportation charges decreased by RM4.68 million or 55.51% to RM3.75 million (FPE 2022: RM8.44 million) mainly attributed to decrease in trucking costs for our operations in Korea arising from lower demand of this transportation services for sea freight cargos in Korea as reflected in the lower of sea freight cargo volume handled in our operations in Korea, which decreased by 58.58% in FPE 2023.

(v) Others

Other costs of sales include sea and air freight forwarding sub-contractor fees, warehouse rental, storage fees, labour charges and others.

For FYE 2021, other costs of sales increased by RM0.39 million or 118.15% to RM0.73 million (FYE 2020: RM0.34 million) mainly due to higher warehouse rental and air freight forwarding sub-contractor fees. The higher air freight forwarding sub-contractor fees for FYE 2021 were mainly due to cost incurred for engaging a subcontractor based in Penang in respect of a transportation of an aircraft engine shipment.

For FYE 2022, other costs of sales increased by RM0.65 million or 87.72% to RM1.38 million (FYE 2021: RM0.73 million) mainly due to higher warehouse rental for our operations.

The higher warehouse rental for the FYE 2021 and FYE 2022 were attributable to cost incurred for engaging third-party providers for the storage of goods in a warehouse located in China on behalf of one of a AGX Singapore's customer.

12. FINANCIAL INFORMATION *(Cont'd)*

For FPE 2023, other costs of sales increased by RM3.95 million or 416.56% to RM4.90 million (FPE 2022: RM0.95 million) mainly due to higher other sea freight forwarding costs for our Korea operations in relation to charges by a port operator for the loading and unloading of cargo.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.3.5 Gross profit

(a) GP and GP margin by business activities

Our GP and GP margin by business activities for the Financial Years and Period Under Review are as follows:

	FYE 2020			FYE 2021			FYE 2022		
GP	**RM'000**	**%**	**GP margin %**	**RM'000**	**%**	**GP margin %**	**RM'000**	**%**	**GP margin %**
Sea freight forwarding	15,307	43.41	25.00	20,491	49.82	17.08	18,155	36.01	14.34
Air freight forwarding	8,287	23.50	23.67	11,721	28.50	22.63	12,913	25.61	20.29
Aerospace logistics	6,361	18.04	37.98	4,040	9.82	34.48	10,515	20.85	35.42
Warehousing and other 3PL services	2,221	6.29	60.45	2,148	5.23	44.00	6,106	12.11	67.00
Road freight transportation	3,086	8.76	52.78	2,723	6.63	54.30	2,732	5.42	50.58
Total GP	**35,262**	**100.00**	**28.78**	**41,123**	**100.00**	**21.27**	**50,421**	**100.00**	**21.51**

	FPE 2022			FPE 2023		
GP	**RM'000**	**%**	**GP margin %**	**RM'000**	**%**	**GP margin %**
Sea freight forwarding	13,258	37.49	13.87	10,788	27.10	24.01
Air freight forwarding	10,166	28.75	20.45	4,317	10.84	20.64
Aerospace logistics	5,834	16.49	36.51	17,810	44.73	39.32
Warehousing and other 3PL services	4,398	12.44	80.18	5,385	13.53	77.52
Road freight transportation	1,710	4.83	51.69	1,514	3.80	36.55
Total GP	**35,366**	**100.00**	**20.80**	**39,814**	**100.00**	**32.57**

12. FINANCIAL INFORMATION *(Cont'd)*

Our GP and GP margin by business activities and operational locations for the Financial Years and Period Under Review are set out below:

GP	FYE 2020			FYE 2021			FYE 2022			FPE 2022			FPE 2023		
	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %
Foreign operations	**27,958**	**79.28**	**28.20**	**34,346**	**83.51**	**20.56**	**37,010**	**73.39**	**19.14**	**27,498**	**77.75**	**19.18**	**29,745**	**74.71**	**31.63**
Sea freight forwarding	13,731	38.94	25.29	19,319	46.97	16.97	15,953	31.64	13.63	12,018	33.98	13.49	9,860	24.76	23.51
- *Philippines operations*	*7,676*	*21.77*	*34.10*	*8,541*	*20.77*	*30.67*	*6,557*	*13.00*	*16.40*	*4,472*	*12.65*	*18.67*	*5,790*	*14.54*	*23.67*
- *Korea operations*	*2,455*	*6.96*	*15.03*	*6,618*	*16.09*	*12.77*	*4,673*	*9.27*	*10.19*	*4,145*	*11.72*	*10.38*	*1,605*	*4.03*	*18.80*
- *Myanmar operations*	*2,406*	*6.82*	*23.02*	*2,657*	*6.46*	*12.42*	*3,006*	*5.96*	*14.29*	*2,197*	*6.21*	*12.61*	*1,295*	*3.25*	*33.39*
- *Singapore operations*	*1,194*	*3.39*	*23.87*	*1,503*	*3.65*	*11.74*	*1,717*	*3.41*	*16.84*	*1,204*	*3.40*	*15.42*	*1,170*	*2.94*	*23.15*
Air freight forwarding	6,239	17.69	23.25	9,507	23.12	23.35	10,722	21.26	20.65	8,585	24.28	21.09	3,848	9.68	21.78
- *Philippines operations*	*4,165*	*11.81*	*23.83*	*7,956*	*19.35*	*27.48*	*9,032*	*17.91*	*25.43*	*7,161*	*20.25*	*25.16*	*2,686*	*6.76*	*22.35*
- *Korea operations*	*371*	*1.05*	*10.78*	*404*	*0.98*	*6.01*	*257*	*0.51*	*2.96*	*87*	*0.25*	*1.25*	*318*	*0.80*	*9.58*
- *Myanmar operations*	*847*	*2.40*	*21.90*	*648*	*1.58*	*21.29*	*737*	*1.46*	*15.94*	*511*	*1.44*	*16.77*	*307*	*0.77*	*31.20*
- *Singapore operations*	*856*	*2.43*	*41.70*	*499*	*1.21*	*25.05*	*696*	*1.38*	*22.67*	*826*	*2.34*	*36.78*	*537*	*1.35*	*39.75*
Aerospace logistics	4,055	11.50	36.00	1,852	4.50	35.66	3,345	6.63	25.22	1,972	5.57	28.51	10,160	25.52	40.02
- *Philippines operations*	*4,501*	*12.76*	*44.63*	*2,253*	*5.48*	*62.44*	*4,842*	*9.60*	*40.39*	*3,194*	*9.03*	*53.70*	*12,235*	*30.73*	*50.96*
- *Singapore operations*	*(446)*	*(1.26)*	*(37.86)*	*(401)*	*(0.98)*	*(25.30)*	*(1,497)*	*(2.97)*	*(117.60)*	*(1,222)*	*(3.46)*	*(126.24)*	*(2,075)*	*(5.21)*	*(150.58)*
Warehousing and other 3PL services	2,081	5.89	58.89	1,722	4.19	38.64	5,565	11.04	64.95	4,040	11.43	78.80	4,856	12.19	75.80
- *Philippines operations* [(1)]	*79*	*0.22*	*6.71*	*(1,573)*	*(3.83)*	*(188.38)*	*(163)*	*(0.32)*	*(9.50)*	*239*	*0.68*	*35.36*	*442*	*1.11*	*47.07*
- *Myanmar operations*	*(18)*	*(0.06)*	*(23.08)*	*(48)*	*(0.11)*	*(109.09)*	*13*	*0.03*	*21.31*	*14*	*0.04*	*30.43*	*(18)*	*(0.05)*	*(257.14)*
- *Singapore operations*	*2,020*	*5.73*	*88.64*	*3,343*	*8.13*	*93.46*	*5,715*	*11.33*	*84.16*	*3,787*	*10.71*	*85.97*	*4,432*	*11.13*	*81.17*
Road freight transportation	1,852	5.26	57.73	1,946	4.73	68.45	1,425	2.82	55.53	883	2.49	59.34	1,021	2.56	38.47
- *Myanmar operations*	*168*	*0.48*	*17.45*	*121*	*0.29*	*20.54*	*219*	*0.43*	*16.62*	*111*	*0.31*	*16.44*	*292*	*0.73*	*15.17*
- *Singapore operations*	*1,684*	*4.78*	*75.01*	*1,825*	*4.44*	*80.97*	*1,206*	*2.39*	*96.63*	*772*	*2.18*	*94.96*	*729*	*1.83*	*100.00*

GP	FYE 2020			FYE 2021			FYE 2022			FPE 2022			FPE 2023		
	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %
Malaysia operations	**7,304**	**20.72**	**31.27**	**6,777**	**16.49**	**25.73**	**13,411**	**26.61**	**32.67**	**7,868**	**22.25**	**29.46**	**10,069**	**25.29**	**35.73**
Sea freight forwarding	1,576	4.47	22.77	1,172	2.85	19.10	2,202	4.37	23.15	1,240	3.51	19.20	928	2.33	31.03
Air freight forwarding	2,048	5.81	25.06	2,214	5.38	19.99	2,191	4.35	18.66	1,581	4.47	17.54	469	1.18	14.44
Aerospace logistics	2,306	6.54	42.03	2,188	5.32	33.54	7,170	14.22	43.66	3,862	10.92	42.62	7,651	19.21	38.42
Warehousing and other 3PL services	140	0.40	100.00	426	1.04	100.00	541	1.07	99.27	358	1.01	100.00	529	1.33	97.78
Road freight transportation	1,234	3.50	46.76	777	1.90	35.77	1,307	2.60	46.10	827	2.34	45.44	492	1.24	33.09
Total GP	**35,262**	**100.00**	**28.78**	**41,123**	**100.00**	**21.27**	**50,421**	**100.00**	**21.51**	**35,366**	**100.00**	**20.80**	**39,814**	**100.00**	**32.57**

Note:

(1) AGX Group's Philippines operations for warehousing and other 3PL services comprise AGX Philippines and AGX Worldwide.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION *(Cont'd)*

Our GP and GP margin for the Financial Years and Period Under Review segmented by geographical markets is as follows:

GP	FYE 2020			FYE 2021			FYE 2022		
	RM'000	%	GP margin %	RM'000	%	GP margin %	RM'000	%	GP margin %
Malaysia	**5,222**	**14.81**	**32.22**	**5,144**	**12.51**	**29.87**	**5,487**	**10.88**	**21.81**
Foreign countries	**30,040**	**85.19**	**28.26**	**35,979**	**87.49**	**20.43**	**44,934**	**89.12**	**21.47**
Philippines	11,665	33.08	27.01	14,298	34.77	26.69	15,482	30.71	20.16
Korea	2,227	6.32	11.90	6,660	16.2	11.96	4,522	8.97	9.04
Myanmar	2,659	7.54	20.65	2,404	5.85	12.39	3,076	6.10	15.32
Singapore	6,291	17.84	50.77	7,101	17.27	40.15	9,534	18.91	49.75
Other countries (1)	7,198	20.41	37.62	5,516	13.4	18.52	12,320	24.43	28.48
Total GP	**35,262**	**100.00**	**28.78**	**41,123**	**100.00**	**21.27**	**50,421**	**100.00**	**21.51**

GP	FPE 2022			FPE 2023		
	RM'000	%	GP margin %	RM'000	%	GP margin %
Malaysia	**3,782**	**10.69**	**22.87**	**5,396**	**13.55**	**26.86**
Foreign countries	**31,584**	**89.31**	**20.57**	**34,418**	**86.45**	**33.70**
Philippines	12,482	35.30	24.09	18,756	47.11	36.83
Korea	3,932	11.12	9.03	1,508	3.79	15.94
Myanmar	2,141	6.05	13.25	1,571	3.95	25.87
Singapore	6,270	17.73	46.13	7,256	18.22	56.67
Other countries (1)	6,759	19.11	23.78	5,327	13.38	23.29
Total GP	**35,366**	**100.00**	**20.80**	**39,814**	**100.00**	**32.57**

Note:

(1) Other countries during the Financial Years and Period Under Review include, include, among others, Australia, China, Hong Kong, Indonesia, Japan, Thailand and the United States.

FYE 2021 compared to FYE 2020

Our Group's total GP increased by RM5.86 million or 16.62% to RM41.12 million in FYE 2021 (FYE 2020: RM35.26 million), mainly contributed by our sea and air freight forwarding segments. The Group's GP margin decreased from 28.78% in FYE 2020 to 21.27% in FYE 2021, mainly due to lower GP margins from sea and air freight forwarding, aerospace logistics and warehousing and other 3PL services segments.

(a) Sea freight forwarding services

Our Group's GP from sea freight forwarding services increased by RM5.18 million or 33.87% to RM20.49 million in FYE 2021 (FYE 2020: RM15.31 million). The increase was mainly attributed to the following:

- GP for our sea freight forwarding operations in Korea increased by RM4.16 million or 169.57% to RM6.62 million in FYE 2021, mainly driven by higher revenue as reflected in the increase in revenue of 217.10% arising from higher volume of sea freight forwarding cargo handled in FYE 2021.

- GP for our sea freight forwarding operations in the Philippines increased by RM0.86 million or 11.27% to RM8.54 million in FYE 2021, mainly driven by higher revenue as reflected in the revenue increase by 23.68% in FYE 2021 due to higher volume of sea freight cargo handled in FYE 2021.

Our Group's GP margin from sea freight forwarding services decreased from 25.00% in FYE 2020 to 17.08% in FYE 2021 which was contributed by the following:

- GP margin for our sea freight forwarding operations in Malaysia decreased from 22.77% in FYE 2020 to 19.10% in FYE 2021. The decrease in GP margin was mainly due to the increase in the sea freight costs by 133.33% to RM700 per TEU in FYE 2021 (FYE 2020: RM300 per TEU) on the back of rising sea freight rates in the industry. Meanwhile the pricing as reflected in the average revenue per TEU for sea freight forwarding services increased by 23.08% in FYE 2021 coupled with lower volume of sea freight cargo handled. The volume of sea freight cargo handled decreased by 27.98% to 3,817 TEU in FYE 2021 (FYE 2020: 5,300 TEU). The reduction in the GP margin was part of our management's commercial decision to maintain our relationships with customers in view of the rising sea freight costs in the industry.

- GP margin for our sea freight forwarding operations in Korea decreased from 15.03% in FYE 2020 to 12.77% in FYE 2021. The decrease in GP margin was due to the increase in the sea freight costs by 661.54% to RM9,900 per TEU in FYE 2021 (FYE 2020: RM1,300 per TEU) on the back of rising sea freight rates in the industry. Meanwhile the pricing as reflected in the average revenue per TEU increased by 170.91% in FYE 2021. The reduction in the GP margin was part of management's commercial decision to maintain our relationships with customers in view of the rising sea freight costs in the industry.

- GP margin for our sea freight forwarding operations in Singapore decreased from 23.87% in FYE 2020 to 11.74% in FYE 2021, mainly attributed to the increase in sea freight costs on the back of rising sea freight rates in the industry. The sea freight costs increased by 235.29% to RM5,700 per TEU in FYE 2021 (FYE 2020: RM1,700 per TEU) while the pricing as reflected in the average revenue per TEU increased by 145.95% in FYE 2021. The reduction in the GP margin was part of management's commercial decision to maintain our relationships with customers in view of the rising sea freight costs in the industry.

- GP margin for our sea freight forwarding operations in the Philippines decreased from 34.10% in FYE 2020 to 30.67% in FYE 2021, mainly contributed by the higher volume of sea freight cargo which increased by 51.26% in FYE 2021 arising from the low margin of inbound sea freight cargo volume handled and this was associated with lower rates charged to customers. The lower rate mainly attributed to the handling of inbound sea freight cargo excludes the component on sea freight charges.

(b) Air freight forwarding services

Our Group's GP from air freight forwarding services in FYE 2021 increased by RM3.43 million or 41.44% to RM11.72 million in FYE 2021 (FYE 2020: RM8.29 million). The increase was attributed to the following:

- GP for our air freight forwarding operations in the Philippines increased by 91.02% or RM3.79 million to RM7.96 million in FYE 2021, mainly driven by higher revenue as reflected in the increase in the revenue for this segment by 65.63% in FYE 2021. The growth was mainly attributed to the higher volume of air freight cargo handled which increased by 136.59% in FYE 2021 arising from higher demand.

This was partially offset by the lower GP from our air freight forwarding operations in Singapore, which decreased by RM0.36 million to RM0.50 million in FYE 2021 (FYE 2020: RM0.86 million). This was mainly contributed by higher air freight costs as reflected in the increase in the proportion of air freight cost against the revenue from 46.00% in FYE 2020 to 58.05% in FYE 2021. The decrease in GP from our Singapore operations was also due to lower volume of air freight cargo handled, which decreased by 45.32% to 181 tonnes in FYE 2021 (FYE 2020: 331 tonnes).

Our Group's GP margin from air freight forwarding services decreased from 23.67% in FYE 2020 to 22.63% in FYE 2021. The decrease in the GP margin was contributed by the following:

- GP margin for our air freight forwarding operations in Malaysia decreased from 25.06% in FYE 2020 to 19.99% in FYE 2021, mainly due to the increase in the air freight costs by 77.59% to RM10,300 per tonne in FYE 2021 (FYE 2020: RM5,800 per tonne) on the back of rising air freight rates in the industry. Meanwhile, the pricing charged to customers as reflected in the average revenue per tonne for air freight forwarding services for Malaysia operations increased by 61.96%. In addition, there was lower volume of air freight cargo handled in Malaysia which decreased by 16.39% in FYE 2021. The reduction in the GP margin was part of management's commercial decision to maintain our relationships with customers in view of the rising air freight costs in the industry.

- GP margin for the air freight forwarding operations in Korea decreased from 10.78% in FYE 2020 to 6.01% in FYE 2021, mainly due to the increase in the air freight costs by 156.63% to RM21,300 per tonne in FYE 2021 (FYE 2020: RM8,300 per tonne) on the back of rising air freight rates in the industry. Meanwhile, the pricing charged to customers as reflected in the average revenue per tonne for air freight forwarding services for Korea operations increased by 58.33%. The reduction in the GP margin was part of management's commercial decision to maintain our relationships with customers in view of the rising air freight costs in the industry.

- GP margin for our air freight forwarding operations in Singapore decreased from 41.70% for FYE 2020 to 25.05% for FYE 2021, mainly due to the higher proportion of air freight cost on the back of rising air freight cost in the industry. The air freight costs increased by 128.57% to RM6,400 per tonne in FYE 2021 (FYE 2020: RM2,800 per tonne). Meanwhile, the pricing charged to customers as reflected in the average revenue per tonne for air freight forwarding services for Singapore operations increased by 77.42%. The reduction in the GP margin was part of management's commercial decision to maintain our relationships with customers in view of the rising air freight costs in the industry.

The decrease in the Group's GP margin partially moderated by the increase in the GP margin for our operations in the Philippines where the GP margin from air freight forwarding segment in Philippines increased from 23.83% in FYE 2020 to 27.48% in FYE 2021. This was mainly driven by the increase in inbound air freight cargo volume handled by 141.09% in FYE 2021 which commonly excluded the air freight cost component. This was reflected in the proportion of air freight cost against revenue which decreased from 43.91% in FYE 2020 to 35.99% in FYE 2021.

(c) Aerospace logistics services

Our Group's GP from aerospace logistics decreased by RM2.32 million or 36.49% to RM4.04 million in FYE 2021 (FYE 2020: RM6.36 million), mainly due to lower demand of the services as reflected in the decrease in the Group's revenue of 30.05% in FYE 2021 mainly arising from the COVID-19 pandemic related restrictions on domestic and international air travel in FYE 2021.

Our GP margin from aerospace logistics decreased from 37.98% in FYE 2020 to 34.48% in FYE 2021, mainly due to increase in the air freight cost component, as the proportion of air freight cost against revenue increased from 32.89% in FYE 2020 to 41.67% in FYE 2021.

Notwithstanding the above, our operation in Singapore recorded a gross loss and gross loss margin of RM0.40 million and 25.30% respectively in FYE 2021 (FYE 2020: RM0.45 million, gross loss margin: 37.86%). The gross loss was mainly attributable to aerospace logistics services provided by our operation in Singapore on behalf of other entities within our Group. In such instances, the costs arising therefrom were incurred by our operation in Singapore whilst the revenue were derived by other entities within our Group.

(d) Warehousing and other 3PL services

Our GP from warehousing and other 3PL services decreased by RM0.07 million or 3.29% to RM2.15 million in FYE 2021 (FYE 2020: RM2.22 million). This was mainly due to the gross loss of RM1.57 million from the operations in the Philippines resulting from handling costs relating to warehouse handling, repacking, sorting and manpower costs in FYE 2021 as well as partly due to the loss of a customer for the warehousing and other 3PL services in the Philippines.

Our GP margin from warehousing and other 3PL services decreased from 60.45% in FYE 2020 to 44.00% in FYE 2021, mainly due to the gross loss from the operations in Philippines.

(e) Road freight transportation services

Our Group's GP from road freight transportation services decreased by RM0.37 million or 11.76% to RM2.72 million in FYE 2021 (FYE 2020: RM3.09 million). This was mainly attributed to the lower GP from the operations in Malaysia, which decreased by 37.03% or RM0.45 million to RM0.78 million in FYE 2021 (FYE 2020: RM1.23 million). This also reflected in the decrease in our Group's revenue from this segment by 17.70% in FYE 2021 for our Malaysia operations.

The decrease in GP was partially moderated by the increase in the GP of the operations in Singapore by 8.37% or RM0.15 million in FYE 2021, mainly due to lower handling and customs charges, and processing fees as the Group engaged fewer external service providers for these services.

However, our Group's GP margin from road freight transportation services increased from 52.78% in FYE 2020 to 54.30% in FYE 2021, which was mainly attributed to the improvement in GP margin from the operations in Singapore as a result of lower handling costs as mentioned above.

FYE 2022 compared to FYE 2021

Our Group's GP increased by RM9.30 million or 22.61% to RM50.42 million in FYE 2022 (FYE 2021: RM41.12 million), which was mainly due to increases in GP from our aerospace logistics as well as warehousing and other 3PL services segments.

Our Group's overall GP margin increased from 21.27% in FYE 2021 to 21.51% in FYE 2022 attributed to the improvement in the GP margin from warehousing and other 3PL services segment.

(a) Sea freight forwarding services

Our Group's GP from sea freight forwarding services decreased by RM2.33 million or 11.40% to RM18.16 million in FYE 2022 (FYE 2021: RM20.49 million) and this was contributed by the following:

- GP for our sea freight forwarding operations in Korea decreased by RM1.95 million or 29.39% to RM4.67 million in FYE 2022 (FYE 2021: RM6.62 million) due to lower sea freight cargo volume handled and this was also reflected in the decrease in revenue for sea freight forwarding by 11.51% in FYE 2022.

- GP for our sea freight forwarding operations in the Philippines decreased by 23.23% or RM1.98 million to RM6.56 million (FYE 2021: RM8.54 million) and this was mainly attributed to the higher costs of local charges such as agency fees, port charges, container cleaning and fumigation charges, customs clearance, manpower and overtime charges and handling charges such terminal handling charges and processing fees. This was reflected in the increase in the proportion of handling charges against revenue from 22.78% in FYE 2021 to 32.36% in FYE 2022. In addition, the proportion of local charges also increased against revenue from 33.05% in FYE 2021 to 37.61% in FYE 2022.

The decrease in GP was partially moderated by the increase in GP from the sea freight forwarding services from the operations in the countries as set out below:

- GP for our sea freight forwarding operations in Malaysia increased by RM1.03 million or 87.88% to RM2.20 million in FYE 2022 (FYE 2021: RM1.17 million), mainly contributed by higher volume of cargo handled as reflected in the increase in revenue for sea freight forwarding by 54.98% in FYE 2022 for our Malaysia operations. This was contributed by the higher volume of outbound sea freight cargo handled, which increased by 59.29% in FYE 2022 and this consists of full services including sea freight charges and was associated with higher charges.

- GP for our sea freight forwarding operations in Myanmar increased by RM0.35 million or 13.14% to RM3.00 million in FYE 2022 (FYE 2021: RM2.66 million). The increase in GP was mainly due to lower sea freight cost and this was reflected in the proportion of sea freight cost against the revenue which decreased from 77.90% in FYE 2021 to 73.76% in FYE 2022. In addition, the average sea freight cost per TEU decreased by 17.39% to approximately RM7,600 per TEU in FYE 2022 (FYE 2021: RM9,200 per TEU).

- GP for our sea freight forwarding operations in Singapore increased by RM0.22 million or 14.24% to RM1.72 million in FYE 2022 (FYE 2021: RM1.50 million). This was attributed to the decrease in sea freight cost by 54.39% coupled with higher volume of sea freight cargo handled which increased by 49.75% in FYE 2022.

Our Group's GP margin from sea freight forwarding services segment decreased from 17.08% in FYE 2021 to 14.34% in FYE 2022 and this was attributed to the following:

- GP margin for our sea freight forwarding operations in Philippines declined from 30.67% in FYE 2021 to 16.40% in FYE 2022, mainly attributed to higher handling and local charges as mentioned above. This was also reflected in the increase in the proportion of handling charges against revenue from 22.78% in FYE 2021 to 32.36% in FYE 2022. In addition, the proportion of local charges also increased against revenue from 33.05% in FYE 2021 to 37.61% in FYE 2022.

- GP margin for our sea freight forwarding operations in Korea decreased from 12.77% in FYE 2021 to 10.19% in FYE 2022. This was mainly contributed by the higher sea freight costs which increased by 49.49% in FYE 2022 while the pricing as showed in the average revenue per TEU increased by 29.53% which reflects that the Korea operations were unable to fully pass on the increase in sea freight costs to its customers.

The decrease in GP margin for sea freight forwarding services segment was partially moderated by the following:

- GP margin for our sea freight forwarding operations in Malaysia for this segment improved from 19.10% in FYE 2021 to 23.15% in FYE 2022 due to the higher average revenue per TEU which increased by 37.50% in FYE 2022. The improvement also attributed to the higher volume of outbound sea freight cargo handled associated with higher charges.

- GP margin for our sea freight forwarding operations in Myanmar for this segment increased from 12.42% in FYE 2021 to 14.29% in FYE 2022 and this was mainly due to lower freight cost which was reflected in the in the proportion of sea freight cost against the revenue as mentioned above.

- GP margin for our sea freight forwarding operations in Singapore for this segment increased from 11.74% in FYE 2021 to 16.84% in FYE 2022. The improvement in GP margin was mainly contributed by lower average freight costs per TEU which decreased by 54.39% coupled with an increase in the volume of sea freight cargo handled by 49.75% in FYE 2022.

(b) Air freight forwarding services

Our Group's GP from air freight forwarding services increased by RM1.19 million or 10.17% to RM12.91 million in FYE 2022 (FYE 2021: RM11.72 million). This was mainly contributed by the higher GP contributions from our operations in Philippines, where the GP from this segment increased by 13.52% or RM1.07 million to RM9.03 million in FYE 2022 (FYE 2021: RM7.96 million). This was also reflected in the increase in revenue for this segment by 22.71%, mainly attributed to higher pricing charged to customers as reflected in the increase in the average revenue per tonne for the said services by 37.04% in FYE 2022.

In addition, GP from our operations in Singapore for this segment increased by RM0.20 million, or 39.48% to RM0.70 million (FYE 2021: RM0.50 million). This was reflected in the increase in revenue for this segment by 54.12%, mainly contributed by higher pricing charged to customers as reflected in the increase in average revenue per tonne by 25.45% in FYE 2022.

The GP margin from our Group's air freight segment decreased from 22.63% in FYE 2021 to 20.29% in FYE 2022. This was mainly attributed to GP margin for our Philippines operations which decreased from 27.48% in FYE 2021 to 25.43% in FYE 2022 arising from the higher freight charges as the key cost of sales component where the proportion of freight charges against the revenue by 3.20% in FYE 2022. In addition, GP margin for our Singapore operations decreased from 25.05% in FYE 2021 to 22.67% in FYE 2022 mainly due to higher handling charges as reflected in the proportion of handling charges against the revenue which increased from 15.90% in FYE 2021 to 21.52% in FYE 2022.

(c) Aerospace logistics services

The Group's GP from aerospace logistics services increased by RM6.48 million or 160.27% to RM10.52 million in FYE 2022 (FYE 2021: RM4.04 million). The increase in GP was mainly contributed by the increase in the GP for the operations in Malaysia and the Philippines. This is as set out below:

- GP for our aerospace logistics operations in Malaysia in this segment increased by 227.70% or RM4.98 million to RM7.17 million in FYE 2022 (FYE 2021: RM2.19 million) contributed higher volume of cargo handled. This was also reflected in the increase in revenue by 151.70% which was mainly due to higher cargo volume handled which increased by 87.04% in FYE 2022.

- GP for our aerospace logistics operations in the Philippines increased by RM2.59 million or 114.91% to RM4.84 million in FYE 2022 (FYE 2021: RM2.25 million) which was also reflected in the increase in revenue by 232.29%, mainly due to higher cargo volume handled which increased by 27.34% in FYE 2022.

Our Group's GP margin from aerospace logistics services increased from 34.48% in FYE 2021 to 35.42% in FYE 2022. This was mainly due to our Malaysia operations where GP margin increased from 33.54% in FYE 2021 to 43.66% in FYE 2022, mainly contributed by higher pricing charged to customers as reflected in the increase in average revenue per tonne by 35.19% in FYE 2022.

This was partially offset by decline in GP margin from our Philippines operations. The GP margin for the aerospace logistics operations in the Philippines in this segment decreased from 62.44% in FYE 2021 to 40.39% in FYE 2022, which was mainly attributed to higher freight and local charges. This was reflected in the proportion of freight charges against the revenue which increased from 17.42% in FYE 2021 to 29.31% in FYE 2022, which was contributed by higher air freight charges per tonne for specialised large cargo such as aircraft engines and other parts. In addition, the proportion of local charges against the revenue which increased from 12.52% in FYE 2021 to 21.88% in FYE 2022 as specialised large cargo incurred higher local charges, including from rental of equipment to handle aircraft engines.

Notwithstanding the above, our operation in Singapore recorded a gross loss and gross loss margin of RM1.50 million and 117.60% respectively in FYE 2022 (FYE 2021: RM0.40 million, gross loss margin: 25.30%). The gross loss was mainly attributable to aerospace logistics services provided by our operation in Singapore on behalf of other entities within our Group. In such instances, the costs arising therefrom were incurred by our operation in Singapore whilst the revenue were derived by other entities within our Group.

(d) Warehousing and other 3PL services

Our Group's GP from warehousing and other 3PL services increased by 184.26% or RM3.96 million to RM6.11 million in FYE 2022 (FYE 2021: RM2.15 million). The increase in GP was mainly contributed by our operations in Singapore, where GP increased by 70.95% or RM2.38 million to RM5.72 million in FYE 2022 (FYE 2021: RM3.34 million) due to higher demand of warehousing services. This was also reflected in the increase in the revenue for our operations in Singapore for this segment by 89.85% in FYE 2022 arising from more space rented out to customers following the move to the larger Gul Warehouse and Office, as well as higher overall utilisation rate in FYE 2022 (72%) compared to FYE 2021 (49%).

In addition, the improvement in GP was partly contributed by the reduction in the gross loss for our operations in the Philippines for this segment where the gross loss reduced from RM1.57 million in FYE 2021 to RM0.16 million in FYE 2022.

Our Group's GP margin from warehousing and other 3PL services increased from 44.00% in FYE 2021 to 67.00% in FYE 2022 mainly due to the reduction in the gross loss for our operations in the Philippines for this segment.

(e) Road freight transportation services

Our Group's GP from road freight transportation services increased by RM0.01 million or 0.33% to RM2.73 million in FYE 2022 (FYE 2021: RM2.72 million). The increase was contributed by the growth of GP for our operations in Malaysia for this segment, which increased by 68.21% or RM0.53 million mainly due to more efficient scheduling and driver allocation in FYE 2022. In addition, the GP for our road freight transportation services in the operations in Myanmar increased by RM0.10 million which was mainly due to higher demand of this services as reflected in the increase in revenue by 123.77% in FYE 2022.

These increases were partially offset by decrease in the GP for our Singapore operations for road freight transportation services by 33.92% or RM0.62 million in FYE 2022. This was also reflected in the decrease in the revenue for the operations in Singapore for this segment by 44.63% contributed by the loss of a customer during FYE 2022.

Our Group's GP margin from road freight transportation services decreased from 54.30% in FYE 2021 to 50.58% in FYE 2022, mainly attributed to decrease in the GP margin for our operations in Myanmar in FYE 2022 contributed mainly by an increase in fuel costs in FYE 2022.

FPE 2023 compared to FPE 2022

Our Group's total GP increased by RM4.44 million or 12.58% to RM39.81 million in FPE 2023 (FPE 2022: RM35.37 million), mainly contributed by our aerospace logistics services and warehousing and other 3PL services segments. Our GP margin increased from 20.80% in FPE 2022 to 32.57% in FPE 2023, mainly contributed by the higher GP margins from the sea freight forwarding and aerospace logistics services segments.

(a) Sea freight forwarding services

Our Group's GP from sea freight forwarding services decreased by RM2.47 million or 18.63% to RM10.79 million in FPE 2023 (FPE 2022: RM13.26 million). The decrease was mainly attributed to the following:

- GP for our sea freight forwarding operations in Korea decreased by RM2.54 million or 61.28% to RM1.61 million in FPE 2023, mainly due to lower revenue as reflected in the decrease in revenue of 78.63% in FPE 2023 arising from lower sea freight forwarding services rendered and coupled with lower pricing. This was reflected in the decrease in sea freight cargo handled by 58.58% as well as the decrease in average revenue per TEU by 48.50% in FPE 2023.

- GP for our sea freight forwarding operations in Myanmar decreased by RM0.90 million or 41.06% to RM1.30 million in FPE 2023, mainly due to the decrease in revenue of 77.74% in FPE 2023 arising from lower pricing as reflected in the decrease in average revenue per TEU by 80.58% in FPE 2023. However, this was partially offset by an increase in sea freight cargo handled by 15.30% in FPE 2023.

The decrease in GP was partially offset by an increase in GP for our sea freight forwarding operations in the Philippines by RM1.32 million or 29.47% to RM5.79 million in FPE 2023. This was mainly driven by an increase of 2.17% in revenue for FPE 2023 arising from the higher volume of sea freight cargo handled which increased by 24.64% in FPE 2023.

Our Group's GP margin from sea freight forwarding services improved from 13.87% in FPE 2022 to 24.01% in FPE 2023 which was contributed by the following:

- GP margin for our sea freight forwarding operations in Korea improved from 10.38% in FPE 2022 to 18.80% in FPE 2023. The increase in GP margin was attributed to the lower sea freight cost where the average sea freight costs decreased by 74.65% to RM3,600 per TEU in FPE 2023 (FPE 2022: RM14,200 per TEU) on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022, as well as lower road transportation charges due to lower sea freight cargo volume handled for our operations in Korea. Furthermore, in the previous FPE 2022, we were unable to fully pass on the increase in sea freight costs to customers then.

- GP margin for our sea freight forwarding operations in Singapore improved from 15.42% in FPE 2022 to 23.15% in FPE 2023, mainly attributed to the decrease in sea freight costs on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022. This was reflected in the decrease in average sea freight costs by 21.43% to RM2,200 per TEU in FPE 2023 (FPE 2022: RM2,800 per TEU). This was also reflected in the proportion of sea freight cost as a percentage of the revenue which was lower at 38.32% in FPE 2023 compared to 57.15% in FPE 2022.

- GP margin for our sea freight forwarding operations in the Philippines improved from 18.67% in FPE 2022 to 23.67% in FPE 2023. This was mainly contributed by the lower sea freight costs on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022 as reflected in the average sea freight costs decreased by 57.14% to RM600 per TEU in FPE 2023 (FPE 2022: RM1,400 per TEU).

  In addition, local charges of sea freight forwarding services of our Philippines operations decreased by RM3.14 million mainly due to fewer services provided to 1 existing customer.

- GP margin for our sea freight forwarding operations in Myanmar increased from 12.61% in FPE 2022 to 33.39% in FPE 2023 which was mainly attributed to the decrease in sea freight costs on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022. The sea freight costs decreased by 92.68% to RM600 per TEU in FPE 2023 (FPE 2022: RM8,200 per TEU).

- GP margin for our sea freight forwarding operations in Malaysia increased from 19.20% in FPE 2022 to 31.03% in FPE 2023. The increase in GP margin was mainly due to the decrease in the sea freight costs by 83.33% to RM200 per TEU in FPE 2023 (FPE 2022: RM1,200 per TEU) on the back of lower sea freight rates in the industry during FPE 2023 compared to FPE 2022. This was also reflected in the proportion of sea freight cost as a percentage of the revenue which was lower at 13.18% in FPE 2023 compared to 45.91% in FPE 2022.

(b) Air freight forwarding services

Our Group's GP from air freight forwarding services in FPE 2023 decreased by RM5.85 million or 57.53% to RM4.32 million in FPE 2023 (FPE 2022: RM10.17 million). The decrease was mainly attributed to the following:

- GP for our air freight forwarding operations in the Philippines decreased by 62.49% or RM4.47 million to RM2.69 million in FPE 2023, mainly attributed to lower revenue as reflected in the decrease in the revenue for this segment by 57.77% in FPE 2023. The decrease was mainly attributed to the lower pricing as reflected in the decrease in average revenue per tonne by 53.15% as well as decrease in the volume of air freight cargo handled by 9.71% in FPE 2023.

- GP for our air freight forwarding operations in Malaysia decreased by 70.34% or RM1.11 million to RM0.47 million in FPE 2023, mainly attributed to lower revenue as reflected in the decrease in the revenue for this segment by 63.98% in FPE 2023. The decrease was mainly contributed by lower pricing as reflected in the decrease in average revenue per tonne by 39.47% as well as decrease in the volume of air freight cargo handled by 40.00% in FPE 2023.

- GP from our air freight forwarding operations in Singapore decreased by 34.99% or RM0.29 million to RM0.54 million in FPE 2023. This was mainly driven by lower volume of air freight cargo handled by 37.57% as well as lower pricing as reflected in the decrease in average revenue per tonne by 4.20% in FPE 2023.

Our Group's GP margin from air freight forwarding services increased slightly from 20.45% in FPE 2022 to 20.64% in FPE 2023. The increase in the GP margin was mainly contributed by the following:

- increase in GP margin from our air freight forwarding operations in Myanmar which increased from 16.77% in FPE 2022 to 31.20% in FPE 2023, mainly due to the decrease in air freight costs by 52.68% or approximately RM5,900 per tonne to RM5,300 per tonne in FPE 2023. This was also reflected in the proportion of freight cost against the revenue which was lower at 64.84% in FPE 2023 compared to 81.01% in FPE 2022.

- GP margin from our air freight forwarding operations in Singapore increased from 36.78% in FPE 2022 to 39.75% in FPE 2023, mainly due to the decrease in air freight costs by 65.96% or approximately RM3,100 per tonne to RM1,600 per tonne in FPE 2023. This was also reflected in the proportion of freight cost against the revenue which was lower at 13.93% in FPE 2023 compared to 40.66% in FPE 2022.

The increase in GP was partially offset by the decrease in GP margin from our air freight forwarding operations in the Philippines, which decreased from 25.16% in FPE 2022 to 22.35% in FPE 2023, mainly due to an increase in freight charges as a percentage of revenue, which was higher at 46.54% in FPE 2023 compared to 38.66% in FPE 2022.

In addition, GP margin for our air freight forwarding operations in Malaysia decreased from 17.54% in FPE 2022 to 14.44% in FPE 2023, mainly due to an increase in handling charges, as reflected in the proportion of handling charges as a percentage of revenue which was higher at 6.31% in FPE 2023 compared to 2.66% in FPE 2022.

(c) Aerospace logistics services

Our Group's GP from aerospace logistics increased by RM11.98 million or 205.28% to RM17.81 million in FPE 2023 (FPE 2022: RM5.83 million). The increase was mainly attributed to the following:

- GP for our aerospace logistics operations in the Philippines increased by 283.06% or RM9.05 million to RM12.24 million in FPE 2023, mainly driven by higher revenue as reflected in the increase in revenue by 303.63% in FPE 2023. The increase was mainly attributed to the increase in average revenue per tonne by 287.30% as well as increase in the volume of aerospace logistics cargo handled by 4.24% in FPE 2023.

- GP for our aerospace logistics operations in Malaysia increased by 98.11% or RM3.79 million to RM7.65 million in FPE 2023, mainly driven by higher revenue as reflected in the increase in revenue by 119.77% in FPE 2023. The increase was mainly attributed to the increase in the volume of aerospace logistics cargo handled by 477.69% in FPE 2023.

Our GP margin from aerospace logistics increased from 36.51% in FPE 2022 to 39.32% in FPE 2023. The increase in the GP margin was contributed by decrease in the air freight cost component, as reflected in the decrease of the proportion of our Group's overall air freight cost against revenue from 43.42% in FPE 2022 to 41.78% in FPE 2023. In addition, the proportion of our Group's overall local charges cost against revenue also decreased from 13.68% in FPE 2022 to 9.21% in FPE 2023.

(d) Warehousing and other 3PL services

Our GP from warehousing and other 3PL services increased by RM0.99 million or 22.44% to RM5.39 million in FPE 2023 (FPE 2022: RM4.40 million). The increase in GP was mainly contributed by our operations in Singapore, where GP increased by 17.03% or RM0.64 million to RM4.43 million in FPE 2023 (FPE 2022: RM3.79 million) due to higher demand of warehousing services. This was reflected in the increase in the revenue for our operations in Singapore for this segment by 23.95% in FPE 2023.

In addition, the increase in GP was partly contributed by our operations in the Philippines for this segment where GP increased by RM0.20 million, or 84.94% to RM0.44 million in FPE 2023 (FPE 2022: RM0.24 million).

However, our Group's GP margin from warehousing and other 3PL services decreased from 80.18% in FPE 2022 to 77.52% in FPE 2023. This was mainly due to our operations in Myanmar from this segment where it recorded a gross loss margin of 257.14% in FPE 2023 as compared to a GP margin of 30.43% in FPE 2022. In FPE 2023, revenue from stand-alone warehousing and other 3PL services customers in Myanmar were not sufficient to cover operating expenses, resulting in gross loss position for FPE 2023. Notwithstanding this, our Yangon Warehouse may be used to provide temporary storage of customers' goods as part and parcel of our sea freight forwarding services in Myanmar, which the revenue for this temporary storage space is recorded under our sea freight forwarding services revenue in Myanmar.

(e) Road freight transportation services

Our Group's GP from road freight transportation services decreased by RM0.20 million or 11.46% to RM1.51 million in FPE 2023 (FPE 2022: RM1.71 million). This was mainly due to the following:

- GP for our road freight transportation operations in Malaysia decreased by 40.51% or RM0.34 million to RM0.49 million in FPE 2023 as reflected in the lower revenue which decreased by 18.30% in FPE 2023. The decrease in GP was also partly attributed to higher handling charges where proportion of handling charges against the revenue was higher at 11.79% in FPE 2023 compared to 2.46% in FPE 2022.

This was partially offset by increase in GP for our road freight transportation operations in Myanmar by 163.06% or RM0.18 million to RM0.29 million in FPE 2023, which was reflected in the higher revenue which increased by 185.19% in FPE 2023.

Our Group's GP margin from road freight transportation services decreased from 51.69% in FPE 2022 to 36.55% in FPE 2023, which was mainly attributed to decrease in GP margin for our road freight transportation operations in Malaysia from 45.44% in FPE 2022 to 33.09% in FPE 2023, which was mainly due to engaging more external service providers for handling, which was reflected in higher proportion of handling charges against the revenue as mentioned above.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12.3.6 Analysis of other items in the consolidated statement of profits and loss and other comprehensive income

(a) Other income

Other Income	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Foreign exchange gains	199	10.39	31	2.12	208	18.67
- *Realised*	*120*	*6.27*	*10*	*0.68*	*171*	*15.35*
- *Unrealised*	*79*	*4.12*	*21*	*1.44*	*37*	*3.32*
Rental income (1)	-	-	100	6.83	180	16.16
Government grants	1,298	67.75	832	56.87	157	14.09
Management fee income (2)	-	-	-	-	112	10.05
Gains on sale of fixed assets	45	2.35	180	12.30	-	-
Employee share of vehicles (3)	125	6.52	121	8.27	81	7.27
Reversal of impairment losses on receivables	-	-	8	0.55	96	8.62
Interest received	54	2.82	67	4.58	90	8.08
Others (4)	195	10.17	124	8.48	190	17.06
Total	**1,916**	**100.00**	**1,463**	**100.00**	**1,114**	**100.00**

Other Income	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Foreign exchange gains	508	57.73	299	11.75
- *Realised*	*256*	*29.09*	*166*	*6.52*
- *Unrealised*	*252*	*28.64*	*133*	*5.23*
Rental income (1)	38	4.32	54	2.12
Government grants	77	8.75	43	1.69
Management fee income (2)	66	7.50	94	3.69
Gains on sale of fixed assets	-	-	4	0.16
Employee share of vehicles (3)	48	5.45	33	1.30
Reversal of impairment losses on receivables	-	-	1,781	70.01
Interest received	19	2.16	33	1.30
Others (4)	124	14.09	203	7.98
Total	**880**	**100.00**	**2,544**	**100.00**

Notes:

(1) Refers mainly to the rental income received from All-Link Singapore for the rental of office space.

(2) Refers to management fee income received from All-Link Singapore for the provision of accounting services.

(3) Represents payments received from qualifying AGX Philippines managerial employees under its company car scheme, whereby AGX Philippines would pay 60.00% of the payments and employees would pay the remaining 40.00%.

(4) Including gain on modification of leases, rental and storage rebates, retainer fee for stationing our employees at a customer's premises and others.

FYE 2021 compared to FYE 2020

In FYE 2021, other income decreased by RM0.46 million or 23.64%, to RM1.46 million (FYE 2020: RM1.92 million). This was mainly attributed to the reduction in government grants (mainly related to COVID-19 pandemic relief measures) received by RM0.47 million mainly in relation to AGX Singapore and AGX Malaysia.

FYE 2022 compared to FYE 2021

In FYE 2022, other income decreased by RM0.35 million or 23.86%, to RM1.11 million (FYE 2021: RM1.46 million). This was mainly attributed to the reduction in government grants received by RM0.68 million mainly in relation to AGX Singapore and AGX

Malaysia. The reduction was partially offset by management fee income of RM0.11 million pertaining to accounting services provided to All-Link Singapore (including on-going bookkeeping and customer billing), and an increase in realised and unrealised foreign exchange gains amounting to RM0.18 million.

FPE 2023 compared to FPE 2022

In FPE 2023, other income increased by RM1.66 million or 189.09% to RM2.54 million (FPE 2022: RM0.88 million). This was mainly attributed to reversal of impairment losses on receivables amounting to RM1.78 million in FPE 2023 (FPE 2022: none). The impairment losses on receivables are computed from expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses. As we review the assessment of impairment losses, initial impairment losses made in prior years or periods were reversed, and accordingly the current year or period's impairment losses are provided for. For FPE 2023, our reversal of impairment losses on receivables comprised RM1.69 million related to trade receivables (from our Philippines and Malaysia operations amounting to RM1.10 million and RM0.59 million respectively) and RM0.09 million related to other receivables.

(b) Administrative expenses

	FYE 2020		**FYE 2021**		**FYE 2022**	
Administrative expenses	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Staff costs (1)	16,554	59.22	15,638	57.43	18,206	54.28
Directors' remuneration (1)	2,819	10.09	3,457	12.69	5,074	15.13
Travel and entertainment expenses	553	1.98	1,161	4.26	2,254	6.72
Office and warehouse expenses (2)	2,341	8.38	1,910	7.01	2,267	6.76
Professional fees and statutory expenses (3)	1,991	7.12	807	2.96	2,055	6.13
Rental expenses (4)	1,182	4.23	1,448	5.32	1,436	4.28
Others (5)	2,512	8.98	2,811	10.33	2,246	6.70
Total	**27,952**	**100.00**	**27,232**	**100.00**	**33,538**	**100.00**

	FPE 2022		**FPE 2023**	
Administrative expenses	**RM'000**	**%**	**RM'000**	**%**
Staff costs (1)	11,343	53.00	13,688	52.73
Directors' remuneration (1)	3,507	16.39	3,818	14.71
Travel and entertainment expenses	1,308	6.11	1,943	7.48
Office and warehouse expenses (2)	1,492	6.97	1,634	6.29
Professional fees and statutory expenses (3)	1,303	6.09	1,771	6.82
Rental expenses (4)	1,187	5.55	1,487	5.73
Others (5)	1,262	5.89	1,620	6.24
Total	**21,402**	**100.00**	**25,961**	**100.00**

Notes:

(1) Include salaries, bonuses, allowances, defined contribution benefits and other benefits.

(2) Include office and warehouse upkeep, repair and maintenance, utilities, security fees, telephone and fax charges, and office related expenses.

(3) Include audit, legal, secretarial, tax, consultant and licence fees, listing expenses, stamp duty and penalty.

(4) Include expenses on short term leases including rental of premises, equipment and motor vehicles.

(5) Other administrative expenses include loss on factoring, subscription fees, realised and unrealised foreign exchange loss, bank charges, insurance expense and others.

FYE 2021 compared to FYE 2020

In FYE 2021, administrative expenses decreased by RM0.72 million, or 2.58%, to RM27.23 million (FYE 2020: RM27.95 million). This was mainly contributed by a decrease of RM1.18 million in professional fees and statutory expenses as the proposed IPO exercise that was on-going during the first half of FYE 2020 was suspended due to the emergence of the COVID-19 pandemic, and did not continue during the second half of FYE 2020 and FYE 2021. In addition, there was a reduction in staff costs by RM0.92 million as the total number of Group employees was reduced from 346 employees as at 31 December 2020 to 307 employees as at 31 December 2021 due to retrenchment of staff by AGX Malaysia and AGX Philippines as part of the Group's efforts to streamline its operational needs in FYE 2021 due to the COVID-19 pandemic. This decrease in administrative expenses was partially offset by the increase in directors' remuneration as well as travel and entertainment expenses, which amounted to RM0.64 million and RM0.61 million respectively.

FYE 2022 compared to FYE 2021

In FYE 2022, administrative expenses increased by RM6.31 million or 23.16%, to RM33.54 million (FYE 2021: RM27.23 million). This was mainly contributed by the increase in staff costs (as the total number of Group employees increased from 307 employees as at 31 December 2021 to 349 employees as at 31 December 2022) and directors' remuneration which collectively amounted to RM4.19 million. In addition, there was an increase in professional fees by RM1.25 million mainly due to the resumption of the proposed IPO during FYE 2022, as well as an increase in travel and entertainment expenses by RM1.09 million mainly due to the resumption of travelling for sales and marketing activities upon the reopening of borders across countries.

FPE 2023 compared to FPE 2022

In FPE 2023, administrative expenses increased by RM4.56 million or 21.30%, to RM25.96 million (FPE 2022: RM21.40 million). This was contributed by the increase in staff costs (as the total number of Group employees increased from 329 employees as at 31 August 2022 to 370 employees as at 31 August 2023) which increased by RM2.35 million. Professional fees and statutory expenses increased by RM0.47 million mainly due to listing expenses for the Proposed IPO, as well as an increase in travel and entertainment expenses by RM0.64 million mainly due to the travelling for sales and marketing activities.

(c) Other expenses

	FYE 2020		FYE 2021		FYE 2022	
Other expenses	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Depreciation and amortisation (1)	4,241	67.42	3,731	57.11	4,496	82.03
Foreign exchange losses	313	4.98	58	0.89	625	11.40
- *Realised*	*61*	*0.97*	*15*	*0.23*	*263*	*4.80*
- *Unrealised*	*252*	*4.01*	*43*	*0.66*	*362*	*6.60*
Allowance for impairment losses	1,708	27.15	2,345	35.89	280	5.11
Others (2)	28	0.45	399	6.11	80	1.46
Total	**6,290**	**100.00**	**6,533**	**100.00**	**5,481**	**100.00**

	FPE 2022		FPE 2023	
Other expenses	**RM'000**	**%**	**RM'000**	**%**
Depreciation and amortisation (1)	3,764	65.22	4,266	59.10
Foreign exchange losses	451	7.81	305	4.23
- *Realised*	272	4.71	280	3.88
- *Unrealised*	179	3.10	25	0.35
Allowance for impairment losses	1,555	26.95	2,214	30.67
Others (2)	1	0.02	433	6.00
Total	**5,771**	**100.00**	**7,218**	**100.00**

Notes:

(1) *Include the depreciation of equipment, right-of-use assets and amortisation of intangible asset.*

(2) *Include bad debts written off, equipment written off, loss on modification of leases, loss on disposal of equipment, parking and toll charges, and repairs.*

FYE 2021 compared to FYE 2020

In FYE 2021, other expenses increased by RM0.24 million or 3.86%, to RM6.53 million (FYE 2020: RM6.29 million). This was mainly attributed to an increase in allowance for impairment losses by RM0.64 million based on the expected credit loss provision. Please refer to Note 35 of the Accountant's Report in Section 13 of this Prospectus for further information on our expected credit loss provision. The increase was partially offset by the decrease in depreciation of equipment, right-of-use assets and amortisation of intangible asset amounting to RM0.51 million, as well as a decrease in realised and unrealised foreign exchange losses by RM0.26 million.

FYE 2022 compared to FYE 2021

In FYE 2022, other expenses decreased by RM1.05 million, or 16.10%, to RM5.48 million (FYE 2021: RM6.53 million). This was mainly attributed to a decrease in allowance for impairment losses by RM2.07 million mainly improved collections from customers which resulted in lower outstanding trade receivables balance as at 31 December 2022. The reduction was partially offset by the increase in depreciation of equipment, right-of-use assets and intangible asset amounting to RM0.77 million, as well as an increase in realised and unrealised foreign exchange losses by RM0.57 million.

FPE 2023 compared to FPE 2022

In FPE 2023, other expenses increased by RM1.45 million or 25.07%, to RM7.22 million (FPE 2022: RM5.77 million). This was mostly due to an increase in allowance for impairment losses by RM0.66 million and increase in depreciation of equipment, right-of-use assets and intangible asset by RM0.51 million in FPE 2023. The increase in allowance for impairment losses was mainly contributed by specific allowance of RM0.57 million, representing all of the outstanding trade receivables of an airline customer in Malaysia, in relation to the sudden announcement of business suspension by the said airline customer in Malaysia.

In addition, others increased by RM0.43 million in FPE 2023 mainly due to higher bad debts written off amounting to RM0.31 million due to slower payments on certain overdue outstanding balances owed to our Group from one of our major customers. In FPE 2023, we have written off some of the overdue long outstanding balances, which included outstanding balances since 2018, after attempts were made to collect these balances over the years without any firm commitment from the said major customer to settle these balances.

(d) Finance costs

	FYE 2020		FYE 2021		FYE 2022	
Finance Costs	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest expense on:						
- term loans	861	55.66	669	45.67	688	54.43
- lease liabilities	512	33.10	573	39.11	456	36.08
- bank overdraft	165	10.66	200	13.65	82	6.49
- invoice financing	9	0.58	21	1.43	36	2.85
- others	-	-	2	0.14	2	0.15
Total	**1,547**	**100.00**	**1,465**	**100.00**	**1,264**	**100.00**

Finance Costs	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Interest expense on:				
- term loans	475	52.66	467	53.13
- lease liabilities	336	37.25	377	42.89
- bank overdraft	67	7.43	5	0.57
- invoice financing	24	2.66	30	3.41
- others	-	-	-	-
Total	**902**	**100.00**	**879**	**100.00**

Our finance cost consists primarily of interest charged on bank facilities granted by banking and financial institutions such as term loans, lease liabilities, bank overdrafts and invoice financing. Our finance costs for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 amounted to 1.26%, 0.76%, 0.54% and 0.72% of our total revenue, respectively.

FYE 2021 compared to FYE 2020

Our finance costs for FYE 2021 decreased by RM0.08 million or 5.30%, to RM1.47 million (FYE 2020: RM1.55 million). This was mainly due to the repayment of term loans which resulted in lower outstanding balance as at FYE 2021, thus contributing to a decrease in interest expense by RM0.19 million. The reduction was partially offset by the increase in interest expense on lease liabilities and bank overdrafts amounting to RM0.06 million and RM0.04 million, respectively.

FYE 2022 compared to FYE 2021

Our finance costs for FYE 2022 decreased by RM0.21 million or 13.72%, to RM1.26 million (FYE 2021: RM1.47 million). This was mainly due to a decrease of RM0.12 million in interest expense on lease liabilities mainly pursuant to derecognition due to lease modification, as well as a decrease of RM0.12 million in bank overdrafts due to lower utilisation of bank overdrafts during the year due to improved operating cash flow resulting from better collection of trade receivables.

FPE 2023 compared to FPE 2022

Our finance costs for FPE 2023 decreased by RM0.02 million or 2.55%, to RM0.88 million (FPE 2022: RM0.90 million) mainly from decrease in interest expense on bank overdraft by RM0.06 million. This was partially moderated by increase in interest expense on lease liabilities by RM0.04 million.

(e) Share of profit of equity accounted associates

Share of Profits of Equity Accounted Associates	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
All-Link Singapore (1)	N/A	N/A	N/A	N/A	5,418	97.87
Other associates (2)	5	100.0	61	100.0	118	2.13
Total	**5**	**100.00**	**61**	**100.00**	**5,536**	**100.00**

Share of Profits of Equity Accounted Associates	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
All-Link Singapore (1)	2,806	97.60	2,154	104.46
Other associates (2)	69	2.40	(92)	(4.46)
Total	**2,875**	**100.00**	**2,062**	**100.00**

***Notes*:**

(1) All-Link Singapore became an associate company of the Group in February 2022 following the acquisition of 30% equity interest in All-Link Singapore by AGX Singapore. All-Link Singapore commenced business operations in FYE 2022.

(2) Our other associates comprise:
a. AGX Cambodia, which is an associate company in which we hold 50.00% equity interests; and
b. All-Link Philippines became an associate company when it was incorporated on 5 September 2022 with our Group holding 47.99% effective equity interest (held directly AGX Philippines, and indirectly by AGX Singapore and All-Link Singapore). The company commenced business operations in August 2023.

12.3.7 PBT, PAT and effective tax rate

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
PBT (RM'000)	1,394	7,417	16,788	11,046	10,362
PBT margin (%)	1.14	3.84	7.16	6.50	8.48
Taxation (RM'000)	834	1,477	3,247	2,405	2,916
Effective tax rate (%)	59.83	19.91	19.34	21.77	28.14
PAT (RM'000)	560	5,940	13,541	8,641	7,446
PAT margin (%)	0.46	3.07	5.78	5.08	6.09

FYE 2021 compared to FYE 2020

Our PBT increased by RM6.03 million or 432.07%, to RM7.42 million in FYE 2021 (FYE 2020: RM1.39 million), which was mainly contributed by the increase in our total GP by RM5.86 million or 16.62%, to RM41.12 million in FYE 2021 (FYE 2020: RM35.26 million). The increase in GP was contributed by our air and sea freight forwarding services, while GP from aerospace logistics, warehousing and other 3PL, and road freight transportation services decreased. In addition, administrative expenses and finance costs decreased by RM0.72 million and RM0.08 million respectively. These were partially offset by the decrease in other income by RM0.45 million and an increase in other expenses by RM0.24 million.

Our PBT margin increased from 1.14% in FYE 2020 to 3.84% in FYE 2021 despite the decrease in our GP margin from 28.78% in FYE 2020 to 21.27% in FYE 2021. This was due to the decreases in our administrative expenses and finance costs.

For FYE 2020, our effective tax rate was 59.83%, which was higher compared to the statutory tax rate of Malaysia of 24.00%. This was mainly attributed to the tax effect of the following which increased taxation:

- Non-deductible expenses by RM0.41 million comprising mainly expenses incurred which were not deductible for tax purposes such as professional fees and depreciation for non-qualifying assets; and
- Under provision of current tax in the previous year related to deferred tax by RM0.09 million, and current tax expense by RM0.07 million.

These were partially offset by the tax effects of tax exempt income and differential tax rates in foreign jurisdictions, which reduced taxation by RM0.05 million and RM0.02 million, respectively.

For FYE 2021, our effective tax rate was 19.91%, which was lower compared to the statutory tax rate of Malaysia of 24.00%. This was mainly attributed to the tax effect of the following which reduced taxation:

- Over provision of current tax in the previous year related to current tax expense by RM0.26 million;

- Effects of differential tax rates in foreign jurisdictions by RM0.18 million;
- Tax exempt income and non-taxable income by RM0.05 million and RM0.05 million, respectively.

These were partially offset by the tax effect of non-deductible expenses which increased taxation by RM0.24 million, due to higher expenses incurred which were not deductible for tax purposes such as depreciation for non-qualifying assets and entertainment expenses.

FYE 2022 compared to FYE 2021

Our PBT for FYE 2022 was RM16.79 million, which was RM9.37 million or 126.34% higher compared to RM7.42 million in FYE 2021. This was mainly contributed by the increase in our total GP by RM9.30 million or 22.61%, to RM50.42 million in FYE 2022 (FYE 2021: RM41.12 million). The increase in GP was mainly contributed by our aerospace logistics, and warehousing and other 3PL services. In addition, our share of profits of equity accounted associates was RM5.54 million in FYE 2022, which was RM5.48 million higher compared to FYE 2021, due to share of profits of RM5.42 million from All-Link Singapore, which commenced business operations during FYE 2022. These were partially offset by the decrease in other income by RM0.35 million and an increase in administrative expenses by RM6.31 million in FYE 2022 compared to FYE 2021.

Our PBT margin in FYE 2022 was 7.16%, which was higher compared to 3.84% in FYE 2021 mainly due to the higher share of profits of equity accounted associates as well as decreases in other expenses and finance costs. This was partially offset by the higher administrative expenses in FYE 2022.

For FYE 2022, our effective tax rate was 19.34%, which was lower compared to the statutory tax rate of Malaysia of 24.00%. This was mainly attributed to the tax effect of the following which reduced taxation:

- Share of results of associates by RM1.33 million which is not taxable;
- Effects of differential tax rates in foreign jurisdictions by RM0.17 million; and
- Tax exempt income by RM0.06 million.

These were partially offset by the tax effects of the following which increased taxation:

- Under provision of current tax in the previous year related to deferred tax expense by RM0.77 million;
- Non-deductible expenses by RM0.43 million, due to higher expenses incurred which were not deductible for tax purposes such as depreciation for non-qualifying assets and professional fees; and
- Withholding tax from foreign income by RM0.31 million.

FPE 2023 compared to FPE 2022

Our PBT decreased by RM0.69 million or 6.19% to RM10.36 million in FPE 2023 (FPE 2022: RM11.05 million), which was mainly contributed by the increase in our administrative expenses by RM4.56 million, which was partially offset by increases in our GP by RM4.44 million. The increase in GP was mainly contributed by our aerospace logistics services and warehousing and other 3PL services segments.

Our PBT margin increased from 6.50% in FPE 2022 to 8.48% in FPE 2023 mainly contributed by the increase in our GP margin from 20.80% in FPE 2022 to 32.57% in FPE 2023. This was partially offset by the increase in our administrative expenses.

For FPE 2023, our effective tax rate was 28.14%, which was higher compared to the statutory tax rate of Malaysia of 24.00%. This was mainly attributed to the following which increased taxation:

- Non-deductible expenses by RM0.39 million, due to higher expenses incurred which were not deductible for tax purposes such as depreciation for non-qualifying assets and professional fees;
- Under provision of current tax in the previous financial year or period comprising current tax expense and deferred tax by RM0.32 million and RM0.03 million respectively; and
- Deferred tax assets not recognised in respect of FPE 2023 tax losses by RM0.13 million.

These were partially offset by the tax effects of the following which decreased taxation:
- Share of results of associates by RM0.49 million which is not taxable;
- Effect of differential tax rates in foreign jurisdictions by RM0.05 million; and
- Tax exempt income by RM0.06 million.

12.4 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors, such as having profits and excess funds that are not required to be retained to fund our business.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(iii) our expected results of operations and future level of operations; and

(iv) our projected levels of capital expenditure and other investment plans.

We have a policy to target a payout ratio of up to 30% of our AGB's profit attributable to owners of the Company at each financial year on a consolidated basis after taking into account working capital and maintenance of capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Subject to the Act, our Company, in general meeting, may from time to time approve a dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) our Company is or would after the payment be unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than its liabilities.

12. FINANCIAL INFORMATION *(Cont'd)*

During the Financial Years and Period Under Review and up to the LPD, we have declared and paid for the following dividends:

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Dividends	-	*1,200	^5,900	@3,000
PAT attributable to the owner of the Company	560	5,940	13,541	#7,446
Dividend pay-out ratio (1) (%)	-	20.20	43.57	40.29

Notes:

(1) Computed based on dividends divided by PAT attributable to the owner of the Company.

* *Out of which RM1.02 million was satisfied by way of offsetting the amount owing by shareholders and the remaining balance of RM0.18 million being funded internally.*

^ *Out of which RM1.12 million was satisfied by way of offsetting the amount owing by shareholders and the remaining balance of RM4.78 million being funded internally.*

@ *The dividend of RM3.00 million was declared and paid in October 2023.*

\# *Based on the PAT attributable to the owners of the Company for FPE 2023.*

Please refer to Note 30 of the Accountants' Report in Section 13 of this Prospectus for further details.

Further to the above, there is no dividend paid or declared subsequent to the LPD. We do not intend to declare further dividend prior to our Listing.

The dividends distributed for the Financial Years and Period Under Review and up to the LPD were distributed based on the funds available to our Group in excess of the funding requirements for our business operations. These dividends would not affect the execution and implementation of the Group's future plans or strategies moving forward.

Kindly refer to Section 9.3.5 of this Prospectus for risks relating to dividends.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

12.5 SIGNIFICANT FACTORS AFFECTING OUR GROUP'S OPERATIONS AND FINANCIAL PERFORMANCE

(i) Renewal or obtaining licenses and permits required to carry on our business

We require approvals, licences and permits from various governmental authorities in the countries where we carry out our business operations (i.e., Malaysia, Korea, the Philippines, Myanmar and Singapore). The inability of our Group to comply with any of the conditions stipulated therein and/or failure to renew the licenses / permits may result in the revocation or non-renewal of these approvals, licenses and permits. Accordingly, this may adversely affect the continuity of our Group's business operations which in turn adversely affect our financial performance. Further, new regulations may, from time to time, be implemented by the relevant authorities in the countries where we carry out our business operations. If we are unable to comply with the changes arising therefrom, the relevant business operations of our Group may be subject to disruptions or penalties.

(ii) Fluctuations in sea and air freight charges

Our pricing on our sea and air freight forwarding, and aerospace logistics services are dependent on, amongst other, the sea and air freight rates charged by other logistic service providers. As these business activities contributed to more than 90% of our Group's revenue for the Financial Years and Period Under Review, our financial performance is subject to fluctuations in the freight rates charged by these logistic service providers. The freight rates are dependent various factors including but not limited to the macro-economic as well as demand and supply conditions in the industry. If there is an increase in freight rates and that we are unable to price in such increase in our service pricing, our profit margins may be affected. Conversely, should there be a decrease in freight rates, we may need to reduce our pricing to be in line with the prevailing market rates to remain competitive. This may lead to a decrease in our Group's revenue and profit if we are unable to increase our business volume to an extent which can compensate for such decreases.

(iii) Demand for logistics services may be affected by global economic developments

Our Group's logistic services involve international shipments, where cargo is shipped from one country to another, and consequently our performance is dependent on the level of international trade of the countries where we operate. The level of international trades of these countries are dependent on various factors including but not limited to the foreign demand for goods produced from these respective countries as well as the conditions of the global economy. As such, the demand of our logistic services generally follow suit with the level of international trade activities and the performance of global economy.

(iv) Exposure to unfavourable foreign currency exchange rate fluctuations

We are exposed to foreign currency exchange gains or losses arising from timing differences between our billings, actual receipt of payments and conversion/translation into RM, as well as when our assets, liabilities, revenue and earnings that are recorded by our subsidiary companies are translated from KRW, PHP, USD and SGD into RM for financial reporting and repatriation purposes.

We also face risks associated with billings from suppliers in other countries that are denominated in other currencies, as well as foreign exchange risks for sales that are denominated in other currencies.

(v) Impact of inflation

Our financial performance for the Financial Years and Period Under Review was not materially affected by the impact of inflation. Nevertheless, there is no assurance that inflation may not affect our future operations and financial performances.

(vi) Increase in interest rates

Increasing interest rates would affect our financial performance as our cost of borrowings may increase. For the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 our interest bearing borrowings include term loans, invoice financing, bank overdraft and hire purchase which collectively amounted to RM17.87 million, RM13.78 million, RM9.59 million and RM8.15 million, respectively. Increase in interest rates may also affect our customers in various countries which may impact on the demand for our services.

(vii) COVID-19 pandemic

Our business operations were affected by the economic and other disruptions related to the COVID-19 pandemic in Malaysia, Korea, the Philippines, Myanmar and Singapore. While the COVID-19 pandemic did not have an adverse effect on our financial performance in FYE 2022, there can be no assurance that the COVID-19 pandemic or any other pandemic or epidemic will not have an effect in the future.

12.6 LIQUIDITY AND CAPITAL RESOURCES

(i) Working capital

Our business is financed by a combination of internal and external sources of funds. Internal sources of funds comprised cash generated from our business operations while our external sources of funds mainly consist of financing facilities from financial institutions. These funds are mainly used to finance our business operations and growth.

Based on the statements of our financial position as at 31 August 2023, we had cash and cash equivalents of RM10.49 million and total debt of RM8.15 million. As at 31 December 2020, 2021 and 2022, and 31 August 2023, our current ratios were 1.00 times, 1.71 times, 1.92 times, and 2.22 times, respectively. As at the LPD, our Group had available banking facilities amounting to RM23.53 million, of which RM11.66 million that are yet to be utilised.

Our Directors are of the opinion that, after taking into consideration our cash and cash equivalents, cash generated from our business operations, the amount of banking facilities and proceeds to be raised from the Public Issue, we will have adequate working capital to meet our present and foreseeable requirements for at least 12 months from the date of this Prospectus.

(ii) Cash flows

The following is a summary of our consolidated statements of cash flow for FYE 2020, FYE 2021, FYE 2022 and FPE 2023. This should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Net cash from operating activities	2,029	14,144	19,296	3,210
Net cash (for)/ from investing activities	(984)	(1,012)	(2,926)	2,930
Net cash for financing activities	(4,698)	(7,647)	(9,950)	(9,207)
Net (decrease) / increase in cash and cash equivalents	**(1)(3,653)**	**5,485**	**6,420**	**(1) (3,067)**
Effects of foreign exchange translation	776	(816)	(1,041)	458
Cash and cash equivalents at beginning of the financial year	5,928	3,051	7,720	13,099
Cash and cash equivalents at the end of the financial year/ period (2)	**3,051**	**7,720**	**13,099**	**10,490**

Notes:

(1) The decrease in cash and cash equivalents in FYE 2020 was mainly due to net cash used for investing activities in relation to purchases of equipment and intangible assets, and net cash used for financing activities in relation to repayment of bank borrowings and interest paid.

The decrease in cash and cash equivalents in FPE 2023 was mainly due to net cash used for financing activities in relation to dividend payment in respect of dividend declared for FYE 2022, and repayment of bank borrowings and interest paid.

(2) The components of our cash and cash equivalents are set out below:

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Cash and bank balances	5,521	8,657	13,134	10,405
Fixed deposits with a licensed bank	1,157	1,182	1,205	1,060
Bank overdraft	(2,545)	(1,013)	(117)	-
	4,133	**8,826**	**14,222**	**11,465**
Less:				
Fixed deposits pledged to licensed banks and with tenure of more than 3 months	(1,082)	(1,106)	(1,123)	(975)
Cash and cash equivalents at the end of the financial year/ period	**3,051**	**7,720**	**13,099**	**10,490**

FYE 2020

Net cash from operating activities

For FYE 2020, we had net cash from operating activities of RM2.03 million resulting from RM9.75 million of operating profit before working capital changes and after taking into account the following changes in working capital:

- Increase in trade and other receivables by RM6.44 million which was mainly due to the following:

  - Increase in trade receivables balances from an airline operator customer in the Philippines by RM3.18 million during FYE 2020 to RM6.21 million as their business was negatively affected by the COVID-19 pandemic related travel restrictions during FYE 2020. As at the LPD, we have collected all of the trade receivables outstanding from this customer as at 31 December 2020;

  - Increase in trade receivables balances of a clothing manufacturer customer in the Philippines by RM1.73 million during FYE 2020 to RM4.19 million due to higher sales to that customer. As at the LPD, we have collected all of the trade receivables outstanding from this customer as at 31 December 2020;

  - Increase in a chemical manufacturer customer in Korea's trade receivables balances by RM0.96 million during FYE 2020 in line with increasing revenue from this customer during the year. This arose from the inclusion of AGX Korea as our subsidiary in January 2020; and

  - Increase in other receivables, deposits and prepayments by RM3.75 million. This was attributed by increase in other receivables by RM2.72 million mainly contributed by increases in prepayments made on behalf of customers, directors' salaries which have been paid in excess to the respective directors despite the Group wide salary reduction during FYE 2020*, invoice factoring and government grants receivables, as well as increase in prepayments by RM0.99 million mainly contributed by increase in prepaid taxes and insurance premiums.

    Note:

    * *In October 2020 the Board decided to implement salary reduction for the directors of AGX Malaysia, AGX Singapore, AGX Philippines and AGX Myanmar from March 2020, with the salary reduction applied retroactively. We did not collect the difference between the respective directors' pre- and post-reduction salaries for March 2020 to October 2020 that had already been paid, with the excess paid recognised as part of other receivables totaling RM1.48 million for the affected directors. Subsequently in FYE 2021, our Board declared*

dividends of RM1.20 million, of which RM1.02 million was used to reduce the other receivables amount relating to the excess paid and not paid in cash to the respective directors.

- Increase in contract assets by RM0.59 million which was mainly attributed to higher accrued billings for services rendered but not yet invoiced to customers for FYE 2020;

- Increase in trade and other payables by RM1.87 million mainly attributed to higher trade payable balance as at 31 December 2020 as we took a prudent approach in managing our cash flow, particularly in light of the COVID-19 pandemic conditions during FYE 2020;
- Income tax paid of RM2.42 million; and

- Net interest paid of RM0.14 million.

Net cash for investing activities

Our net cash used in investing activities in FYE 2020 was RM0.98 million, which was mainly used for the following:

- RM0.96 million for the purchase of equipment, which mainly comprised renovation related to the relocation of our Group Head Office and setting up Previous Port Klang Warehouse 1, purchase of motor vehicles in the Philippines, and warehouse equipment for Subic Bay Warehouse 1; and

- RM0.13 million for the purchase of intangible asset comprising freight forwarding management software.

These were partially offset by RM0.18 million proceeds from the disposal of equipment, which mainly comprised motor vehicles in Malaysia and the Philippines.

Net cash for financing activities

For FYE 2020, our net cash used in financing activities of RM4.70 million was mainly attributed to the following:

- Repayment of bank borrowings including RM16.06 million for the repayments for term loans and RM1.34 million for the repayment of invoice financing as well as RM3.73 million payments for the lease liabilities pertaining to rental payments for our operational facilities and hire purchases for motor vehicles.

- Interest paid of RM1.36 million in relation to term loans and invoice financing as well as lease liabilities pertaining to rental for our operational facilities and hire purchases for motor vehicles.

These was partially offset by drawdown of term loans of RM16.18 million and invoice financing of RM1.59 million in FYE 2020, both of which were mainly for working capital.

<u>FYE 2021</u>

Net cash from operating activities

For FYE 2021, our net cash from operating activities was RM14.14 million resulting from RM16.18 million of operating profit before working capital changes and after taking into account the following changes in working capital:

- Increase in trade and other receivables by RM13.11 million which was mainly due to higher outstanding balances of trade receivable as at 31 December 2021 attributed to the following:

- increase in trade receivables balance of a chemical manufacturer customer in Korea by RM6.84 million as at FYE 2021 due to higher billings to customers arising from higher provision of our services as the customer increased its exports during the year;

- a trade receivables balance of RM1.67 million as at 31 December 2021 from a new customer in the Philippines during FYE 2021;

- trade receivables balances collectively amounting to RM1.58 million as at 31 December 2021, from the new customers secured in Singapore during FYE 2021; and

- increase in receivables balances by RM1.39 million as at 31 December 2021 from an electronics components manufacturer customer in the Philippines on the back of increasing revenue from this customer during the year.

- Increase in contract assets by RM2.87 million which was mainly attributed to higher accrued billings for services rendered but not yet invoiced to customers for FYE 2021;

- Increase in trade and other payables by RM14.40 million as the Group continued to take a prudent approach in managing our cash flow. This included the following:

  - our trade payables balance to 2 suppliers in Singapore increased by a total of RM1.59 million in FYE 2021;

  - our trade payables balance to 2 suppliers in the Philippines increased by a total of RM2.35 million in FYE 2021; and

  - our trade payables balance with 3 existing suppliers in Korea increased by a total of RM2.62 million in FYE 2021. In addition, we engaged a new supplier in Korea during FYE 2021 which further contributed RM1.61 million to our trade payable balance as at 31 December 2021.

    In addition, there was higher accruals of RM5.09 million as at 31 December 2021 compared to RM0.90 million as at December 2020, which was mainly pertaining to accruals of costs of sales by our Philippines operations which amounted to RM4.38 million.

- Income tax paid of RM0.33 million; and

- Net interest paid of RM0.13 million.

Net cash for investing activities

For FYE 2021, our net cash used in investing activities was RM1.01 million. This was mainly attributed to the following:

- RM0.69 million for the purchase of intangible asset comprising freight forwarding management software;

- RM0.55 million for the purchase of equipment, which mainly comprised renovation for Subic Bay Warehouse 1, and purchase of warehouse equipment for Subic Bay Warehouse 1 and Gul Warehouse and Office; and

- RM0.11 million for additions of right-of-use assets which comprised down payments for motor vehicles and lease of a warehouse in the Philippines.

These were partially offset by RM0.34 million proceeds from the disposal of equipment, which mainly comprised warehouse equipment following the relocation of our Singapore warehouse operations from the Previous Nan Wah Building Warehouse to the present Gul Warehouse and Office, and disposal of motor vehicles in Malaysia and the Philippines.

Net cash for financing activities

For FYE 2021, our net cash used in financing activities of RM7.65 million was mainly attributed to the following:

- Repayment of bank borrowings comprising RM40.40 million for the repayments of term loans and RM4.07 million for repayment of the invoice financing as well as RM3.95 million for payments for the lease liabilities pertaining to rental payments for our operational facilities and hire purchases for motor vehicles.

- Interest paid of RM1.26 million in relation to term loans and invoice financing as well as lease liabilities pertaining to rental payments for our operational facilities and hire purchases for motor vehicles.

- Repayment to related parties of RM0.53 million for the settlement of the amount owing to AGX BVI for the acquisition of subsidiaries by the issuance of new AGB Shares in FYE 2021 pursuant to our Pre-IPO Internal Re-organisation Acquisitions as set out in Section 6.6.1 of this Prospectus.

These was partially offset by drawdown of term loans of RM38.02 million and invoice financing of RM4.73 million in FYE 2021, which were mainly for working capital.

<u>**FYE 2022**</u>

Net cash from operating activities

For FYE 2022, our net cash from operating activities was RM19.30 million resulting from RM18.73 million of operating profit before working capital changes and after taking into account the following changes in working capital:

- Decrease in trade and other receivables by RM13.78 million which was mainly due to the following:

    - Decrease in trade receivables by RM13.30 million, which was mainly contributed by lower outstanding balances by RM9.60 million from a major customer in Korea (i.e., Kukdo Chemical), and by RM2.74 million from a major customer in the Philippines (i.e., Customer Group A) due to timely collections from these customers. In addition, trade receivables outstanding balance from a major customer in the Philippines decreased by RM1.43 million attributed to lower revenue from the said customer as most of the cargo for their project was shipped during FYE 2020 and FYE 2021.

    - Decrease in other receivables by RM0.71 million mainly attributed to reduction of RM0.40 million in prepayments made in behalf of customers by our Philippines operations and collection of an advances to directors amounting to RM1.14 million, which was partially offset by increase of RM0.89 million in input Value Added Tax paid by our Philippines operations.

- Decrease in trade and other payables by RM9.47 million, mainly due to the following:

- Decrease in trade payables by RM8.03 million which was mainly due to timely payments to suppliers for the services provided following better collections from customers.

- Increase in other payables and accruals by RM3.31 million, which was mainly due to increase in amount due to shareholders of RM3.60 million arising from dividend declared in respect of FYE 2022 but not paid as at 31 December 2022. As at the LPD, this amount has been paid in full.

- Increase in contract assets by RM0.36 million which was mainly attributed to higher accrued billings for services rendered but not yet invoiced to customers for FYE 2022;

- Decrease in amount owing by related parties by RM0.17 million was mainly due to reclassification of the amount owing by AGX BVI RM0.23 million, pursuant to our Pre-IPO Internal Re-organisation Acquisitions;

- Income tax paid of RM3.39 million; and

- Net interest received of RM0.01 million.

Net cash for investing activities

For FYE 2022, our net cash used in investing activities was RM2.93 million. This was mainly attributed to the following:

- RM2.32 million for the purchase of equipment, which mainly comprised renovation of the current Manila Warehouse in the Philippines, Group Head Office in Malaysia, and Changi Airport Warehouse in Singapore, office equipment for our Philippines operations, and racking systems for the Gul Warehouse and Office in Singapore and Subic Bay Warehouse 2 in the Philippines;

- RM0.37 million used for the investment in the associates during FYE 2022, including equity interests in All-Link Singapore and All-Link Philippines.

- RM0.14 million for additions of right-of-use assets which included down payment for motor vehicles by our Philippines and Korea operations.

Net cash for financing activities

For FYE 2022, our net cash used in financing activities of RM9.95 million was mainly attributed to the following:

- Repayment of bank borrowings including RM33.91 million for the repayment of term loans and RM6.94 million for the repayment of invoice financing, as well as RM4.91 million for lease liabilities pertaining to rental and lease payments for our operational facilities, and hire purchases for motor vehicles and forklifts.

- Interest paid of RM1.18 million in relation to term loans and invoice financing as well as lease liabilities pertaining to rental and lease payments, and hire purchases.

- Dividend paid of RM1.18 million during FYE 2022 to the shareholders of AGB.

These was partially offset by drawdown of term loans of RM31.53 million and invoice financing of RM6.64 million in FYE 2022, which were mainly for working capital.

FPE 2023

Net cash from operating activities

For FPE 2023, we had net cash from operating activities of RM3.21 million resulting from RM14.62 million of operating profit before working capital changes and after taking into account the following changes in working capital:

- Increase in trade and other receivables by RM7.42 million which was mainly due to the increase in trade receivables by RM4.57 million mainly due to higher trade receivables balance from 1 major customer following an increase revenue and slower collections, as well as contribution to our trade receivable balance from 1 new customer that commenced in FPE 2023. In addition, other receivables, deposits and prepayments increased by RM2.12 million, which included advance payment for storage space in a country where we do not have a physical presence and prepayment of listing expenses.

- Decrease in trade and other payables by RM2.53 million which was mainly due to the decrease in other payables and accruals of RM4.76 million. There was lower accruals of RM3.02 million as at 31 August 2023 compared to RM4.82 million as at 31 December 2022, which was mainly pertaining to lower accruals of costs of sales by our operations in Malaysia and the Philippines.

- Decrease in contract assets by RM1.19 million as we have subsequently invoiced our customers for the accrued billings for services rendered.

- Income tax paid of RM2.74 million.

Net cash from investing activities

For FPE 2023, our net cash from investing activities was RM2.93 million. This was mainly attributed to the dividend received of RM3.94 million from our associate company, namely All-Link Singapore. This was partially offset by RM1.01 million used for the purchase of equipment which mainly comprised renovations of Lot 41 Warehouse and Port Klang Office in Malaysia, motor vehicles, renovation, office equipment and furniture and fittings for our Philippines operations, and warehouse equipment for the Gul Warehouse.

Net cash for financing activities

For FPE 2023, our net cash for financing activities of RM9.21 million was mainly attributed to the following:

- Dividend payment of RM3.60 million in respect of the dividend declared for FYE 2022.

- Repayment of bank borrowings comprising RM3.77 million for repayment of the invoice financing, RM3.30 million for payments for the lease liabilities pertaining to rental payments for our operational facilities and hire purchases for motor vehicles, as well as RM1.54 million for the repayments of term loans.

- Interest paid of RM0.87 million in relation to term loans and invoice financing as well as lease liabilities pertaining to rental payments for our operational facilities and hire purchases for motor vehicles.

These was partially offset by the drawdown of invoice financing of RM3.73 million in FPE 2023 for working capital.

(iii) Borrowings

As at 31 August 2023, our borrowings are all secured, interest bearing based on fixed and/ or floating interest rates and denominated in RM or PHP, as set out below:

Type of facilities	Interest rates	Payable within 1 year RM'000	Payable 1 to 5 years RM'000	Total RM'000
Term loans [(1)]	3.50% to 10.25%	7,034	-	7,034
Invoice financing [(2)]	6.25%	568	-	568
Hire purchase [(3)]	8.80% to 10.50%	287	258	545
Total		**7,889**	**258**	**8,147**
Gearing ratio (times)*				0.16

Notes:

* *Calculated based on total borrowings divided by total equity as at 31 August 2023.*

(1) *Term loans were denominated in RM and PHP, and are mainly utilised for working capital financing.*

(2) *Invoice financing were denominated in RM, and are mainly utilised for working capital financing.*

Under this facility, the amount of financing and tenure granted by the bank/ financier to our Group for each drawdown, is based on the amount and credit term of the invoices issued by our Group to selected customers. Our Group provides the lists of selected customers to the bank/ financier for pre-approval in order to utilise this facility.

(3) *Hire purchase were denominated in RM and PHP, and are used to finance motor vehicle purchases.*

As at 31 August 2023, our Group's fixed and floating-rate borrowings are set out below:

	RM'000
Fixed rate borrowings[(1)]	545
Floating rate borrowings[(2)]	7,602
Total borrowings	**8,147**

Notes:

(1) *Include term loans and hire purchase.*

(2) *Include term loans, invoice financing and bank overdraft.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION *(Cont'd)*

As at 31 August 2023, the currency profile of our borrowings are as follows:

	Payable within 1 year RM'000	Payable 1 to 5 years RM'000	Total RM'000
RM	**674**	**-**	**674**
Term loans (1)	*106*	-	*106*
Invoice financing (2)	*568*	-	*568*
PHP	**7,215**	**258**	**7,473**
Term loans (1)	*6,928*	-	*6,928*
Hire purchase (3)	*287*	*258*	*545*
Total	**7,889**	**258**	**8,147**

Notes:

(1) Term loans mainly utilised for working capital financing.
(2) Invoice financing mainly utilised for working capital financing.
(3) Hire purchase used to finance motor vehicle purchases.

As at the LPD, we have banking facilities of RM23.53 million including term loans, invoice financing and bank overdraft, of which RM11.66 million has yet to be utilised, as follows:

Types of banking facilities	Credit limit(1) RM'000	Unutilised balance as at the LPD(2) RM'000
Term loans	768	686
Invoice financing	19,216	7,447
Bank overdraft	3,542	3,525
Total	**23,526**	**11,658**

Notes:

(1) Cumulative credit limit of credit facilities denominated in RM and PHP.
(2) Cumulative unutilised balance of credit facilities denominated in RM and PHP.

Our Group has not defaulted on payments of either interest and/or principal sum in respect of any borrowings throughout the Financial Years and Period Under Review and up to the LPD.

We do not encounter seasonality in the trend of our borrowings and there is no restriction on the use of our committed banking facilities, save for prior consents from the licensed banks before using the banking facilities, where necessary.

As at the LPD, we are not in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investments by holders of our Shares.

As at the LPD, saved as disclosed above, our Group did not use any other credit facilities.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

(iv) Treasury policies and objectives

Our Group has been funding our operations through cash generated from our operations and external sources of funds. The external sources of funds consist primarily of borrowings from financial institutions. We have lease liabilities mainly used to finance purchases of motor vehicles. The normal terms granted by our suppliers are cash term and from 60 to 90 days credit.

As at the LPD, our Group's borrowings from financial institutions consist of the following:

- term loans mainly used for working capital;
- invoice financing mainly used for working capital;
- bank overdrafts mainly used for working capital;
- lease liabilities mainly used to finance motor vehicle purchases.

As at the LPD, our Group has banking facilities amounting to approximately RM23.53 million, where approximately RM11.66 million has yet to be fully utilised. The interest rates of our borrowings as at the LPD are based on fixed and floating rates.

The main objective of our capital management is to maintain a strong credit rating and healthy capital ratio in order to support our business and maximise shareholders' value. We review and maintain our capital structure to maintain the debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

(v) Financial instruments for hedging purposes

For the FYE 2020, FYE 2021, FYE 2022, FPE 2023 and as at the LPD, our Group does not have any financial instrument for hedging purposes.

(vi) Financial guarantee contracts

As at the LPD, we do not have any financial guarantee contracts.

(vii) Contingent asset

As at the LPD, we are not aware of any material and/or indirect contingent assets that may be due to our Group that may have a material impact on our financial position.

(viii) Contingent liabilities

As at the LPD, we are not aware of any material and/or indirect contingent liabilities that may be incurred by our Group that may have a material impact on our financial position.

(ix) Material litigation, claims or arbitration

As at the LPD, we are not involved in any other legal action, proceeding, prosecution or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or our financial position, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact to give rise to any legal proceeding which may have a material adverse effect on our business or financial position.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

(x) Capital expenditure and divestitures

Capital expenditure

Our Group's capital expenditure for FYE 2020, FYE 2021, FYE 2022, FPE 2023 and up to the LPD are as follows:

		Audited				Unaudited
	Method of financing	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**	**1 September 2023 up to LPD RM'000**
Equipment	Hire purchase and cash	960	548	2,318	1,011	234
Right-of-use assets [(1)]	Hire purchase, lease arrangement and cash	623	443	844	462	386
Intangible asset	Cash	130	687	-	-	-
Total		**1,713**	**1,678**	**3,162**	**1,473**	**620**

Note:
(1) Refers to forklifts, motor vehicles and office equipment.

FYE 2020

For FYE 2020, our Group's capital expenditure amounted to RM1.71 million comprising the following:

- Purchase of equipment amounting to RM0.96 million. This mainly comprised renovation related to the relocation of our Group Head Office and setting up Previous Port Klang Warehouse 1, purchase of motor vehicles in the Philippines, and warehouse equipment for Subic Bay Warehouse 1;

- Additions of right-of-use assets amounting to RM0.62 million mainly comprising motor vehicles and office equipment; and

- Intangible asset amounting to RM0.13 million for the purchase of freight forwarding management software financed by cash.

FYE 2021

For FYE 2021, our Group's capital expenditure amounted to RM1.68 million comprising the following:

- Purchase of equipment amounting to RM0.55 million. This mainly comprised renovation for Subic Bay Warehouse 1, and purchase of warehouse equipment for Subic Bay Warehouse 1 and Gul Warehouse and Office;

- Additions of right-of-use assets amounting to RM0.44 million mainly comprising motor vehicles and forklifts; and

- Intangible asset amounting to RM0.69 million for the purchase of freight forwarding management software financed by cash.

FYE 2022

For FYE 2022, our Group's capital expenditure amounted to RM3.16 million comprising the following:

- Purchase of equipment amounting to RM2.32 million. This mainly comprised renovation of the current Manila Warehouse in the Philippines and Gul Warehouse and Office in Singapore, office equipment for our Philippines operations, and racking systems for the Gul Warehouse and Office and Subic Bay Warehouse 2; and

- Additions of right-of-use assets amounting to RM0.84 million mainly comprising motor vehicles and forklifts.

FPE 2023

For FPE 2023, our Group's capital expenditure amounted to RM1.47 comprising the following:

- Purchase of equipment amounting to RM1.01 million. This was mainly comprised renovations of Lot 41 Warehouse and Port Klang Office in Malaysia, motor vehicles, renovation, office equipment and furniture and fittings for our Philippines operations, and warehouse equipment for the Gul Warehouse; and

- Additions of right-of-use assets amounting to RM0.46 million mainly comprising motor vehicles, forklifts and office equipment.

1 September 2023 up to the LPD

From 1 September 2023 up to the LPD, our Group's capital expenditure amounted to RM0.62 million comprising the following:

- Purchase of equipment amounting to RM0.23 million. This mainly comprised computer and software for our Malaysia operations, renovation, office equipment and furniture and fittings for our Philippines operations, and computer and software for our Singapore operations; and

- Additions of right-of-use assets amounting to RM0.39 million mainly comprising motor vehicles and forklift for our Singapore operations and a motor vehicle for our Korea operations.

Capital divestitures

Our Group's capital divestitures for FYE 2020, FYE 2021, FYE 2022, FPE 2023 and up to the LPD are as follows:

	Audited				Unaudited
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000	1 September 2023 up to LPD RM'000
Warehouse equipment	-	117	-	-	-
Motor vehicles	128	54	30	#	39
Other equipment (1)	5	42	-	4	-
Total	**133**	**213**	**30**	**4**	**39**

Notes:

\# *An amount less than RM1,000*

(1) Refers to furniture and fittings, office equipment, renovation and used containers.

For the FYE 2020, our capital divestitures of RM0.13 million was mainly from the disposal of motor vehicles in Malaysia and the Philippines, and the disposal of other equipment such as renovated interior items in office/ warehouse (e.g., office partition and tiling), furniture and fittings and office equipment.

For FYE 2021, our capital divestitures of RM0.21 million mainly comprised warehouse equipment and others (including renovated interior items, office equipment and furniture and fittings) mainly due to the relocation of our Singapore warehouse operations from the Previous Nan Wah Building Warehouse to the present Gul Warehouse and Office, and disposal of motor vehicles in Malaysia and the Philippines.

For the FYE 2022, our capital divestitures of RM0.03 million was from the disposal of motor vehicles.

For the FPE 2023, our capital divestitures of approximately RM4,000 mainly comprised used containers and trailer.

From 1 September 2023 up to the LPD, our Group's capital divestitures amounted to RM0.04 million comprising the 3 units of used trailers by our Myanmar operations.

(xi) Investment properties

As at the LPD, we do not have any assets that are classified as investment properties.

(xii) Capital commitment

As at the LPD, we do not have any capital commitments.

(xiii) Key financial ratios

Our key financial ratios are as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover period (days) [(1)]	121	88	71	82
Trade payables turnover period (days) [(2)]	48	43	38	43
Current ratio [(3)]	1.00	1.71	1.92	2.22
Gearing ratio [(4)]	3.38	0.37	0.22	0.16

Notes:

(1) Computed based on dividing the average net trade receivables (trade receivables excluding lifetime loss allowance) by the total revenue of the respective financial year or financial period, and multiplying the result by the number of days in the financial year (365 days) or financial period (243 days). Average trade receivables is calculated by adding the opening and closing balances of net trade receivables of the financial year or financial period, and dividing the total by 2.

(2) Computed based on dividing the average trade payables by the total cost of sales of the respective financial year or financial period, and multiplying the result by the number of days in the financial year (365 days) or financial period (243 days). Average trade payables is calculated by adding the opening and closing balances of net trade payables of the financial year or financial period, and dividing the total by 2.

(3) *Computed based on the current assets over the current liabilities as at the respective end of financial year or financial period.*

(4) *Computed based on the total bank borrowings over the total equity as at the respective end of financial year or financial period.*

We do not hold inventories and consequently measures of inventory turnover period are not relevant to our Group.

(a) Trade receivables

Trade Receivables	**FYE 2020 RM'000**	**FYE 2021 RM'000**	**FYE 2022 RM'000**	**FPE 2023 RM'000**
Trade receivables	43,405	55,094	41,905	46,822
Less:				
Lifetime loss allowance (1)	(2,277)	(2,920)	(3,032)	(3,383)
Net trade receivables	41,128	52,174	38,873	43,439
Average net trade receivables	40,628	46,651	45,524	41,156
Revenue	122,507	193,372	234,429	122,228
Trade receivables turnover period (days)	121	88	71	82

Notes:

* *Net trade receivables as at 1 January 2020 was RM40.128 million.*

(1) *The Group use simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develop the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses.*

We mainly deal with our customers on credit terms. The normal payment terms that we grant our customers include cash terms, or credit terms ranging from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Our average trade receivables turnover period decreased from 121 days for FYE 2020 to 88 days for FYE 2021. This was mainly contributed by improved collections from customers during the year, including from customers whose businesses were affected by the COVID-19 pandemic during FYE 2020. Although the closing balance of trade receivables for some of these customers was higher as at 31 December 2021 compared to 31 December 2020, revenue from these customers increased by proportionally more.

Our trade receivables turnover period decreased from 88 days for FYE 2021 to 71 days for FYE 2022. This was mainly contributed by better collections from a customer in Korea and the Philippines, and decreased balance from a customer in the Philippines.

Our trade receivables turnover period increased from 71 days for FYE 2022 to 82 days for FPE 2023. This was mainly due to a decrease in revenue by 28.13% in FPE 2023 while our net trade receivables balance as at 31 August 2023 had increased by RM4.57 million compared to 31 December 2022 mainly due to higher trade receivables balance from 1 major customer following an increase in revenue and slower collections, as well as contribution to our trade receivable balance from 1 new customer that commenced in FPE 2023, which resulted in the increase in trade receivables turnover period.

The ageing analysis of our trade receivables as at 31 August 2023 and the subsequent collections up to the LPD are set out below:

	Within credit period	Exceed credit period (past due days)			Total
		1 – 90	91 - 180	Over 181	
Net trade receivables as at 31 August 2023 (RM'000)	22,625	18,216	1,979	619	43,439
Proportion of total trade receivables (%)	*52.08*	*41.94*	*4.56*	*1.42*	*100.00*
Subsequent collections as at LPD (RM'000)	18,175	13,629	997	849	33,650
Net trade receivables after subsequent collections (RM'000)	4,450	4,587	982	(230)	9,789
Proportion of trade receivables after subsequent collections (%)	*45.46*	*46.86*	*10.03*	*(2.35)*	*100.00*

As at the LPD, RM33.65 million or 77.46% of the total net trade receivables as at 31 August 2023 has been subsequently collected. Of the remaining outstanding amount, RM4.45 million (45.46%) fell within the credit period and RM5.34 million (54.54%) had exceeded the credit period. The outstanding receivables that exceeded credit period was mainly the past due amount from two of our major customers.

For one of our major customers, our Group had entered into a settlement plan with one of its entities, whereby the payment for the past due amounts will be made in accordance to the payment schedule. This resulted in our Group's delay in collection for such past due amounts. As at the LPD, the said major customer has made payments in accordance with the schedule. In respect of the receivable balance as at 31 August 2023, the remaining outstanding balance that is owed by the said entity as at the LPD was RM6.28 million, out of which RM2.75 million has exceeded the credit period.

The other major customer underwent a one-off change in its payment process in FYE 2022, which requires a longer processing time to review invoices issued by our Group and other suppliers. As such, there had been delays in payment for the past due amounts to our Group. As at the LPD, we have subsequently collected RM0.46 million from the said customer.

Aside from the above, in FPE 2023, we provided allowances for impairment loss / bad debts written off including the following:

(i) specific allowance for impairment of RM0.57 million, representing all of the outstanding trade receivables of an airline customer in Malaysia, in relation to the sudden announcement of business suspension by the said airline customer in Malaysia; and

(ii) bad debts written off amounting to RM0.31 million due to slower payments on certain overdue outstanding balances owed to our Group from one of our major customers. In FPE 2023, we have written off some of the overdue long outstanding balances, which included outstanding balances since 2018, after attempts were made to collect these balances over the years without any firm commitment from the said major customer to settle these balances.

As at the LPD, the total trade receivable balances which exceeded credit period from this major customer amounted to RM18.95 million, whereby approximately RM14.43 million relates to receivable balances arising from revenue from 1 September 2023 and up to the LPD. The remaining of approximately RM4.52 million relates to the receivable balance as at 31 August 2023, whereby an amount of approximately

RM2.75 million will be paid in accordance to the payment schedule of the settlement plan as set out in this section above with one of the entities of this major customer. The remaining balance of RM1.77 million relates to other entities of this major customer.

(b) Trade payables

Trade Payables	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Trade payables	12,525	23,170	15,143	13,776
Average trade payables	11,424*	17,848	19,157	14,460
Cost of sales	87,245	152,249	184,008	82,414
Trade payables turnover period (days)	48	43	38	43

Note:
* *Trade payables as at 1 January 2020 was RM10.322 million.*

The normal terms granted to us by our creditors are cash term and from 60 to 90 days credit. Our trade payables turnover period for the Financial Years and Period Under Review were generally within the credit period granted to us by our suppliers.

Our trade payables turnover period decreased from 48 days for FYE 2020 to 43 days for FYE 2021, and to 38 days for FYE 2022. As we had more prompt collections from customers during FYE 2021 and FYE 2022 as reflected in the decreases in trade receivables turnover period, there was also a decrease in trade payables turnover period for the corresponding financial years.

Our trade payables turnover period increased from 38 days for FYE 2022 to 43 days for FPE 2023, mainly attributed to lower cost of sales arising from the decrease in revenue in FPE 2023 due to lower sea and air freight forwarding services rendered. As we had slower payments from our customers as reflected in the increase in trade receivables turnover period, there was also an increase in our trade payables turnover period for FPE 2023.

The ageing analysis of our trade payables as at 31 August 2023 and the subsequent payments up to the LPD are set out as below:

	Within credit period	Exceed credit period (past due days)			Total
		1 – 90	91 - 180	Over 181	
Trade payables as at 31 August 2023 (RM'000)	3,593	6,907	2,471	805	13,776
Proportion of total trade payables (%)	*26.08*	*50.14*	*17.94*	*5.84*	*100.00*
Subsequent payment as at the LPD (RM'000)	2,892	6,661	2,301	167	12,021
Trade payables after subsequent payment as at LPD (RM'000)	701	246	170	638	1,755
Proportion of trade payables after subsequent payment as at LPD (%)	*39.94*	*14.02*	*9.69*	*36.35*	*100.00*

As at the LPD, RM12.02 million or 87.26% of the total trade payables as at 31 August 2023 has been subsequently paid. Of the remaining outstanding amount RM0.70 million (39.94%) fell within the credit period, while the remaining RM1.05 million (60.06%) had exceeded the credit period. The outstanding payments that exceeded credit period was mainly the past due amount to one of our suppliers in the Philippines.

One of the suppliers above was the general sales agent for our services provided to one of our major customer which we have entered into a settlement plan with as set out above. In view of the settlement plan entered by our Group with this major customer, we have also entered into a settlement plan with this supplier in accordance to the same payment schedule as part of our Group's effort to manage our working capital.

As at LPD, there were no disputes in respect of our total outstanding trade payables and no legal action has been initiated by our suppliers to demand for payment from us.

(c) Current ratio

Current Ratio	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'0000
Current assets	61,402	77,908	72,965	71,523
Current liabilities	61,236	45,571	38,060	32,218
Current ratio (times)	1.00	1.71	1.92	2.22

Our current ratio increased from 1.00 times as at 31 December 2020 to 1.71 times as at 31 December 2021. This was mainly attributed to the settlement of the amount owing to AGX BVI for the acquisition of subsidiaries by the issuance of new AGB Shares in FYE 2021 pursuant to our Pre-IPO Internal Re-organisation Acquisitions as set out in Section 6.6.1 of this Prospectus, following which the amount owing to related parties decreased by RM26.48 million to nil as at 31 December 2021.

Our current ratio increased from 1.71 times as at 31 December 2021 to 1.92 times as at 31 December 2022. This was contributed by decrease in trade payables by RM8.03 million as the Group paid suppliers after receiving more prompt collections from the respective customers. In addition, the outstanding term loans under current liabilities decreased by RM1.92 million following the repayments on term loans.

Our current ratio increased from 1.92 times as at 31 December 2022 to 2.22 times as at 31 August 2023. This was contributed by a decrease in other payables and accruals by RM4.76 million mainly attributed to settlement of dividend payable to shareholders amounting to RM3.60 million, and decrease in accruals of costs of sales by our Malaysia and Philippines operations. Our trade receivables increased by RM4.57 million due to slower collection from customers.

(d) Gearing ratio

Gearing Ratio	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
Total bank borrowings	17,865	13,784	9,591	8,147
Total equity	5,292	36,779	44,033	52,111
Gearing ratio (times)	3.38	0.37	0.22	0.16

Our gearing ratio decreased from 3.38 times as at 31 December 2020 to 0.37 times as at 31 December 2021. This was mainly attributed to increase in share capital by RM27.12 million following the issuance of new AGB Shares in FYE 2021 pursuant to our Pre-IPO Internal Re-organisation Acquisitions as set out in Section 6.6.1 of this Prospectus. In addition, our total bank borrowings decreased by RM4.08 million as we funded more of our working capital requirements in FYE 2021 from internally generated funds as collections from customers improved.

Our gearing ratio decreased from 0.37 times as at 31 December 2021 to 0.22 times as at 31 December 2022. This was mainly due to increase in total equity by RM7.25 million from higher retained profits. In addition, our total bank borrowings decreased by RM4.19 million as we funded more of our working capital requirements in FYE 2022 from internally generated funds as collections from customers improved further.

Our gearing ratio decreased from 0.22 times as at 31 December 2022 to 0.16 times as at 31 August 2023. This was mainly due to increase in total equity by RM8.08 million from higher retained profits. In addition, our total bank borrowings decreased by RM1.44 million mainly due to the repayment of term loans during FPE 2023.

12.7 TREND INFORMATION

As at the LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, saved as disclosed in this section and Sections 7 and 8 of this Prospectus;

(ii) material commitments for capital expenditure;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and Sections 7 and 8 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save as disclosed in this section and Sections 7, 8 and 9 of this Prospectus; and

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical consolidated financial statements not indicative of the future financial performance and position, save as disclosed in this Section and Sections 7 and 8 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 9 of this Prospectus that may affect our future financial condition and results of operations.

Our Board is optimistic about the future prospects of our Group after taking into account the overview of the logistics industry in Malaysia as well as the foreign countries where we have operations as set out in Section 8 of this Prospectus, our competitive advantages and key strengths as set out in Section 7.4 of this Prospectus and our business strategies as set out in Section 7.21 of this Prospectus.

12.8 ORDER BOOK

Order book is not relevant to our Group. All of the sea and air freight forwarding, aerospace logistics and road freight transportation services that we provide are based on confirmed bookings or requests for transportation, which are for discrete jobs involving the transportation of goods from one location to another. All of our warehousing and other 3PL services are based on service contracts or fixed term contracts, to which order book is not relevant.

12.9 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowe.my

Date: 02 JAN 2024

The Board of Directors
AGX Group Berhad
Unit 1A-C and Unit 2A-C, 2nd Floor
Jalan USJ 10/1A
Pusat Perniagaan USJ 10
47610 UEP Subang Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs

AGX GROUP BERHAD ("AGB" or the "Company")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of AGB and its subsidiaries (collectively known as the "Group") as at 31 August 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of AGB for the inclusion in the Prospectus in connection with the listing of the Group on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Group have compiled the Pro Forma Statements of Financial Position are set out in the notes thereon to the Pro Forma Consolidated Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with the requirement of Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysia Institute of Accountants ("Guidance Note").

The Pro Forma Consolidated Financial Position has been compiled by the Board of Directors of the Group to illustrate the impact of the transactions as set out in notes thereon to the Pro Forma Consolidated Financial Position as if the transactions have been undertaken on 31 August 2023. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of AGB from the audited consolidated financial statements as at 31 August 2023.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Group is solely responsible for compiling the Pro Forma Statements Financial Position as set out in the notes thereon to the Pro Forma Consolidated Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Group on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Group has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirement of Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

Crowe

REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Prospectus of AGX Group Berhad in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Chan Kuan Chee
02271/10/2025 J
Chartered Accountant

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	Note	Audited As at 31 August 2023 RM	Adjustment for Subsequent Event RM	Pro Forma I After the Adjustment for Subsequent Event RM	Public Issue and Share Split RM	Pro Forma II After Pro Forma I and Public Issue and Share Split RM	Utilisation of IPO proceeds RM	Pro Forma III After Pro Forma I and II and Utilisation of IPO proceeds RM
ASSETS								
NON-CURRENT ASSETS								
Investment in associates		4,411,427		4,411,427		4,411,427		4,411,427
Equipment		3,843,785		3,843,785		3,843,785		3,843,785
Right-of-use assets		10,033,670		10,033,670		10,033,670		10,033,670
Intangible assets		1,198,943		1,198,943		1,198,943		1,198,943
		19,487,825		19,487,825		19,487,825		19,487,825
CURRENT ASSETS								
Trade receivables		43,438,704		43,438,704		43,438,704		43,438,704
Other receivables, deposits and prepayments		12,672,228		12,672,228		12,672,228		12,672,228
Contract assets		3,781,362		3,781,362		3,781,362		3,781,362
Amount owing by associates		44,903		44,903		44,903		44,903
Amount owing by related parties		1,675		1,675		1,675		1,675
Fixed deposits with licensed banks		1,059,939		1,059,939		1,059,939		1,059,939
Cash and bank balances	6(a)	10,404,751	(3,000,000)	7,404,751	33,775,000	41,179,751	(8,547,000)	32,632,751
Tax recoverable		118,982		118,982		118,982		118,982
		71,522,544		68,522,544		102,297,544		93,750,544
TOTAL ASSETS		91,010,369		88,010,369		121,785,369		113,238,369

* - Extracted from the Group's audited consolidated financial statements as of 31 August 2023.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

	Note	Audited As at 31 August 2023 RM	Adjustment for Subsequent Event RM	Pro Forma I After the Adjustment for Subsequent Event RM	Public Issue and Share Split RM	Pro Forma II After Pro Forma I and Public Issue and Share Split RM	Utilisation of IPO proceeds RM	Pro Forma III After Pro Forma I and II and Utilisation of IPO proceeds RM
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6(b)	27,120,124		27,120,124	33,775,000	60,895,124	(990,000)	59,905,124
Retained profits	6(c)	24,471,764	(3,000,000)	21,471,764		21,471,764	(3,510,000)	17,961,764
Reserves		389,829		389,829		389,829		389,829
Equity attributable to owners of the Company		51,981,717		48,981,717		82,756,717		78,256,717
Non-controlling interests		129,049		129,049		129,049		129,049
TOTAL EQUITY		52,110,766		49,110,766		82,885,766		78,385,766
LIABILITIES								
NON-CURRENT LIABILITIES								
Deferred tax liabilities		58,568		58,568		58,568		58,568
Lease liabilities		5,293,336		5,293,336		5,293,336		5,293,336
Provisions		1,330,178		1,330,178		1,330,178		1,330,178
		6,682,082		6,682,082		6,682,082		6,682,082

* - Extracted from the Group's audited consolidated financial statements as of 31 August 2023.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

	Note	Audited As at 31 August 2023 RM	Adjustment for Subsequent Event RM	Pro Forma I After the Adjustment for Subsequent Event RM	Public Issue and Share Split RM	Pro Forma II After Pro Forma I and Public Issue and Share Split RM	Utilisation of IPO proceeds RM	Pro Forma III After Pro Forma I and II and Utilisation of IPO proceeds RM
CURRENT LIABILITIES								
Trade payables		13,776,088		13,776,088		13,776,088		13,776,088
Other payables and accruals		5,394,574		5,394,574		5,394,574		5,394,574
Amount owing to an associate		19,964		19,964		19,964		19,964
Lease liabilities		4,748,150		4,748,150		4,748,150		4,748,150
Term loans	6(d)	7,033,593		7,033,593		7,033,593	(4,047,000)	2,986,593
Invoice financing		568,239		568,239		568,239		568,239
Current tax liabilities		676,913		676,913		676,913		676,913
		32,217,521		32,217,521		32,217,521		28,170,521
TOTAL LIABILITIES		38,899,603		38,899,603		38,899,603		34,852,603
TOTAL EQUITY AND LIABILITIES		91,010,369		88,010,369		121,785,369		113,238,369
Equity attributable to owners of the Company (RM)		51,981,717		48,981,717		82,756,717		78,256,717
Number of ordinary shares assumed in issue		269,092,900		269,092,900		432,866,125		432,866,125
NA per Share (RM) / Total equity attributable to owners of the Company per share		0.19		0.18		0.19		0.18

* - Extracted from the Group's audited consolidated financial statements as of 31 August 2023.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023

1. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 August 2023 together with the notes thereon, for which the Board of Directors of the Group are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

2. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of the Group is prepared based on the audited consolidated financial statements of the Group as at 31 August 2023 which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, has been prepared solely for illustrative purpose only to show the effects of the transactions as disclosed in Note 5 to the Pro Forma Statements of Financial Position of the Group as at 31 August 2023 had the transactions been affected on 31 August 2023. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited consolidated financial statements of the Group for the financial period ended 31 August 2023, on which an audit report has been issued.

The financial statements used in the preparation of this Consolidated Statements of Financial Position for the period ended 31 August 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Statement of Financial Position is not necessarily indicative of the financial position that would have been attained had the listing actually occurred at the respective dates. The Pro Forma Statement of Financial Position has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.

3. MATERIAL SUBSEQUENT EVENT OCCURING AFTER 31 AUGUST 2023

Dividends Declared

On 31 October 2023, the Board of Directors declared a single-tier interim of RM0.011 per ordinary share amounting to RM3,000,000 for the financial year ending 31 December 2023 to shareholders whose names appeared in the record of depositors on 30 September 2023.

The dividend is illustrated in the Pro Forma in accordance with Paragraph 9.20 of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

4. LISTING SCHEME

In conjunction with, and as an integral part of the Initial Public Offering ("IPO"), the Company undertook the following:-

(i) Share Split

The Company has carried out a subdivision of all the existing 269,092,900 AGB Shares into 336,366,125 AGB Shares (i.e., subdivision of every 4 existing Share into 5 subdivided Shares) ("Share Split").

No impact will be illustrated in the below Pro Forma Consolidated Financial Statements as the Share Split does not have any impact to the Pro Forma Consolidated Financial Statements.

(ii) Public Issue and Offer for Sale

Concurrent with the Listing, the Company will undertake an IPO comprising a public issue of 96,500,000 new Shares ("Public Issue"), representing approximately 22.29% of the Company's enlarged issued share capital upon Listing and offer for sale of 30,000,000 existing Shares ("Offer for Sale"), representing approximately 6.93% of the Company's enlarged issued share capital will be offered for sale.

(iii) Listing

Upon completion of the IPO, the Company's entire enlarged issued share capital of 432,866,125 Shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

5. PRO FORMA ADJUSTMENT TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

(i) Pro Forma I

Pro Forma I incorporates the effects of the Material Subsequent Event as set out in Note 3 above.

(ii) Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of the Share Split, the Public Issue and the Offer for Sale as set out in Notes 4(i) and 4(ii).

(iii) Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and the effects of the utilisation of proceeds from IPO.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

5. PRO FORMA ADJUSTMENT TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

(iii) Pro Forma III (Cont'd)

Based on the prospectus, the proceeds from the Public Issue will be utilised as follows:-

Purpose	RM	% of proposed utilisation	Estimated time frame for utilisation (from listing date)
Business expansion#	8,700,000	25.8	Within 12 months
Repayment of bank borrowings*	4,953,000	14.7	Within 3 months
Working capital	15,622,000	46.2	Within 24 months
Estimated listing expenses^	4,500,000	13.3	Within 3 months
	33,775,000	100.0	

The proceeds from the Public Issue as stated in the prospectus in relation to the IPO, will be utilised as follows:-

\# As at the latest practicable date of the prospectus of 22 December 2023, the Group has yet to enter into any contractual binding agreement or purchase agreements for its intended business expansion. Accordingly, the use of IPO proceeds of RM8,700,000 earmarked for business expansion is not reflected in the Pro Forma Consolidated Statements of Financial Position and has remained as cash and bank balances.

* Based on the prospectus, the IPO proceeds earmarked for the repayment of bank borrowings will be used for the partial repayment of the outstanding balance of revolving promissory note line of the Group. In the event such amounts have been reduced after the Listing, any excess proceeds after the repayment of bank borrowings shall be used for the Group's working capital purposes. Conversely, any deficit proceeds shall be funded from the proceeds allocated for working capital purposes.

As at 31 August 2023, the aggregate outstanding balance of the aforesaid facilities amounted to RM4,047,000 and as such, this has been adopted for illustration in this Pro Forma.

^ The estimated listing expenses comprise the following:

	RM
Professional fees	3,330,000
Fees to authorities	80,000
Brokerage, underwriting and placement fees	640,000
Other fees and expenses such as printing, advertising, travel and road show expenses incurred in connection with the Public Issue	450,000
	4,500,000

The estimated listing expenses of RM990,000 directly attributable to the Public Issue will be set-off against share capital and the remaining estimated listing expenses of RM3,510,000 will be charged out to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENT OF FINANCIAL POSITION

a) Movement in cash and bank balances

	RM
Balance as at 31 August 2023	10,404,751
Dividends declared and paid	(3,000,000)
As per Pro Forma I	7,404,751
Effects of Pro Forma II:-	
Proceeds from the IPO	33,775,000
As per Pro Forma II	41,179,751
Effects of Pro Forma III:-	
- Utilisation of proceeds from the IPO	
(i) Estimated listing expenses	(4,500,000)
(ii) Repayment of bank borrowings	(4,047,000)
As per Pro Forma III	32,632,751

b) Movement in share capital

	Number of Ordinary Shares	Amount RM
Balance as at 31 August 2023/Pro Forma I	269,092,900	27,120,124
Effects of Pro Forma II:-		
- Pursuant to Share Split	67,273,225	-
- Pursuant to Public Issue	96,500,000	33,775,000
As per Pro Forma II	432,866,125	60,895,124
Effects of Pro Forma III:-		
- Utilisation of proceeds from IPO		
(i) Estimated listing expenses	-	(990,000)
As per Pro Forma III	432,866,125	59,905,124

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Appendix A

AGX GROUP BERHAD

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA STATEMENT OF FINANCIAL POSITION (CONT'D)

c) Movement in retained profits

	RM
Balance as at 31 August 2023	24,471,764
Effects of Pro Forma I:-	
Dividends declared and paid	(3,000,000)
As per Pro Forma I/Pro Forma II	21,471,764
Effects of Pro Forma III:-	
- Pursuant to Utilisation of proceeds from IPO	
(i) Estimated listing expenses	(3,510,000)
As per Pro Forma III	17,961,764

d) Movement in term loans

	RM
Balance as at 31 August 2023/Pro Forma I/Pro Forma II	7,033,593
Effects of Pro Forma III:-	
- Utilisation of proceeds from IPO	
(i) Repayment of bank borrowings	
- Current liabilities	(4,047,000)
As per Pro Forma III	2,986,593

For Identification Only
Crowe
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

AGX GROUP BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of AGX Group Berhad in accordance with a resolution dated 0 2 JAN 2024

On behalf of the Board of Directors,

Dato' Ponnudorai A/L Periasamy

Jayasielan A/L Gopal

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C, Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowe.my

0 2 JAN 2024

The Board of Directors
AGX Group Berhad
Unit 1A-C and Unit 2A-C, 2nd Floor,
Jalan USJ 10/1A,
Pusat Perniagaan USJ 10,
47610 UEP Subang Jaya,
Selangor Darul Ehsan,
Malaysia.

Dear Sirs/Madam

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF AGX GROUP BERHAD ("AGB")

OPINION

We have audited the financial information contained in the Accountants' Report of AGX Group Berhad ("AGB") and its subsidiaries (collectively known as the "Group"), which comprise the consolidated statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022, and 31 August 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended ("FYE") 31 December 2020, 31 December 2021, and 31 December 2022 and for the financial period ended ("FPE") 31 August 2023 and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 4 to 138.

The historical financial information has been prepared for inclusion in the prospectus of AGB in connection with the initial public offering and listing of and quotation for the entire enlarged share capital of AGB on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10.02, 10.03 and 10.04 of the Prospectus Guidelines and for no other purpose.

In our opinion, the accompanying financial information gives a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022, and 31 August 2023 and of its financial performance and cash flows for the FYE 31 December 2020, 31 December 2021, 31 December 2022, and for the FPE 31 August 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

BASIS OF OPINION

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

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Crowe

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The directors of the Group ("Directors") are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Crowe

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information 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.

OTHER MATTERS

The comparative information in respect of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows and notes to the financial statements of the Group for the 8-months financial period ended 31 August 2022 has not been audited.

RESTRICTION ON DISTRIBUTION AND USE

This report has been prepared for inclusion in the Prospectus of AGB in connection with the Listing of and quotation for the entire issued share capital of AGB on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Chan Kuan Chee
02271/10/2025 J
Chartered Accountant

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**Audited 31.12.2020** RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
ASSETS					
NON-CURRENT ASSETS					
Investment in associates	5	312,131	372,911	2,349,175	4,411,427
Equipment	6	2,631,654	2,063,215	3,318,320	3,843,785
Right-of-use assets	7	5,615,275	8,631,291	6,923,653	10,033,670
Intangible assets	8	784,322	1,438,364	1,274,430	1,198,943
Deferred tax assets	9	615,583	175,480	-	-
Trade receivables	10	-	5,163	-	-
Other receivables	11	81,777	-	-	-
		10,040,742	12,686,424	13,865,578	19,487,825
CURRENT ASSETS					
Trade receivables	10	41,128,157	52,168,708	38,872,786	43,438,704
Other receivables, deposits and prepayments	11	11,839,065	11,262,827	10,550,935	12,672,228
Contract assets	12	1,744,724	4,610,721	4,973,791	3,781,362
Amount owing by associates	13	12,041	4,401	3,940,539	44,903
Amount owing by related parties	14	-	21,000	3,596	1,675
Fixed deposits with licensed banks	15	1,157,042	1,182,458	1,205,365	1,059,939
Cash and bank balances		5,521,392	8,657,492	13,134,468	10,404,751
Tax recoverable		-	-	283,278	118,982
		61,402,421	77,907,607	72,964,758	71,522,544
TOTAL ASSETS		71,443,163	90,594,031	86,830,336	91,010,369

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	**Audited 31.12.2020** RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16(a)	10	27,120,054	27,120,124	27,120,124
Invested capital	16(b)	-	-	-	-
Retained profits	17	4,645,077	9,384,762	17,025,198	24,471,764
Reserves	18	645,639	273,593	(113,198)	389,829
Equity attributable to owners of the Company		5,290,726	36,778,409	44,032,124	51,981,717
Non-controlling interests		875	950	1,022	129,049
TOTAL EQUITY		5,291,601	36,779,359	44,033,146	52,110,766
NON-CURRENT LIABILITIES					
Deferred tax liabilities	9	-	-	261,134	58,568
Lease liabilities	19	2,989,834	5,938,340	2,999,652	5,293,336
Term loans	20	1,150,182	1,297,077	512,639	-
Provisions	21	774,779	1,008,825	963,347	1,330,178
		4,914,795	8,244,242	4,736,772	6,682,082

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
CURRENT LIABILITIES					
Trade payables	22	12,525,309	23,169,614	15,142,993	13,776,088
Contract liabilities	12	-	13,124	-	-
Other payables and accruals	23	3,232,709	6,842,190	10,157,032	5,394,574
Amount owing to associate	13	7,950	-	2,656	19,964
Amount owing to related parties	14	26,478,842	-	-	-
Lease liabilities	19	3,374,357	3,227,760	3,853,832	4,748,150
Terms loans	20	12,589,145	9,742,167	7,821,427	7,033,593
Invoice financing	24	252,354	908,818	615,294	568,239
Bank overdrafts	25	2,544,906	1,013,119	116,538	-
Current tax liabilities		146,086	653,638	350,646	676,913
Provisions	21	85,109	-	-	-
		61,236,767	45,570,430	38,060,418	32,217,521
TOTAL LIABILITIES		66,151,562	53,814,672	42,797,190	38,899,603
TOTAL EQUITY AND LIABILITIES		71,443,163	90,594,031	86,830,336	91,010,369

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**Audited 1.1.2020 to 31.12.2020** RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
REVENUE	26	122,507,355	193,371,857	234,428,619	170,057,711	122,227,772
COST OF SALES		(87,245,458)	(152,248,895)	(184,008,197)	(134,692,325)	(82,413,835)
GROSS PROFIT		35,261,897	41,122,962	50,420,422	35,365,386	39,813,937
OTHER INCOME		1,916,164	1,463,154	1,114,477	880,431	2,544,282
		37,178,061	42,586,116	51,534,899	36,245,817	42,358,219
ADMINISTRATIVE EXPENSES		(27,951,952)	(27,231,995)	(33,538,369)	(21,401,824)	(25,960,748)
OTHER EXPENSES		(6,290,483)	(6,533,472)	(5,480,683)	(5,770,665)	(7,218,465)
FINANCE COSTS		(1,547,238)	(1,464,917)	(1,264,348)	(902,227)	(879,034)
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		4,848	60,780	5,535,932	2,875,093	2,062,252
PROFIT BEFORE TAXATION	27	1,393,236	7,416,512	16,787,431	11,046,194	10,362,224
INCOME TAX EXPENSE	28	(833,722)	(1,476,752)	(3,246,865)	(2,405,401)	(2,916,063)
PROFIT AFTER TAXATION		559,514	5,939,760	13,540,566	8,640,793	7,446,161

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTD)

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences	596,617	(326,289)	(471,242)	(801,976)	481,459
Remeasurement of retirement liability	(174,779)	(45,757)	84,363	-	-
	421,838	(372,046)	(386,879)	(801,976)	481,459
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD	981,352	5,567,714	13,153,687	7,838,817	7,927,620

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Unaudited 1.1.2022 to 31.8.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-						
Owners of the Company		559,465	5,939,685	13,540,436	8,640,700	7,446,566
Non-controlling interests		49	75	130	93	(405)
		559,514	5,939,760	13,540,566	8,640,793	7,446,161
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-						
Owners of the Company		981,303	5,567,639	13,153,645	7,838,724	7,949,593
Non-controlling interests		49	75	42	93	(21,973)
		981,352	5,567,714	13,153,687	7,838,817	7,927,620
EARNINGS PER SHARE (SEN)						
Basic:						
- continuing operations	29	0.13	1.37	3.13	2.00	1.72
- discontinued operations	29	-	-	-	-	-

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital RM	Invested Capital RM	Foreign Exchange Translation Reserve RM	Remeasurement of Retirement Liability RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1 January 2020		10	3,496,658	318,252	(94,451)	26,205,125	29,925,594	810	29,926,404
Profit after taxation for the financial year		-	-	-	-	559,465	559,465	49	559,514
Other comprehensive income/(expenses) for the financial year									
- Foreign exchange translation differences		-	-	596,617	-	-	596,617	-	596,617
- Remeasurement of retirement liability		-	-	-	(174,779)	-	(174,779)	-	(174,779)
Total comprehensive income/(expenses) for the financial year		-	-	596,617	(174,779)	559,465	981,303	49	981,352
Contributions by and distributions to owners of the Company:									
- Adjustment and merger deficit arising on the acquisition of subsidiaries	16(b)	-	(3,496,658)	-	-	(22,119,513)	(25,616,171)	16	(25,616,155)
Balance at 31 December 2020		10	-	914,869	(269,230)	4,645,077	5,290,726	875	5,291,601

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Remeasurement of Retirement Liability RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1 January 2021		10	914,869	(269,230)	4,645,077	5,290,726	875	5,291,601
Profit after taxation for the financial year		-	-	-	5,939,685	5,939,685	75	5,939,760
Other comprehensive income/(expenses) for the financial year								
- Foreign exchange translation differences		-	(326,289)	-	-	(326,289)	-	(326,289)
- Remeasurement of retirement liability		-	-	(45,757)	-	(45,757)	-	(45,757)
Total comprehensive income/(expenses) for the financial year		-	(326,289)	(45,757)	5,939,685	5,567,639	75	5,567,714
Contributions by and distributions to owners of the Company:								
- Issuance of new shares	16(a)	27,120,044	-	-	-	27,120,044	-	27,120,044
- Dividends	30	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
		27,120,044	-	-	(1,200,000)	25,920,044	-	25,920,044
Balance at 31 December 2021		27,120,054	588,580	(314,987)	9,384,762	36,778,409	950	36,779,359

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	**Share Capital** RM	**Foreign Exchange Translation Reserve** RM	**Remeasurement of Retirement Liability** RM	**Retained Profits** RM	**Attributable to Owners of the Company** RM	**Non-Controlling Interests** RM	**Total Equity** RM
Balance at 1 January 2022		27,120,054	588,580	(314,987)	9,384,762	36,778,409	950	36,779,359
Profit after taxation for the financial year		-	-	-	13,540,436	13,540,436	130	13,540,566
Other comprehensive income/(expenses) for the financial year								
- Foreign exchange translation differences		-	(471,154)	-	-	(471,154)	(88)	(471,242)
- Remeasurement of retirement liability		-	-	84,363	-	84,363	-	84,363
Total comprehensive income/(expenses) for the financial year		-	(471,154)	84,363	13,540,436	13,153,645	42	13,153,687
Contributions by and distributions to owners of the Company:								
- Issuance of new shares	16(a)	70	-	-	-	70	-	70
- Incorporation of subsidiary with non-controlling interests		-	-	-	-	-	30	30
- Dividends	30	-	-	-	(5,900,000)	(5,900,000)	-	(5,900,000)
		70	-	-	(5,900,000)	(5,899,930)	30	(5,899,900)
Balance at 31 December 2022		27,120,124	117,426	(230,624)	17,025,198	44,032,124	1,022	44,033,146

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share Capital RM	Foreign Exchange Translation Reserve RM	Remeasurement of Retirement Liability RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1 January 2023	27,120,124	117,426	(230,624)	17,025,198	44,032,124	1,022	44,033,146
Profit after taxation for the financial period	-	-	-	7,446,566	7,446,566	(405)	7,446,161
Other comprehensive income/(expenses) for the financial period							
- Foreign exchange translation differences	-	510,405	(7,378)	-	503,027	(21,568)	481,459
Total comprehensive income/(expenses) for the financial period	-	510,405	(7,378)	7,446,566	7,949,593	(21,973)	7,927,620
Issuance of shares to non-controlling interests in a subsidiary	-	-	-	-	-	150,000	150,000
Balance at 31 August 2023	27,120,124	627,831	(238,002)	24,471,764	51,981,717	129,049	52,110,766

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	1,393,236	7,416,512	16,787,431	11,046,194	10,362,224
Adjustments for:					
Amortisation of intangible asset	2,593	12,882	141,047	94,717	94,659
Bad debts written off	-	359,951	51,448	-	304,802
Covid-19-related rent concessions	(7,060)	-	-	-	-
Depreciation of equipment	1,029,638	907,498	1,015,864	683,834	837,337
Depreciation of right-of-use assets	3,985,922	3,742,766	4,429,331	2,985,206	3,333,639
Equipment written off	29,360	-	14,225	-	-
Impairment losses:					
- trade receivables	1,519,157	2,299,284	4,668,874	1,335,581	1,969,226
- other receivables	207,664	128,124	17,337	219,239	244,717
Loss/(Gain) on modification of leases	8,607	(4,268)	(84,250)	(2,625)	(50,765)
Retirement expenses	155,097	203,857	224,379	177,137	366,831
Unrealised loss/(gain) on foreign exchange	-	-	325,464	(159,418)	146,033
Reversal of impairment losses:					
- trade receivables	-	(90,441)	(4,353,614)	-	(1,690,487)
- other receivables	(18,541)	-	(147,977)	-	(90,810)
Share of net profits of equity accounted associate	(4,848)	(60,780)	(5,535,932)	(2,875,093)	(2,062,252)
(Gain)/Loss on disposal of equipment	(44,514)	(129,302)	5,179	-	(3,566)
Interest expenses	1,035,608	891,871	808,233	565,283	502,158
Interest expenses on lease liabilities	511,630	573,046	456,115	336,944	376,876
Interest income	(54,018)	(67,109)	(89,613)	(18,573)	(18,106)
Operating profit before working capital changes	9,749,531	16,183,891	18,733,541	14,388,426	14,622,516

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Unaudited 1.1.2022 to 31.8.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
(Increase)/Decrease in trade and other receivables		(6,441,925)	(13,105,617)	13,776,909	3,785,409	(7,424,659)
(Increase)/Decrease in contract assets		(594,116)	(2,865,997)	(363,070)	1,382,026	1,192,429
Increase/(Decrease) in trade and other payables		1,868,207	14,402,723	(9,473,257)	(8,007,293)	(2,529,363)
Increase/(Decrease) in contract liabilities		-	13,124	(13,124)	(13,124)	-
(Increase)/Decrease in amount owing by associates		-	(2,673)	414	(105,108)	(39,388)
Increase/(Decrease) in amount owing to associates		3,546	(7,950)	2,656	1,390	17,308
(Increase)/Decrease in amount owing by related parties		-	(6,472)	17,404	21,000	1,921
Cash from operations		4,585,243	14,611,029	22,681,473	11,452,726	5,840,764
Interest paid		(189,300)	(201,714)	(84,549)	(66,974)	(4,945)
Interest received		54,018	67,109	89,613	18,573	18,106
Income tax paid		(2,421,236)	(332,397)	(3,390,516)	(493,759)	(2,739,109)
Income tax refunded		-	-	-	-	95,753
NET CASH FROM OPERATING ACTIVITIES		2,028,725	14,144,027	19,296,021	10,910,566	3,210,569
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES						
Acquisition of associates		-	-	(372,145)	(93,318)	-
Addition to right-of-use assets	31(a)	(51,998)	(105,993)	(136,046)	(190,339)	(151,318)
Changes in amount due from associates		250	10,313	(107,125)	-	3,935,024
Proceeds from disposal of equipment		177,807	342,155	24,702	-	7,999
Purchase of intangible asset		(129,826)	(687,000)	-	-	-
Purchase of equipment	31(a)	(960,091)	(547,685)	(2,317,973)	(2,100,501)	(1,011,145)
Repayment from related parties		10,177	-	-	-	-
(Additions)/Withdrawal of fixed deposits with tenure more than 3 months		(30,283)	(24,186)	(17,695)	(17,695)	149,175
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(983,964)	(1,012,396)	(2,926,282)	(2,401,853)	2,929,735

AGX GROUP BERHAD

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	**Audited 1.1.2020 to 31.12.2020** RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
CASH FLOWS FOR FINANCING ACTIVITIES						
Advances from/(Repayment to) related parties		15,430	(531,099)	-	-	-
Dividend paid	30	-	(177,302)	(1,184,000)	(1,184,000)	(3,600,000)
Drawdown of invoice financing	31(b)	1,589,950	4,728,234	6,642,268	5,030,174	3,725,929
Drawdown of term loans	31(b)	16,176,874	38,022,789	31,525,553	30,403,372	-
Interest paid	31(b)	(1,357,938)	(1,263,203)	(1,179,799)	(835,253)	(874,089)
Proceeds from issuance of ordinary shares		-	-	70	70	-
Proceeds from issuance of shares to non-controlling interest in a subsidiary		-	-	30	-	150,000
Repayment of invoice financing	31(b)	(1,337,596)	(4,071,770)	(6,935,792)	(5,251,373)	(3,772,984)
Repayment of lease liabilities	31(b)	(3,728,174)	(3,951,224)	(4,911,034)	(3,273,613)	(3,295,005)
Repayment of term loans	31(b)	(16,056,111)	(40,402,997)	(33,907,337)	(32,517,044)	(1,541,286)
NET CASH FOR FINANCING ACTIVITIES		(4,697,565)	(7,646,572)	(9,950,041)	(7,627,667)	(9,207,435)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,652,804)	5,485,059	6,419,698	881,046	(3,067,131)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		775,775	(815,942)	(1,040,929)	(786,442)	457,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	31(c)	5,928,274	3,051,245	7,720,362	7,720,362	13,099,131
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	31(c)	3,051,245	7,720,362	13,099,131	7,814,966	10,489,701

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Unit 1A-C and Unit 2A-C, 2nd Floor, Jalan USJ 10/1A, Pusat Perniagaan USJ 10, 47610 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONT'D)

The principal activity of AGB is investment holding and the principal activities of the subsidiaries are disclosed as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2020 %	31.12.2021 %	31.12.2022 %	31.8.2023 %	Principal Activities
Direct Subsidiaries						
AGX Logistics (M) Sdn. Bhd. ("AGX Malaysia")	Malaysia	100	100	100	100	Sea and air freight forwarding, aerospace logistics, road freight transportation, and warehousing and other 3PL services.
AGX Logistics (S) Pte. Ltd. ("AGX Singapore")	Singapore	100	100	100	100	Sea and air freight forwarding, aerospace logistics, road freight transportation, and warehousing and other 3PL services.
AGX Express Phils. Inc. ("AGX Philippines")	Philippines	99.995	99.995	99.995	99.995	Sea and air freight forwarding, aerospace logistics, and warehousing and other 3PL services.
AGX Logistics (Myanmar) Company Limited ("AGX Myanmar")	Myanmar	99.998	99.998	99.998	99.998	Sea and air freight forwarding, road freight transportation and warehousing.
AGX Logistics Korea Co., Ltd. ("AGX Korea")	Korea	100	100	100	100	Sea and air freight forwarding services.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONT'D)

The principal activity of AGB is investment holding and the principal activities of the subsidiaries are disclosed as follows:- (Cont'd)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2020 %	31.12.2021 %	31.12.2022 %	31.8.2023 %	Principal Activities
Subsidiary of AGX Philippines						
AGX Worldwide Solutions Inc. ("AGX Worldwide")	Philippines	100	100	100	100	Warehousing and other 3PL services.
Subsidiary of AGX Malaysia						
AGX Transport Sdn. Bhd. *	Malaysia	-	-	70	70	Road freight transportation services.

* *The subsidiary was newly incorporated on 8 November 2022 and the statutory financial statements prepared in accordance with Malaysian Financial Reporting Standards. The company has been consolidated based on management accounts for the financial period from 8 November 2022 to 31 December 2022.*

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LISTING SCHEME

AGB was incorporated in Malaysia on 26 November 2019, as a public limited liability company and is principally engaged in investment holding. AGB is embarking on the listing of and quotation of its enlarged share capital on the ACE Market of Bursa Malaysia Securities Berhad.

The issued share capital of AGB was RM27,120,134 comprising of 269,092,900 ordinary shares. In conjunction with, and as an integral part of the Listing, AGB carry out the following:-

(a) Initial Public Offering ("IPO")

In conjunction with, and as an integral part of the Listing, the details of the listing scheme are as follows:

(i) Share Split

The Company has carried out a subdivision of all the existing 269,092,900 AGB Shares into 336,366,125 AGB Shares (i.e., subdivision of every 4 existing Share into 5 subdivided Shares) ("Share Split").

The purpose of the Share Split is to enhance the liquidity of AGB Shares at the time of the Listing.

(ii) Public Issue and Offer for Sale

The IPO involves a Public Issue of 96,500,000 new Shares, representing approximately 22.29% of the Company's enlarged issued share capital upon Listing and an Offer for Sale of 30,000,000 existing Shares, representing approximately 6.93% of the Company's enlarged issued share capital will be offered for sale.

(iii) Listing

Upon completion of the IPO, the Company's entire enlarged issued and paid-up share capital of 432,866,125 shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia.

3.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Investments in Associates, Equipment and Right-of-use Assets

The Group determines whether its investments in associates, equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investments in associates, equipment and right-of-use assets as at the reporting date are disclosed in Notes 5, 6 and 7 to the financial statements respectively.

(d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 10 and 12 to the financial statements respectively.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables, amount owing by associates and related parties as at the reporting date are disclosed in Notes 11, 13 and 14 to the financial statements respectively.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(a) Lease Term

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF COMBINATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Under the merger method of accounting, the result of the subsidiary is presented as if the merger had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the current financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statues do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF COMBINATION (CONT'D)

(b) Acquisition method of accounting for non-common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation on other equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer and software	20% - 33.33%
Furniture and fittings	15% - 33.33%
Motor vehicles	10% - 33.33%
Office equipment	10% - 33.33%
Renovation	20% - 33.33%
Signboard	20% - 33.33%
Portable cabin	33.33%
Warehouse equipment	10% - 33.33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

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

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 INTANGIBLE ASSET

Intangible asset acquired by the Group which has finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible asset is amortised on a straight-line method over 5 years. The amortisation method, useful life and residual value are reviewed and adjusted if appropriate, at the end of each reporting period.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12‑month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(a) Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

(b) Onerous Contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

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

(c) Defined Benefit Plans

The Group makes contributions to the retirement benefit plan, a funded defined benefit plan.

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the staff costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

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

4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Sea freight, air freight forwarding and aerospace logistics services

Revenue from sea freight, air freight forwarding, and aerospace logistics services are recognised over time when customer simultaneously receives and consumes the benefits provided by the Group's performance based on the actual service provided to the end of the reporting period.

(b) Road freight transportation service

Revenue from road freight transportation service is recognised at a point in time once the service has been completed and the Group has an enforceable right to payment for performance completed to date.

(c) Warehousing and other 3PL services

Revenue from sales of warehousing and other 3PL services is recognised over storage period to measure progress towards complete satisfaction of the service.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS IN ASSOCIATES

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Unquoted shares, at cost	141,433	141,433	513,578	513,578
Share of post-acquisition profits, net of dividend received	170,698	231,478	1,835,597	3,897,849
	312,131	372,911	2,349,175	4,411,427

The details of the associates are as follows:-

Name of Associates	Principal Place of Business/ Country of Incorporation	Percentage of Ownership 31.12.2020 %	31.12.2021 %	31.12.2022 %	31.8.2023 %	Principal Activities
AGX Logistics (Cambodia) Co., Ltd. ^	Cambodia	50	50	50	50	Freight forwarding services.
All-Link Air & Sea Pte. Ltd.	Singapore	-	-	30	30	Freight transport arrangement and general warehousing.
All-Link Air & Sea Phils Inc.	Philippines	-	-	47.99	47.99	Engage in, conduct and carry on the business of cargo and international freight forwarding, master consolidator or breakbulk agent of goods and cargoes of all kinds by sea bodies of water related to freight forwarding and collect fees for such services; to undertake and carry the business as a non-vessel operating common carrier (NVOCC).

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) On 2 April 2020, the Company acquired 50% equity interests in AGX Logistics (Cambodia) Co., Ltd. for a cash consideration of RM141,433.

(b) On 24 February 2022, its subsidiary AGX Logistics (S) Pte Ltd. had acquired 30% of shares in All-Link Air & Sea Pte. Ltd. with consideration of SGD30,000 (approximately RM93,000).

(c) On 5 September 2022, its subsidiary AGX Express Phils. Inc, and All-Link Air & Sea Pte Ltd. incorporated an associate company namely All-Link Air & Sea Phils Inc., with an effective interest rate of 47.99% with consideration of PHP3,600,000 (approximately RM284,000).

(d) The summarised financial information for associates is as follows:-

	All-Link Air & Sea Pte. Ltd. RM	**Other immaterial associates** RM	**Total** RM
At 31 August 2023			
Non-current assets	583,011		
Current assets	18,890,758		
Current liabilities	(6,090,489)		
Net assets	13,383,280		
8-month Period Ended 31 August 2023			
Revenue	21,731,473		
Profit for the financial period/Total comprehensive income	7,179,221		
Group's share of profit/(loss) for the financial period	2,153,766	(91,514)	2,062,252
Reconciliation of Net assets to Carrying Amount			
Group's share of net assets/Carrying amount in the statement of financial position	4,014,984	396,443	4,411,427

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) The summarised financial information for associates is as follows:- (Cont'd)

	All-Link Air & Sea Pte. Ltd. RM	**Other immaterial associates** RM	**Total** RM
At 31 December 2022			
Non-current assets	6,042		
Current assets	24,873,668		
Current liabilities	(18,714,040)		
Net assets	6,165,670		
Financial Year Ended 31 December 2022			
Revenue	50,414,419		
Profit for the financial year/Total comprehensive income	18,060,175		
Group's share of profit for the financial year	5,418,053	117,879	5,535,932
Reconciliation of Net assets to Carrying Amount			
Group's share of net assets/Carrying amount in the statement of financial position	1,849,701	499,474	2,349,175

No disclosure of other information was made in prior years as the associates were not significant to the Group.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT

	At 1.1.2023 RM	Additions RM	Disposals RM	Depreciation Charges RM	Exchange Differences RM	At 31.8.2023 RM
31.8.2023						
Audited						
Carrying Amount						
Computer and software	218,632	95,408	-	(77,653)	7,113	243,500
Furniture and fittings	130,604	93,722	-	(36,925)	3,974	191,375
Motor vehicles	210,923	51,776	(1)	(104,195)	251,693	410,196
Office equipment	451,464	243,242	(4,432)	(125,850)	13,600	578,024
Renovation	1,242,863	437,192	-	(368,989)	34,614	1,345,680
Signboard	56,148	25,260	-	(20,949)	931	61,390
Portable cabin	1	-	-	-	-	1
Warehouse equipment	1,007,685	64,545	-	(102,776)	44,165	1,013,619
	3,318,320	1,011,145	(4,433)	(837,337)	356,090	3,843,785

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT (CONT'D)

	At 1.1.2022 RM	Additions RM	Disposal RM	Write-off RM	Depreciation Charges RM	Exchange Differences RM	At 31.12.2022 RM
31.12.2022							
Audited							
Carrying Amount							
Computer and software	138,309	172,507	-	(69)	(100,046)	7,931	218,632
Furniture and fittings	122,662	59,674	-	(3,267)	(50,207)	1,742	130,604
Motor vehicles	297,584	7,571	(29,881)	-	(64,491)	140	210,923
Office equipment	477,486	185,261	-	(10,837)	(192,544)	(7,902)	451,464
Renovation	829,088	891,716	-	(42)	(448,942)	(28,957)	1,242,863
Signboard	44,700	42,948	-	(10)	(30,672)	(818)	56,148
Portable cabin	1	-	-	-	-	-	1
Warehouse equipment	153,385	958,296	-	-	(128,962)	24,966	1,007,685
	2,063,215	2,317,973	(29,881)	(14,225)	(1,015,864)	(2,898)	3,318,320

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT (CONT'D)

	At 1.1.2021 RM	Additions RM	Disposals RM	Depreciation Charges RM	Exchange Differences RM	At 31.12.2021 RM
31.12.2021						
Audited						
Carrying Amount						
Computer and software	175,451	36,528	-	(79,036)	5,366	138,309
Furniture and fittings	174,448	3,994	(1,015)	(56,992)	2,227	122,662
Motor vehicles	396,563	-	(53,823)	(58,880)	13,724	297,584
Office equipment	575,196	164,211	(2,887)	(255,822)	(3,212)	477,486
Renovation	946,267	290,465	(38,503)	(355,606)	(13,535)	829,088
Signboard	75,984	51	-	(31,041)	(294)	44,700
Portable cabin	2,367	-	-	(2,366)	-	1
Warehouse equipment	285,378	52,436	(116,625)	(67,755)	(49)	153,385
	2,631,654	547,685	(212,853)	(907,498)	4,227	2,063,215

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT (CONT'D)

	At 1.1.2020 RM	Additions RM	Disposals RM	Write Off RM	Depreciation Charges RM	Exchange Differences RM	At 31.12.2020 RM
31.12.2020							
Audited							
Carrying Amount							
Computer and software	158,778	117,072	-	-	(97,052)	(3,347)	175,451
Furniture and fittings	144,260	99,808	(465)	-	(67,452)	(1,703)	174,448
Motor vehicles	474,860	151,611	(127,570)	-	(112,048)	9,710	396,563
Office equipment	745,962	143,409	(115)	-	(330,627)	16,567	575,196
Renovation	936,528	277,105	(5,143)	-	(294,198)	31,975	946,267
Signboard	60,746	42,920	-	-	(30,001)	2,319	75,984
Portable cabin	4,734	-	-	-	(2,367)	-	2,367
Warehouse equipment	280,659	128,166	-	(29,360)	(95,893)	1,806	285,378
	2,806,527	960,091	(133,293)	(29,360)	(1,029,638)	57,327	2,631,654

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
31.8.2023			
Computer and software	1,467,095	(1,223,595)	243,500
Furniture and fittings	649,995	(458,620)	191,375
Motor vehicles	4,785,530	(4,375,334)	410,196
Office equipment	2,552,644	(1,974,620)	578,024
Renovation	3,138,121	(1,792,441)	1,345,680
Signboard	237,834	(176,444)	61,390
Portable cabin	7,100	(7,099)	1
Warehouse equipment	1,533,772	(520,153)	1,013,619
	14,372,091	(10,528,306)	3,843,785
31.12.2022			
Computer and software	1,414,673	(1,196,041)	218,632
Furniture and fittings	555,826	(425,222)	130,604
Motor vehicles	2,472,612	(2,261,689)	210,923
Office equipment	2,286,065	(1,834,601)	451,464
Renovation	2,628,390	(1,385,527)	1,242,863
Signboard	208,152	(152,004)	56,148
Portable cabin	7,100	(7,099)	1
Warehouse equipment	1,407,189	(399,504)	1,007,685
	10,980,007	(7,661,687)	3,318,320
31.12.2021			
Computer and software	1,421,017	(1,282,708)	138,309
Furniture and fittings	632,764	(510,102)	122,662
Motor vehicles	2,552,401	(2,254,817)	297,584
Office equipment	2,239,623	(1,762,137)	477,486
Renovation	2,003,115	(1,174,027)	829,088
Signboard	181,355	(136,655)	44,700
Portable cabin	7,100	(7,099)	1
Warehouse equipment	416,615	(263,230)	153,385
	9,453,990	(7,390,775)	2,063,215

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
31.12.2020			
Computer and software	1,364,978	(1,189,527)	175,451
Furniture and fittings	637,261	(462,813)	174,448
Motor vehicles	2,736,487	(2,339,924)	396,563
Office equipment	2,131,813	(1,556,617)	575,196
Renovation	2,009,892	(1,063,625)	946,267
Signboard	183,757	(107,773)	75,984
Portable cabin	7,100	(4,733)	2,367
Warehouse equipment	758,731	(473,353)	285,378
	9,830,019	(7,198,365)	2,631,654

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS

	At 1.1.2023 RM	Additions RM	Depreciation Charges RM	Exchange Differences RM	Modification of Lease Liabilities RM	Derecognition Due to Lease Modification RM	At 31.8.2023 RM
31.8.2023							
Audited							
Carrying Amount							
Forklifts	150,059	-	(53,083)	-	-	-	96,976
Motor vehicles	1,206,754	433,903	(285,517)	(213,015)	-	(20,593)	1,121,532
Office equipments	48,803	28,299	(19,771)	1,850	-	-	59,181
Office buildings and warehouses	5,518,037	6,286,773	(2,975,268)	177,786	(129,667)	(121,680)	8,755,981
	6,923,653	6,748,975	(3,333,639)	(33,379)	(129,667)	(142,273)	10,033,670

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2022 RM	Additions RM	Depreciation Charges RM	Modification of Lease Liabilities RM	Exchange Differences RM	At 31.12.2022 RM
31.12.2022						
Audited						
Carrying Amount						
Forklifts	70,007	160,170	(73,357)	(6,761)	-	150,059
Motor vehicles	1,033,008	683,773	(489,332)	-	(20,695)	1,206,754
Office equipments	76,148	-	(30,878)	-	3,533	48,803
Office buildings and warehouses	7,452,128	2,923,877	(3,835,764)	(1,095,900)	73,696	5,518,037
	8,631,291	3,767,820	(4,429,331)	(1,102,661)	56,534	6,923,653

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2021 RM	Additions RM	Depreciation Charges RM	Modification of Lease Liabilities RM	Exchange Differences RM	At 31.12.2021 RM
31.12.2021						
Audited						
Carrying Amount						
Forklifts	45,485	82,824	(58,302)	-	-	70,007
Motor vehicles	1,380,237	359,848	(668,002)	-	(39,075)	1,033,008
Office equipments	104,876	-	(30,124)	-	1,396	76,148
Office buildings and warehouses	4,084,677	6,421,219	(2,986,338)	(31,581)	(35,849)	7,452,128
	5,615,275	6,863,891	(3,742,766)	(31,581)	(73,528)	8,631,291

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2020 RM	Additions RM	Depreciation Charges RM	Modification of Lease Liabilities RM	Exchange Differences RM	At 31.12.2020 RM
31.12.2020						
Audited						
Carrying Amount						
Forklifts	130,783	-	(85,298)	-	-	45,485
Motor vehicles	1,738,024	514,352	(911,975)	-	39,836	1,380,237
Office equipments	25,988	108,936	(29,858)	-	(190)	104,876
Office buildings and warehouses	6,003,823	1,134,228	(2,958,791)	(256,774)	162,191	4,084,677
	7,898,618	1,757,516	(3,985,922)	(256,774)	201,837	5,615,275

(a) The Group leases certain offices buildings and warehouses, motor vehicles, office equipments and forklifts of which the leasing activities are summarised below:-

(i) Forklifts — The Group has leased a number of forklifts that run between 2 years and 3 years, with an option to renew the lease after that date.

(ii) Motor vehicles — The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(iii) Office equipments — The Group has leased a number of office equipments that run between 1 year and 5 years, with an option to renew the lease after that date.

(iv) Office buildings and warehouses — The Group has leased a number of office buildings and warehouses that run between 1 year and 5 years, with an option to renew the lease after that date. Some leases contain variable lease payments. Lease payments are increased every year to reflect current market rentals. The Group is allowed to sublease the retail stores.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS

	At 1.1.2023 RM	Amortisation Charges RM	Exchange Differences RM	At 31.8.2023 RM
31.8.2023				
Audited				
Carrying Amount				
Goodwill	658,740	-	-	658,740
Warehouse management software cost	615,690	(94,659)	19,172	540,203
	1,274,430	(94,659)	19,172	1,198,943

	At 1.1.2022 RM	Amortisation Charges RM	Exchange Differences RM	At 31.12.2022 RM
31.12.2022				
Audited				
Carrying Amount				
Goodwill	658,740	-	-	658,740
Warehouse management software cost	779,624	(141,047)	(22,887)	615,690
	1,438,364	(141,047)	(22,887)	1,274,430

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS (CONT'D)

	At 1.1.2021 RM	Additions RM	Amortisation Charges RM	Exchange Differences RM	At 31.12.2021 RM
31.12.2021					
Audited					
Carrying Amount					
Goodwill	658,740	-	-	-	658,740
Warehouse management software cost	125,582	687,000	(12,882)	(20,076)	779,624
	784,322	687,000	(12,882)	(20,076)	1,438,364

	At 1.1.2020 RM	Additions RM	Amortisation Charges RM	Exchange Differences RM	At 31.12.2020 RM
31.12.2020					
Audited					
Carrying Amount					
Goodwill	658,740	-	-	-	658,740
Warehouse management software cost	-	129,826	(2,593)	(1,651)	125,582
	658,740	129,826	(2,593)	(1,651)	784,322

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS (CONT'D)

	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
Audited			
31.8.2023			
Goodwill	658,740	-	658,740
Warehouse management software cost	793,184	(252,981)	540,203
	1,451,924	(252,981)	1,198,943
31.12.2022			
Goodwill	658,740	-	658,740
Warehouse management software cost	766,735	(151,045)	615,690
	1,425,475	(151,045)	1,274,430
31.12.2021			
Goodwill	658,740	-	658,740
Warehouse management software cost	794,677	(15,053)	779,624
	1,453,417	(15,053)	1,438,364
31.12.2020			
Goodwill	658,740	-	658,740
Warehouse management software cost	128,141	(2,559)	125,582
	786,881	(2,559)	784,322

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. DEFERRED TAX (LIABILITIES)/ASSETS

	At 1.1.2023 RM	Recognised in Profit or Loss (Note 28) RM	Exchange Differences RM	At 31.8.2023 RM
31.8.2023				
Audited				
Deferred Tax Assets				
Lease liabilities	253,660	1,206,338	18,019	1,478,017
Provision	832,504	(104,003)	8,991	737,492
Others	290,574	62,814	4,361	357,749
	1,376,738	1,165,149	31,371	2,573,258
Deferred Tax Liabilities				
Equipment	(187,275)	(103,921)	(4,376)	(295,572)
Right-of-use assets	(411,945)	(1,194,463)	(24,138)	(1,630,546)
Provision	(1,036,339)	349,720	(10,318)	(696,937)
Others	(2,313)	(6,328)	(130)	(8,771)
	(1,637,872)	(954,992)	(38,962)	(2,631,826)
	(261,134)	210,157	(7,591)	(58,568)

	At 1.1.2022 RM	Recognised in Profit or Loss (Note 28) RM	Exchange Differences RM	At 31.12.2022 RM
31.12.2022				
Audited				
Deferred Tax Assets				
Lease liabilities	726,243	(466,802)	(5,781)	253,660
Provision	770,999	80,478	(18,973)	832,504
Others	311,010	(13,814)	(6,622)	290,574
	1,808,252	(400,138)	(31,376)	1,376,738
Deferred Tax Liabilities				
Equipment	(12,371)	(178,377)	3,473	(187,275)
Right-of-use assets	(512,545)	92,960	7,640	(411,945)
Provision	(1,072,638)	17,080	19,219	(1,036,339)
Others	(35,218)	32,862	43	(2,313)
	(1,632,772)	(35,475)	30,375	(1,637,872)
	175,480	(435,613)	(1,001)	(261,134)

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

	At 1.1.2021 RM	Recognised in Profit or Loss (Note 28) RM	Exchange Differences RM	At 31.12.2021 RM
31.12.2021				
Audited				
Deferred Tax Assets				
Lease liabilities	418,542	307,701	-	726,243
Provision	654,978	134,637	(18,616)	770,999
Others	206,111	106,558	(1,659)	311,010
	1,279,631	548,896	(20,275)	1,808,252
Deferred Tax Liabilities				
Equipment	(28,466)	16,533	(438)	(12,371)
Right-of-use assets	(162,579)	(349,966)	-	(512,545)
Provision	(459,542)	(638,906)	25,810	(1,072,638)
Others	(13,461)	(22,758)	1,001	(35,218)
	(664,048)	(995,097)	26,373	(1,632,772)
	615,583	(446,201)	6,098	175,480

	At 1.1.2020 RM	Recognised in Profit or Loss (Note 28) RM	Exchange Differences RM	At 31.12.2020 RM
31.12.2020				
Audited				
Deferred Tax Assets				
Lease liabilities	526,099	(109,676)	2,119	418,542
Provision	221,156	429,944	3,878	654,978
Others	144,895	57,034	4,182	206,111
	892,150	377,302	10,179	1,279,631
Deferred Tax Liabilities				
Equipment	(47,957)	19,509	(18)	(28,466)
Right-of-use assets	(145,958)	(16,623)	2	(162,579)
Provision	(233,019)	(221,346)	(5,177)	(459,542)
Others	(1,501)	(12,064)	104	(13,461)
	(428,435)	(230,524)	(5,089)	(664,048)
	463,715	146,778	5,090	615,583

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Unutilised tax losses	-	-	-	520,950

At the end of the reporting period, the Group has unused tax losses (stated at gross) of approximately RM520,950 (31.12.2022 - Nil, 31.12.2021 - Nil, 31.12.2020 - Nil) that are available for offset against future taxable profits of the companies in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the companies will be available against which the deductible temporary differences can be utilised.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Non-current				
Trade receivables	-	482,451	-	-
Allowance for impairment losses	-	(477,288)	-	-
	-	5,163	-	-
Current				
Trade receivables	43,405,140	54,611,420	41,904,566	46,822,258
Allowance for impairment losses	(2,276,983)	(2,442,712)	(3,031,780)	(3,383,554)
	41,128,157	52,168,708	38,872,786	43,438,704
	41,128,157	52,173,871	38,872,786	43,438,704
Allowance for impairment losses:-				
At 1 January	(744,735)	(2,276,983)	(2,920,000)	(3,031,780)
Additions during the financial year/period	(1,519,157)	(2,299,284)	(4,668,874)	(1,969,226)
Reversal during the financial year/period	-	90,441	4,353,614	1,690,487
Write-off during the financial year/period	-	1,510,222	127,992	-
Exchange differences	(13,091)	55,604	75,488	(73,035)
At 31 December/31 August	(2,276,983)	(2,920,000)	(3,031,780)	(3,383,554)

(a) The Group's normal trade credit terms are 30 to 90 (31.12.2022 - 30 to 90; 31.12.2021 - 30 to 90, 31.12.2020 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) In 31.12.2021, the long-term trade receivables were due from 2 customers which are to be settled based on instalment plans.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Non-current				
Other receivables	81,777	-	-	-
Current				
Other receivables	4,489,797	3,472,735	1,897,665	2,173,556
Deposits	4,330,009	4,412,849	4,122,283	3,657,412
Prepayments	3,299,141	3,776,234	4,788,742	7,262,019
	12,118,947	11,661,818	10,808,690	13,092,987
Allowance for impairment losses	(279,882)	(398,991)	(257,755)	(420,759)
	11,839,065	11,262,827	10,550,935	12,672,228
Allowance for impairment losses:-				
At 1 January	(90,100)	(279,882)	(398,991)	(257,755)
Additions during the financial year/period	(207,664)	(128,124)	(17,337)	(244,717)
Reversal during the financial year/period	18,541	-	147,977	90,810
Exchange differences	(659)	9,015	10,596	(9,097)
At 31 December/31 August	(279,882)	(398,991)	(257,755)	(420,759)

(a) Included in non-current other receivables represent amount owing by a vendor which was interest-bearing at Nil (31.12.2022 - Nil, 31.12.2021 - Nil, 31.12.2020 - 3.90%) per annum.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT ASSETS/(LIABILITIES)

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Contract Assets				
Accrued billings	1,744,724	4,610,721	4,973,791	3,781,362
Contract Liabilities				
Deferred revenue	-	(13,124)	-	-

(a) The contract assets primarily relate to the Group's right to consideration for services performed but not yet billed as at the reporting date. The amount will be invoiced within 30 (31.12.2022 - 30, 31.12.2021 - 30, 31.12.2020 - 30) days.

(b) The contract liabilities primarily relate to invoices billed to customers to render logistics services. The amount will be recognised as revenue when the performance obligations are satisfied.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract assets and contract liabilities balances during the financial year/period are summarised below:-

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
At 1 January	1,150,608	1,744,724	4,597,597	4,973,791
Revenue recognised in profit or loss during the financial year/period	122,507,355	193,371,857	234,428,619	122,227,772
Billings to customers during the financial year/period	(121,930,496)	(190,399,245)	(233,923,554)	(123,558,428)
Amount billed for unfulfilled performance obligations	-	(13,124)	13,124	-
Exchange differences	17,257	(106,615)	(141,995)	138,227
At 31 December/31 August	1,744,724	4,597,597	4,973,791	3,781,362
Represented by:-				
Contract assets	1,744,724	4,610,721	4,973,791	3,781,362
Contract liabilities	-	(13,124)	-	-
	1,744,724	4,597,597	4,973,791	3,781,362

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. AMOUNTS OWING BY/(TO) ASSOCIATES

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Amount owing by:				
Trade balance	-	2,673	414	38,242
Non-trade balance	12,041	1,728	3,940,125	6,661
	12,041	4,401	3,940,539	44,903
Amount owing to:				
Trade balance	(7,950)	-	(2,656)	(19,964)

(a) The trade balances are subject to the normal credit terms of 60 (31.12.2022 - 60, 31.12.2021 - 60, 31.12.2020 - Nil) days. The amount is to be settled in cash.

(b) The non-trade balance represents advances which is unsecured, interest-free and repayable on demand except for amount of Nil (31.12.2022 - RM3,938,280, 31.12.2021 - Nil, 31.12.2020 - Nil) which represents dividend receivables. The amount owing is to be settled in cash.

14. AMOUNTS OWING BY/(TO) RELATED PARTIES

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Amount owing by:				
Trade balance	-	21,000	3,569	-
Non-trade balance	-	-	-	1,675
	-	21,000	3,569	1,675
Amount owing to:				
Non-trade balance	(26,478,842)	-	-	-

(a) The trade balance is subject to the normal credit terms of Nil (31.12.2022 - 60, 31.12.2021 - 60, 31.12.2020 - Nil) days. The amounts owing is to be settled in cash.

(b) The non-trade balance represents advances which is unsecured, interest-free and repayable on demand. The amounts owing is to be settled in cash.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.50% to 2.85% (31.12.2022 - 0.25% to 1.85%, 31.12.2021 - 0.25% to 1.85%, 31.12.2020 - 0.25% to 3.95%) per annum. The fixed deposits have maturity periods of 12 (31.8.2022 - 12, 31.12.2022 - 12, 31.12.2021 - 12, 31.12.2020 - 12) months for the Group.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM974,989 (31.12.2022 - RM1,124,164, 31.12.2021 - RM1,106,469, 31.12.2020 - RM1,082,283) which has been pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Notes 20 and 25 to the financial statements respectively.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL AND INVESTED CAPITAL

(a) Share Capital

	Audited 31.12.2020		**Audited 31.12.2021**		**Audited 31.12.2022**		**Audited 31.8.2023**	
	Number Of Shares	RM	Number Of Shares	RM	Number Of Shares	RM	Number Of Shares	RM
Issues and Fully Paid-up								
Ordinary shares								
At 1 January	10	10	10	10	269,092,205	27,120,054	269,092,900	27,120,124
Issuance of new shares for cash	-	-	269,092,195	27,120,044	695	70	-	-
At 31 December/31 August	10	10	269,092,205	27,120,054	269,092,900	27,120,124	269,092,900	27,120,124

(i) The holders of ordinary shares 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. The ordinary shares have no par value.

(ii) For the financial year ended 31 December 2021, the Company increased its issued and paid-up share capital from RM10 to RM27,120,054 by way of issuance of 269,092,195 new ordinary shares for other than cash consideration of RM27,120,044.

(iii) For the financial year ended 31 December 2022, the Company increased its issued and paid-up share capital from RM27,120,054 to RM27,120,124 by way of issuance of 695 new ordinary shares for a cash consideration of RM70.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)

(b) Invested Capital

	2020	
	Number Of Shares	RM
Issued and Fully Paid-up		
Ordinary shares		
At 1 January	1,981,250	3,496,658
Effects of acquisition of common control subsidiaries	(1,981,250)	(3,496,658)
At 31 December	-	-

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RETAINED PROFITS

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Retained profits	16,028,846	20,768,531	28,408,967	35,855,533
Merger reserve	(11,383,769)	(11,383,769)	(11,383,769)	(11,383,769)
	4,645,077	9,384,762	17,025,198	24,471,764

The merger reserve arises from the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

18. RESERVES

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(b) Retirement Liability

The retirement liability reserve arose from the remeasurement of retirement liability pertains to actuarial gain or loss which are changes in the net retirement liability resulting from (1) experience adjustments - the effects of differences between the previous actuarial assumptions and what has actually occurred - and (2) the effects of changes in actuarial assumptions.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. LEASE LIABILITIES

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
At 1 January	8,439,931	6,364,191	9,166,100	6,853,484
Additions during the financial year/period	1,705,518	6,757,898	3,631,774	6,597,657
Covid-19-related rent concessions	(7,060)	-	-	-
Changes due to lease modification	-	-	-	(172,865)
Derecognition due to lease modification	(248,167)	(35,849)	(1,186,911)	(149,840)
Interest expenses recognised in profit or loss	511,630	573,046	456,115	376,876
Repayment of principal	(3,728,174)	(3,951,224)	(4,911,034)	(3,295,005)
Repayment of interest expenses	(511,630)	(573,046)	(456,115)	(376,876)
Exchange differences	202,143	31,084	153,555	208,055
At 31 December/31 August	6,364,191	9,166,100	6,853,484	10,041,486
Analysed by:-				
Current liabilities	3,374,357	3,227,760	3,853,832	4,748,150
Non-current liabilities	2,989,834	5,938,340	2,999,652	5,293,336
	6,364,191	9,166,100	6,853,484	10,041,486

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. TERMS LOANS

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Current liabilities	12,589,145	9,742,167	7,821,427	7,033,593
Non-current liabilities	1,150,182	1,297,077	512,639	-
	13,739,327	11,039,244	8,334,066	7,033,593

(a) The term loans of the Group at the end of reporting period bore an effective interest rate ranging from 3.50% to 10.25% (31.12.2022 - 3.50% to 9.50%, 31.12.2021 - 3.28% to 8.90%, 31.12.2020 - 2.81% to 8.90%) per annum.

(b) The term loan is secured by:

(i) assignment of takaful policy;
(ii) fixed deposits;
(iii) joint and severally guaranteed by the directors of the Group; and
(iv) corporate guarantee by the Company.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PROVISIONS

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Current liabilities	85,109	-	-	-
Non-current liabilities	774,779	1,008,825	963,347	1,330,178
	859,888	1,008,825	963,347	1,330,178
At 1 January	520,302	859,888	1,008,825	963,347
Provisions made during the financial year/period	328,867	256,450	437,340	334,167
Provision reversed during the financial year/period	-	(86,348)	(449,950)	-
Exchange differences	10,719	(21,165)	(32,868)	32,664
At 31 December/31 August	859,888	1,008,825	963,347	1,330,178

(a) Included in the provision of the Group at the end of the reporting period was an amount of Nil (31.12.2022 - Nil, 31.12.2021 - Nil, 31.12.2020 - RM85,109) which is the provision for reinstatement cost for office and warehouse under operating leases to be reinstated to its original conditions.

(b) Included in the provision of the Group at the end of the reporting period was an amount of RM1,330,178 (31.12.2022 - RM963,347, 31.12.2021 - RM1,008,825, 31.12.2020 - RM774,779) which is the provision for retirement scheme under the Philippines's regulatory framework, Republic Act 7641, Retirement Pay Law.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PROVISIONS (CONT'D)

(b) The subsidiary, AGX Express Phils., Inc. maintains non-contributory, defined benefit retirement plans, covering substantially all of its regular employees, administered by the appointed retirement plan trustee. Under the existing regulatory framework, Republic Act 7641, Retirement Pay Law, requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The plan provides a retirement benefit amounting to certain percentage of plan salary where plan salary means an amount equivalent to the latest monthly salary times the equivalent number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

The retirement plan is managed by a retirement plan trustee appointed by the subsidiary, that is legally separated from the subsidiary. The retirement plan trustee is responsible for the general administration of the plan and management of the fund. The control, direction, and management of the fund shall reside in and be the sole responsibility of the retirement plan trustee.

(i) The amount recognised in the statements of financial position is analysed as follows:

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Present value of benefit obligation	910,738	1,160,624	1,307,620	1,322,865
Fair value of plan assets	(125,777)	(124,871)	(325,474)	-
Exchange differences	(10,182)	(26,928)	(18,799)	7,313
Net retirement liability	774,779	1,008,825	963,347	1,330,178

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PROVISIONS (CONT'D)

(ii) The following table sets out the reconciliation of defined benefits plan:

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
As at 1 January	435,148	774,779	1,008,825	963,347
Current service post	131,288	173,075	173,845	334,167
Interest expense on defined benefit obligation	30,374	35,715	56,626	-
Interest income on plan assets	(6,565)	(4,933)	(6,092)	-
Included in profit or loss	155,097	203,857	224,379	334,167
Re-measurements				
Actuarial gains/(losses) from:				
- Effect on changes in actuarial assumptions	93,935	(102,972)	(9,632)	-
- Effect on changes in demographic assumptions	-	(891)	(26,635)	-
- Experience adjustments	73,270	151,523	(1,268)	-
Re-measurement gain/(losses) - return on plan assets	6,566	4,932	(37,934)	-
Exchange differences	1,008	(6,835)	(8,894)	(7,378)
Included in other comprehensive income	174,779	45,757	(84,363)	(7,378)
Contribution to retirement fund	-	-	(161,520)	-
Exchange differences	9,755	(15,568)	(23,974)	40,042
As at 31 December/31 August	774,779	1,008,825	963,347	1,330,178

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. PROVISIONS (CONT'D)

(iii) The principal actuarial assumptions used in respect of the funded defined benefits plan of the Group are as follows:

	Audited 31.12.2020 %	**Audited 31.12.2021** %	**Audited 31.12.2022** %	**Audited 31.8.2023** %
Discount rate	3.95	5.08	7.22	7.22
Future salary rate increases	3.00	3.00	5.00	5.00

(iv) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations ("DBO") as of the end of the reporting period, assuming if all other assumptions were held constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	Audited 31.12.2020		**Audited 31.12.2021**		**Audited 31.12.2022**		**Audited 31.8.2023**	
	Increase (Decrease) %	PV of DBO - Increase (Decrease) RM	Increase (Decrease) %	PV of DBO - Increase (Decrease) RM	Increase (Decrease) %	PV of DBO - Increase (Decrease) RM	Increase (Decrease)	PV of DBO - Increase (Decrease)
Discount rates	9.4	86,042	7.8	90,367	7.8	102,141	7.8	102,141
	(8.3)	(75,239)	(6.9)	(79,981)	(6.9)	(90,738)	(6.9)	(90,738)
Future salary increases	9.4	85,997	7.9	91,366	7.9	103,390	7.9	103,390
	(8.4)	(76,584)	(7.1)	(82,252)	(7.1)	(93,384)	(7.1)	(93,384)

22. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 to 90 (31.12.2022 - 60 to 90, 31.12.2021 - 60 to 90, 31.12.2020 - 60 to 90) days.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OTHER PAYABLES AND ACCRUALS

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Other payables:-				
Third parties	2,136,460	1,627,265	5,099,055	1,871,432
Sales and services tax payables	103,948	26,039	57,528	168,265
	2,240,408	1,653,304	5,156,583	2,039,697
Accruals	903,563	5,091,620	4,820,406	3,022,763
Advance receipts	-	-	81,695	139,135
Deposit received	88,738	97,266	98,348	192,979
	3,232,709	6,842,190	10,157,032	5,394,574

Included in other payables of the Group in financial year ended 31.12.2022 is an amount of RM3,600,000 being amount due to shareholders for dividend payable as disclosed in Note 30 to the financial statements.

24. INVOICE FINANCING

The invoice financing of the Group at the end of the reporting period bore an interest rate of 6.25% (31.12.2022 - 6.10%, 31.12.2021 - 4.90% to 4.95%, 31.12.2020 - 2.45% to 2.55%) per annum. The invoice financing is secured by joint and severally guaranteed by the directors of the Group.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. BANK OVERDRAFTS

(a) The bank overdrafts were secured by:-

(i) assignment of takaful policy;
(ii) fixed deposits;
(iii) joint and severally guaranteed by the directors of the Group; and
(iv) corporate guarantee by the Company.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rate is Nil (31.12.2022 - 7.51%, 31.12.2021 - 6.51% to 7.40%, 31.12.2020 - 6.51% to 7.40%) per annum.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. REVENUE

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Revenue from Contracts with Customers					
Air freight forwarding	35,012,132	51,784,696	63,649,999	49,718,078	20,916,119
Sea freight forwarding	61,223,753	119,973,059	126,581,973	95,569,778	44,924,553
Road freight transportation	5,847,153	5,015,041	5,401,385	3,307,872	4,142,418
Warehousing and other 3PL services	3,674,306	4,881,647	9,112,567	5,484,545	6,947,084
Aerospace logistics	16,750,011	11,717,414	29,682,695	15,977,438	45,297,598
	122,507,355	193,371,857	234,428,619	170,057,711	122,227,772
Represented by geographical market:-					
Malaysia	16,206,600	17,223,122	25,152,528	16,535,923	20,088,010
Singapore	12,389,512	17,688,068	19,161,542	13,592,358	12,804,575
Philippines	43,194,757	53,572,607	76,776,227	51,812,400	50,928,290
Myanmar	12,873,642	19,409,247	20,076,580	16,159,994	6,071,576
Korea	18,709,114	55,699,595	50,000,436	43,533,301	9,460,153
Others	19,133,730	29,779,218	43,261,306	28,423,735	22,875,168
	122,507,355	193,371,857	234,428,619	170,057,711	122,227,772

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration					
- audit fees:					
- current financial year	219,064	274,389	327,395	368,260	351,956
- overprovision in the previous financial year	-	-	71,607	-	-
- non-audit fees	-	-	160,000	-	157,463
Amortisation of intangible asset	2,593	12,882	141,047	94,717	94,659
Bad debt written off	-	359,951	51,448	-	304,802
Depreciation:					
- equipment	1,029,638	907,498	1,015,864	683,834	837,337
- right-of-use assets	3,985,922	3,742,766	4,429,331	2,985,206	3,333,639
Directors' remuneration					
- salaries, bonuses and allowances	2,418,634	3,116,860	4,731,752	3,302,259	3,405,244
- defined contribution benefits	243,912	183,610	240,960	162,238	155,902
- others	156,422	156,929	100,950	42,184	257,084
Impairment loss on:					
- trade receivables	1,519,157	2,299,284	4,668,874	1,335,581	1,969,226
- other receivables	207,664	128,124	17,337	219,239	244,717
Interest expenses on financial liabilities that are not at fair value through profit or loss:					
- bank overdrafts	165,411	200,415	81,743	66,974	4,785
- invoice financing	9,301	20,763	35,948	23,798	29,799
- term loans	860,896	669,394	687,736	474,511	467,414
- others	-	1,299	2,806	-	160
Interest expenses on lease liabilities	511,630	573,046	456,115	336,944	376,876

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PROFIT BEFORE TAXATION (CONT'D)

	Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Unaudited 1.1.2022 to 31.8.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
Equipment written off	29,360	-	14,225	-	-
Loss/(Gain) on foreign exchange:					
- realised	152,742	68,341	(2,624)	16,118	243,571
- unrealised	173,386	171,474	325,464	(159,418)	146,033
Loss/(Gain) on lease modification	8,607	(4,268)	(84,250)	(2,625)	(50,765)
Short term lease expenses					
- premises	555,242	548,728	416,269	482,880	700,501
- equipment	262,296	228,802	371,539	134,420	137,168
- motor vehicles	364,298	670,122	648,513	553,821	293,838
Staff costs					
- short-term employee benefits	13,275,696	12,160,120	14,126,010	8,921,375	10,604,704
- defined contribution benefits	1,305,434	1,291,643	1,481,383	722,171	934,842
- others	1,972,373	2,185,916	2,598,937	1,699,441	2,148,685
Covid-19-related rent concessions	(7,060)	-	-	-	-
(Gain)/Loss on disposal of equipment	(44,514)	(129,302)	5,179	-	(3,566)
Share of results in associates	(4,848)	(60,780)	(5,535,932)	(2,875,093)	(2,062,252)
Total interest income on financial assets measured at amortised cost	(54,018)	(67,109)	(89,613)	(18,573)	(18,106)
Rental income	-	(100,000)	(179,824)	(37,793)	(53,788)
Reversal of impairment losses:					
- trade receivables	-	(90,441)	(4,353,614)	-	(1,690,487)
- other receivables	(18,541)	-	(147,977)	-	(90,810)

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Current tax expense	906,616	1,292,605	2,825,494	2,904,822	2,805,909
Under/(Over)provision in the previous financial year/period	73,884	(262,054)	(14,242)	(1,417)	320,311
	980,500	1,030,551	2,811,252	2,903,405	3,126,220
Deferred tax (Note 9):					
- origination and reversal of temporary differences	(239,956)	445,110	358,673	(574,943)	(243,148)
- under provision in the previous financial year/period	93,178	1,091	76,940	76,939	32,991
	(146,778)	446,201	435,613	(498,004)	(210,157)
	833,722	1,476,752	3,246,865	2,405,401	2,916,063

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Profit before taxation	1,393,236	7,416,512	16,787,431	11,046,194	10,362,224
Tax at the statutory tax rate of 24% (31.8.2022 - 24%, 31.12.2022 - 24%, 31.12.2021 - 24%; 31.12.2020 - 24%)	334,377	1,779,963	4,028,983	2,651,087	2,486,934
Tax effects of:-					
Share of results in associates	(1,164)	(14,587)	(1,328,624)	(690,022)	(494,940)
Non-taxable income	(1,255)	(46,424)	-	-	-
Non-deductible expenses	405,071	241,882	430,235	396,261	385,004
Deferred tax assets not recognised during the financial year/period	-	-	-	50,354	125,028
Effects of differential in tax rates of foreign jurisdictions	(17,289)	(181,804)	(168,141)	(158,344)	(51,025)
Tax exempt income	(53,080)	(53,736)	(55,606)	-	(58,578)
Under/(Over)provision of current tax in the previous financial year					
- current tax expense	73,884	(262,054)	(14,242)	(1,417)	320,311
- deferred taxation	93,178	1,091	76,940	76,939	32,991
Withholding tax from foreign income	-	-	307,000	307,000	198,224
Others	-	12,421	(29,680)	(226,457)	(27,886)
	833,722	1,476,752	3,246,865	2,405,401	2,916,063

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (31.8.2022 - 24%, 31.12.2022 - 24%, 31.12.2021 - 24%; 31.12.2020 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EARNINGS PER SHARE

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Unaudited 31.8.2022** RM	**Audited 31.8.2023** RM
Profit after tax attributable to owners of the Company	559,465	5,939,685	13,540,436	8,640,700	7,446,566
Enlarged total number of shares upon Listing	432,866,125	432,866,125	432,866,125	432,866,125	432,866,125
Basic earnings per share (Sen)	0.13	1.37	3.13	2.00	1.72

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. DIVIDENDS

		Audited 1.1.2020 to 31.12.2020 RM	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Unaudited 1.1.2022 to 31.8.2022 RM	Audited 1.1.2023 to 31.8.2023 RM
First interim dividend of RM0.44 per ordinary share in respect of 31 December 2021	(i)	-	1,200,000	-	-	-
Single tier first interim dividend of RM0.85 per ordinary share in respect of 31 December 2022	(ii)	-	-	2,300,000	2,300,000	-
Single tier final dividend of RM0.13 per ordinary share in respect of 31 December 2022	(iii)	-	-	3,600,000	-	-
		-	1,200,000	5,900,000	2,300,000	-

(i) The dividend payout is satisfied by a way of offsetting the amount owing by shareholders and the respective subsidiaries. The remaining dividend payable is paid to shareholders whose names appeared in the record of depositors on 15 July 2021.

(ii) The dividend payout is satisfied by a way of offsetting the amount owing by shareholders and the respective subsidiaries. The remaining dividend payable is paid to shareholders whose names appeared in the record of depositors on 27 July 2022.

(iii) The Company declared a final tier dividend amounting to RM3,600,000 in respect of financial year ended 31 December 2022, paid on 9 February 2023, to shareholders whose names appeared in the record of depositors on 30 December 2022.

(iv) On 31 October 2023, the Company declared a single tier interim dividend of RM0.011 per ordinary share amounting to RM3,000,000 in respect of the current financial year, payable on 31 October 2023, to shareholders whose names appeared in the record of depositors on 30 September 2023. The financial statements for the current financial period do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of equipment and the addition of right-of-use assets are as follows:-

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Equipment					
Cost of equipment purchased/Cash disbursed for purchase of equipment (Note 6)	960,091	547,685	2,317,973	2,100,501	1,011,145
Right-of-use assets					
Cost of right-of-use assets acquired (Note 7)	1,757,516	6,863,891	3,767,820	7,086,409	6,748,975
Less: Additions of new lease liabilities (Note 19)	(1,705,518)	(6,757,898)	(3,631,774)	(6,896,070)	(6,597,657)
	51,998	105,993	136,046	190,339	151,318

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Lease Liabilities RM	Invoice Financing RM	Total RM
31.12.2020				
Audited				
At 1 January	13,115,440	8,439,931	-	21,555,371
Changes in Financing Cash Flows				
Proceeds from drawdown	16,176,874	-	1,589,950	17,766,824
Repayment of principal	(16,056,111)	(3,728,174)	(1,337,596)	(21,121,881)
Repayment of interests	(837,007)	(511,630)	(9,301)	(1,357,938)
	(716,244)	(4,239,804)	243,053	(4,712,995)
Non-cash Changes				
Acquisition of new leases	-	1,705,518	-	1,705,518
Covid-19-related rent concessions	-	(7,060)	-	(7,060)
Derecognition due to lease modification	-	(248,167)	-	(248,167)
Interest expense recognised in profit or loss	860,896	511,630	9,301	1,381,827
Foreign exchange adjustments	479,235	202,143	-	681,378
	1,340,131	2,164,064	9,301	3,513,496
At 31 December	13,739,327	6,364,191	252,354	20,355,872

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Invoice Financing RM	Total RM
31.12.2021				
Audited				
At 1 January	13,739,327	6,364,191	252,354	20,355,872
Changes in Financing Cash Flows				
Proceeds from drawdown	38,022,789	-	4,728,234	42,751,023
Repayment of principal	(40,402,997)	(3,951,224)	(4,071,770)	(48,425,991)
Repayment of interests	(669,394)	(573,046)	(20,763)	(1,263,203)
	(3,049,602)	(4,524,270)	635,701	(6,938,171)
Non-cash Changes				
Acquisition of new leases	-	6,757,898	-	6,757,898
Derecognition due to lease modification	-	(35,849)	-	(35,849)
Interest expense recognised in profit or loss	669,394	573,046	20,763	1,263,203
Foreign exchange adjustments	(319,875)	31,084	-	(288,791)
	349,519	7,326,179	20,763	7,696,461
At 31 December	11,039,244	9,166,100	908,818	21,114,162

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Invoice Financing RM	Total RM
31.12.2022				
Audited				
At 1 January	11,039,244	9,166,100	908,818	21,114,162
Changes in Financing Cash Flows				
Proceeds from drawdown	31,525,553	-	6,642,268	38,167,821
Repayment of principal	(33,907,337)	(4,911,034)	(6,935,792)	(45,754,163)
Repayment of interests	(687,736)	(456,115)	(35,948)	(1,179,799)
	(3,069,520)	(5,367,149)	(329,472)	(8,766,141)
Non-cash Changes				
Acquisition of new leases	-	3,631,774	-	3,631,774
Derecognition due to lease modification	-	(1,186,911)	-	(1,186,911)
Interest expense recognised in profit or loss	687,736	456,115	35,948	1,179,799
Foreign exchange adjustments	(323,394)	153,555	-	(169,839)
	364,342	3,054,533	35,948	3,454,823
At 31 December	8,334,066	6,853,484	615,294	15,802,844

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Invoice Financing RM	Total RM
31.8.2022				
Unaudited				
At 1 January	11,039,244	9,166,100	908,818	21,114,162
Changes in Financing Cash Flows				
Proceeds from drawdown	30,403,372	-	5,030,174	35,433,546
Repayment of principal	(32,517,044)	(3,273,613)	(5,251,373)	(41,042,030)
Repayment of interests	(474,511)	(336,944)	(23,798)	(835,253)
	(2,588,183)	(3,610,557)	(244,997)	(6,443,737)
Non-cash Changes				
Acquisition of new leases	-	6,896,070	-	6,896,070
Derecognition due to lease modification	-	(573,028)	-	(573,028)
Interest expense recognised in profit or loss	474,511	336,944	23,798	835,253
Foreign exchange adjustments	(262,943)	159,578	-	(103,365)
	211,568	6,819,564	23,798	7,054,930
At 31 August	8,662,629	12,375,107	687,619	21,725,355

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Invoice Financing RM	Total RM
31.8.2023				
Audited				
At 1 January	8,334,066	6,853,484	615,294	15,802,844
Changes in Financing Cash Flows				
Proceeds from drawdown	-	-	3,725,929	3,725,929
Repayment of principal	(1,541,286)	(3,295,005)	(3,772,984)	(8,609,275)
Repayment of interests	(467,414)	(376,876)	(29,799)	(874,089)
	(2,008,700)	(3,671,881)	(76,854)	(5,757,435)
Non-cash Changes				
Acquisition of new leases	-	6,597,657	-	6,597,657
Derecognition due to lease modification	-	(149,840)	-	(149,840)
Changes due to lease modification	-	(172,865)	-	(172,865)
Interest expense recognised in profit or loss	467,414	376,876	29,799	874,089
Foreign exchange adjustments	240,813	208,055	-	448,868
	708,227	6,859,883	29,799	7,597,909
At 31 August	7,033,593	10,041,486	568,239	17,643,318

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Fixed deposits with licensed banks	1,157,042	1,182,458	1,205,365	1,203,603	1,059,939
Cash and bank balances	5,521,392	8,657,492	13,134,468	8,650,415	10,404,751
Bank overdraft	(2,544,906)	(1,013,119)	(116,538)	(914,888)	-
	4,133,528	8,826,831	14,223,295	8,939,130	11,464,690
Less: Fixed deposits pledged and with tenure of more than 3 months	(1,082,283)	(1,106,469)	(1,124,164)	(1,124,164)	(974,989)
	3,051,245	7,720,362	13,099,131	7,814,966	10,489,701

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors and non-executive directors and certain members of senior management of the Group.

The key management personnel compensation during the financial year/period are as follows:-

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
(a) Directors					
Short-term employee benefits:					
- salaries, bonuses and allowances	2,418,634	3,116,860	4,731,752	3,302,259	3,405,244
- other benefits	156,422	156,929	100,950	42,184	257,084
	2,575,056	3,273,789	4,832,702	3,344,443	3,662,328
Defined contribution benefits	243,912	183,610	240,960	162,238	155,902
Total directors' remuneration	2,818,968	3,457,399	5,073,662	3,506,681	3,818,230
(b) Other Key Management Personnel					
Short-term employee benefits	307,107	353,693	418,860	278,274	311,772
Defined contribution benefits	35,136	41,190	46,101	32,280	37,320
	342,243	394,883	464,961	310,554	349,092

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. 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 or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Transactions with Related Parties					
- Rendering of services	665,409	24,486	4,005	-	-
Transactions with Associates					
- Rendering of services	6,708	6,125	271,328	185,877	46,074
- Purchase of services	(61,558)	(1,010)	(21,681)	(1,365)	(19,854)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS

34.1 BUSINESS SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purpose, the Group is organised into business units based on their services provided. Accordingly, the Group is organised into 5 (31.8.2022 - 5, 31.12.2022 - 5, 31.12.2021 - 5, 31.12.2020 - 5) reportable segments that are organised and managed separately according to the nature of services that is either logistics, which requires different business and marketing strategies.

The reportable segments are Malaysia, Singapore, Philippines, Myanmar and Korea which are involved in logistic services.

(a) Logistics

There are 5 (31.8.2022 - 5, 31.12.2022 - 5, 31.12.2021 - 5, 31.12.2020 - 5) reportable segments involved in providing integrated freight and logistics services such as air freight, sea freight, road freight transportation, warehousing and other 3PL services and aerospace logistics, which are operated by subsidiary companies in Malaysia, Singapore, Philippines, Myanmar and Korea.

The Group evaluates operating segments' performance on the basis of profit or loss from operations before tax. The accounting policies of operating segments are the same as those described in the respective sections of the notes to the financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets and deferred tax assets.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Details are provided in the reconciliation from segment assets and segment liabilities to the statements of financial position of the Group.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2020 to 31.12.2020						
Audited						
Revenue						
External revenue	23,360,643	12,756,270	51,253,157	15,358,754	19,778,531	122,507,355
Inter-segment revenue	807,324	2,022,694	1,101,759	20,268	375,409	4,327,454
	24,167,967	14,778,964	52,354,916	15,379,022	20,153,940	126,834,809
Consolidation adjustments						(4,327,454)
Consolidated revenue						122,507,355

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

1.1.2020 to 31.12.2020	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
Audited						
Results						
Segment results	1,265,675	2,524,751	5,550,680	(341,170)	745,617	9,745,553
Interest income	34,934	335	18,671	-	78	54,018
Finance costs	(315,292)	(45,888)	(1,059,446)	-	(126,612)	(1,547,238)
Amortisation of intangible asset	-	-	2,593	-	-	2,593
Depreciation:						
- equipment	(178,346)	(124,932)	(602,988)	(119,124)	(4,248)	(1,029,638)
- right-of-use assets	(1,013,687)	(1,042,516)	(1,689,560)	(148,234)	(91,925)	(3,985,922)
Impairment loss of receivables	(1,089,264)	(45,300)	(590,664)	-	(1,593)	(1,726,821)
Gain on disposal of equipment	36,148	-	8,366	-	-	44,514
Share of results in an associate	4,848	-	-	-	-	4,848
Unrealised foreign exchange (loss)/gain	(71,648)	(180,355)	51,347	-	27,270	(173,386)
Profit before taxation	(1,326,632)	1,086,095	1,688,999	(608,528)	548,587	1,388,521
Income tax expense						(833,722)
Profit after taxation						554,799
Consolidation adjustments						4,715
Consolidation profit after taxation						559,514

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
31.12.2020						
Audited						
Assets						
Segment assets	43,033,820	7,665,792	38,934,402	4,445,493	9,090,314	103,169,821
Consolidation adjustments						(31,726,658)
Consolidated total assets						71,443,163
Additions to non-current assets other than financial instruments:						
- equipment	310,817	14,774	406,895	227,605	-	960,091
- right-of-use assets	680,271	108,936	585,240	-	383,069	1,757,516
Liabilities						
Segment liabilities	36,359,825	3,434,698	22,406,797	2,432,033	6,701,868	71,335,221
Unallocated liabilities:						
- deferred tax liabilities						28,592
- provision for taxation						316,028
Consolidation adjustments						(5,528,279)
Consolidated total liabilities						66,151,562

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2021 to 31.12.2021						
Audited						
Revenue						
External revenue	26,335,010	22,204,849	61,235,053	25,063,371	58,533,574	193,371,857
Inter-segment revenue	3,029,748	1,720,784	140,362	5,629	362,374	5,258,897
	29,364,758	23,925,633	61,375,415	25,069,000	58,895,948	198,630,754
Consolidation adjustments						(5,258,897)
Consolidated revenue						193,371,857

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2021 to 31.12.2021						
Audited						
Results						
Segment results	4,557,449	2,732,050	6,290,759	282,920	4,247,226	18,110,404
Interest income	26,960	188	39,820	-	141	67,109
Finance costs	(362,392)	(50,094)	(938,983)	-	(113,448)	(1,464,917)
Amortisation of intangible asset	-	-	(12,882)	-	-	(12,882)
Depreciation:						
- equipment	(199,365)	(29,212)	(552,818)	(123,471)	(2,632)	(907,498)
- right-of-use assets	(746,766)	(1,129,424)	(1,773,240)	-	(93,336)	(3,742,766)
Impairment loss of receivables	(750,691)	(123,687)	(1,437,885)	-	(118,285)	(2,430,548)
Gain on disposal of equipment	3,999	76,587	48,716	-	-	129,302
Reversal of impairment losses	-	82,644	7,797	-	-	90,441
Share of results in as associate	60,780	-	-	-	-	60,780
Unrealised foreign exchange gain/(loss)	18,752	(73,329)	(74,336)	-	(42,561)	(171,474)
Profit before taxation	2,608,726	1,485,723	1,596,948	159,449	3,877,105	9,727,951
Income tax expense						(1,476,752)
Profit after taxation						8,251,199
Consolidation adjustments						(2,311,439)
Consolidation profit after taxation						5,939,760

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
31.12.2021						
Audited						
Assets						
Segment assets	44,348,576	13,304,148	45,855,147	5,487,273	15,341,345	124,336,489
Consolidation adjustments						(33,742,458)
Consolidated total assets						90,594,031
Additions to non-current assets other than financial instruments:						
- equipment	63,750	69,507	414,428	-	-	547,685
- right-of-use assets	2,032,969	3,495,610	1,335,312	-	-	6,863,891
Liabilities						
Segment liabilities	10,285,707	8,952,669	28,392,687	3,104,503	9,380,381	60,115,947
Unallocated liabilities:						
- deferred tax liabilities						244,212
- provision for taxation						1,057,066
Consolidation adjustments						(7,602,553)
Consolidated total liabilities						53,814,672

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2022 to 31.12.2022						
Audited						
Revenue						
External revenue	41,050,954	22,574,966	89,216,426	27,046,797	54,539,476	234,428,619
Inter-segment revenue	9,115,652	3,843,056	177,298	6,715	784,909	13,927,630
	50,166,606	26,418,022	89,393,724	27,053,512	55,324,385	248,356,249
Consolidation adjustments						(13,927,630)
Consolidated revenue						234,428,619

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2022 to 31.12.2022						
Audited						
Results						
Segment results	13,269,616	2,326,821	7,130,469	88,636	2,617,805	25,433,347
Interest income	20,470	80	65,739	-	3,324	89,613
Finance costs	(196,981)	(105,338)	(880,761)	-	(81,268)	(1,264,348)
Amortisation of intangible asset	-	-	(141,047)	-	-	(141,047)
Depreciation:						
- equipment	(234,888)	(112,264)	(567,186)	(100,631)	(895)	(1,015,864)
- right-of-use assets	(765,859)	(1,721,707)	(1,833,309)	-	(108,456)	(4,429,331)
Impairment loss of receivables	(67,572)	-	(4,615,499)	-	(3,140)	(4,686,211)
Loss on disposal of equipment	-	-	(5,179)	-	-	(5,179)
Reversal of impairment losses	-	-	4,405,937	-	95,654	4,501,591
Share of results in associates	124,346	5,418,053	(6,467)	-	-	5,535,932
Unrealised foreign exchange gain/(loss)	37,071	(175,758)	(152,529)	-	(34,248)	(325,464)
Profit before taxation	12,186,203	5,629,887	3,400,168	(11,995)	2,488,776	23,693,039
Income tax expense						(3,246,865)
Profit after taxation						20,446,174
Consolidation adjustments						(6,905,608)
Consolidation profit after taxation						13,540,566

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
31.12.2022						
Audited						
Assets						
Segment assets	50,372,072	18,285,698	45,448,626	3,860,378	7,608,824	125,575,598
Consolidation adjustments						(38,745,262)
Consolidated total assets						86,830,336
Additions to non-current assets other than financial instruments:						
- equipment	239,554	1,066,815	982,600	29,004	-	2,317,973
- right-of-use assets	336,457	906,678	2,319,356	-	205,329	3,767,820
Liabilities						
Segment liabilities	13,026,854	12,486,855	26,979,782	1,716,856	2,260,837	56,471,184
Unallocated liabilities:						
- deferred tax liabilities						264,559
- provision for taxation						350,646
Consolidation adjustments						(14,289,199)
Consolidated total liabilities						42,797,190

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2022 to 31.8.2022						
Unaudited						
Revenue						
External revenue	26,710,812	16,239,520	59,027,052	21,186,818	46,893,509	170,057,711
Inter-segment revenue	3,472,585	1,983,676	367,467	1,123	592,921	6,417,772
	30,183,397	18,223,196	59,394,519	21,187,941	47,486,430	176,475,483
Consolidation adjustments						(6,417,772)
Consolidated revenue						170,057,711

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
1.1.2022 to 31.8.2022						
Unaudited						
Results						
Segment results	5,901,181	1,957,468	5,945,435	604,964	2,597,719	17,006,767
Interest income	17,695	78	578	-	222	18,573
Finance costs	(167,761)	(59,483)	(606,052)	-	(68,931)	(902,227)
Depreciation:						
- equipment	(158,798)	(60,592)	(399,317)	(64,524)	(603)	(683,834)
- right-of-use assets	(571,478)	(954,880)	(1,399,633)	-	(59,215)	(2,985,206)
Impairment loss of receivables	(8,568)	-	(1,546,252)	-	-	(1,554,820)
Unrealised foreign exchange gain/(loss)	81,609	119,558	(75,033)	-	33,284	159,418
Profit before taxation	5,093,880	1,002,149	1,919,726	540,440	2,502,476	11,058,671
Income tax expense						(2,405,401)
Profit after taxation						8,653,270
Consolidation adjustments						(12,477)
Consolidation profit after taxation						8,640,793

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
31.8.2022						
Unaudited						
Assets						
Segment assets	45,619,809	17,295,822	44,837,666	4,878,378	8,456,919	121,088,594
Consolidation adjustments						(32,067,381)
Consolidated total assets						89,021,213
Additions to non-current assets other than financial instruments:						
- equipment	178,920	969,612	942,295	9,674	-	2,100,501
- right-of-use assets	329,521	3,472,670	3,284,218	-	-	7,086,409
Liabilities						
Segment liabilities	9,833,440	12,361,942	27,918,097	2,126,600	3,197,007	55,437,086
Unallocated liabilities:						
- provision for taxation						945,930
Consolidation adjustments						(9,680,049)
Consolidated total liabilities						46,702,967

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

1.1.2023 to 31.8.2023	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
Audited						
Revenue						
External revenue	28,177,031	13,971,379	61,429,202	6,794,535	11,855,625	122,227,772
Inter-segment revenue	2,383,671	4,099,584	187,770	51,492	80,142	6,802,659
	30,560,702	18,070,963	61,616,972	6,846,027	11,935,767	129,030,431
Consolidation adjustments						(6,802,659)
Consolidated revenue						122,227,772

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

1.1.2023 to 31.8.2023	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
Audited						
Results						
Segment results	4,161,570	492,800	8,200,194	(190,804)	40,046	12,703,806
Interest income	18,022	84	-	-	-	18,106
Finance costs	(222,643)	(43,460)	(599,565)	-	(13,366)	(879,034)
Amortisation of intangible assets	-	-	(94,659)	-	-	(94,659)
Depreciation:						
- equipment	(222,297)	(121,877)	(440,833)	(51,669)	(661)	(837,337)
- right-of-use assets	(939,125)	(1,147,694)	(1,166,648)	-	(80,172)	(3,333,639)
Impairment loss of receivables	(1,014,650)	-	(1,196,153)	-	(3,140)	(2,213,943)
Gain on disposal of equipment	3,499	-	-	67	-	3,566
Reversal of impairment losses	587,305	-	1,193,992	-	-	1,781,297
Share of results in associates	(91,515)	2,153,767	-	-	-	2,062,252
Unrealised foreign exchange loss	(46,217)	-	(65,729)	-	(34,087)	(146,033)
Profit before taxation	2,233,949	1,333,620	5,830,599	(242,406)	(91,380)	9,064,382
Income tax expense						(2,916,063)
Profit after taxation						6,148,319
Consolidation adjustments						1,297,842
Consolidation profit after taxation						7,446,161

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.1 BUSINESS SEGMENTS (CONT'D)

	Malaysia RM	Singapore RM	Philippines RM	Myanmar RM	Korea RM	Total RM
31.8.2023						
Audited						
Assets						
Segment assets	53,978,237	14,870,686	49,750,786	2,378,497	6,319,765	127,297,971
Consolidation adjustments						(36,287,602)
Consolidated total assets						91,010,369
Additions to non-current assets other than financial instruments:						
- equipment	465,097	103,037	419,658	23,353	-	1,011,145
- right-of-use assets	5,932,921	275,390	540,664	-	-	6,748,975
Liabilities						
Segment liabilities	15,048,411	7,644,167	26,799,544	871,452	1,761,196	52,124,770
Unallocated liabilities:						
- deferred tax liabilities						347,201
- provision for taxation						676,913
Consolidation adjustments						(14,249,281)
Consolidated total liabilities						38,899,603

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OPERATING SEGMENTS (CONT'D)

34.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Unaudited 31.8.2022** RM	**Audited 31.8.2023** RM
Malaysia	1,476,056	2,626,644	1,099,339	1,834,406	6,214,254
Singapore	938,190	3,163,963	3,597,698	6,874,784	2,846,679
Philippines	5,516,401	5,332,731	6,134,051	6,832,906	5,502,055
Myanmar	407,665	299,419	244,582	264,577	223,292
Korea	306,615	197,969	295,571	129,962	194,162
	8,644,927	11,620,726	11,371,241	15,936,635	14,980,442

34.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Unaudited 31.8.2022** RM	**Audited 31.8.2023** RM	**Segment**
Customer A	16,238,084	53,287,625	47,013,048	40,996,823	-[(1)]	Korea
Customer B	-[(1)]	-[(1)]	24,616,344	-[(1)]	33,458,252	Malaysia and Philippines

[(1)] *Representing revenue contribution of not more than 10% of the Group's total revenue for the respective financial years and financial period.*

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Philippine Peso ("PHP"), United States Dollar ("USD"), Euro ("EUR") and South Korean Won ("KRW"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2020							
Audited							
Financial Assets							
Trade receivables	2,800,736	15,675,794	9,657,552	7,433,585	5,158,224	402,266	41,128,157
Other receivables	697,186	2,727,268	312,415	375,147	436,563	-	4,548,579
Amount owing by an associate	-	-	12,041	-	-	-	12,041
Fixed deposits with licensed banks	74,759	-	-	-	1,082,283	-	1,157,042
Cash and bank balances	707,973	1,715,167	2,486,825	74,882	21,578	514,967	5,521,392
	4,280,654	20,118,229	12,468,833	7,883,614	6,698,648	917,233	52,367,211

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2020							
Audited							
Financial Liabilities							
Trade payables	648,575	1,103,002	7,054,875	2,089,072	1,224,142	405,643	12,525,309
Other payables and accruals	599,713	775,004	802,710	1,113	858,912	2,571	3,040,023
Amount owing to an associate	-	-	7,950	-	-	-	7,950
Amount owing to related parties	-	-	26,478,842	-	-	-	26,478,842
Term loans	-	8,861,600	-	4,123,997	753,730	-	13,739,327
Invoice financing	-	-	-	-	252,354	-	252,354
Bank overdrafts	-	-	-	-	2,544,906	-	2,544,906
	1,248,288	10,739,606	34,344,377	6,214,182	5,634,044	408,214	58,588,711

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2020							
Audited							
Net financial assets/(liabilities)	3,032,366	9,378,623	(21,875,544)	1,669,432	1,064,604	509,019	(6,221,500)
Less: Net financial assets denominated in the Group's functional currency	-	-	-	-	(1,064,604)	-	(1,064,604)
Currency Exposure	3,032,366	9,378,623	(21,875,544)	1,669,432	-	509,019	(7,286,104)

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2021							
Audited							
Financial Assets							
Trade receivables	3,659,050	20,210,770	10,214,680	12,859,611	4,966,104	263,656	52,173,871
Other receivables	101,386	2,102,911	335,014	750,091	100,894	-	3,390,296
Amount owing by an associate	-	-	4,401	-	-	-	4,401
Amount owing by related parties	3,934	-	17,066	-	-	-	21,000
Fixed deposits with licensed banks	75,989	-	-	-	1,106,469	-	1,182,458
Cash and bank balances	968,476	2,535,565	4,054,855	178,686	324,755	595,155	8,657,492
	4,808,835	24,849,246	14,626,016	13,788,388	6,498,222	858,811	65,429,518

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2021							
Audited							
Financial Liabilities							
Trade payables	985,737	4,233,282	10,791,648	5,416,026	1,456,685	286,236	23,169,614
Other payables and accruals	518,839	5,104,975	58,470	-	852,960	19,379	6,554,623
Term loans	-	8,149,249	-	2,153,298	736,697	-	11,039,244
Invoice financing	-	-	-	-	908,818	-	908,818
Bank overdrafts	-	-	-	-	1,013,119	-	1,013,119
	1,504,576	17,487,506	10,850,118	7,569,324	4,968,279	305,615	42,685,418

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2021							
Audited							
Net financial assets	3,304,259	7,361,740	3,775,898	6,219,064	1,529,943	553,196	22,744,100
Less: Net financial assets denominated in the Group's functional currency	-	-	-	-	(1,529,943)	-	(1,529,943)
Currency Exposure	3,304,259	7,361,740	3,775,898	6,219,064	-	553,196	21,214,157

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2022							
Audited							
Financial Assets							
Trade receivables	2,470,750	17,641,454	8,351,872	3,668,355	6,120,079	620,276	38,872,786
Other receivables	30,748	1,323,497	256,340	130,961	78,866	654	1,821,066
Amount owing by associates	3,938,280	-	2,259	-	-	-	3,940,539
Amount owing by related parties	-	-	3,596	-	-	-	3,596
Fixed deposits with licensed banks	81,201	-	-	-	1,124,164	-	1,205,365
Cash and bank balances	1,039,378	4,025,467	4,816,247	2,166,121	243,812	843,443	13,134,468
	7,560,357	22,990,418	13,430,314	5,965,437	7,566,921	1,464,373	58,977,820

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2022							
Audited							
Financial Liabilities							
Trade payables	1,237,096	5,114,063	5,044,212	1,430,859	1,137,623	1,179,140	15,142,993
Other payables and accruals	611,401	3,945,885	157,768	-	5,170,021	34,386	9,919,461
Amount owing to associates	-	-	2,656	-	-	-	2,656
Term loans	-	7,703,562	-	-	630,504	-	8,334,066
Invoice financing	-	-	-	-	615,294	-	615,294
Bank overdrafts	-	-	-	-	116,538	-	116,538
	1,848,497	16,763,510	5,204,636	1,430,859	7,669,980	1,213,526	34,131,008

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.12.2022							
Audited							
Net financial assets/(liabilities)	5,711,860	6,226,908	8,225,678	4,534,578	(103,059)	250,847	24,846,812
Less: Net financial assets denominated in the Group's functional currency	-	-	-	-	103,059	-	103,059
Currency Exposure	5,711,860	6,226,908	8,225,678	4,534,578	-	250,847	24,949,871

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.8.2023							
Audited							
Financial Assets							
Trade receivables	2,331,416	23,929,025	5,323,344	1,569,572	10,027,503	257,844	43,438,704
Other receivables	269,357	1,284,141	278,734	-	32,105	1,515	1,865,852
Amount owing by associates	-	40,132	4,771	-	-	-	44,903
Amount owing by related parties	1,675	-	-	-	-	-	1,675
Fixed deposits with licensed banks	84,950	-	-	-	974,989	-	1,059,939
Cash and bank balances	873,250	3,815,206	3,679,714	756,870	650,289	629,422	10,404,751
	3,560,648	29,068,504	9,286,563	2,326,442	11,684,886	888,781	56,815,824

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.8.2023							
Audited							
Financial Liabilities							
Trade payables	1,373,350	4,650,543	4,767,210	943,132	1,050,513	991,340	13,776,088
Other payables and accruals	623,039	2,744,904	234,599	59,033	1,212,320	20,300	4,894,195
Amount owing to associates	-	19,964	-	-	-	-	19,964
Term loans	-	6,928,143	-	-	105,450	-	7,033,593
Invoice financing	-	-	-	-	568,239	-	568,239
	1,996,389	14,343,554	5,001,809	1,002,165	2,936,522	1,011,640	26,292,079

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Singapore Dollar RM	Philippine Peso RM	United States Dollar RM	South Korean Won RM	Ringgit Malaysia RM	Others RM	Total RM
31.8.2023							
Audited							
Net financial assets/(liabilities)	1,564,259	14,724,950	4,284,754	1,324,277	8,748,364	(122,859)	30,523,745
Less: Net financial assets denominated in the Group's functional currency	-	-	-	-	(8,748,364)	-	(8,748,364)
Currency Exposure	1,564,259	14,724,950	4,284,754	1,324,277	-	(122,859)	21,775,381

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

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

		Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Effects on Profit After Taxation and Other Comprehensive Income					
SGD/RM	- strengthened by 5%	115,230	125,562	217,051	59,442
	- weakened by 5%	(115,230)	(125,562)	(217,051)	(59,442)
PHP/RM	- strengthened by 5%	356,388	279,746	236,623	559,548
	- weakened by 5%	(356,388)	(279,746)	(236,623)	(559,548)
USD/RM	- strengthened by 5%	831,271	143,484	312,576	162,821
	- weakened by 5%	(831,271)	(143,484)	(312,576)	(162,821)
KRW/RM	- strengthened by 5%	63,438	236,324	172,314	50,323
	- weakened by 5%	(63,438)	(236,324)	(172,314)	(50,323)

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 20 to the financial statements respectively.

Interest Rate Risk Sensitivity Analysis

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

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Effects On Profit After Taxation and Other Comprehensive Income				
Increase by 25 basis points	261,047	209,746	158,347	133,638
Decrease by 25 basis points	(261,047)	(209,746)	(158,347)	(133,638)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulties of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 1 year past due.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivable has been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables and contract assets are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.12.2020			
Audited			
Current (not past due)	20,460,257	(35,146)	20,425,111
1 to 90 days past due	6,570,777	(6,450)	6,564,327
91 to 180 days past due	13,105,105	(888,249)	12,216,856
More than 181 days past due	2,120,119	(198,256)	1,921,863
Credit impaired	1,148,882	(1,148,882)	-
Trade receivables	43,405,140	(2,276,983)	41,128,157
Contract assets	1,744,724	-	1,744,724
	45,149,864	(2,276,983)	42,872,881

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables and contract assets are summarised below:- (Cont'd)

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.12.2021			
Audited			
Current (not past due)	30,749,411	(196,290)	30,553,121
1 to 90 days past due	9,485,998	(253,102)	9,232,896
91 to 180 days past due	3,736,386	(105,874)	3,630,512
More than 181 days past due	9,718,377	(961,035)	8,757,342
Credit impaired	1,403,699	(1,403,699)	-
Trade receivables	55,093,871	(2,920,000)	52,173,871
Contract assets	4,610,721	-	4,610,721
	59,704,592	(2,920,000)	56,784,592

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.12.2022			
Audited			
Current (not past due)	19,327,530	(765,690)	18,561,840
1 to 90 days past due	17,366,119	(347,393)	17,018,726
91 to 180 days past due	2,001,511	(333,962)	1,667,549
More than 181 days past due	3,209,406	(1,584,735)	1,624,671
Trade receivables	41,904,566	(3,031,780)	38,872,786
Contract assets	4,973,791	-	4,973,791
	46,878,357	(3,031,780)	43,846,577

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables and contract assets are summarised below:- (Cont'd)

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
31.8.2023			
Audited			
Current (not past due)	22,859,709	(235,135)	22,624,574
1 to 90 days past due	18,565,105	(349,328)	18,215,777
91 to 180 days past due	2,150,416	(171,316)	1,979,100
More than 181 days past due	1,758,190	(1,138,937)	619,253
Credit impaired	1,488,838	(1,488,838)	-
Trade receivables	46,822,258	(3,383,554)	43,438,704
Contract assets	3,781,362	-	3,781,362
	50,603,620	(3,383,554)	47,220,066

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 10 and 12 to the financial statements respectively.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for other receivables and amount owing by an associate.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past dua	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial period.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2020					
Audited					
Non-derivative Financial Liabilities					
Lease liabilities	3.00 - 7.48	6,364,191	6,856,749	3,608,160	3,248,589
Term loans	2.81 - 8.90	13,739,327	13,799,703	12,629,389	1,170,314
Trade payables	-	12,525,309	12,525,309	12,525,309	-
Other payables and accruals	-	3,040,023	3,040,023	3,040,023	-
Amount owing to an associate	-	7,950	7,950	7,950	-
Amount owing to related parties	-	26,478,842	26,478,842	26,478,842	-
Invoice financing	2.45 - 2.55	252,354	252,354	252,354	-
Bank overdrafts	6.51 - 7.40	2,544,906	2,544,906	2,544,906	-
		64,952,902	65,505,836	61,086,933	4,418,903

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2021					
Audited					
Non-derivative Financial Liabilities					
Lease liabilities	3.00 - 7.81	9,166,100	9,472,470	4,137,128	5,335,342
Term loans	3.28 - 8.90	11,039,244	11,124,150	9,767,262	1,356,888
Trade payables	-	23,169,614	23,169,614	23,169,614	-
Other payables and accruals	-	6,554,623	6,554,623	6,554,623	-
Invoice financing	4.90 - 4.95	908,818	908,818	908,818	-
Bank overdrafts	6.51 - 7.40	1,013,119	1,013,119	1,013,119	-
		51,851,518	52,242,794	45,550,564	6,692,230

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.12.2022					
Audited					
Non-derivative Financial Liabilities					
Lease liabilities	3.00 - 9.91	6,853,484	7,038,652	3,943,054	3,095,598
Term loans	3.50 - 9.90	8,334,066	8,515,693	7,866,061	649,632
Trade payables	-	15,142,993	15,142,993	15,142,993	-
Other payables and accruals	-	9,919,461	9,919,461	9,919,461	-
Amount owing to an associate	-	2,656	2,656	2,656	-
Invoice financing	6.10	615,294	615,294	615,294	-
Bank overdrafts	7.15	116,538	116,538	116,538	-
		40,984,492	41,351,287	37,606,057	3,745,230

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
31.8.2023					
Audited					
Non-derivative Financial Liabilities					
Lease liabilities	3.00 - 9.91	10,041,486	11,106,176	5,197,067	5,909,109
Term loans	3.50 - 10.25	7,033,593	7,036,747	7,001,230	35,517
Trade payables	-	13,776,088	13,776,088	13,776,088	-
Other payables and accruals	-	4,894,195	4,894,195	4,894,195	-
Amount owing to associate	-	19,964	19,964	19,964	-
Invoice financing	6.25	568,239	568,239	568,239	-
		36,333,565	37,401,409	31,456,783	5,944,626

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Audited 31.12.2020 RM	**Audited 31.12.2021** RM	**Audited 31.12.2022** RM	**Audited 31.8.2023** RM
Lease liabilities	6,364,191	9,166,100	6,853,484	10,041,486
Term loans	13,739,327	11,039,244	8,334,066	7,033,593
Invoice financing	252,354	908,818	615,294	568,239
Bank overdrafts	2,544,906	1,013,119	116,538	-
	22,900,778	22,127,281	15,919,382	17,643,318
Less: Cash and cash equivalents	(3,051,245)	(7,720,362)	(13,099,131)	(10,489,701)
Net debt	19,849,533	14,406,919	2,820,251	7,153,617
Total equity	5,291,601	36,779,359	44,033,146	52,110,766
Debt-to-equity ratio	3.75	0.39	0.06	0.14

There was no change in the Group's approach to capital management during the financial period.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited 31.12.2020 RM	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.8.2023 RM
Financial Assets				
Amortised Cost				
Trade receivables	41,128,157	52,173,871	38,872,786	43,438,704
Other receivables	4,548,579	3,390,296	1,821,066	1,865,852
Amount owing by associates	12,041	4,401	3,940,539	44,903
Amount owing by related parties	-	21,000	3,596	1,675
Fixed deposits with licensed banks	1,157,042	1,182,458	1,205,365	1,059,939
Cash and bank balances	5,521,392	8,657,492	13,134,468	10,404,751
	52,367,211	65,429,518	58,977,820	56,815,824
Financial Liabilities				
Amortised Cost				
Trade payables	12,525,309	23,169,614	15,142,993	13,776,088
Other payables and accruals	3,040,023	6,554,623	9,919,461	4,894,195
Amount owing to associate	7,950	-	2,656	19,964
Amount owing to related parties	26,478,842	-	-	-
Term loans	13,739,327	11,039,244	8,334,066	7,033,593
Invoice financing	252,354	908,818	615,294	568,239
Bank overdrafts	2,544,906	1,013,119	116,538	-
	58,588,711	42,685,418	34,131,008	26,292,079

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Audited 1.1.2020 to 31.12.2020 RM	**Audited 1.1.2021 to 31.12.2021** RM	**Audited 1.1.2022 to 31.12.2022** RM	**Unaudited 1.1.2022 to 31.8.2022** RM	**Audited 1.1.2023 to 31.8.2023** RM
Financial Assets					
Amortised Cost					
Net losses recognised in profit or loss	(1,654,262)	(2,269,858)	(95,007)	(1,536,247)	(414,540)
Financial Liabilities					
Amortised Cost					
Net losses recognised in profit or loss	(1,035,608)	(891,871)	(808,233)	(565,283)	(502,158)

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			**Total Fair Value**	**Carrying Amount**
	Level 1	**Level 2**	**Level 3**		
	RM	RM	RM	RM	RM
Audited					
31.12.2020					
Financial Liabilities					
Term loans:					
- floating rate	-	13,739,327	-	13,739,327	13,739,327
31.12.2021					
Financial Liabilities					
Term loans:					
- floating rate	-	11,039,244	-	11,039,244	11,039,244
31.12.2022					
Financial Liabilities					
Term loans:					
- floating rate	-	8,334,066	-	8,334,066	8,334,066
31.8.2023					
Financial Liabilities					
Term loans:					
- floating rate	-	7,033,593	-	7,033,593	7,033,593

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

AGX GROUP BERHAD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS OCCURRING DURING THE REPORTING YEAR/PERIOD

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following the declaration, the Government of Malaysia had on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Company's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic.

Although the Company's operation has been disrupted, the management has assessed the impact on the Company that there was no material financial impacts arising from the pandemic. Nevertheless, the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

(b) On 24 February 2022, its subsidiary AGX Logistics (S) Pte Ltd. had acquired 30% of shares in All-Link Air & Sea Pte. Ltd. with consideration of SGD30,000 (approximately RM93,000).

(c) On 5 September 2022, its subsidiary AGX Express Phils., Inc. and All-Link Air & Sea Pte. Ltd. incorporated an associate namely All-Link Air & Sea Phils., Inc. with an effective interest rate of 47.99% with consideration of PHP3,600,000 (approximately RM284,000).

(d) On 8 November 2022, AGX Logistics (M) Sdn. Bhd. incorporated a 70% owned subsidiary namely, AGX Transport Sdn. Bhd.. The Company is principally involved in road freight transportation.

37. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

(a) On 7 December 2023, AGX Express Phils. Inc. incorporated a 99.99% owned subsidiary namely, AGX Warehouse Solutions Inc.. The intended principal activities are warehousing and other 3PL services.

AGX GROUP BERHAD

STATEMENT BY DIRECTORS

We, Jayasielan A/L Gopal and Dato' Ponnudorai A/L Periasamy, being two of the directors of AGX Group Berhad, state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of AGX Group Berhad and its subsidiaries (collectively known as the "Group") as of 31 December 2020, 31 December 2021, 31 December 2022, and 31 August 2023 and their financial performance and cash flows for the financial years/period then ended 31 December 2020, 31 December 2021, 31 December 2022, and 31 August 2023.

Signed in accordance with a resolution of the directors dated 0 2 JAN 2024

Jayasielan A/L Gopal

Dato' Ponnudorai A/L Periasamy

STATUTORY DECLARATION

I, Chang Poh Sheng, being the officer primarily responsible for the financial management of AGX Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 4 to 138 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chang Poh Sheng, NRIC Number: 720509-14-5217
at Kuala Lumpur
in the Federal Territory
on this 0 2 JAN 2024

Chang Poh Sheng

Before me

PESURUHJAYA SUMPAH
W 804
SHAIFUL HILMI
BIN HALIM
1 Januari 2023
Hingga
31 Disember 2025
MALAYSIA

Unit C-6-1, Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which ranks equally with one another.

(b) Save for the Pink Form Allocations and 15,690,000 Offer Shares to be acquired by Dato' Rozalila Binti Abdul Rahman, our Independent Non-Executive Director, Chairperson, as disclosed in Section 4.3.2 and Section 4.3.3 of this Prospectus respectively,

(i) no person including Directors and employees of our Group has been or is entitled to be given or has exercised any option to acquire/subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save as disclosed in Section 6.4 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.

(d) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

14.2 CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used here unless they are otherwise defined here or the context otherwise requires.

14.2.1 Share Capital

The provisions in our Constitution in respect of the changes in capital and variation of class rights are as follows:

Clause 7 – Classes of shares

(3) Rights of preference shareholders

Subject to the Act, any applicable laws and any other requirements of Bursa Securities and the SC, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are liable, or at the option of the Company are liable to be redeemed and the Company shall not issue preference shares ranking in priority over preference shares already issued but may issue preference shares ranking equally therewith.

(a) A holder of preference shares must have a right to vote in each of the following circumstances:

(i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(ii) on a proposal to reduce the Company's share capital;

(iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iv) on a proposal that affects the rights attached to the preference shares;

(v) on a proposal to wind up the Company; and

(vi) during the winding up of the Company.

(b) A holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements and attending meetings.

(4) Repayment of preference capital

Notwithstanding Clause 3 hereof, the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned provided always that where the necessary majority for such a resolution is not obtained at the meeting of the preference shareholders concerned, consent in writing representing not less than seventy-five percent (75%) of the total voting rights of the holders of the preference shares obtained within two (2) months of the meeting shall be valid and effectual as a special resolution carried at the meeting.

Clause 8 – Variation of rights

(1) Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

(3) Variation of rights of existing preference shares

The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

Clause 12 – Issue of securities

(1) Allotment of shares or grant of rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Issue of new shares or securities to Members

(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(4) General mandate for issue of securities

Subject to the Listing Requirements, requirements prescribed by Bursa Securities and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities exceeds the prescribed limit as permitted under the Listing Requirements and set by Bursa Securities from time to time, except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each of such security is counted as the maximum number of shares into which it can be converted or exercised.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

Clause 46 – Alteration of capital

(1) Consolidation of shares and subdivision of shares

The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(2) Cancellation of shares and reduction of share capital

The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) Purchase of own shares

The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

14.2.2 Borrowing and voting powers of the Directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 94 – Powers of Directors

Without limiting the generality of Clause 93(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

Borrowing

(1) borrow money;

Mortgage

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

Issue debentures

(3) issue debentures and other Securities whether outright or as security; and/or

Lend or advance money

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 96 – Powers of Directors

Power of attorney

(1) The Directors may from time to time by power of attorney under Seal appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.

(2) Any powers of attorney granted under Clause 96(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

Clause 104 – Directors' interest in contracts

Directors' interest in contracts

(a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 117 – Voting at board meetings

(1) Directors' decision

Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Casting of vote

Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 118 – Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum and only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue.

14.2.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 84 – Appointment of Managing and Executive Directors

Remuneration

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 92 – Remuneration of Directors

(1) Fee

Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors including compensation for loss of employment of a Director or a former Director of the Company shall be subject to annual shareholders' approval at a General Meeting.

(2)

If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(3) Expenses

The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(4) Executive Directors' remuneration

Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration may not include a commission on or percentage of turnover.

14.2.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Clause 14 – Transfer of Securities

Transfer of securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 – Transfer of Shares or Debentures

(1) Instrument of transfer

Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) Execution of instrument of transfer

The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) Effect the transfer of shares or debentures

The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

14.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14. ADDITIONAL INFORMATION *(Cont'd)*

14.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers by our Group in respect of other companies' shares.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

(i) **Malaysia**

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

Effective from 1 January 2022, generally, all types of foreign income (i.e., dividends) received in Malaysia by a resident in Malaysia is subject to tax. For the period from 1 January 2022 to 30 June 2022, foreign income received in Malaysia will be taxed at a rate of 3% at gross under the Income Tax Act 1967. Effective from 1 July 2022, foreign income received in Malaysia is subject to the prevailing tax rate.

Notwithstanding the above, the Income Tax (Exemption) (No. 6) Order 2022 ("**Exemption Oder**") provides for exemption on foreign sourced dividend income received in Malaysia by, amongst others, a resident company incorporated under the Act for the period from 1 January 2022 to 31 December 2026. The exemption is given subject to the following qualifying conditions:

(i) the dividend income has been subjected to tax in the country of origin;

(ii) the highest tax rate (headline tax) in the country of origin is not less than 15 percent; and

(iii) comply with the economic substance requirements.

Reference can be made to the Technical Guidelines issued by the Inland Revenue Board of Malaysia on 29 December 2022 to determine whether the above conditions are met for the purposes of the exemption on foreign sourced dividend income received in Malaysia. For clarity purposes, the Exemption Order does not apply to a resident carrying on the business of banking, insurance or sea or air transport.

(ii) **Singapore**

(a) Exchange controls

Subject to AGX Singapore adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by AGX Singapore to AGB. Under the laws of Singapore, AGX Singapore may repatriate capital and/or remit profits to AGB by way of:

(i) share buy-backs;

(ii) capital reduction;

(iii) distribution of assets on a winding-up; and

(iv) declaration of dividends.

(b) Dividend distribution

Subject to the Singapore Companies Act, the constitution of AGX Singapore, and the payment of applicable taxes under the laws of Singapore:

(i) dividends may be paid only out of profits available for distribution. The constitution of AGX Singapore provides for the declaration of dividends upon AGB's approval by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of AGX Singapore. There are no restrictions on payment of dividends to AGB;

(ii) the directors of AGX Singapore may, from time to time, pay to AGB such interim dividends as appear to the directors to be justified by the profits of AGX Singapore; and

(iii) capital may not be returned to AGB unless a capital reduction exercise is carried out.

(c) Withholding tax

Dividends received in respect of the ordinary shares of AGX Singapore by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Singapore operates under the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax collected from corporate profits is the final tax and AGX Singapore can pay tax exempt (1-tier) dividends which are tax exempt in the hands of AGB, regardless of the tax residence status or the legal form of AGB.

(iii) **Philippines**

(a) Exchange controls

Subject to the Republic Act No. 7653 (1993), as amended by Republic Act No. 11211 (2018), dividend and profit remittances as well as capital repatriation are generally not regulated in the Philippines. Among the rights recognised by the Philippine government is the right to remit earnings from investment, in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance.

Foreign investments registered with the Bangko Sentral ng Pilipinas ("**BSP**") may repatriate capital and remit dividends, profit and earnings, using foreign exchange sourced from the domestic banking system. If the foreign investment is not registered with the BSP, remittances using foreign exchange may only be sourced outside the domestic banking system.

(b) Dividend distribution

Under the laws of the Philippines, dividends may only be declared out of the unrestricted retained earnings of AGX Philippines/AGX Worldwide, which may be paid by cash, property or in stock to all stockholders, including AGB, on the basis of the outstanding stock held by them.

Board of directors' approval is required for the declaration of cash dividends. Any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription price plus costs and expenses. Declaration of stock dividends also require the board of directors' approval and the approval of at least two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. Further, stock dividends shall be withheld from the delinquent stockholders until their unpaid subscription is fully paid.

AGX Philippines/AGX Worldwide is prohibited from retaining surplus profits in excess of 100% of its paid-in capital stock, except:

(i) when justified by definite corporate expansion projects or programs approved by the board of directors;

(ii) when AGX Philippines/AGX Worldwide is prohibited under any loan agreement with financial institutions or creditors, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured; or

(iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in AGX Philippines/AGX Worldwide, such as when there is need for special reserve for probable contingencies.

(c) Withholding tax

Dividends received by AGB from AGX Philippines/AGX Worldwide is subject to income tax at a final withholding tax rate of 15%. The prevailing Double Tax Treaty Agreement between Malaysia and the Philippines currently provides that the dividends payable to a Malaysian incorporated company, i.e. AGB, will be subject to a preferential tax rate of 15% of the gross amount of the dividends.

(iv) **Korea**

(a) Exchange controls

The Foreign Exchange Transaction Act of Korea and the Presidential Decree and regulations thereunder ("**Foreign Exchange Transaction Laws**"), regulate foreign currency exchange and cross border transactions by or with companies domiciled in Korea, pursuant to which prior and post reporting obligations may be required for such transactions to or from Korea by AGX Korea on a case-by-case basis. Subject to certain limitations, the Ministry of Economy and Finance of Korea ("**MOEF**") has the authority to take the following actions under the Foreign Exchange Transaction Laws for a period of up to 6 months, or longer under extraordinary circumstances:

(i) if the Korean government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, the MOEF may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit, safe-keep or sell any means of payment to The Bank of Korea, a foreign exchange equalisation fund or certain other governmental agencies or financial institutions; and

(ii) if the Korean government concludes that the international balance of payments and international financial markets are experiencing or are likely to experience significant disruption or that the movement of capital between Korea and other countries is likely to adversely affect its currency policies, exchange rate policies or other macroeconomic policies, the MOEF may take action to require any person who intends to effect a capital transaction to obtain permission or to require any person who effects a capital transaction to deposit a portion of the means of payment acquired in such transactions with The Bank of Korea, a foreign exchange equalisation fund or certain other governmental agencies or financial institutions, in each case subject to certain limitations.

(b) Dividend distribution

No governmental approval is required for AGB to receive any dividends or sale proceeds of any shares in a Korean company which are to be paid, received, and retained in Korea. Such dividends or sales proceeds may be received by AGB in its account established with a bank located outside Korea or AGB may deposit such amounts in its Korean Won account established with a foreign exchange bank. Such funds in AGB's Korean Won account may be transferred to its account established with a bank located outside Korea.

Further, there are no restrictions under the Articles of Incorporation of AGX Korea that explicitly prohibit, directly or indirectly, the payment of dividends to its foreign shareholder, AGB, on its shares in any material respects.

(c) Withholding tax

Korean withholding tax are deducted from dividends (whether in cash or in shares) paid to a non-resident at a rate of 22% (inclusive of local income tax). If a non-resident is a qualified resident in a country that has entered into a tax treaty with Korea, such non-resident may qualify for a reduced rate of Korean withholding tax. Pursuant to the agreement between the Government of the Republic of Korea and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income that came into force on 2 January 1983 ("**Korea-Malaysia Tax Treaty**"), the domestic withholding tax rate on dividends paid by AGX Korea to AGB, a resident of Malaysia, may be limited to the laws of Korea if AGB is the beneficial owner of the dividends. In such case, the tax so charged shall not exceed (a) 10.0% of the gross amount of the dividends if such beneficial owner owns directly at least 25.0% of the capital stock of AGX Korea, and (b) 15.0% of the gross amount of the dividends in all other cases. In order to enjoy the withholding tax rates for a particular treaty, the beneficial owner of the Korean source income must submit an "Application for Entitlement to Reduced Tax Rate on Domestic Source Income" to the withholding party showing that the beneficial owner is a resident of the country related to the applicable treaty.

As a general rule, capital gains earned by non-residents upon transfer of the common shares would be subjected to Korean income tax at a rate equal to the lesser of (i) 11.0% (including local income tax) of the gross proceeds realised or (ii) 22.0% (including local income tax) of the net realised gain (subject to the production of satisfactory evidence of the acquisition costs and certain direct transaction costs arising out of the transfer of such common shares), unless such non-resident is exempted from Korean income taxation under an applicable Korean tax treaty which Korea has entered into with the non-resident's country of tax residence. Pursuant to Article 13 of the Korea-Malaysia Tax Treaty, alienation of the shares in AGX Korea by AGB may be exempted from taxation in Korea if AGB is a tax resident of Malaysia which is eligible for the Korea-Malaysia Tax Treaty.

(v) **Myanmar**

(a) Exchange controls

Despite what is agreed to by Myanmar in Paragraph 1 of the ASEAN Comprehensive Investment Agreement ("**ACIA**") that it shall allow all transfers relating to a covered investment to be made freely and without delay into and out of its territory, the Central Bank of Myanmar ("**CBM**") issued Notification No. 12/2022, forming part of strict foreign exchange control regulations, which provides that all offshore remittances must be carried out by an Authorised Dealer Banks and it can only occur with the approval of the Foreign Exchange Supervisory Committee. The offshore remittances include payments for imports, services, dividends and the repatriation of investment funds, offshore investments, repaying offshore loans and paying for expenses relating to overseas trips.

According to the ACIA, a covered investment in Myanmar is an investment (including, but not limited to, shares and reinvestment in a company incorporated in Myanmar, as well as dividends from a company incorporated in Myanmar) made by an investor from any other ASEAN member state. This encompasses investments that were in existence as of the date the ACIA came into force, 29 March 2012, or established, acquired, or expanded thereafter, subject to compliance with Myanmar laws, regulations, and national policies and the relevant approval in certain cases.

Subsequent to the issuance of Notification No. 12/2022, CBM has issued an exemption list to certain types of organisation that are exempted from seeking approval from the Foreign Exchange Supervisory Committee for offshore remittance. Since AGX Myanmar is not on the exemption list, AGX Myanmar will need to apply or seek for the permission or approval of Foreign Exchange Supervisory Committee for offshore remittance of dividends, interest or other payments to its shareholders, including AGB.

(b) Dividend distribution

There are no restrictions under the constitution of AGX Myanmar that explicitly prohibit, directly or indirectly, the payment of dividends to its foreign shareholder, AGB, on its shares in any material respects. However, payment of dividend to AGB is subject to the approval of the Foreign Exchange Supervisory Committee for foreign currency remittance. In practice, prior to dividend remittance to foreign shareholders, resolution of the general meeting and tax clearance of the relevant year will be required.

(c) Withholding tax

There is no withholding tax on dividend in Myanmar. Pursuant to Section 5(a)(xii) of the Income Tax Law, 1974 (as amended), the income tax (including withholding tax) shall not apply to dividend rendered from after-taxed profit of other tax unit (association of persons). As such, no withholding tax is required against payment of dividend by AGX Myanmar to its shareholders, including AGB.

14.6 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contract which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus, up to the date of this Prospectus:

(i) Share Sale Agreement dated 30 November 2019 and Supplemental Agreement dated 30 November 2020 between AGX BVI (as vendor) and AGB (as purchaser) in relation to the acquisition of all ordinary shares held by AGX BVI in AGX Malaysia, AGX Singapore, AGX Philippines, AGX Korea, AGX Myanmar and AGX Cambodia by AGB for a total consideration of RM26,374,131 to be satisfied via issuance and allotment of an aggregate of 263,741,310 new shares in AGB at an issue price of RM0.10 per share to the existing ultimate shareholders of AGX BVI.

AGX BVI was incorporated in the British Virgin Islands on 18 May 2017. AGX BVI was an investment holding company. Subsequent to the Share Sale Agreement dated 30 November 2019 between AGX BVI and AGB, the then shareholders of AGX BVI had, on 30 October 2020, disposed of all their shares in AGX BVI to Melinda Donnel Raj. Melinda Donnel Raj does not have any relationship with the directors or shareholders of AGB or in any way connected to our Group;

(ii) Share Sale Agreement dated 26 December 2019 between AGB (as purchaser) and Yun JaeHoon (as vendor) and Supplemental Letter dated 26 December 2019 from AGB to Yun JaeHoon in relation to the acquisition of 360,000 ordinary shares in AGX Korea, representing 60% of the issued share capital of AGX Korea for a total cash consideration of KRW 210,709,995;

(iii) Joint Venture and Shareholders' Agreement dated 13 July 2022 between Xu Hao (executive director, major shareholder and legal representative of Shanghai All-Link Logistics Co., Ltd. ("**All-Link**")), AGX Singapore and All-Link Singapore and Supplemental Agreement dated 13 April 2023 between Xu Hao, All-Link, Tang Ying, AGX Singapore and All-Link Singapore.

The agreement regulates the rights, obligations and liabilities of Tang Ying and AGX Singapore as shareholders of All-Link Singapore and in carrying on the business of logistics, and any other business as may be agreed by the parties from time to time, in Singapore and other countries in Southeast Asia, mainly to serve All-Link's customers from China who have expanded their business to Southeast Asia;

(iv) Joint Venture and Shareholders' Agreement dated 10 January 2023 between All-Link Singapore, AGX Philippines, Jun Miao and All-Link Philippines.

The agreement regulates the rights, obligations and liabilities of All-Link Singapore, AGX Philippines and Jun Miao as shareholders of All-Link Philippines and in carrying on the business of logistics, and any other business as may be agreed by the parties from time to time, in the Philippines, mainly to serve All-Link's customers from China who have expanded their business to Southeast Asia;

(v) Shareholders' Agreement dated 13 December 2022 and Supplemental Agreement dated 13 January 2023 between AGX Malaysia, Mohd Zalani Bin Abdullah and AGX Transport. The agreement regulates the rights, obligations and liabilities of AGX Malaysia and Mohd Zalani Bin Abdullah as shareholders of AGX Transport and in carrying on the land transportation business and any other business as may be agreed by the parties from time to time, in Malaysia, mainly to serve AGX Malaysia's customers who require road transportation service; and

(vi) Underwriting Agreement.

14.7 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS (GENERAL INFORMATION)

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, holders of our Shares must deposit their Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, Malaysia and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.8 CONSENTS

(a) The written consents of the Principal Adviser, Sponsor, Placement Agent and Underwriter, Solicitors, Share Registrar, Company Secretaries and Issuing House for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn;

(b) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their names, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(c) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not been subsequently withdrawn.

14.9 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during office hours for a period of 6 months from the date of this Prospectus:

(a) our Constitution;

(b) the IMR Report referred to in Section 8 of this prospectus;

(c) the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position as referred to in Section 12 of this Prospectus;

(d) the Accountants' Report as included in Section 13 of this Prospectus;

(e) the material contracts referred to in Sections 7.18 and 14.6 of this Prospectus;

(f) the letters of consent referred to in Section 14.8 of this Prospectus;

(g) the audited financial statements of AGB for the financial period from 26 November 2019 to 31 December 2020, FYE 2021, FYE 2022 and FPE 2023; and

(h) the audited consolidated financial statements of our Group's subsidiaries respectively for FYE 2020, FYE 2021 and FYE 2022.

14.10 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities, being our Principal Adviser, Sponsor, Placement Agent and Underwriter in relation to our IPO acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 16 January 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 23 January 2024

Applications for the IPO Shares will open and close at the dates stated above.

In the event of any change to the dates or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

15.2.2 Application by selected investors via placement

Types of Application	Application Method
Applications by selected investors	Our Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Application**.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO THE ISSUING HOUSE. THIS IS TO ENSURE THAT THE ISSUNG HOUSE RECEIVES THE IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form; or

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, the Issuing House, TA Securities, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.35 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 637"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan
Malaysia

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on 23 January 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up or improper form of remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of our Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.0% of our Company's share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public, subject to the underwriting arrangements and reallocation as set out in Sections 4.3.4(i) and 4.10 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(i) Our IPO Shares allotted to you will be credited into your CDS Account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. +603-7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at www.mih.com.my, **one Market Day** after the balloting date.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

You may also check the status of your Application at the above website, **five Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-