

**11. FINANCIAL INFORMATION (Cont'd)****11.4 LIQUIDITY AND CAPITAL RESOURCES****11.4.1 Working capital**

Our working capital is financed by a combination of cash generated from our operating activities, credit granted by our suppliers, finance lease and borrowings from financial institutions and non-financial institutions as well as our existing cash and cash equivalents.

As at the LPD, we had cash and cash equivalents of RM24.3 million, total bank borrowings of RM622.0 million and total lease liabilities of RM70.7 million. We also had RM268.6 million in undrawn credit facilities comprising term loans of RM7.4 million, unrated Islamic medium term notes of RM140.0 million, trade financing of RM39.8 million, bank overdrafts of RM31.5 million and revolving credits of RM49.8 million.

Based on the above and after taking into consideration our funding requirements for our committed capital expenditure, expected cash flows from operations, existing level of cash and cash equivalents and credit sources together with the estimated net proceeds to be raised from our IPO, our Board is of the opinion that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

**11.4.2 Cash flow**

The summary of our Group's cash flow based on our Group's historical combined statements of cash flows for the Financial Years Under Review, FPE 2020 and FPE 2021 is as follows:

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Net cash from operating activities	133,702	130,388	139,174	65,198	17,257
Net cash used in investing activities	(113,525)	(56,855)	(29,840)	(2,759)	(23,894)
Net cash (used in)/from financing activities	(32,489)	(67,851)	(111,388)	(72,946)	6,206
Net (decrease)/increase in cash and cash equivalents	(12,312)	5,682	(2,054)	(10,507)	(431)
Effect of exchange rate changes on cash and cash equivalents	(361)	(978)	(84)	29	203
Cash and cash equivalents at beginning of year / period	28,460	15,787	20,491	20,491	18,353
<b>Cash and cash equivalents at end of year / period</b>	<b>15,787</b>	<b>20,491</b>	<b>18,353</b>	<b>10,013</b>	<b>18,125</b>

## 11. FINANCIAL INFORMATION (Cont'd)

Details of the cash and cash equivalents are as follows:

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Cash and bank balances	49,669	29,310	32,891	23,270	34,371
Less:					
Bank overdraft included in borrowings	(27,657)	(2,815)	(8,181)	(7,389)	(9,633)
Deposits with licenced banks with maturity of over three months	(4,484)	(4,263)	(4,616)	(4,127)	(3,921)
Restricted cash	(1,741)	(1,741)	(1,741)	(1,741)	(2,692)
<b>Cash and cash equivalents at end of year/period</b>	<b>15,787</b>	<b>20,491</b>	<b>18,353</b>	<b>10,013</b>	<b>18,125</b>

Most of our cash and cash equivalents are held in RM. There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Group in the form of cash dividends, loans or advances, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenants.

### (a) Net cash generated from operating activities

#### FYE 2018

Our operating cash flow before changes in working capital amounted to RM104.5 million. After adjusting for the working capital changes below, our cash generated from operations is RM152.1 million.

The working capital changes are as follows:

- (i) decrease in trade and other receivables of RM77.4 million mainly attributable to the reduction in trade receivables during the year by Swift Integrated Logistics of approximately RM18.9 million and the decrease in trade and other receivables by Tanjong Express Group and Komunajaya, which were acquired during the year, of approximately RM55.0 million;
- (ii) decrease in trade and other payables by RM26.9 million mainly represented by timely payments made to our creditors, including the settlement of other creditors of Tanjong Express Group amounting to RM28.7 million upon the acquisition in FYE 2018. However, this was offset mainly due to an increase in trade and other creditors by RM1.8 million; and
- (iii) increase in inventories which are mainly spare parts, consumables goods and prime movers by RM2.9 million due to the acquisition of Tanjong Express Group and Komunajaya in FYE 2018 which contributed to the increase.

After tax payments of RM18.5 million and tax refund of less than RM0.1 million, our net cash from operating activities is RM133.7 million.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2019**

Our adjusted operating profit before changes in working capital amounted to RM133.1 million. After adjusting for the working capital changes below, our cash generated from operations is RM146.0 million.

The working capital changes are as follows:

- (i) decrease in trade and other receivables by RM39.5 million mainly attributable to the improvement in collections with improved trade receivables turnover period from 67.2 days to 64.4 days;
- (ii) decrease in trade and other payables of RM23.8 million mainly due to timely payment to our creditors reflected in the improved trade payables turnover period from 39.1 days to 33.6 days; and
- (iii) increase in inventories by RM2.8 million which was mainly due to an increase in prime movers held for sale by our subsidiary, namely Q-Team, a 3S dealer for Mercedes Benz, of RM7.0 million which was offset by a decrease in spare parts and consumable goods of RM4.2 million.

After tax payments of RM19.5 million and tax refund of RM3.9 million, our net cash from operating activities is RM130.4 million.

**FYE 2020**

Our adjusted operating profit before changes in working capital amounted to RM147.2 million. After adjusting for the working capital changes below, our net cash generated from operations is RM151.4 million.

The working capital changes are as follows:

- (i) decrease in trade and other receivables by RM30.7 million mainly attributable to improvements in collections and improved trade receivables turnover period from 64.4 days to 63.0 days; and
- (ii) decrease in trade and other payables of RM30.5 million mainly due to timely payment to our creditors and payment of trade and other payables of Sentiasa Hebat Group which was acquired at the end of August 2020.
- (iii) decrease in inventories by RM4.0 million mainly due to the decrease in prime movers held for sale by our subsidiary i.e. Q-Team, a 3S dealer for Mercedes Benz by RM3.6 million and also decrease in spare parts and consumable goods by RM0.4 million.

After tax payments of RM14.4 million and tax refund of RM2.2 million, our net cash from operating activities is RM139.2 million.

**FPE 2021**

Our adjusted operating profit before changes in working capital amounted to RM59.7 million. After adjusting for the working capital changes below, our net cash generated from operations is RM24.6 million.

**11. FINANCIAL INFORMATION (Cont'd)**

The working capital changes are as follows:

- (i) increase in trade and other receivables by RM21.2 million mainly attributable to higher amount billed in FPE 2021 of RM408.0 million, with an increase by RM44.6 million, from RM363.4 million in FPE 2020. Despite the higher billing in FPE 2021, the trade receivables turnover period has decreased from 60.5 days in FPE 2020 to 57.8 days in FPE 2021. The overall monthly gross billings in FPE 2021 were higher as compared to FPE 2020 monthly gross billings. Hence, the increase in total gross billings outweighs the increase in average trade receivables resulting in a lower trade receivables turnover period.
- (ii) decrease in trade and other payables of RM14.8 million mainly due to timely payment to our creditors which is reflected in improved creditors turnover period from 29.7 days in FPE 2020 to 27.2 days in FPE 2021.
- (iii) decrease in inventories by RM0.8 million mainly due to the decrease in prime movers to be delivered by our subsidiary i.e. Q-Team, a 3S dealer for Mercedes Benz by RM2.4 million, which was offset by the increase in spare parts and consumable goods by RM1.6 million.

After tax payments of RM7.4 million, our net cash from operating activities is RM17.2 million.

**(b) Net cash used in investing activities****FYE 2018**

For the FYE 2018, our net cash used in investing activities amounted to RM113.5 million primarily attributable to:

- (i) acquisition of Tanjong Express Group, net of cash acquired of RM195.0 million and additional investment in Global Vision Logistics, an associate of our Group of RM13.8 million; and
- (ii) purchase of property, plant and equipment of RM44.9 million, which mainly include purchase of prime movers, trailers and extension of lease period for the land in Mukim Tebrau, Johor, net of financing,

which was partially offset by the following:

- (i) net proceeds from disposal of non-current assets held for sale of RM106.5 million, disposal of property, plant and equipment of RM7.8 million and disposal of MILS Cold Chain Logistics Sdn Bhd of RM8.7 million;
- (ii) advances from former shareholder of Tanjong Express for settlement of Tanjong Express' loan of RM10.8 million pending refinancing; and
- (iii) withdrawals of deposits placed with financial institutions of RM4.7 million.

**FYE 2019**

For the FYE 2019, our net cash used in investing activities amounted to RM56.9 million primarily attributable to:

- (i) acquisition of Agenda Wira, net of cash acquired of RM16.3 million;

## 11. FINANCIAL INFORMATION (Cont'd)

- (ii) repayment to former shareholder of Tanjong Express for settlement of Tanjong Express' loan in FYE 2018 of RM10.8 million and payment made on behalf of former shareholder of Tanjong Express for cost incurred of RM0.4 million in relation to the purchase of land which was subsequently repaid in FYE 2020; and
- (iii) purchase of property, plant and equipment of RM30.2 million, which mainly include purchase of prime movers and trailers, net of financing, and structure and renovation cost for bare land upgrading works to interlocking concrete pavers at Lot 23, Northport (Port Klang) and Lot 87989, Westport (Port Klang),

which was partially offset by the net proceeds from the disposal of property, plant and equipment of RM4.4 million.

### FYE 2020

For the FYE 2020, our net cash used in investing activities amounted to RM29.8 million primarily attributable to:

- (i) acquisition of Sentiasa Hebat Group, net of cash acquired of RM8.8 million; and
- (ii) purchase of property, plant and equipment of RM31.8 million, which mainly include purchase of prime movers, trailers and trucks, net of financing, and acquisition of an office space located at Suite 8.02 in Intan Millennium Square 2 (IMS 2), Klang, Selangor,

which was partially offset by the net proceeds from disposal of non-current assets held for sale of RM7.6 million.

### FPE 2021

For the FPE 2021, our net cash used in investing activities amounted to RM23.9 million primarily attributable to:

- (i) purchase of property, plant and equipment of RM25.0 million which mainly includes purchase of prime movers, trailers and trucks, net of financing, and extension of our existing warehouse at Tebrau, Johor and Seberang Prai, Penang; and
- (ii) advances to associate of RM1.3 million to support its administration and other operating expenses;

which was partially offset by the net proceeds from disposal of prime movers, trailers and other vehicles of RM3.6 million.

### (c) Net cash (used in)/from financing activities

#### FYE 2018

For the FYE 2018, our net cash used in financing activities amounted to RM32.5 million primarily attributable to:

- (i) repayment of term loans of RM69.5 million;
- (ii) payment of interest expense of RM31.4 million in respect of our borrowings; and

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**11. FINANCIAL INFORMATION (Cont'd)**

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(iii) net repayments of hire purchase and finance lease liabilities of RM30.5 million, which was offset by the following:

- (i) net proceeds from the issuance of ordinary shares of RM30.9 million; and
- (ii) drawdown of revolving credits and trade financing of RM68.8 million.

**FYE 2019**

For the FYE 2019, our net cash used in financing activities amounted to RM67.9 million primarily attributable to:

- (i) repayment of lease liabilities and term loans of RM87.6 million; and
  - (ii) payment of interest expense of RM33.3 million in respect of our borrowings,
- which was partially offset by the following:

- (i) net drawdown of trade financing of RM35.5 million; and
- (ii) net proceeds from the issuance of redeemable convertible preference shares of RM18.4 million.

**FYE 2020**

For the FYE 2020, our net cash used in financing activities amounted to RM111.4 million primarily attributable to:

- (i) net repayment of term loan and lease liabilities of RM219.9 million;
- (ii) net repayment of revolving credits and trade financing of RM163.8 million; and
- (iii) payment of interest expense of RM27.4 million in respect of our borrowings,

which was partially offset by the drawdown of unrated Islamic medium term notes of RM300.0 million.

**FPE 2021**

For the FPE 2021, our net cash used in financing activities amounted to RM6.2 million primarily attributable to:

- (i) net repayment of lease liabilities and term loans of RM81.5 million; and
- (ii) payment of interest expense of RM10.7 million in respect of our borrowings,

which was partially offset by net drawdown of trade financing of RM98.4 million.

**11. FINANCIAL INFORMATION (Cont'd)**

**11.4.3 Lease liabilities and bank borrowings**

The table below sets out the details of our Group's lease liabilities and bank borrowings as at 31 May 2021:

Type of facilities	Tenure	Weighted average effective interest rate %	Credit limit RM'000	Within 1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	3 to 4 years RM'000	4 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Secured : Lease liabilities</b>										
<b>Fixed rates</b>										
Lease liabilities <sup>(1)</sup>	5 years	5.69	-	36,424	30,010	15,417	5,566	1,883	-	89,300
<b>Floating rates</b>										
Lease liabilities <sup>(1)</sup>	5 to 20 years	5.58	37,100	2,525	2,571	2,620	1,930	1,284	21,258	32,188
Total lease liabilities			37,100	38,949	32,581	18,037	7,496	3,167	21,258	121,488
<b>Secured: Bank borrowings</b>										
<b>Floating rates</b>										
Term loans <sup>(2)</sup>	5 to 20 years	4.46	254,455	24,596	44,132	15,000	9,143	3,029	2,899	98,799
Unrated Islamic medium term notes <sup>(3)</sup>	7 years	3.61	500,000	21,000	36,000	38,700	39,600	39,600	125,100	300,000
Trade financing <sup>(4)</sup>	1 to 3 months	3.09	189,524	117,315	-	-	-	-	-	117,315
Bank overdrafts <sup>(4)</sup>	Repayable on demand	4.81	41,371	9,633	-	-	-	-	-	9,633
Revolving credit <sup>(4)</sup>	1 to 3 months	-	61,000	-	-	-	-	-	-	-
Total bank borrowings			172,544	80,132	53,700	48,743	42,629	127,999	525,747	
<b>Total lease liabilities and bank borrowings</b>			<b>211,493</b>	<b>112,713</b>	<b>71,737</b>	<b>56,239</b>	<b>45,796</b>	<b>149,257</b>	<b>647,235</b>	

**11. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) Lease liabilities comprise lease liabilities owing to financial institutions and non-financial institutions. Lease liabilities owing to financial institutions are utilised to part finance the purchase of prime movers, trailers, other equipment and leasehold land, whereas lease liabilities owing to non-financial institutions relate to leased assets.
- (2) The term loans were mainly utilised to part finance the acquisition of subsidiaries and purchase of land, building and prime movers.
- (3) On 4 November 2020, our Company issued the Sukuk Programme as explained in Section 11.3.3 (vii) of this Prospectus. The proceeds raised from the Sukuk Programme have been utilised to refinance existing borrowings, i.e. term loans and other working capital facilities, for working capital requirements and to defray expenses incurred in relation to the Sukuk Programme.
- (4) Trade financing, bank overdraft and revolving credits are used to part finance the working capital of our Group. Further to our existing facilities, in FYE 2020, our Group secured RM231.0 million of working capital facilities, which form part of the refinancing of our Group's banking facilities with AmBank Islamic Berhad, OCBC Al-Amin Bank Berhad and United Overseas Bank (Malaysia) Berhad together with the Sukuk Programme, as set out in Section 11.3.3 (vii) of this Prospectus.

The banking facilities above are secured by:

- (i) first legal charge over the freehold land, leasehold land, buildings and vehicles and mechanical equipment of our Group;
- (ii) restricted cash of our Group;
- (iii) pledge of unquoted shares of certain subsidiaries;
- (iv) personal and corporate guarantees by related parties. Persada Bina, Loo Hooi Keat, and Loo Yong Hui have provided personal and corporate guarantees, respectively for part of lease liabilities, term loans and trade financing facilities. Save for Loo Hooi Keat and Loo Yong Hui, none of our Directors provided any guarantees for any financing facilities of our Group;
- (v) pledge of our Group's fixed deposits;
- (vi) corporate guarantee provided by Swift Integrated Logistics and Delta Express for part of fixed rate lease liabilities facilities;
- (vii) personal guarantees provided by the former directors and/or shareholders of Agenda Wira, Northern Gateway Depot, Sentiasa Hebat, Sentiasa Hebat (Penang), and Tanjong Express prior to the acquisition of these companies by our Group, for part of term loans and hire purchase facilities; and
- (viii) personal and corporate guarantees by the former shareholders of Sentiasa Hebat and a company owned by one of the former shareholders of Sentiasa Hebat, respectively for term loan and trade bills.



## 11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, the relevant financiers have provided their approvals to release and/or substitute the personal and corporate guarantees given by the related parties, former directors and/or shareholders and/or former shareholders of Sentiasa Hebat and a company owned by one of the former shareholders of Sentiasa Hebat for the credit facilities of our Group, as stated above, with corporate guarantees to be provided by our Company or our subsidiaries, as the case may be as follows:

- (i) the borrowings for which the corporate guarantees are provided by Persada Bina and personal guarantees are provided by the former directors and/or shareholders of Agenda Wira, Northern Gateway Depot, Sentiasa Hebat, Sentiasa Hebat (Penang) and Tanjong Express have been paid and the discharge of the guarantors is in progress;
- (ii) the borrowings for which the personal and corporate guarantees (as the case may be) are provided by the former shareholders of Sentiasa Hebat and a company owned by one of the former shareholders of Sentiasa Hebat have been paid and the discharge of the guarantors is in progress (please refer to Section 9.1.4 of this Prospectus for further details of the facilities which have been paid);
- (iii) personal guarantees provided by Loo Hooi Keat and Loo Yong Hui to our Company will be released subject to the following conditions imposed:
  - The Listing is to be completed by March 2022; and
  - Release of the personal guarantees is subject to all the banks agreeing to the release and/or substitute of the personal guarantees as well as subject to all the banks being ranked *pari passu*; and

As all the relevant banks have issued the letter agreeing to the release and/or substitution of the personal guarantees, the above conditions will be met upon Listing.

- (iv) personal guarantees provided by Loo Hooi Keat and Loo Yong Hui to our Group, excluding our Company, will be substituted with a corporate guarantee by our Company subject to the Listing. We expect to complete the substitution of the personal guarantees with a corporate guarantee by our Company within 2 months of our Listing.

Our Group has not defaulted on payments of either interest and/or principal sums in relations to any bank borrowings or finance lease throughout the Financial Years Under Review, FPE 2021 and up to the LPD. We do not encounter seasonality in our borrowings trend and there are no restrictions on our committed banking facilities.

As at the LPD, we are not in breach of any terms and conditions or covenants associated with our finance lease and bank borrowings which can materially affect our financial position and results or business operations, or the investments by holders of securities in our Group.

### 11.4.4 Financial instrument, treasury policies and objectives

The financial instruments of our Group which are used in the ordinary course of business of our Group, from an accounting perspective, may include financial assets such as fixed deposits with licenced banks, cash and bank balances, trade and other receivables excluding prepayment, other investments and derivative financial assets as well as financial liabilities such as trade payables, other payables, derivative financial liabilities, lease liabilities and bank borrowings.

Our treasury objective is to maintain sufficient working capital to finance our operations and meet our anticipated commitments arising from operational expenditure and financial liabilities, if any, by maintaining adequate liquidity and credit facilities. We manage our liquidity to ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations throughout our business cycles.

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**11. FINANCIAL INFORMATION (Cont'd)**

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Our liquidity and funding objectives are designed to meet our funding requirements, which include primarily payment for services, purchase of consumables, wages and salaries, interest and principal payments on outstanding bank borrowings and general obligations such as administrative expenses.

We have historically relied on cash generated from our operating activities, credit extended by our vendors, credit lines such as invoice financing, lease payables and term loans. Our funding objective is to obtain the most suitable types of financing and favourable cost of funding as our financing needs arise. Bank borrowings are negotiated with a view to secure the best possible terms and rates of interest.

Our Group has exposure to foreign currency risk through revenue generated from international customers and our subsidiary in Thailand. Our Group's exposure to foreign currency risk makes up a small percentage of our total revenue as it only represented 3.5%, 3.8% and 3.2% of our total revenue for the FYE 2018, FYE 2019 and FYE 2020 respectively. Our Group did not enter into any forward currency contract to manage exposures to currency risk for receivables and payables which are denominated in currencies other than the functional currency of our Group. Our Group foreign exchange management policy is to advocate matching principle in managing exposure of foreign currency risk (natural hedge). However, our Group entered into cross-currency interest rate swap contract in FYE 2018 to manage exposures to foreign currency and interest rate risks of a term loan of USD15,000,000. Any implementation of hedging strategies moving forward shall be subject to management discretion taking into consideration the level of currency risk exposure.

As at the LPD, save for the lease liabilities and bank borrowings as disclosed above, our Group does not use any other financial instruments.

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**11. FINANCIAL INFORMATION (Cont'd)****11.4.5 Material commitments**

As at the LPD, our Group's material commitments (including commitments to be incurred) for capital expenditure are as follows:

	<b>As at LPD RM'000</b>
Approved but not contracted for	24,246
Contracted but not provided for	81,183
<b>Total material commitments for capital expenditure</b>	<b>105,429</b>

Our approved but not contracted for capital expenditure commitments as at LPD mainly comprises of the following:

- Upgrading our existing facilities which includes extension of our yard, renovation of our operations offices and also includes purchase of racking system for our existing and new warehouses which totalled up to approximately RM9.2 million;
- Purchase of commercial vehicles which includes prime movers, trailers and trucks with an estimated value of RM8.1 million;
- Purchase of other equipment and installation of solar systems for our warehouses with total estimated capital expenditure of RM3.5 million; and
- Enhancement of our operations systems and purchase of computers and other peripherals of approximately RM2.5 million.

Our contracted but not provided for capital expenditure commitments as at LPD primarily comprise:

- The construction and extension of warehouses:
  - (i) extension of our existing warehouse at Seberang Prai, Penang with construction cost of RM9.5 million (of which RM8.1 million has been paid as progress payment); and
  - (ii) construction of new warehouse of 178,000 sq. ft. at Port Klang Free Zone, Pulau Indah with the construction cost of RM28.6 million (of which RM1.5 million is in relation to structure and renovation cost that has been approved but not contracted for);
- Purchase of land relates to the purchase of leasehold land of approximately 1,263,231 sq. ft. in size with land tenure valid until 30 June 2105 by Ann Joo Properties from PKNS at a purchase consideration of RM59.4 million (of which RM17.8 million has been paid as progress payment). (Further information on the purchase of land and salient terms of the SPA are set out in Sections 6.21 and 13.7 of this Prospectus respectively); and
- Capital expenditure commitments for the purchase of 18 prime movers with total cost of RM6.8 million, 1 truck with total cost of RM0.2 million, 25 curtain siders with total cost of RM3.0 million and 20 trailers with total cost of RM1.1 million which will be used for the expansion our Group's container haulage and land transportation operations.

We plan to meet our capital expenditure commitments through combination of proceeds raised from our Public Issue, bank borrowings and internally generated funds.

## 11. FINANCIAL INFORMATION (Cont'd)

Save as disclosed above, as at the LPD, we do not have any other material capital commitments (being our capital expenditure commitments) incurred or known to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results.

### 11.4.6 Material litigation

As at the LPD, neither our Company nor our subsidiaries is engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

### 11.4.7 Contingent liabilities

<b>Secured guarantees</b>	<b>As at LPD RM'000</b>
Bank guarantees utilised <sup>(1)</sup>	16,082

**Note:**

- (1) Arrangement between our Group and our customers and suppliers (inclusive of port authorities and Customs).

As part of the contractual obligation with our customers mainly from oil, gas and petrochemical industry and government agencies, we are required to provide performance guarantee to our customers to ensure that we fulfil the contractual obligation.

Bank guarantee is provided to our suppliers to ensure that our Group will fulfil the obligation of paying for services rendered by our suppliers.

Save as disclosed above, as at the LPD, our Board, having made all reasonable enquiries, confirms that there are no contingent liabilities that, upon becoming enforceable, may have a material adverse impact on our financial condition or results of operations.

### 11.4.8 Key financial ratios

The following table sets out certain key financial ratios of our Group based on the combined financial statements of our Group for the Financial Years Under Review and FPE 2021:

	<b>Audited</b>			<b>Audited</b>
	<b>FYE 2018 RM'000</b>	<b>FYE 2019 RM'000</b>	<b>FYE 2020 RM'000</b>	<b>FPE 2021 RM'000</b>
Trade receivables turnover period (days)	67.2	64.4	63.0	57.8
Trade payables turnover period (days)	39.1	33.6	32.6	27.2
Inventory turnover period (days)	3.7	6.6	7.1	5.1
Current ratio (times)	0.7	0.7	0.9	0.9
Gearing ratio (times)	1.8	1.6	1.4	1.4
Net gearing ratio (times)	1.7	1.5	1.4	1.4

Please refer below for commentary on our Group's key financial ratios.

**11. FINANCIAL INFORMATION (Cont'd)****(a) Trade receivables turnover period**

	Audited			Audited
	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Average trade receivables <sup>(1)</sup>	165,516	172,448	154,407	156,124
Gross billing <sup>(2)</sup>	898,382	976,908	894,734	407,950
<b>Trade receivables turnover period (days)<sup>(3)</sup></b>	67.2	64.4	63.0	57.8

**Notes:**

- (1) Computed based on the average trade receivables as at the beginning and end of the financial year
- (2) Revenue is based on total billings for the financial year/period.
- (3) 
$$\frac{\text{Average trade receivables}}{\text{Total revenue}} \times 365/151 \text{ days}$$

Our trade receivables are based on the amount billed to our customers. As such, our trade receivables turnover period is based on the total gross billing to our customers. The credit term typically granted to our customers ranges from 30 days to 90 days.

Our trade receivables turnover period has improved from 67.2 days to 64.4 days, 63.0 days and subsequently 57.8 days in FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. The decrease in our trade receivables turnover period was primarily due to lower trade receivables in FYE 2019 and FYE 2020 as a result of improvement in collections during the Financial Years Under Review. Improvement in trade receivables turnover period in FPE 2021 was mainly due to better collections during the financial period even though there was higher billing of RM408.0 million in FPE 2021 as compared to RM363.4 million in FPE 2020. This is due to effort by our Group to continuously improve our collections processes and procedures through close monitoring and increase in follow up actions on our trade debtors to reduce the risk of default. In addition, our Group consistently review our exposure to credit risk and we have stringent credit management policies in place through the application of credit approval, credit limit and monitoring procedures on an on-going basis. Our Group only provides credit terms to recognised and credit worthy customers and we deal with all other customers solely on a cash basis. We perform credit evaluations on our customers and an appropriate credit limit is then allocated to each customer based on their observed risk level.

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## 11. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our Group's trade receivables as at 31 May 2021 is as follows:

	Not past due	Past due				Total
		1-30 Days	31 - 60 Days	61 - 90 Days	>90 Days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	109,174	35,647	15,264	5,264	7,918	173,267
Less: Impairment losses	(1,061)	(343)	(156)	(578)	(5,818)	(7,956)
<b>Trade receivables (net)</b>	<b>108,113</b>	<b>35,304</b>	<b>15,108</b>	<b>4,686</b>	<b>2,100</b>	<b>165,311</b>
% of total trade receivables	65.4	21.4	9.1	2.8	1.3	100.0
Subsequent collections up to the LPD	107,967	34,226	13,484	4,628	2,100	162,405
Outstanding trade receivables as at the LPD	146	1,078	1,624	58	-	2,906

The trade receivables not past due is within the credit term period. Trade receivables ageing for our Group remain largely within credit period given to customers whereby 65.4% of trade receivables ageing was below credit terms as of 31 May 2021. The remaining 34.6% exceeded the credit period, whereby 30.5% of our trade receivables ageing was past due within 1 to 60 days.

As at LPD, a total of RM162.4 million was collected which represents 98.3% from an amount outstanding as at 31 May 2021 has been subsequently collected.

The Directors took reasonable steps to ascertain and satisfy themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts. In the opinion of our Directors, the remaining outstanding trade receivables of our Group are collectible, and no further provision is required to be made.

Our Group does not have any significant exposure to any individual customer which our Group believes is not recoverable.

### (b) Trade payables turnover period

	Audited			FPE 2021
	FYE 2018	FYE 2019	FYE 2020	
	RM'000	RM'000	RM'000	RM'000
Average trade payables <sup>(1)</sup>	74,666	67,008	59,306	55,866
Gross purchases <sup>(2)</sup>	696,707	727,516	664,171	310,280
<b>Trade payables turnover period (days)<sup>(3)</sup></b>	<b>39.1</b>	<b>33.6</b>	<b>32.6</b>	<b>27.2</b>

#### Notes:

(1) Computed based on the average trade payables as at the beginning and end of the financial year.

(2) Gross purchases include cost of sales, recoverable cost and excludes depreciation.

**11. FINANCIAL INFORMATION (Cont'd)**

$$(3) \quad \frac{\text{Average trade payables}}{\text{Gross credit purchases}} \times 365/151 \text{ days}$$

Our trade payables relate to transactions with third party suppliers. The credit period granted to our Group by our suppliers mainly ranges between 14 days to 90 days.

Our trade payables turnover period stood at 39.1 days, 33.6 days, 32.6 days and 27.2 days in FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. The decreasing trend in trade payables turnover period was mainly due to the timely payments made to our creditors. On average, our trade payables turnover period remained within the credit period granted to us by our suppliers.

The ageing analysis of our Group's trade payables as at 31 May 2021 is as follows:

	Not past due	Past due			Total
		1-30 Days	31 – 60 Days	>60 Days	
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	48,060	2,388	333	1,578	52,359
% of total trade payables	91.8	4.6	0.6	3.0	100.0
Subsequent payments up to the LPD	47,861	2,377	326	1,226	51,790
Outstanding trade payables as at the LPD	199	11	7	352	569

Trade payables ageing for our Group as of 31 May 2021 was largely within the credit period of below 90 days i.e. 91.8% of trade payables falls within this period. Only the remaining 8.2% of our trade payables exceeded the credit period normally given by our creditors.

Our Group endeavours to pay our suppliers within the credit periods granted to us to ensure our supplies are not disrupted. As at the LPD, our Group does not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

As at LPD, we have paid almost all our trade payables which were outstanding as at 31 May 2021.

**11. FINANCIAL INFORMATION (Cont'd)****(c) Inventory turnover period**

	Audited			Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2021 RM'000
Average inventories <sup>(1)</sup>	7,118	13,188	12,960	10,541
Gross purchases <sup>(2)</sup>	696,707	727,516	664,171	310,280
<b>Inventory turnover period (days)<sup>(3)</sup></b>	<b>3.7</b>	<b>6.6</b>	<b>7.1</b>	<b>5.1</b>

**Notes:**

- (1) Computed based on the average inventories as at the beginning and end of the financial year.
- (2) Gross purchases include cost of sales, recoverable cost and excludes depreciation.
- (3)  $\frac{\text{Average inventories}}{\text{Gross purchases}} \times 365/151 \text{ days}$

Our inventories mainly relate to spare parts, consumables goods and prime movers. Our inventory turnover period increased from 3.7 days in FYE 2018 to 6.6 days in FYE 2019 which was primarily due to an increase in prime movers to be delivered by our subsidiary, namely Q-Team, a 3S dealer for Mercedes Benz, of RM7.0 million.

Our inventory turnover period for FYE 2020 has increased to 7.1 days mainly due to an increase in prime movers held by our subsidiary, namely Q-Team, which was attributable to 10 prime movers ordered in October 2020 and subsequently delivered in March 2021. Our inventory turnover period decreased to 5.1 days in FPE 2021 mainly due to lower prime movers held by our subsidiary, namely Q-Team, a 3S dealer for Mercedes Benz, of RM1.6 million prior to the delivery of the prime movers to its customers.

**(d) Current ratio**

	Audited			Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2021 RM'000
Current assets (RM'000)	284,370	249,867	238,593	282,624
Current liabilities (RM'000)	408,231	379,708	266,956	308,691
<b>Current ratio (times)<sup>(1)</sup></b>	<b>0.7</b>	<b>0.7</b>	<b>0.9</b>	<b>0.9</b>

**Note:**

- (1) Current assets divided by current liabilities.

**Comparison between FYE 2018 and FYE 2019**

Our Group's current ratio remained at 0.7 times, for FYE 2018 and FYE 2019 which represents a net current liabilities position mainly due to the short term bank borrowings of our Group which were utilised to part finance our Group's working capital requirements and capital expenditure for our operational purposes.



**11. FINANCIAL INFORMATION (Cont'd)**

In the FYE 2019, our current assets decreased by RM34.5 million to RM249.9 million, from RM284.4 million in FYE 2018 in correspondence with decreased in current liabilities by RM28.5 million to RM379.7 million, from RM408.2 million in FYE 2018 mainly due to the following:

- (i) decrease in trade and other receivables which was in line with the improvement in trade receivables turnover ratio to 64.4 days in FYE 2019 from 67.2 days in FYE 2018. The decrease in our trade receivables turnover period was primarily due to lower trade receivables in FYE 2019 as a result of improvement in collections during the Financial Years Under Review. This was due to effort by our Group to continuously improve our collections processes and procedures through close monitoring and increase in follow up actions on our trade debtors to reduce the risk of default;
- (ii) decrease in cash and bank balances which was in line with the improvement in trade payables turnover ratio to 33.6 days in FYE 2019 from 39.1 days in FYE 2018 and also due to purchase of property, plant and equipment, which mainly include prime movers and trailers and structure and renovation cost for bare land upgrading works for interlocking concrete pavers at Lot 23, Northport (Port Klang) and Lot 87989, Westport (Port Klang); and
- (iii) decrease in trade and other payables in line with improvement in trade payables turnover ratio as mentioned above as our Group had been making regular payment to creditors within the credit terms.

However, the decrease was offset with the increase in borrowings and lease liabilities by RM19.6 million to RM271.2 million in FYE 2019, from RM251.6 million in FYE 2018 due to financing undertaken for purchases of prime movers, mechanical equipment, buildings and others.

**Comparison between FYE 2019 and FYE 2020**

In FYE 2020, our Group's current ratio increased from 0.7 times in FYE 2019 to 0.9 times in FYE 2020, representing net current liabilities position, as our Group restructured some of our existing term loans from short term borrowings to long term borrowings via the Sukuk Programme.

Our current assets decreased by RM11.3 million to RM238.6 million in FYE 2020, from RM249.9 million in FYE 2019 in correspondence with the decreased in current liabilities by RM112.8 million to RM266.9 million in FYE 2020, from RM379.7 million in FYE 2019 mainly contributed by the following:

- (i) decrease in trade and other receivables which was in line with the improvement in trade receivables turnover ratio to 63.0 days in FYE 2020 from 64.4 days in FYE 2019; and
- (ii) restructuring of working capital debts into long term debt via the Sukuk Programme amounting to RM300.0 million (being the first tranche of the Sukuk Programme). The restructuring of working capital debts into long term debts as mentioned above resulted to reduction of our current borrowings and lease liabilities in FYE 2020.

**11. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2020 and FPE 2021**

In FPE 2021, our Group's current ratio remained at 0.9 times, representing a net current liabilities position.

In the FPE 2021, our current assets increased by RM44.0 million to RM282.6 million, from RM238.6 million in FYE 2020 in correspondence with the increase in current liabilities by RM41.7 million to RM308.7 million in FPE 2021, from RM267.0 million in FYE 2020 mainly due to the following:

- (i) increase in trade and other receivables by RM23.0 million to RM201.1 million in FPE 2021, from RM178.1 million in FYE 2020. The increase was mainly attributable to higher amount billed in FPE 2021 of RM408.0 million, with an increase by RM44.6 million, from RM363.4 million recorded in FPE 2020;
- (ii) increase in assets held for sale by RM17.2 million to RM27.2 million in FPE 2021, from RM10.0 million in FYE 2020 as our Group has entered into a sale and purchase agreement to dispose land owned by Tanjong Express; and
- (iii) increase in short term borrowings by RM59.7 million to RM172.5 million in FPE 2021, from RM112.8 million in FYE 2020 mainly for our working capital purposes.

However, the increase was offset by decrease in trade and other payables by RM14.2 million to RM96.6 million in FPE 2021, from RM110.8 million in FPE 2020 which was in line with the improvement in trade payables turnover ratio to 27.2 days in FPE 2021 from 32.6 days in FYE 2020.

As at the LPD, our Group has an unutilised balance of RM140.0 million from the Sukuk Programme available to our Group for working capital requirements and future capital expansion purposes. The Sukuk Programme allows our Group to restructure some of our short term borrowings to long term thereby increasing the current ratio further.

Based on the pro forma statements of financial position of our Group (after the Share Split and the IPO) as at 31 May 2021, our net current liabilities position of RM26.1 million is expected to improve to a net current assets position of RM0.4 million, which represents a current ratio of 1.0 times.

Following the Listing, our Group plans to maintain a net current assets position. Any funds required for working capital requirements and future capital expansion purposes can be sourced from the Sukuk Programme, which allows longer repayment term.

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**11. FINANCIAL INFORMATION (Cont'd)****(e) Gearing ratio and net gearing ratio**

	Audited			Audited
	FYE 2018	FYE 2019	FYE 2020	FPE 2021
	RM'000	RM'000	RM'000	RM'000
Borrowings	607,728	412,610	479,317	525,747
<i>(Less)/Add:</i>				
Cross currency interest rate swap	(2,119)	(860)	734	(694)
Net borrowings after cross currency interest rate swap	605,609	411,750	480,051	525,053
Lease liabilities owing to:				
-Financial institutions	-	194,184	121,775	107,918
-Non-financial institutions	-	9,814	16,287	13,570
Total debt	605,609	615,748	618,113	646,541
<i>Less:</i>				
Cash and bank balances	(49,669)	(29,310)	(32,891)	(34,371)
Short term fund	(1,012)	(1,160)	(2,009)	(2,024)
Total net debt	554,928	585,278	583,213	610,146
Total capital	334,674	388,951	430,398	451,926
<b>Gearing ratio (times)<sup>(1)</sup></b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>1.4</b>
<b>Net gearing ratio (times)<sup>(2)</sup></b>	<b>1.7</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>

**Notes:**

(1) Gearing ratio represents total debt divided by total capital

(2) Net gearing ratio represents total net debt divided by total capital.

Our Group's gearing ratio decreased from 1.8 times as at 31 December 2018 to 1.6 times as at 31 December 2019 primarily due to the increase in our total equity, as a result of increase in our retained earnings by RM36.1 million and total capital from the issuance of redeemable convertible preference shares of RM18.4 million in FYE 2019. As at 31 December 2020, our Group's gearing ratio further decreased to 1.4 times primarily due to the decrease in our net debts of RM2.1 million and increase in our retained earnings of RM41.7 million. Our gearing ratio remained at 1.4 times as at 31 May 2021.

Our Group's net gearing ratio decreased from 1.7 times as at 31 December 2018 to 1.5 times as at 31 December 2019 primarily due to the increase in our total equity, as a result of increase in our retained earnings by RM36.1 million and total capital from the issuance of redeemable convertible preference shares of RM18.4 million in FYE 2019.

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**11. FINANCIAL INFORMATION (Cont'd)**

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As at 31 December 2020, our Group's net gearing ratio further decreased to 1.4 times primarily due to the decrease in our net debts of RM2.1 million and increase in our retained earnings of RM41.7 million. Our Group's net gearing ratio remained at 1.4 times as at 31 May 2021.

Based on the pro forma statements of financial position of our Group (after the Share Split and the IPO) as at 31 May 2021, our Group's gearing ratio and net gearing ratio are expected to improve to 1.0 times and 0.9 times, respectively.

**11.4.9 Inflation**

Inflation has not had a material impact on our business, financial condition or results of operations for the Financial Years Under Review and FPE 2021. However, inflation may affect our financial performance by increasing our operating expenses, such as selling and administrative expenses. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenues.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.5 ORDER BOOK**

Due to the nature of our business, we do not maintain an order book.

**11.6 TREND INFORMATION**

Save as disclosed in this Section and in Sections 6, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the financial condition and results of operations of our Group.

**11.7 SIGNIFICANT CHANGES**

Save as disclosed, no significant changes have occurred since the FYE 2020, being our most recent annual financial statements, which may have a material effect on the financial position and results of our Group.

**11.8 DIVIDEND POLICY**

We target a pay-out ratio of up to 30% of our PAT attributable to the owners of our Company of each fiscal year on a consolidated basis after considering our capital requirements including working and maintenance capital. Dividend pay-out is subjected to the confirmation of our Board as well as 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.

Save for certain banking restrictive covenants which our Group are subject to, there are no dividend restrictions imposed on our Group as at the LPD.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from our historical dividend levels. Please refer to Section 8 of this Prospectus for risk factors that may affect or restrict our ability to pay dividends. No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities including companies with trading of shares as their principal business activity). No withholding tax is imposed on the above transactions. Potential investors are advised to consult their professional tax advisors if they are in any doubt as to the taxation implication of subscribing, holding or disposing of and dealing in our Shares.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION



Tel : +603 2616 2888  
Fax : +603 2616 3190 / 3191  
www.bdo.my

Level 8  
BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

The Board of Directors  
Swift Haulage Berhad  
Suite 8.02, Level 8, Intan Millennium Square (IMS2),  
No.88, Jalan Batai Laut 4,  
Taman Intan,  
41300 Klang,  
Selangor Darul Ehsan.

Date: 15 November 2021

Our ref: BDO/PZH/TKYee/sml

Dear Sirs

**SWIFT HAULAGE BERHAD (“Swift Haulage” or “the Company”) AND ITS COMBINING ENTITIES (collectively “the Group”) REPORT ON COMPILATION OF THE PRO FORMA STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS (“THIS REPORT”)**

We have completed our assurance engagement to report on the compilation of the Pro Forma Statements of Financial Position of the Group prepared by the Board of Directors of the Company. The Pro Forma Statements of Financial Position as at 31 May 2021 together with the accompanying notes thereon, for which we have stamped for purpose of identification only, have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Statements of Financial Position are described in Note 2 to the Pro Forma Statements of Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with paragraph 9.18 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the transactions as set out in Note 3 to the Pro Forma Statements of Financial Position on the Group’s financial position as at 31 May 2021 had the transactions been effected on 31 May 2021. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group’s audited financial statements for the financial period ended 31 May 2021.

#### **Directors’ Responsibilities for the Pro Forma Statements of Financial Position**

The Board of Directors is solely responsible for compiling the Pro Forma Statements of Financial Position on the basis as described in Note 2 to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

#### **Reporting Accountants’ Independence and Quality Control**

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.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**Reporting Accountants' Independence and Quality Control (continued)**

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control 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 and 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 have been compiled, in all material respects, by the Board of Directors on the basis described in the Note 2 to the Pro Forma Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma 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 Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Statements of Financial Position in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Statements of Financial Position provides 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 Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

**11. FINANCIAL INFORMATION (Cont'd)**



**Reporting Accountants' Responsibilities (continued)**

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 Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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 Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Note 2 to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**Other Matter**

This report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad. As such, this Report 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 Report contrary to the aforesaid purpose.

A handwritten signature in black ink that reads 'BDO PLT'.

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

A handwritten signature in black ink that reads 'Pang Zhi Hao'.

**Pang Zhi Hao**  
03450/09/2023 J  
Chartered Accountant



**11. FINANCIAL INFORMATION (Cont'd)***Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position***1. INTRODUCTION**

The Pro Forma Statements of Financial Position of Swift Haulage Berhad (“Swift Haulage” or “the Company”) and its combining entities (collectively “the Group”) as at 31 May 2021 (“Pro Forma SOFP”) together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad (“Listing”).

**2. BASIS OF PREPARATION**

The Pro Forma SOFP have been prepared on the basis consistent with the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and with the requirements of the Prospectus Guidelines.

The Pro Forma SOFP have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 3 on the audited statements of financial position of the Group as at 31 May 2021 had the transactions been effected on 31 May 2021, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma SOFP is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 3 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited financial statements of the Group for the financial period ended 31 May 2021 was not subject to any audit qualification.

**3. LISTING SCHEME**

The subsequent events, Share Split and IPO as disclosed in Notes 3.1, 3.2 and 3.3 respectively are included in the Pro Forma SOFP to show the effects of the transactions on the audited statements of financial position of the Group as at 31 May 2021 had the transactions been effected on 31 May 2021 in accordance with the Prospectus Guidelines.

**3.1 Subsequent events****3.1.1 Investment in a joint venture**

On 21 April 2021, the Group entered into conditional Share Sale Agreement (“JV SSA”) with a third party to acquire 50% of the ordinary shares comprising 1,285,000 ordinary shares in Hypercold Logistics Sdn. Bhd. for a purchase consideration of RM10,550,000. The JV SSA has been completed on 16 June 2021.

**3.1.2 Other investment**

On 23 April 2021, the Group entered into a conditional Share Sale Agreement (“Other Investment SSA”) with a third party to acquire 15% of the ordinary shares comprising 15,000 ordinary shares in Platinum Coldchain Sdn. Bhd. for a purchase consideration of RM37,500. The Other Investment SSA has been completed on 16 June 2021.



**11. FINANCIAL INFORMATION (Cont'd)***Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position***3. LISTING SCHEME (continued)****3.1 Subsequent events (continued)****3.1.3 Acquisition of a subsidiary**

On 28 May 2021, the Company entered into conditional Share Sale Agreement (“Subsidiary SSA”) with a third party to acquire the entire equity interest of the ordinary shares comprising 10,000,000 ordinary shares in Ann Joo Properties Sdn. Bhd. (“AJP”) for a total cash consideration of RM10,000,000. The Subsidiary SSA has been completed on 15 July 2021.

AJP’s identifiable assets and liabilities have been included in the Pro Forma SOFP based on their relative fair values and allocated from the cost of acquisition at the acquisition date. The relative fair value of the assets and liabilities as at the acquisition date are as follows:

	RM’000
Property, plant and equipment	5
Investment property	14,909
Trade and other receivables	17
Cash and bank balances	38
	<hr/>
Total identifiable assets	14,969
Current tax liabilities	(351)
Trade and other payables	(4,618)
	<hr/>
Total identifiable net assets/cost of acquisition	<u>10,000</u>

**3.1.4 Purchase of land**

On 26 August 2021, the Group entered into a Sale and Purchase Agreement (“SPA”) with a third party for the purchase of leasehold land held under HS(D) 116369, P.T. No. 185, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor Darul Ehsan for a total purchase consideration of RM59,372,000. The SPA has not been completed as at the date of this report.

**3.2 Share Split**

In conjunction with the Listing, the Company carried out a subdivision of 1 ordinary share in the Company to 6 ordinary shares in the Company (“Share Split”) on 15 November 2021. Upon completion of the Share Split, the total number of ordinary shares in the Company increased from 122,110,267 shares to 732,661,602 shares.

No impact will be illustrated in the below Pro Forma SOFP as the Share Split does not have any impact to the Pro Forma SOFP.



**11. FINANCIAL INFORMATION (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Pro Forma Statements of Financial Position*

**3. LISTING SCHEME (continued)****3.3 IPO**

In conjunction with the Listing, the Company will undertake an IPO comprising public issue of 157,142,900 new ordinary shares in the Company ("Public Issue") and offer for sale of approximately up to 157,000,000 existing ordinary shares in the Company at an indicative IPO price of RM1.03 per share.

Upon completion of the IPO, the Company will seek admission into the Official List of Bursa Malaysia Securities Berhad and the entire ordinary shares in the Company will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

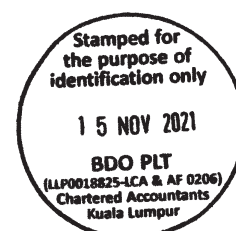
**Utilisation of Proceeds**

The proceeds from the Public Issue of approximately RM161.9 million are expected to be utilised in the following manner:

	RM'000
Capital expenditure <sup>(1)</sup>	82,125
Repayment of bank borrowings	69,732
Estimated listing expenses <sup>(2)</sup>	10,000
	161,857

**Notes:**

- (1) *The total estimated project cost for the construction of new warehouse in Port Klang Free Zone is estimated at approximately RM28,565,000 and the total purchase price for acquisition of 30 units of prime movers is estimated at approximately RM12,000,000. Balance of RM41,560,000 will be used to fund the purchase of land for expansion of existing container haulage, land transportation and/or warehousing and container depot services. As at the latest practicable date of the prospectus, the use of proceeds for capital expenditure is RM82,125,000 and the Group, in accordance with Paragraph 9.18(a)(ii) of the Prospectus Guidelines, has illustrated the total utilisation of proceeds for capital expenditure of RM82,125,000 to be raised from the Public Issue in the Pro Forma Statements of Financial Position.*
- (2) *The estimated listing expenses totaling RM10,000,000 to be borne by the Company comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and miscellaneous expenses relating to the Public Issue and the Listing. A total of approximately RM5,477,000 of the estimated listing expenses is assumed to be directly attributable to the Public Issue and as such, will be debited against the share capital of the Company and the remaining expenses of RM4,523,000 is expensed off to the profit or loss.*



11. FINANCIAL INFORMATION (Cont'd)

Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position

4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021

The Pro Forma SOFP have been prepared for illustrative purposes only to show the effects on the Statements of Financial Position ("SOFP") of the Group at 31 May 2021 based on the assumptions that the transactions set out in Note 3 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	Audited		Pro Forma I		Pro Forma II		Pro Forma III	
		As at 31 May 2021 RM'000	Adjustments for subsequent events RM'000	After subsequent events RM'000	Adjustments for Share Split RM'000	After Pro Forma I and Share Split RM'000	Adjustments for IPO RM'000	After Pro Forma II and the IPO RM'000	
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	4.2.1	405,538	5	405,543	-	405,543	40,565	446,108	
Investment properties	4.2.2	1,686	32,721	34,407	-	34,407	41,560	75,967	
Right-of-use assets		471,269	-	471,269	-	471,269	-	471,269	
Other investments	4.2.3	460	38	498	-	498	-	498	
Investments in associates		18,755	-	18,755	-	18,755	-	18,755	
Goodwill		68,813	-	68,813	-	68,813	-	68,813	
Investment in a joint venture	4.2.4	-	10,550	10,550	-	10,550	-	10,550	
Deferred tax assets		1,569	-	1,569	-	1,569	-	1,569	
		968,090	43,314	1,011,404	-	1,011,404	82,125	1,093,529	
<b>Current assets</b>									
Inventories		10,122	-	10,122	-	10,122	-	10,122	
Trade and other receivables	4.2.5	201,128	17	201,145	-	201,145	-	201,145	
Current tax assets		7,091	-	7,091	-	7,091	-	7,091	
Derivative financial asset		694	-	694	-	694	-	694	
Short term fund		2,024	-	2,024	-	2,024	-	2,024	
Cash and bank balances	4.2.6	34,371	(20,550)	13,821	-	13,821	-	13,821	
		255,430	(20,533)	234,897	-	234,897	-	234,897	

11. FINANCIAL INFORMATION (Cont'd)

Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position

4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)

	Note	Audited		Pro Forma I		Pro Forma II		Pro Forma III	
		As at 31 May 2021 RM'000	Adjustments for subsequent events RM'000	After subsequent events RM'000	Adjustments for Share Split RM'000	After Pro Forma I and Share Split RM'000	Adjustments for IPO RM'000	After Pro Forma II and the IPO RM'000	
<b>Current assets (continued)</b>									
Non-current asset held for sale		27,194	-	27,194	-	27,194	-	27,194	
<b>TOTAL ASSETS</b>		<b>1,250,714</b>	<b>22,781</b>	<b>1,273,495</b>	<b>-</b>	<b>1,273,495</b>	<b>82,125</b>	<b>1,355,620</b>	
<b>EQUITY AND LIABILITIES</b>									
<b>Equity attributable to owners of the parent</b>									
Share capital	4.2.7	228,042	-	228,042	-	228,042	156,380	384,422	
Retained earnings	4.2.8	224,374	-	224,374	-	224,374	(4,523)	219,851	
Exchange translation reserve		(490)	-	(490)	-	(490)	-	(490)	
Non-controlling interests		451,926	-	451,926	-	451,926	151,857	603,783	
		530	-	530	-	530	-	530	
<b>TOTAL EQUITY</b>		<b>452,456</b>	<b>-</b>	<b>452,456</b>	<b>-</b>	<b>452,456</b>	<b>151,857</b>	<b>604,313</b>	



11. FINANCIAL INFORMATION (Cont'd)

Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position

4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)

	Audited	Adjustments for subsequent events RM'000	Pro Forma I After subsequent events RM'000	Adjustments for Share Split RM'000	Pro Forma II After Pro Forma I and Share Split RM'000	Adjustments for IPO RM'000	Pro Forma III After Pro Forma II and the IPO RM'000
<b>EQUITY AND LIABILITIES</b> (continued)							
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings	353,203	-	353,203	-	353,203	-	353,203
Lease liabilities	82,539	-	82,539	-	82,539	-	82,539
Deferred tax liabilities	53,825	-	53,825	-	53,825	-	53,825
	489,567	-	489,567	-	489,567	-	489,567
<b>Current liabilities</b>							
Trade and other payables	96,551	4,618	101,169	-	101,169	-	101,169
Borrowings	172,544	17,812	190,356	-	190,356	(69,732)	120,624
Lease liabilities	38,949	-	38,949	-	38,949	-	38,949
Current tax liabilities	647	351	998	-	998	-	998
	308,691	22,781	331,472	-	331,472	(69,732)	261,740
<b>TOTAL LIABILITIES</b>	798,258	22,781	821,039	-	821,039	(69,732)	751,307



11. FINANCIAL INFORMATION (Cont'd)

Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position

4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)

	Audited		Adjustments for subsequent events		Pro Forma I		Pro Forma II		Pro Forma III	
	As at 31 May 2021 RM'000		Adjustments for subsequent events RM'000		After subsequent events RM'000	Adjustments for Share Split RM'000	After Pro Forma I and Share Split RM'000	Adjustments for IPO RM'000	After Pro Forma II and the IPO RM'000	
<b>EQUITY AND LIABILITIES</b> (continued)										
<b>TOTAL EQUITY AND LIABILITIES</b>	1,250,714		22,781		1,273,495	-	1,273,495	82,125	1,355,620	
No. of shares ('000)	122,110		-		122,110	610,552	732,662	157,143	889,805	
Gearing ratio (times) <sup>(1)</sup>	1.4				1.5		1.5		1.0	

<sup>(1)</sup> Gearing ratio represents borrowings (including lease liabilities arising from rental of leased assets) divided by total equity attributable to the Group.



**11. FINANCIAL INFORMATION (Cont'd)***Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position***4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)****4.1 Pro Forma Adjustments to the Pro Forma Statements of Financial Position****(i) Pro Forma I**

Pro Forma I incorporated the effects of the subsequent events as set out in Note 3.1.

**(ii) Pro Forma II**

Pro Forma II incorporated the effects of Pro Forma I and the Share Split as set out in Note 3.2.

**(iii) Pro Forma III**

Pro Forma III incorporated the effects of Pro Forma II and the effects of the IPO as set out in Note 3.3.

**4.2 Notes to the Pro Forma SOFP****4.2.1 Property, plant and equipment**

	RM'000
Balance as at 31 May 2021	405,538
Acquisition of a subsidiary	5
	<hr/>
Pro Forma I/II	405,543
Utilisation of proceeds for capital expenditure	40,565
	<hr/>
Pro Forma III	446,108
	<hr/> <hr/>

**4.2.2 Investment properties**

	RM'000
Balance as at 31 May 2021	1,686
Acquisition of a subsidiary	14,909
Purchase of land*	17,812
	<hr/>
Pro Forma I/II	34,407
Utilisation of proceeds for capital expenditure	41,560
	<hr/>
Pro Forma I, Pro Forma II and Pro Forma III	75,967
	<hr/> <hr/>

\* The purchase consideration for purchase of land is amounted to RM59,372,000 and the remaining balance of RM41,560,000 is funded by the IPO proceeds.

**4.2.3 Other investments**

	RM'000
Balance as at 31 May 2021	460
Other investment	38
	<hr/>
Pro Forma I, Pro Forma II and Pro Forma III	498
	<hr/> <hr/>





**11. FINANCIAL INFORMATION (Cont'd)***Swift Haulage Berhad (200001030627 (533234 - V))  
Pro Forma Statements of Financial Position***4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)****4.2 Notes to the Pro Forma SOFP (continued)****4.2.4 Investment in a joint venture**

	RM'000
Balance as at 31 May 2021	-
Investment in a joint venture	10,550
Pro Forma I, Pro Forma II and Pro Forma III	<u>10,550</u>

**4.2.5 Trade and other receivables**

	RM'000
Balance as at 31 May 2021	201,128
Acquisition of a subsidiary	17
Pro Forma I, Pro Forma II and Pro Forma III	<u>201,145</u>

**4.2.6 Cash and bank balances**

	RM'000
Balance as at 31 May 2021	34,371
Investment in a joint venture	(10,550)
Other investment	(38)
Acquisition of a subsidiary, net of cash acquired*	(9,962)
Pro Forma I and Pro Forma II	13,821
Proceeds from the IPO	161,857
Utilisation of proceeds from the IPO	
- Capital expenditure	(82,125)
- Repayment of bank borrowings	(69,732)
- Estimated listing expenses	(10,000)
Pro Forma III	<u>13,821</u>

\* The purchase consideration for the acquisition of a subsidiary amounted to RM10,000,000, less cash and cash equivalents of the subsidiary acquired of RM38,000.

**4.2.7 Share capital**

	RM'000
Balance as at 31 May 2021/Pro Forma I/Pro Forma II	228,042
Public Issue	161,857
Issued share capital	389,899
Estimated listing expenses attributable to the Public Issue	(5,477)
Pro Forma III	<u>384,422</u>



**11. FINANCIAL INFORMATION (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Pro Forma Statements of Financial Position*

**4. PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (continued)****4.2 Notes to the Pro Forma SOFP (continued)****4.2.8 Retained earnings**

	RM'000
Balance as at 31 May 2021/Pro Forma I/Pro Forma II	224,374
Estimated other listing expenses	(4,523)
	219,851
Pro Forma III	219,851

**4.2.9 Trade and other payables**

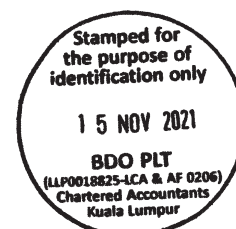
	RM'000
Balance as at 31 May 2021	96,551
Acquisition of a subsidiary	4,618
	101,169
Pro Forma I, Pro Forma II and Pro Forma III	101,169

**4.2.10 Borrowings**

	RM'000
Balance as at 31 May 2021/Pro Forma I/Pro Forma II	172,544
Purchase of land	17,812
	190,356
Pro Forma I and Pro Forma II	190,356
Repayment of bank borrowings	(69,732)
	120,624
Pro Forma III	120,624

**4.2.11 Current tax liabilities**

	RM'000
Balance as at 31 May 2021	647
Acquisition of a subsidiary	351
	998
Pro Forma I, Pro Forma II and Pro Forma III	998



**11. FINANCIAL INFORMATION (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Pro Forma Statements of Financial Position*

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of Swift Haulage Berhad in accordance with a resolution dated 15 November 2021.

Signed on behalf of the Board of Directors,



Loo Yong Hui  
Director

## 12. ACCOUNTANTS' REPORT



Tel : +603 2616 2888  
Fax : +603 2616 3190 / 3191  
www.bdo.my

Level 8  
BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

**The Board of Directors**  
**Swift Haulage Berhad**  
Suite 8.02, Level 8, Intan Millennium Square 2 (IMS2),  
No.88, Jalan Batai Laut 4,  
Taman Intan,  
41300 Klang,  
Selangor Darul Ehsan.

Date: 15 November 2021

Our ref: BDO/PZH/TKYee/sml

Dear Sirs

### **Reporting Accountant's Opinion on the Combined Financial Statements Contained in the Accountants' Report of Swift Haulage Berhad ("Swift Haulage" or the "Company")**

#### **Opinion**

We have audited the combined financial statements of Swift Haulage Berhad and its combining entities ("the Group"), which comprise the combined statements of financial position as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 of the Group, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021, and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report.

This historical combined financial statements have been prepared for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 and of its financial performance and its cash flows for the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

#### **Basis for Opinion**

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

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group 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.

**12. ACCOUNTANTS' REPORT (Cont'd)****Directors' Responsibilities for the Combined Financial Statements**

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

In preparing the financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 statements 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 our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**12. ACCOUNTANTS' REPORT (Cont'd)**



**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)**

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

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Other Matters**

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 May 2020 has not been audited.

This report has been prepared solely to comply with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

  
**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

  
**Pang Zhi Hao**  
03450/09/2023 J  
Chartered Accountant

**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	765,717	367,031	383,955	405,538
Investment property	7	-	-	1,693	1,686
Right-of-use assets	8	-	468,883	496,280	471,269
Other investments	9	2,443	743	309	460
Investments in associates	11	19,287	20,015	20,186	18,755
Goodwill	12	71,821	75,304	68,813	68,813
Intangible assets	13	-	-	-	-
Deferred tax assets	23	1,238	1,709	2,513	1,569
		860,506	933,685	973,749	968,090
<b>Current assets</b>					
Inventories	14	11,415	14,960	10,959	10,122
Trade and other receivables	15	209,093	191,058	178,129	201,128
Current tax assets		11,062	5,523	4,605	7,091
Derivative financial asset	16	2,119	860	-	694
Short term fund	17	1,012	1,160	2,009	2,024
Cash and bank balances	18	49,669	29,310	32,891	34,371
		284,370	242,871	228,593	255,430
Non-current assets held for sale	19	-	6,996	10,000	27,194
<b>TOTAL ASSETS</b>		<b>1,144,876</b>	<b>1,183,552</b>	<b>1,212,342</b>	<b>1,250,714</b>

**EQUITY AND LIABILITIES****Equity attributable to owners  
of the parent**

Share capital	24	102,786	121,180	121,180	228,042
Convertible redeemable loan stock	26	106,863	106,863	106,863	-
Retained earnings		125,097	161,234	202,920	224,374
Exchange translation reserve	25	(72)	(326)	(565)	(490)
		334,674	388,951	430,398	451,926
Non-controlling interests	10(d)	(138)	(502)	(349)	530
<b>TOTAL EQUITY</b>		<b>334,536</b>	<b>388,449</b>	<b>430,049</b>	<b>452,456</b>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF FINANCIAL POSITION (continued)**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>EQUITY AND LIABILITIES (continued)</b>					
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	20	356,133	190,843	366,512	353,203
Lease liabilities	8	-	154,554	96,117	82,539
Deferred tax liabilities	23	45,976	49,998	52,708	53,825
Other payable	22	-	20,000	-	-
		402,109	415,395	515,337	489,567
<b>Current liabilities</b>					
Trade and other payables	22	154,411	107,231	110,790	96,551
Borrowings	20	251,595	221,767	112,805	172,544
Lease liabilities	8	-	49,444	41,945	38,949
Derivative financial liability	16	-	-	734	-
Current tax liabilities		2,225	1,266	682	647
		408,231	379,708	266,956	308,691
<b>TOTAL LIABILITIES</b>		<b>810,340</b>	<b>795,103</b>	<b>782,293</b>	<b>798,258</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,144,876</b>	<b>1,183,552</b>	<b>1,212,342</b>	<b>1,250,714</b>





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Revenue	27	496,979	610,201	555,838	248,533	224,159
Cost of sales and services		<u>(319,653)</u>	<u>(400,047)</u>	<u>(370,099)</u>	<u>(168,568)</u>	<u>(151,462)</u>
Gross profit		177,326	210,154	185,739	79,965	72,697
Other income		39,010	9,242	29,335	9,930	2,867
Net gain on impairment of financial instruments		5,756	8,904	3,888	650	1,905
Administrative and operating expenses		(122,480)	(134,724)	(135,373)	(48,866)	(49,823)
Finance costs	28	<u>(38,466)</u>	<u>(35,154)</u>	<u>(29,562)</u>	<u>(11,013)</u>	<u>(12,482)</u>
		61,146	58,422	54,027	30,666	15,164
Share of results of associates		<u>583</u>	<u>728</u>	<u>(134)</u>	<u>(1,431)</u>	<u>10</u>
Profit before tax	29	61,729	59,150	53,893	29,235	15,174
Tax expense	31	<u>(20,673)</u>	<u>(22,177)</u>	<u>(11,413)</u>	<u>(6,902)</u>	<u>(3,596)</u>
<b>Profit for the financial year/period</b>		41,056	36,973	42,480	22,333	11,578
<b>Other comprehensive income:</b>						
<b>Item that may be reclassified subsequently to profit or loss</b>						
Foreign currency translations		<u>(335)</u>	<u>(254)</u>	<u>(239)</u>	<u>75</u>	<u>12</u>
<b>Total comprehensive income for the financial year/period</b>		<u>40,721</u>	<u>36,719</u>	<u>42,241</u>	<u>22,408</u>	<u>11,590</u>
<b>Profit attributable to:</b>						
Owners of the parent		40,883	36,317	41,686	21,454	11,173
Non-controlling interests		<u>173</u>	<u>656</u>	<u>794</u>	<u>879</u>	<u>405</u>
		<u>41,056</u>	<u>36,973</u>	<u>42,480</u>	<u>22,333</u>	<u>11,578</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	1.1.2018 to 31.12.2018 Audited Note	1.1.2019 to 31.12.2019 Audited	1.1.2020 to 31.12.2020 Audited	1.1.2021 to 31.5.2021 Audited	1.1.2020 to 31.5.2020 Unaudited
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Total comprehensive income attributable to:</b>					
Owners of the parent	40,548	36,063	41,447	21,529	11,185
Non-controlling interests	173	656	794	879	405
	<u>40,721</u>	<u>36,719</u>	<u>42,241</u>	<u>22,408</u>	<u>11,590</u>
<b>Earnings per share attributable to owners of the parent (RM)</b>					
Basic	32(a) 0.61	0.50	0.57	0.27	0.15
Diluted	32(b) 0.37	0.32	0.34	0.18	0.09

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12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

Audited	Note	[-----Non-distributable-----] Distributable					Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Ordinary shares capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 1 January 2018		71,914	106,863	1	263	92,145	432	271,618	
Effects on adoption of MFRS 9	4.1(a)	-	-	-	-	(7,931)	(15)	(7,946)	
Balance as at 1 January 2018, as restated		71,914	106,863	1	263	84,214	417	263,672	
Profit for the financial year		-	-	-	-	40,883	173	41,056	
Other comprehensive loss, net of tax		-	-	-	(335)	-	-	(335)	
Total comprehensive (loss)/ income		-	-	-	(335)	40,883	173	40,721	
Transactions with owners		-	-	-	-	-	-	-	
Dividend paid to non-controlling interests of a subsidiary	10(e)	-	-	-	-	-	(728)	(728)	
Issuance of ordinary shares	24	30,871	-	-	-	-	-	30,871	
Total transactions with owners		30,871	-	-	-	-	(728)	30,143	
Balance as at 31 December 2018/1 January 2019		102,785	106,863	1	(72)	125,097	(138)	334,536	



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

Audited	Note	[-----Non-distributable-----] Distributable					Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Ordinary shares capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 31 December 2018/1 January 2019		102,785	106,863	1	(72)	125,097	334,674	(138)	334,536
Effects on adoption of MFRS 16	4.1(c)	-	-	-	-	(180)	(180)	(147)	(327)
Balance as at 1 January 2019, as restated		102,785	106,863	1	(72)	124,917	334,494	(285)	334,209
Profit for the financial year		-	-	-	-	36,317	36,317	656	36,973
Other comprehensive loss, net of tax		-	-	-	(254)	-	(254)	-	(254)
Total comprehensive (loss)/ income		-	-	-	(254)	36,317	36,063	656	36,719
Transactions with owners		-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests of a subsidiary	10(e)	-	-	-	-	-	-	(873)	(873)
Issuance of redeemable convertible preference shares	24	-	-	18,394	-	-	18,394	-	18,394
Total transactions with owners		-	-	18,394	-	-	18,394	(873)	17,521
Balance as at 31 December 2019/1 January 2020		102,785	106,863	18,395	(326)	161,234	388,951	(502)	388,449

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(UJ001825-LCA & AF 0206)  
Chartered Accountants  
Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (20001030627 (533234-V))  
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

Audited	Note	[-----Non-distributable-----] Distributable					Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Ordinary shares capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
Balance as at 31 December 2019/1 January 2020		102,785	106,863	18,395	(326)	161,234	388,951	(502)	388,449
Profit for the financial year		-	-	-	-	41,686	41,686	794	42,480
Other comprehensive loss, net of tax		-	-	-	(239)	-	(239)	-	(239)
Total comprehensive (loss)/ income		-	-	-	(239)	41,686	41,447	794	42,241
Transactions with owners									
Dividend paid to non-controlling interests of a subsidiary	10(e)	-	-	-	-	-	-	(308)	(308)
Additional investment in a subsidiary	10(c)(vii)	-	-	-	-	-	-	(333)	(333)
Total transactions with owners		-	-	-	-	-	-	(641)	(641)
Balance as at 31 December 2020/1 January 2021		102,785	106,863	18,395	(565)	202,920	430,398	(349)	430,049



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

Audited	Note	[-----Non-distributable-----] Distributable						Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
		Ordinary shares capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	RM'000			
Balance as at 31 December 2020/1 January 2021		102,785	106,863	18,395	(565)	202,920	430,398	(349)	430,049	
Profit for the financial period		-	-	-	-	21,454	21,454	879	22,333	
Other comprehensive income, net of tax		-	-	-	75	-	75	-	75	
Total comprehensive income		-	-	-	75	21,454	21,529	879	22,408	
Transactions with owners										
Conversion of shares	24,26	125,257	(106,863)	(18,394)	-	-	-	-	-	
Redemption of shares	24	-	-	(1)	-	-	(1)	-	(1)	
Total transactions with owners		125,257	(106,863)	(18,395)	-	-	(1)	-	(1)	
Balance as at 31 May 2021		228,042	-	-	(490)	224,374	451,926	530	452,456	



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)

	[-----Non-distributable-----] Distributable					Total		
	Ordinary shares capital RM'000	Convertible redeemable loan stock RM'000	Preference shares RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 31 December 2019/1 January 2020	102,785	106,863	18,395	(326)	161,234	388,951	(502)	388,449
Profit for the financial period	-	-	-	-	11,173	11,173	405	11,578
Other comprehensive income, net of tax	-	-	-	12	-	12	-	12
Total comprehensive income	-	-	-	12	11,173	11,185	405	11,590
Balance as at 31 May 2020	102,785	106,863	18,395	(314)	172,407	400,136	(97)	400,039



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS**

		1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
	Note					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax		61,729	59,150	53,893	29,235	15,174
Adjustments for:						
Bad debts written off:						
- trade receivables		86	8	13	81	13
- other receivables		23	2	11	5	-
Depreciation of:						
- property, plant and equipment		35,140	26,823	30,190	12,246	12,478
- right-of-use assets	8(d)	-	23,577	23,871	10,107	9,945
- investment property		-	-	-	7	-
Dividend from other investments		(2,525)	(559)	-	-	-
Fair value gain on non-current other receivables		(209)	-	-	-	-
Fair value (gain)/loss on derivative	16(c)	(2,119)	1,259	1,594	(1,428)	(1,519)
Fair value (gain)/loss on short-term fund		(7)	(10)	3	-	3
Fair value loss/(gain) on other investments		562	1,700	504	(8)	700
Gain from bargain purchase	39	-	-	(3,294)	-	-
Gain on disposal of property, plant and equipment		(1,792)	(2,604)	(371)	(2,961)	(343)
Loss/(Gain) on disposal of right-of-use assets		-	14	411	-	(20)
Loss/(Gain) on disposal of other investment		3,786	-	-	(160)	-
Gain on disposal of non-current assets held for sale		(23,895)	-	(568)	-	-
Income distribution from short term fund		(5)	(38)	(52)	(15)	(19)
Interest expense	28	38,466	35,154	29,562	11,013	12,482
Interest income		(1,586)	(676)	(448)	(135)	(210)
Inventories written off	14(a)	180	-	17	-	-
Impairment losses on:						
- amounts owing by associates		-	204	1,731	-	-
- intangible assets		979	-	-	-	-
- goodwill		-	3,000	11,783	-	-
- other receivables		2,053	569	450	63	188
- property, plant and equipment		-	-	4,484	-	-
- trade receivables		1,320	3,135	2,929	1,421	528





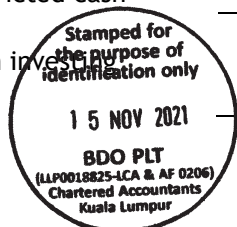
**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS (continued)**

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Note					
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Adjustments for: (continued)					
Reversal of impairment losses on:					
- amounts owing by associates	(118)	-	-	(189)	-
- investments in associates	-	-	(255)	-	-
- other receivables	(1,096)	(1,814)	(153)	(326)	(118)
- trade receivables	(7,915)	(10,998)	(8,845)	(1,619)	(2,503)
Share of results of associates	(583)	(728)	134	1,431	(10)
Property, plant and equipment written off	301	263	532	19	-
Right-of-use assets written off	-	-	140	-	-
Net unrealised loss/(gain) on foreign exchange	2,773	(860)	(1,094)	962	2,640
Net waiver of debt	(1,046)	(3,496)	32	-	-
Operating profit before changes in working capital	104,502	133,075	147,204	59,749	49,409
Changes in working capital:					
Inventories	(2,864)	(2,759)	3,984	837	5,207
Trade and other receivables	77,357	39,473	30,701	(21,178)	31,264
Trade and other payables	(26,920)	(23,781)	(30,520)	(14,789)	(18,009)
Cash generated from operations	152,075	146,008	151,369	24,619	67,871
Tax refunded	83	3,879	2,180	23	1,433
Tax paid	(18,456)	(19,499)	(14,375)	(7,385)	(4,106)
Net cash from operating activities	133,702	130,388	139,174	17,257	65,198



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS (continued)**

		1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
	Note					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisition of subsidiaries, net of cash acquired	39	(195,047)	(16,337)	(8,838)	-	-
Additional investment in an associate	11	(13,800)	-	(50)	-	-
Acquisition of shares from non-controlling interest	10(c)	-	-	(333)	-	-
Acquisition of other investment		-	-	-	(405)	-
Advances from/ (Repayments to) related parties		10,790	(11,202)	411	73	411
Repayments from / (Advances to) associates		440	(1,574)	(2,843)	(1,249)	-
Dividend from other investments		2,525	559	-	-	-
Interest received		897	676	448	135	210
Proceeds from:						
- disposal of a subsidiary, net of cash disposed	40	-	-	(31)	-	-
- disposal of property, plant and equipment		7,771	4,419	3,431	3,615	913
- disposal of right-of-use assets		-	464	3,128	-	2,549
- disposal of other investment		8,676	-	-	422	-
- disposal of non-current assets held for sale	19	106,463	-	7,564	-	-
Placement of short-term fund		(1,000)	(100)	(800)	-	(400)
Purchase of intangible assets	41	(979)	-	-	-	-
Purchase of property, plant and equipment	6(a)	(44,936)	(30,184)	(31,804)	(24,977)	(3,738)
Purchase of right-of-use assets	8(b)	-	(3,918)	(889)	(1,252)	(2,840)
Withdrawal/ (Placement) of deposits with licensed banks and restricted cash		4,675	342	766	(256)	136
Net cash used in investing activities		(113,525)	(56,855)	(29,840)	(23,894)	(2,759)



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS (continued)**

		1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
	Note					
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend paid to non-controlling interest of a subsidiary	10(e)	(728)	(873)	(308)	-	-
Net drawdown/(repayment) of revolving credits		37,000	-	(38,000)	-	(17,000)
Net drawdown/(repayment) of trade financing		31,763	35,502	(125,761)	98,367	(69,328)
Interest paid		(31,350)	(33,266)	(27,427)	(10,692)	(12,270)
Net proceeds from issuance of ordinary shares	24	30,871	-	-	-	-
Net proceeds from issuance of redeemable convertible preference shares	24	-	18,394	-	-	-
Net repayments of hire purchase and finance lease liabilities		(30,526)	-	-	-	-
Net repayments of lease liabilities		-	(52,903)	(126,825)	(21,306)	(18,917)
Net (repayments)/drawdown of term loans		(69,519)	(34,705)	(93,067)	(60,162)	44,569
Drawdown of unrated Islamic medium term notes		-	-	300,000	-	-
Redemption of redeemable preference shares	24	-	-	-	(1)	-
Net cash (used in)/from financing activities		(32,489)	(67,851)	(111,388)	6,206	(72,946)
Net (decrease)/increase in cash and cash equivalents		(12,312)	5,682	(2,054)	(431)	(10,507)
Effect of exchange rate changes on cash and cash equivalents		(361)	(978)	(84)	203	29
Cash and cash equivalents at beginning of financial year/period		28,460	15,787	20,491	18,353	20,491
Cash and cash equivalents at end of financial year/period 18(a)		15,787	20,491	18,353	18,125	10,013



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

		1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
	Note					
<b>Borrowings*</b>						
At 1 January, as previously reported		466,451	580,071	409,795	471,136	409,795
Effect on adoption of MFRS 16	4.1	-	(200,544)	-	-	-
At 1 January, as restated		466,451	379,527	409,795	471,136	409,795
<b>Cash flows:</b>						
- net (repayments)/drawdown of borrowings		(61,362)	(20,080)	25,142	30,175	(49,499)
- interest paid		30,080	20,877	18,030	8,030	7,740
		(31,282)	797	43,172	38,205	(41,759)
<b>Non-cash flows:</b>						
- Acquisition of property, plant and equipment	6(a)	87,774	28,714	15,690	5,771	6,985
- Acquisition of subsidiaries	39	47,094	343	2,007	-	-
- Amortisation of transaction costs		7,116	1,339	1,562	-	-
- Unrealised loss/(gain) on foreign exchange	20(e)	2,918	(925)	(1,090)	1,002	2,685
At 31 December/31 May		<u>580,071</u>	<u>409,795</u>	<u>471,136</u>	<u>516,114</u>	<u>377,706</u>

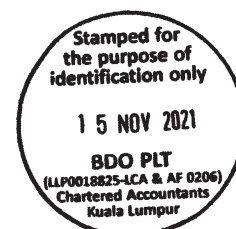
\* Borrowings exclude bank overdrafts.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****COMBINED STATEMENTS OF CASH FLOWS (continued)****RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)**

	Note	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
<b>Lease liabilities</b>					
At 1 January, as previously reported		-	203,998	138,062	203,998
Effect on adoption of MFRS 16	4.1	210,800	-	-	-
At 1 January, as restated		210,800	203,998	138,062	203,998
<b>Cash flows:</b>					
- payment of lease liabilities		(64,087)	(135,622)	(27,222)	(23,240)
- drawdown of lease liabilities*		-	-	3,426	-
- interest paid		11,184	8,797	2,490	4,323
		(52,903)	(126,825)	(21,306)	(18,917)
<b>Non-cash flows:</b>					
- Re-measurement of lease liabilities		-	166	-	166
- Disposal of a subsidiary	40	-	(281)	-	-
- Acquisition of subsidiaries	39	3,246	35,175	-	-
- Drawdown of lease liabilities for right-of-use assets acquired during the financial year/period		42,306	25,256	4,411	8,171
- Unwinding of interest		549	573	321	212
At 31 December/31 May		203,998	138,062	121,488	193,630

\* The amount represents lease liabilities drawdown during the financial period for assets manufactured and used by the Group during the financial year ended 31 December 2020.



**12. ACCOUNTANTS' REPORT (Cont'd)**

***Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report***

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at Lot 3, Jalan Sultan Mohamed 5, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Port Klang, Selangor.

The Company is principally involved in the provision of integrated logistics services comprising container haulage, land transportation, warehousing and freight forwarding agency services, and investment holding. The principal activities of the combining entities are set out in Note 10 to the financial statements.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The combined financial statements of the Group has been prepared in accordance with paragraph 10.04 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines. For the purpose of this Accountants' Report, the Company has prepared the combined financial statements instead of consolidated financial statements as the Group has demerged insignificant part of its economic activities and aimed to present the financial information for its remaining economic activities.

The combined financial statements of the Group, which consist of the financial statements of the 24 entities as disclosed in Note 10, have been prepared in accordance with the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants and the entities are operating under common control.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond with the consolidated financial statements of the Group, after effecting the relevant disposals. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operation and cash flows of the Group.



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234 - V))**  
**Accountants' Report**

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Basis of accounting**

The combined financial statements of the Group for the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") (including MFRS 134 *Interim Financial Reporting*) and International Financial Reporting Standards ("IFRSs").

The combined financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows. In the opinion of the Directors, the Group is able to continue as a going concern despite its net current liabilities position as the Directors are of the view that the Group will be able to continue to generate net cash inflows from its operating activities for a period of 12 months from the date these financial statements were approved and to enable it to meet its financial obligations as and when they fall due. In addition, the Group has sufficient unutilised banking facilities available for future use should the need arise.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

**3.2 Basis of combination****3.2.1 Combining entities**

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of combination (continued)****3.2.1 Combining entities (continued)**

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have *de facto* power over an investee when, despite not having the majority of voting rights, they have the current liability to direct the activities of the investee that significantly affect the investee's return.

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

**3.2.2 Business combination**

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal group) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.





**12. ACCOUNTANTS' REPORT (Cont'd)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of combination (continued)****3.2.2 Business combination (continued)**

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Other contingent consideration that:
  - (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.
  - (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statements of financial position. The accounting policy for goodwill is set out in Note 3.6 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.



**12. ACCOUNTANTS' REPORT (Cont'd)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of combination (continued)****3.2.3 Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

A subsidiary is an entity in which the Group is exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amounts and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

**3.2.4 Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

An investment in associate is accounted for in the combined financial statements using the equity method of accounting. The investment in associate in the combined statements of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the combined financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of combination (continued)****3.2.4 Associates (continued)**

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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

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

**3.3 Property, plant and equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 Property, plant and equipment (continued)**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The principal depreciation rates and periods are as follows:

Leasehold land*	93 - 99 years
Buildings	2%
Structure and renovation	10%
Vehicles and mechanical equipment	5 - 14 years
Furniture, fittings and office equipment	10%
Other vehicles	10% - 20%
Computers and peripherals	20% - 33.33%
Containers	10%

Freehold land has unlimited useful life and is not depreciated. Work-in-progress representing building, vehicles and mechanical equipment, and software under development is stated at cost. Work-in-progress is not depreciated until such time when the asset is available for use.

\* Upon adoption of MFRS 16 *Leases*, the carrying amount of the leasehold land previously classified as finance leases had been recognised by the Group immediately before transition as the carrying amount of the right-of-use assets at the date of initial application as disclosed in Note 8 to the financial statements.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.



**12. ACCOUNTANTS' REPORT (Cont'd)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.4 Investment property**

Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group. Investment property is initially measured at cost, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment property 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 would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment property to its residual value on a straight-line basis over its estimated useful lives. The principal depreciation period for the investment property is fifty (50) years.

At the end of each reporting period, the carrying amount of an item of the investment property is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment property. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceed, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.5 Leases**

**Accounting policies applied from 1 January 2019 onwards**

**The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***Right-of-use asset***

The right-of-use asset is initially recorded at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.5 Leases (continued)****Accounting policies applied from 1 January 2019 onwards (continued)**

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

Land	2 to 99 years
Buildings	2 years
Vehicles and mechanical equipment	1 to 14 years
Other vehicles	5 to 10 years
Computers and peripherals	2 years

***Lease liability***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

**Accounting policies applied until 31 December 2018****(a) Finance leases and hire purchase**

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.5 Leases (continued)****Accounting policies applied until 31 December 2018 (continued)****(b) Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

**(c) Leases of land and buildings**

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

**3.6 Goodwill**

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.





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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets (interests in associates), deferred tax assets, inventories and non-current assets (or disposal groups) held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset amount or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the combined statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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

**(a) Financial assets**

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

**(i) Financial assets measured at amortised cost**

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments (continued)****(a) Financial assets (continued)****(ii) Financial assets measured at fair value**

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in associates at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group in the management of their short term commitments. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments (continued)****(a) Financial assets (continued)**

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

**(b) Financial liabilities**

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

Financial liabilities are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

**(i) Financial liabilities measured at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

**(ii) Financial liabilities measured at amortised cost**

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.



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The difference between the carrying amount of a 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.

**3.9 Financial guarantee contract**

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the combined statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

**3.10 Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

Redeemable preference shares issued are classified as equity as the preference shares bear no predetermined dividend rate and are redeemable at the discretion of the Board of Directors. The dividend on these preference shares are recognised in the combined statements of changes in equity in the financial year in which they are paid or declared.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Impairment of financial assets**

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost. The Group applies the simplified and general approach to measure expected credit loss ("ECL") on trade and other receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables and related parties are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables and amounts owing by related parties.



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*Swift Haulage Berhad (200001030627 (533234 - V))*  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Impairment of financial assets (continued)**

It requires management to exercise significant judgement in determining the probability of default by trade receivables, other receivables and amounts owing by related parties as well as the use of appropriate forward-looking information and significant increases in credit risk. The Group has identified the Malaysia gross domestic product ("GDP"), inflation, unemployment, and transport and services GDP as the key macroeconomic factors.

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

**3.12 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.13 Inventories**

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

Cost is determined using weighted average formula. Cost of consumables comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

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

**3.14 Income taxes**

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the combined statements of profit or loss and other comprehensive income comprise current tax and deferred tax.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.14 Income taxes (continued)****(a) Current tax**

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group) and real property gain taxes payable on disposal of properties.

**(b) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the combined statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

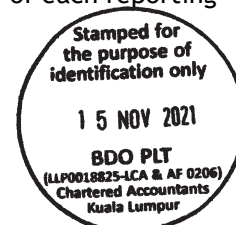
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax is related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.





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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.15 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**3.16 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Employee benefits****(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(b) Defined contribution plans**

The subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

**3.18 Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Group.

**(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Foreign currencies (continued)****(c) Foreign operations**

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the combined financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

In the combined financial statements, exchange differences arising on a monetary item that forms part of the net investment in a foreign operation shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

**3.19 Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. 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 the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) 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.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.19 Revenue recognition (continued)**

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

**(a) Sale of goods**

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

**(b) Services**

Revenue from services such as freight forwarding is recognised at a point in time when services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

Revenue from services such as container haulage, land transportation and warehousing and container depot are recognised based on the stage of completion of the transaction and performance obligations are satisfied over time. The customer is able to benefit from the Group's performance as it occurs and the other entity would not need to substantially reperform the Group's performance to date. The Group has selected the output measure which can most appropriately depicts the transfer of control of the service to the customer.

**(c) Management fee**

Management fee is recognised at a point in time when management services is rendered.

Revenue recognition not in relation to performance obligations is described below:

**(a) Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**(b) Dividend income**

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

**(c) Rental income**

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



**12. ACCOUNTANTS' REPORT (Cont'd)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.20 Operating segments**

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) the absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.21 Earnings per share****(a) Basic**

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

**(b) Diluted**

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

**3.22 Fair value measurements**

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) the condition and location of the asset; and
- (b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.



**12. ACCOUNTANTS' REPORT (Cont'd)*****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.23 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

A non-current asset is classified as held for distribution to owners when the entity is committed to distribute the asset to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets in the combined statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets classified as held for sale is presented separately.

If the asset is being classified as asset held for sale or held for distribution but subsequently, the criteria for classification is not met, it will cease to be classified as non-current assets held for sale and will be measured at the lower of:

- (i) its carrying amount before the assets was classified as held for sale or held for distribution, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale or held for distribution; and
- (ii) its recoverable amount at the date of the subsequent decision not to sell or distribute.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****4.1 New MFRSs adopted during the financial years/period**

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial years/period:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)
Amendments to MFRS 4 <i>Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020 (effective immediately)
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i>	1 April 2021 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group except for the adoption of MFRS 9, MFRS 15 and MFRS 16 as described in the following section.





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****4.1 New MFRSs adopted during the financial years/period (continued)****(a) MFRS 9 *Financial Instruments***

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

**(i) Classification of financial assets and financial liabilities**

The Group classifies its financial assets into the following measurement categories depending on the business model of the Group for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ('AFS'), Held-To-Maturity ('HTM') and Loans and Receivables ('L&R') financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ('AC') was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ('FVTOCI') was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.



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**4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

**4.1 New MFRSs adopted during the financial years/period (continued)**

(a) *MFRS 9 Financial Instruments* (continued)

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss ('ECL') approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

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

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****4.1 New MFRSs adopted during the financial years/period (continued)****(a) MFRS 9 *Financial Instruments* (continued)****(iii) Classification and measurement**

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group as at 1 January 2018:

	Classification	
	MFRS 139	MFRS 9
<b>Financial assets</b>		
Trade and other receivables, net of prepayments	L&R	AC
Cash and bank balances	L&R	AC
<b>Financial liabilities</b>		
Trade and other payables	OFL *	AC
Borrowings	OFL *	AC

\* Other Financial Liabilities at Amortised Cost.

	MFRS 139 As at 31 December 2017 RM'000	Remeasure- ment RM'000	MFRS 9 As at 1 January 2018 RM'000
Trade and other receivables:			
Opening balance	174,145	-	174,145
Increase in impairment loss	-	(10,388)	(10,388)
Total trade and other receivables	174,145	(10,388)	163,757
Retained earnings:			
Opening balance	92,145	-	92,145
Increase in impairment loss for trade and other receivables	-	(10,388)	(10,388)
Deferred tax assets	-	2,457	2,457
Total retained earnings	92,145	(7,931)	84,214
Non-controlling interests:			
Opening balance	432	-	432
Increase in impairment loss	-	(15)	(15)
Total non-controlling interests	432	(15)	417



**12. ACCOUNTANTS' REPORT (Cont'd)*****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****4.1 New MFRSs adopted during the financial years/period (continued)****(b) MFRS 15 *Revenue from Contracts with Customers***

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

There is no impact on the adoption of MFRS 15 on the financial statements of the Group.

**(c) MFRS 16 *Leases***

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

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

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

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

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



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****4.1 New MFRSs adopted during the financial years/period (continued)****(c) MFRS 16 Leases (continued)**

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

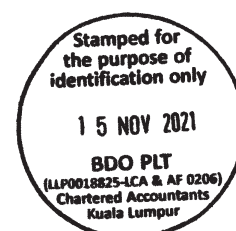
In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

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

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

	Note	As at 31 December 2018 RM'000	Impact RM'000	As at 1 January 2019 RM'000
Property, plant and equipment		765,717	(464,655)	301,062
Right-of-use assets	(a)	-	474,481	474,481
Deferred tax assets		1,238	103	1,341
Borrowings		607,728	(200,544)	407,184
Retained earnings		125,097	(180)	124,917
Non-controlling interests		(138)	(147)	(285)
Lease liabilities	(b)	-	210,800	210,800

- (a) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****4.1 New MFRSs adopted during the financial years/period (continued)**(c) MFRS 16 *Leases* (continued)

## (b) Lease liabilities are measured as follows:

	RM'000
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	5,409
Weighted average incremental borrowing rate as at 1 January 2019	5.22%
Discounted operating lease commitments as at 1 January 2019	3,856
Contracts reassessed as lease contracts	6,483
Recognition exemption for leases of low value assets	(83)
Finance lease liabilities recognised as at 31 December 2018	200,544
<b>Lease liabilities recognised at 1 January 2019</b>	<b>210,800</b>

**4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022**

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is still in the process of assessing the impact of implementing these standards, since the effects would only be observable in future financial years.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS****5.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

**5.2 Critical judgements made in applying accounting policies**

The following are judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

**(a) Classification of leasehold land**

During the financial year ended 31 December 2018, the Group had assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group had classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

During the financial years/period ended 31 December 2019, 31 December 2020 and 31 May 2021, the Group had adopted MFRS 16 *Leases*. The carrying amount of the long term leasehold land previously classified as finance leases had been recognised by the Group immediately before transition as the carrying amount of the right-of-use assets at the date of initial application on 1 January 2019.

**(b) Contingent liabilities**

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

**(c) Contingent liabilities on corporate guarantees**

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

**(d) Classification of non-current bank borrowings**

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of the financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their rights to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****5.2 Critical judgements made in applying accounting policies (continued)**

The following are judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements. (continued)

**(e) Non-current assets held for sale**

Certain non-current assets as disclosed in Note 19 to the financial statements has been classified as held for sale as the management has committed to a plan to sell the assets as at the end each the reporting period. Barring any unforeseen circumstances, the Group expects that the sale of the assets to be completed within the next twelve (12) months.

**5.3 Key sources of estimation uncertainty**

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

**(a) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of goodwill. The assumptions used are disclosed in Note 12 to the financial statements.

**(b) Depreciation of property, plant and equipment**

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of these assets; therefore future depreciation charges could be revised.





**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****5.3 Key sources of estimation uncertainty (continued)****(c) Determination of the lease term for leases**

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

**(d) Deferred tax assets**

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

**(e) Recoverability of trade receivables**

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

**(f) Fair values of borrowings**

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

**(g) Income taxes**

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****5.3 Key sources of estimation uncertainty (continued)****(h) Write-down for obsolete or slow-moving inventories**

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

**(i) Fair value measurement**

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfer of items between levels are recognised in the period they occur.

The Group measures financial instruments at fair value as disclosed in Note 37 to the financial statements.



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT

Audited	Buildings RM'000	Leasehold land RM'000	Freehold land RM'000	Structure and renovation RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Furniture, fittings and office equipment RM'000	Computers and peripherals RM'000	Containers RM'000	Work-in- progress RM'000	Total RM'000
Carrying amount											
At 1 January 2018	72,200	255,552	40,884	3,902	159,516	218	3,134	2,496	23	202	538,127
Additions	239	37,305	4,489	3,354	77,786	650	773	1,312	-	6,802	132,710
Disposals	-	(90)	-	(480)	(5,376)	-	(12)	(21)	-	-	(5,979)
Written off	-	-	-	-	(62)	-	(21)	(218)	-	-	(301)
Transfer from held for sale	815	-	-	-	-	-	-	-	-	-	815
Acquisition of subsidiaries (Note 39)	8,825	28,912	20,633	1,464	72,179	2,342	705	165	-	-	135,225
Depreciation charge for the financial year	(3,052)	(3,975)	-	(897)	(24,761)	(473)	(1,032)	(940)	(10)	-	(35,140)
Reclassification	-	-	-	(288)	(1)	1	296	(8)	-	-	-
Foreign currency translation differences	-	-	-	11	235	-	10	4	-	-	260
At 31 December 2018	79,027	317,704	66,006	7,066	279,516	2,738	3,853	2,790	13	7,004	765,717



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
**Accountants' Report**

**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

Audited	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>31.12.2018</b>			
Buildings	118,486	(39,459)	79,027
Leasehold land	340,633	(22,929)	317,704
Freehold land	66,006	-	66,006
Structure and renovation	13,180	(6,114)	7,066
Vehicles and mechanical equipment	562,257	(282,741)	279,516
Other vehicles	6,845	(4,107)	2,738
Furniture, fittings and office equipment	15,627	(11,774)	3,853
Computers and peripherals	33,272	(30,482)	2,790
Containers	142	(129)	13
Work-in-progress	7,004	-	7,004
	<b>1,163,452</b>	<b>(397,735)</b>	<b>765,717</b>



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited	Buildings RM'000	Leasehold land RM'000	Freehold land RM'000	Structure and renovation RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Furniture, fittings and Computers office equipment RM'000	Containers RM'000	Work-in- progress RM'000	Total RM'000
Carrying amount										
At 1 January 2019	79,027	317,704	66,006	7,066	279,516	2,738	3,853	2,790	13	7,004
Effects on adoption of MFRS 16	-	(317,704)	-	-	(145,576)	(1,375)	-	-	-	-
Additions	5,571	-	-	7,237	35,034	313	944	1,806	390	7,658
Disposals	(470)	-	-	-	(1,248)	(79)	(12)	-	(6)	-
Written off	-	-	-	-	(237)	-	(26)	-	-	-
Transferred from right-of-use assets (Note 8)	-	-	-	-	26,152	238	-	-	-	-
Acquisition of a subsidiary (Note 39)	470	-	-	74	7,888	-	185	139	-	-
Depreciation for the financial year	(2,270)	-	-	(941)	(19,895)	(490)	(1,047)	(1,452)	(728)	-
Reclassification	-	-	-	115	(3,146)	606	(518)	2	2,941	-
Foreign currency translation differences	-	-	-	22	670	33	29	17	-	-
At 31 December 2019	82,328	-	66,006	13,573	179,158	1,984	3,408	3,302	2,610	14,662
										367,031

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BDO PLT  
(UJ0901825-LCA & AF 0206)  
Chartered Accountants  
Kuala Lumpur

**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
**Accountants' Report**

**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

Audited	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>31.12.2019</b>			
Buildings	124,087	(41,759)	82,328
Freehold land	66,006	-	66,006
Structure and renovation	20,027	(6,454)	13,573
Vehicles and mechanical equipment	518,550	(339,392)	179,158
Other vehicles	7,987	(6,003)	1,984
Furniture, fittings and office equipment	16,067	(12,659)	3,408
Computers and peripherals	35,227	(31,925)	3,302
Containers	7,750	(5,140)	2,610
Work-in-progress	14,662	-	14,662
	<b>810,363</b>	<b>(443,332)</b>	<b>367,031</b>



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited	Buildings RM'000	Freehold land RM'000	Structure and renovation RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Furniture, fittings and Computers office equipment RM'000	Containers RM'000	Work-in- progress RM'000	Total RM'000
Carrying amount									
At 1 January 2020	82,328	66,006	13,573	179,158	1,984	3,408	2,610	14,662	367,031
Additions	4,950	-	720	27,746	2,478	1,040	235	9,399	47,502
Disposals	-	-	-	(2,909)	(149)	(2)	-	-	(3,060)
Written off	(376)	-	(76)	(18)	-	(33)	-	-	(532)
Transferred from right-of- use assets (Note 8)	-	-	-	13,805	397	-	-	-	14,202
Acquisition of subsidiaries (Note 39)	-	-	3,927	2,776	4	43	13	-	6,818
Disposal of a subsidiary (Note 40)	-	-	-	(1,462)	-	-	-	-	(1,464)
Depreciation for the financial year	(2,358)	-	(1,275)	(22,254)	(897)	(914)	(654)	-	(30,190)
Impairment	(3,574)	-	(64)	(791)	(35)	(13)	-	-	(4,484)
Reclassification	2,840	-	9	2,494	(198)	(93)	55	(6,711)	-
Reclassification to investment property (Note 7)	-	-	-	-	-	-	-	(1,693)	(1,693)
Reclassification to non-current assets held for sale (Note 19)	-	(10,000)	-	-	-	-	-	-	(10,000)
Foreign currency translation differences	-	-	-	(151)	(9)	(7)	(4)	-	(175)
At 31 December 2020	83,810	56,006	16,814	198,394	3,575	3,429	2,255	15,657	383,955

**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
**Accountants' Report**

Audited	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment <sup>(1)</sup> RM'000	Carrying amount RM'000
<b>31.12.2020</b>				
Buildings	131,246	(43,862)	(3,574)	83,810
Freehold land	56,006	-	-	56,006
Structure and renovation	26,698	(9,591)	(293)	16,814
Vehicles and mechanical equipment	578,078	(378,599)	(1,085)	198,394
Other vehicles	9,040	(5,430)	(35)	3,575
Furniture, fittings and office equipment	16,196	(12,754)	(13)	3,429
Computers and peripherals	38,113	(34,083)	(15)	4,015
Containers	7,809	(5,554)	-	2,255
Work-in-progress	15,657	-	-	15,657
	<b>878,843</b>	<b>(489,873)</b>	<b>(5,015)</b>	<b>383,955</b>

<sup>(1)</sup> Accumulated impairment included impairment recognised in subsidiaries acquired during the financial year.





12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Audited	Buildings RM'000	Freehold land RM'000	Structure and renovation RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Furniture, fittings and Computers office equipment RM'000	Containers RM'000	Work-in- progress RM'000	Total RM'000
Carrying amount									
At 1 January 2021	83,810	56,006	16,814	198,394	3,575	3,429	2,255	15,657	383,955
Additions	182	-	1,901	10,548	492	122	383	17,115	31,245
Disposals	-	-	-	(401)	(253)	-	-	-	(654)
Written off	-	-	(4)	(3)	-	(12)	-	-	(19)
Transferred from/(to) right-of-use assets (Note 8)	-	-	-	10,223	-	-	-	(2,720)	7,503
Depreciation for the financial period	(951)	-	(707)	(8,941)	(265)	(370)	(257)	-	(12,246)
Reclassification	1,865	-	1,243	339	144	(1)	9	(3,680)	-
Reclassification to non-current assets held for sale (Note 19)	(3,562)	-	(592)	-	-	(27)	-	-	(4,181)
Foreign currency translation differences	-	-	-	(81)	(2)	(3)	(2)	-	(65)
At 31 May 2021	81,344	56,006	18,655	210,078	3,691	3,138	2,413	26,372	405,538



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
**Accountants' Report**

Audited	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
<b>31.5.2021</b>				
Buildings	128,643	(43,725)	(3,574)	81,344
Freehold land	56,006	-	-	56,006
Structure and renovation	28,142	(9,194)	(293)	18,655
Vehicles and mechanical equipment	588,601	(376,899)	(1,624) <sup>(2)</sup>	210,078
Other vehicles	9,752	(6,026)	(35)	3,691
Furniture, fittings and office equipment	15,262	(12,111)	(13)	3,138
Computers and peripherals	38,077	(34,221)	(15)	3,841
Containers	8,285	(5,872)	-	2,413
Work-in-progress	26,372	-	-	26,372
	<b>899,140</b>	<b>(488,048)</b>	<b>(5,554)</b>	<b>405,538</b>

<sup>(2)</sup> Included transfer of accumulated impairment recognised in a subsidiary acquired during the financial year ended 31 December 2020 from right-of-use assets upon settlement of lease liabilities.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****6. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (a) During the financial years/periods, the Group made the following cash payments to purchase property, plant and equipment:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Purchase of property, plant and equipment	132,710	58,953	47,502	31,245	10,723
Financed by hire purchase and finance lease arrangements	(53,957)	-	-	-	-
Financed by term loans	(33,817)	(28,714)	(15,690)	(5,771)	(6,985)
Unsettled and remained as other payables	-	(55)	(8)	(497)	-
Cash payments on purchase of property, plant and equipment	<u>44,936</u>	<u>30,184</u>	<u>31,804</u>	<u>24,977</u>	<u>3,738</u>

- (b) As of 31 December 2018, the carrying amounts of the property, plant and equipment of the Group under hire purchase and finance lease arrangements are as follows:

	31.12.2018 Audited RM'000
Vehicles and mechanical equipment	145,576
Other vehicles	1,375
	<u>146,951</u>

Upon adoption of MFRS 16 *Leases*, the carrying amounts of the vehicles and mechanical equipment previously classified as hire purchase and finance lease arrangement had been recognised by the Group immediately before transition as the carrying amount of the right-of-use assets at the date of initial application on 1 January 2019.

Details of the terms and conditions of the hire purchase and finance lease arrangements were disclosed in Notes 21 and 38 to the financial statements respectively.

- (c) During the financial year ended 31 December 2020, an impairment loss of RM4,484,000 was recognised in relation to property, plant and equipment as the recoverable amount determined is lower than the carrying amount of property, plant and equipment.

Recoverable amount of the property, plant and equipment amounted to RM3,659,000 of the Group was determined based on the value in use ("VIU") calculations. However, the assumptions in determining the VIU were not presented due to management has planned to demolish the warehouse in next financial year and no future cash inflows and outflows were expected.

**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****6. PROPERTY, PLANT AND EQUIPMENT (continued)**

(c) (continued)

Recoverable amount of the remaining property, plant and equipment of the Group amounted to RM825,000 was determined based on fair value less costs of disposal. The fair value of the property, plant and equipment is categorised as Level 3 in fair value hierarchy. The fair value was recommended by the Directors based on quotation received which subject to the conditions of the vehicles.

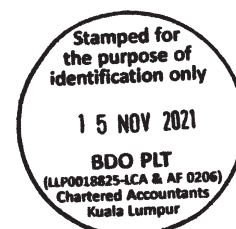
(d) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group as disclosed in Note 20 are as follows:

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Freehold land	56,068	61,517	51,517	51,517
Leasehold land	309,313	-	-	-
Buildings	72,744	79,958	78,494	74,048
Vehicles and mechanical equipment	-	24,209	39,900	43,768
	<u>438,125</u>	<u>165,684</u>	<u>169,911</u>	<u>169,333</u>

**7. INVESTMENT PROPERTY**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Carrying amount</b>				
At 1 January	-	-	-	1,693
Depreciation	-	-	-	(7)
Reclassification from property, plant and equipment (Note 6)	-	-	1,693	-
At 31 December/31 May	<u>-</u>	<u>-</u>	<u>1,693</u>	<u>1,686</u>
<b>Fair value</b>	<u>-</u>	<u>-</u>	<u>1,951</u>	<u>1,951</u>

Audited	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
<b>31.12.2020</b>			
Building	<u>1,693</u>	<u>-</u>	<u>1,693</u>
<b>31.5.2021</b>			
Building	<u>1,693</u>	<u>(7)</u>	<u>1,686</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****7. INVESTMENT PROPERTY (continued)**

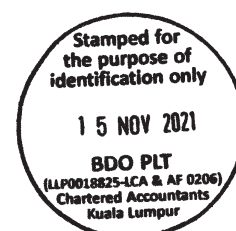
There is no rental income and direct operating expenses recognised in profit or loss during the financial year/period.

The investment property of the Group is categorised as Level 3 in fair value hierarchy.

- (a) There were no transfers between levels during the financial year/period ended 31 December 2020 and 31 May 2021.
- (b) Investment property at Level 3 fair value with carrying amounts of RM1,686,000 (31.12.2020: RM1,693,000) was recommended by the Directors based on comparison method that makes reference to recent market values of similar properties in the vicinity on a price per square feet basis. The price per square feet of the property adopted, which was significant input, is RM1,508 (31.12.2020: RM1,508). Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.

**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****Right-of-use assets**

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Total RM'000
<b>31.12.2019</b>					
<b>Carrying amount</b>					
At 1 January 2019	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 4.1)	317,704	5,539	145,577	5,661	474,481
Acquisition of a subsidiary (Note 39)	-	-	5,539	80	5,619
Additions	2,917	437	38,851	4,019	46,224
Disposal	-	-	(478)	-	(478)
Depreciation	(4,123)	(2,787)	(14,072)	(2,595)	(23,577)
Transferred to property, plant and equipment (Note 6)	-	-	(26,152)	(238)	(26,390)
Reclassification to non-current assets held for sale (Note 19)	(6,996)	-	-	-	(6,996)
<b>At 31 December 2019</b>	<b>309,502</b>	<b>3,189</b>	<b>149,265</b>	<b>6,927</b>	<b>468,883</b>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****Right-of-use assets (continued)**

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Computers and peripherals RM'000	Total RM'000
<b>31.12.2020</b>						
<b>Carrying amount</b>						
At 1 January 2020	309,502	3,189	149,265	6,927	-	468,883
Acquisition of subsidiaries (Note 39)	33,533	-	9,349	250	-	43,132
Disposal of a subsidiary (Note 40)	-	-	-	(294)	-	(294)
Re-measurement	-	166	-	-	-	166
Additions	7,909	-	17,805	330	101	26,145
Disposal	-	-	(3,539)	-	-	(3,539)
Depreciation	(4,638)	(2,158)	(16,908)	(116)	(51)	(23,871)
Written off	(140)	-	-	-	-	(140)
Reclassification	-	-	6,301	(6,301)	-	-
Transferred to property, plant and equipment (Note 6)	-	-	(13,805)	(397)	-	(14,202)
<b>At 31 December 2020</b>	<b>346,166</b>	<b>1,197</b>	<b>148,468</b>	<b>399</b>	<b>50</b>	<b>496,280</b>

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Computers and peripherals RM'000	Total RM'000
<b>31.5.2021</b>						
<b>Carrying amount</b>						
At 1 January 2021	346,166	1,197	148,468	399	50	496,280
Additions	-	-	5,663	-	-	5,663
Depreciation	(2,925)	(213)	(6,917)	(31)	(21)	(10,107)
Reclassification	-	-	(69)	69	-	-
Reclassification to non-current assets held for sale (Note 19)	(13,013)	-	-	-	-	(13,013)
Transferred to property, plant and equipment (Note 6)	-	-	(7,503)	-	-	(7,503)
Exchange differences	-	-	(51)	-	-	(51)
<b>At 31 May 2021</b>	<b>330,228</b>	<b>984</b>	<b>139,591</b>	<b>437</b>	<b>29</b>	<b>471,269</b>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

## Lease liabilities

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Total RM'000
<b>31.12.2019</b>					
<b>Carrying amount</b>					
At 1 January 2019	-	-	-	-	-
Effects on adoption of MFRS 16 (Note 4.1)	106,996	1,356	102,135	313	210,800
Acquisition of a subsidiary (Note 39)	-	-	3,246	-	3,246
Additions	1,796	-	40,510	-	42,306
Lease payments	(20,253)	(721)	(43,033)	(80)	(64,087)
Interest expense	5,245	52	6,418	18	11,733
<b>At 31 December 2019</b>	<b>93,784</b>	<b>687</b>	<b>109,276</b>	<b>251</b>	<b>203,998</b>

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Computers and peripherals RM'000	Total RM'000
<b>31.12.2020</b>						
<b>Carrying amount</b>						
At 1 January 2020	93,784	687	109,276	251	-	203,998
Acquisition of subsidiaries (Note 39)	24,018	-	10,300	857	-	35,175
Additions	5,862	-	18,996	297	101	25,256
Re-measurement	-	166	-	-	-	166
Disposal of a subsidiary (Note 40)	-	-	-	(281)	-	(281)
Lease payments	(87,447)	(330)	(46,984)	(807)	(54)	(135,622)
Interest expense	3,411	34	5,848	73	4	9,370
<b>At 31 December 2020</b>	<b>39,628</b>	<b>557</b>	<b>97,436</b>	<b>390</b>	<b>51</b>	<b>138,062</b>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

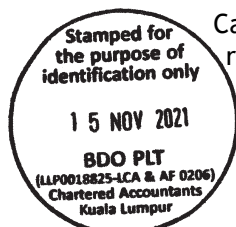
Lease liabilities (continued)

Audited	Land RM'000	Buildings RM'000	Vehicles and mechanical equipment RM'000	Other vehicles RM'000	Computers and peripherals RM'000	Total RM'000
<b>31.5.2021</b>						
<b>Carrying amount</b>						
At 1 January 2021	39,628	557	97,436	390	51	138,062
Additions	-	-	7,837	-	-	7,837
Lease payments	(3,156)	(83)	(23,903)	(58)	(22)	(27,222)
Interest expense	857	11	1,933	9	1	2,811
<b>At 31 May 2021</b>	<b>37,329</b>	<b>485</b>	<b>83,303</b>	<b>341</b>	<b>30</b>	<b>121,488</b>

Represented by:	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Current liabilities	49,444	41,945	38,949
Non-current liabilities	154,554	96,117	82,539
	<u>203,998</u>	<u>138,062</u>	<u>121,488</u>
	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Lease liabilities owing to financial institutions	194,184	121,775	107,918
Lease liabilities owing to non-financial institutions	9,814	16,287	13,570
	<u>203,998</u>	<u>138,062</u>	<u>121,488</u>

- (a) The Group has certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (b) During the financial years/periods, the Group made the following cash payments to purchase right-of-use assets:

	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Purchase of right-of-use assets	46,224	26,145	5,663	11,011
Financed by lease liabilities	(42,306)	(25,256)	(4,411)	(8,171)
Cash payments on purchase of right-of-use assets	<u>3,918</u>	<u>889</u>	<u>1,252</u>	<u>2,840</u>





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

- (c) The carrying amounts of right-of-use assets of the Group pledged as securities for banking facilities granted to the Group are as follows:

	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Leasehold land	305,596	333,973	316,093
Vehicles and mechanical equipment	136,636	127,673	129,027
Other vehicles	288	243	224
	<u>442,520</u>	<u>461,889</u>	<u>445,344</u>

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

	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Depreciation charge of right-of-use assets (included in cost of sales and services and administrative expenses)	23,577	23,871	10,107	9,945
Interest expense on lease liabilities (included in finance costs)	11,733	9,370	2,811	4,535
Expense relating to short-term leases (included in cost of sales and services and administrative expenses)	881	487	810	342
Expense relating to leases of low-value assets (included in cost of sales and services and administrative expenses)	1,401	422	151	105
Variable lease payments (included in cost of sales and services)	<u>1,839</u>	<u>1,218</u>	<u>826</u>	<u>499</u>
	<u>39,431</u>	<u>35,368</u>	<u>14,705</u>	<u>15,426</u>

- (e) The securities of lease liabilities relating to leasehold land is disclosed in Note 20(a) to the financial statements.
- (f) The Group has lease contracts for machinery and equipment that contains variable payments based on the usage of the machinery and equipment. Variable payment terms are for machinery and equipment that are used by the Group for its day-to-day operations and the usage is not fixed. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur. An amount determined based on usage of the equipment at the agreed rate will be charged to the profit and loss. A 10% increase in usage of the Group during the financial period/years would increase the total lease payment by 0.28% (31.12.2020: 0.09%; 31.12.2019: 0.27%).



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

- (g) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.
- (h) Information of financial risks of the lease liabilities were disclosed in Note 38 to the financial statements.

**9. OTHER INVESTMENTS**

		31.12.2018	31.12.2019	31.12.2020	31.5.2021
		Audited	Audited	Audited	Audited
	Note	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>					
<b>Financial assets at fair value through profit or loss</b>					
Memberships in clubs		43	43	43	43
Equity securities	(a)	2,400	700	266	417
		<u>2,443</u>	<u>743</u>	<u>309</u>	<u>460</u>

(a) Equity securities represent quoted shares of RM417,000 (31.12.2020: RM266,000; 31.12.2019: RM Nil; 31.12.2018: RM Nil) and unquoted shares of RM Nil (31.12.2020: RM Nil; 31.12.2019: RM700,000; 31.12.2018: RM2,400,000).

(b) Information on the fair value hierarchy is disclosed in Note 37 to the financial statements.

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**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
**Accountants' Report**

**10. COMBINING ENTITIES**

Details of the combining entities are as follows:

	Country of incorporation	Effective interest in equity			Principal activities
		31.12.2018	31.12.2019	31.5.2021	
		%	%	%	
Delta Express (M) Sdn. Bhd.	Malaysia	100	100	100	Freight forwarding agency services and investment holding
Swift Consolidators Sdn. Bhd.	Malaysia	100	100	100	Freight forwarding services
Q-Team Sdn. Bhd.	Malaysia	100	100	100	Sales, service and spare parts for commercial vehicles, tyre retreading and investment holding
Container Connections (M) Sdn. Bhd.	Malaysia	51.5	61.5	61.5	Container depot services and investment holding
Swift Integrated Logistics Sdn. Bhd.	Malaysia	100	100	100	Integrated logistics services comprising container haulage, land transportation, warehousing and container depot, and freight forwarding agency services, and investment holding.
Swift Crossland Logistics Co., Ltd. <sup>(1) (2)</sup>	Thailand	49	49	49	Land transportation and freight forwarding agency services, and investment holding
Tanjung Express (M) Sdn. Bhd.	Malaysia	100	100	100	Container haulage and land transportation services, and investment holding
Komunjaya Sdn. Bhd.	Malaysia	100	100	100	Fabrication, repair and maintenance of trailers
Agenda Wira Sdn. Bhd.	Malaysia	-	100	100	Container haulage and freight forwarding services



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report*

10. COMBINING ENTITIES (continued)	Country of incorporation	Effective interest in equity-----]		Principal activities
		31.12.2018 %	31.12.2019 31.12.2020 31.5.2021 % % %	
Subsidiary of Delta Express (M) Sdn. Bhd.				
Swift Logistics TA Sdn. Bhd.	Malaysia	100	100 100	Freight forwarding agency services
Subsidiaries of Q-Team Sdn. Bhd.				
Fleet Engineering Services Sdn. Bhd.	Malaysia	100	100	Repair, maintenance and configuration of commercial vehicle superstructures
Q-Team Risk Management Sdn. Bhd.	Malaysia	100	100	General insurance agency services
Subsidiary of Tanjong Express (M) Sdn. Bhd.				
Tanjong Express Logistic (M) Sdn. Bhd.	Malaysia	100	100	Container haulage services
Subsidiary of Container Connections (M) Sdn. Bhd.				
Northern Gateway Depot Sdn. Bhd.	Malaysia	-	61.5 61.5	Container depot services



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

10. COMBINING ENTITIES (continued)	Subsidiaries of Swift Integrated Logistics Sdn. Bhd.	Country of incorporation	Effective interest in equity				Principal activities
			31.12.2018	31.12.2019	31.12.2020	31.5.2021	
			%	%	%	%	
	Swift Haulage Services Sdn. Bhd.	Malaysia	100	100	100	100	Dormant. The intended future business activities are to provide container haulage and land transportation services
	Swift Commerce Sdn. Bhd. (f.k.a. Swift Trucking and Warehousing Services Sdn. Bhd.)	Malaysia	100	100	100	100	E-commerce retailing
	Swift Mega Carriers Sdn. Bhd.	Malaysia	100	100	-	-	Provision of transportation services
	MILS Cold Hub Sdn. Bhd.	Malaysia	100	100	100	100	Dormant. The intended future business activity is providing cold chain logistics services
	Sentiasa Hebat Sdn. Bhd.	Malaysia	-	-	100	100	Container haulage services
	Sentiasa Hebat (Penang) Sdn. Bhd.	Malaysia	-	-	100	100	Container haulage services
	Earth Move International Sdn. Bhd.	Malaysia	-	-	100	100	Freight forwarding services



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
*Accountants' Report*

**10. COMBINING ENTITIES (continued)**

	Country of incorporation	Effective interest in equity-----]		Principal activities
		31.12.2018 %	31.12.2019 % 31.5.2021 %	
Subsidiaries of Swift Integrated Logistics Sdn. Bhd. (continued)				
Agensi Tanjung Bruas Sdn. Bhd.	Malaysia	-	100	100
Top Tyres & Workshop Sdn. Bhd.	Malaysia	-	100	100
Subsidiary of Swift Crossland Logistics Co., Ltd.				
Crossland Forwarders Co., Ltd. <sup>(1)(2)</sup>	Thailand	49	49	49

<sup>(1)</sup> Subsidiaries audited by BDO member firm.

<sup>(2)</sup> The Group considers that it controls Swift Crossland Logistics Co., Ltd. ("SCL") even though it owns less than 50% of the shareholdings. This is due to the Group having control over the Board and power to govern the relevant activities of SCL. The remaining 51% of the equity interests in SCL, which are held by shareholders that are not related, would not have control over SCL.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****10. COMBINING ENTITIES (continued)**

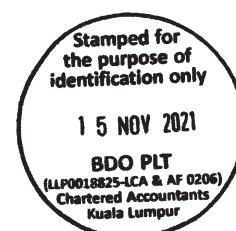
- (a) During the financial year ended 31 December 2018:
- (i) On 6 July 2018, the Group acquired the entire equity interest comprising 1,500,000 ordinary shares in Tanjong Express (M) Sdn. Bhd. ("TEMSB") for a purchase consideration of RM164,454,000.
  - (ii) On 6 July 2018, the Group acquired the entire equity interest comprising 300,000 ordinary shares in Komunajaya Sdn. Bhd. ("KMJSB") for a purchase consideration of RM29,873,000.
- (b) On 30 January 2019, the Group acquired the entire equity interest comprising 500,000 ordinary shares in Agenda Wira Sdn. Bhd. ("AWSB") for a purchase consideration of RM18,000,000.
- (c) During the financial year ended 31 December 2020:
- (i) On 31 August 2020, the Group acquired the entire equity interest comprising 2,500,000 ordinary shares in Sentiasa Hebat Sdn. Bhd. ("STSB") for a purchase consideration of approximately RM7,990,000.
  - (ii) On 31 August 2020, the Group acquired the entire equity interest comprising 500,000 ordinary shares in Sentiasa Hebat (Penang) Sdn. Bhd. ("STPSB") for a purchase consideration of RM1,000,000.
  - (iii) On 31 August 2020, the Group acquired the entire equity interest comprising 100 ordinary shares in Earth Move International Sdn. Bhd. ("EMISB") for a purchase consideration of RM1.
  - (iv) On 31 August 2020, the Group acquired the entire equity interest comprising 100,000 ordinary shares in Agensi Tanjung Bruas Sdn. Bhd. ("ATBSB") for a purchase consideration of RM10,000.
  - (v) On 31 August 2020, the Group acquired the entire equity interest comprising 500,000 ordinary shares in Top Tyres & Workshop Sdn. Bhd. ("TTWSB") for a purchase consideration of RM1.
  - (vi) On 31 August 2020, Container Connections (M) Sdn. Bhd. ("CCMSB") acquired the entire equity interest comprising 100,000 ordinary shares in Northern Gateway Depot Sdn. Bhd. ("NGDSB") for a purchase consideration of RM1,000,000.
  - (vii) On 14 September 2020, the Group acquired additional equity interest comprising 235,000 ordinary shares in CCMSB for a purchase consideration of RM333,000. Subsequent to the acquisition of additional equity interest in CCMSB, the equity interest in CCMSB increased from 51.5% to 61.5%.
  - (viii) On 30 November 2020, the Group disposed off its entire equity interest comprising 2,450,000 ordinary shares in Swift Mega Carriers Sdn. Bhd. ("SMCSB") for a cash consideration of RM10,000. The transaction has been completed during the financial year 31 December 2020.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****10. COMBINING ENTITIES (continued)**

(d) Subsidiaries of the Group that has non-controlling interests ("NCI") are as follows:

	SCL	CCMSB	Total
<b>Audited</b>			
<b>31.12.2018</b>			
NCI percentage of ownership interest and voting interest	51.00%	48.5%	
Carrying amount of NCI (RM'000)	<u>(2,813)</u>	<u>2,675</u>	<u>(138)</u>
(Loss)/Profit allocated to NCI (RM'000)	<u>(856)</u>	<u>1,029</u>	<u>173</u>
<b>Audited</b>			
<b>31.12.2019</b>			
NCI percentage of ownership interest and voting interest	51.00%	48.5%	
Carrying amount of NCI (RM'000)	<u>(2,721)</u>	<u>2,219</u>	<u>(502)</u>
Profit allocated to NCI (RM'000)	<u>92</u>	<u>564</u>	<u>656</u>
<b>Audited</b>			
<b>31.12.2020</b>			
NCI percentage of ownership interest and voting interest	51.00%	38.5%	
Carrying amount of NCI (RM'000)	<u>(2,422)</u>	<u>2,073</u>	<u>(349)</u>
Profit allocated to NCI (RM'000)	<u>299</u>	<u>495</u>	<u>794</u>
<b>Audited</b>			
<b>31.5.2021</b>			
NCI percentage of ownership interest and voting interest	51.00%	38.5%	
Carrying amount of NCI (RM'000)	<u>(1,890)</u>	<u>2,420</u>	<u>530</u>
Profit allocated to NCI (RM'000)	<u>532</u>	<u>347</u>	<u>879</u>





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****10. COMBINING ENTITIES (continued)**

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

Audited	SCL RM'000	CCMSB RM'000
<b>31.12.2018</b>		
<b>Assets and liabilities</b>		
Non-current assets	9,866	432
Current assets	10,473	6,734
Non-current liabilities	(13,875)	(95)
Current liabilities	(11,894)	(1,556)
Net (liabilities)/assets	<u>(5,430)</u>	<u>5,515</u>
<b>1.1.2018 to 31.12.2018</b>		
<b>Results</b>		
Revenue	26,518	17,746
(Loss)/Profit for the financial year	(1,678)	2,121
Total comprehensive (loss)/income	<u>(1,678)</u>	<u>2,121</u>
Cash flows (used in)/from operating activities	(2,662)	2,639
Cash flows from/(used in) investing activities	710	(552)
Cash flows from/(used in) financing activities	650	(1,560)
Net (decrease)/increase in cash and cash equivalents	<u>(1,302)</u>	<u>527</u>
Dividend paid to NCI	<u>-</u>	<u>(728)</u>
<b>Audited</b>	<b>SCL RM'000</b>	<b>CCMSB RM'000</b>
<b>31.12.2019</b>		
<b>Assets and liabilities</b>		
Non-current assets	8,754	7,382
Current assets	10,764	6,519
Non-current liabilities	(14,959)	(3,274)
Current liabilities	(10,231)	(6,053)
Net (liabilities)/assets	<u>(5,672)</u>	<u>4,574</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****10. COMBINING ENTITIES (continued)**

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

<b>Audited</b>	<b>SCL RM'000</b>	<b>CCMSB RM'000</b>
<b>1.1.2019 to 31.12.2019</b>		
<b>Results</b>		
Revenue	33,501	17,632
Profit for the financial year	180	1,164
Total comprehensive income	180	1,164
Cash flows from operating activities	1,930	6,196
Cash flows from/(used in) investing activities	425	(338)
Cash flows used in financing activities	(2,284)	(6,260)
Net increase/(decrease) in cash and cash equivalents	71	(402)
Dividend paid to NCI	-	(873)
<b>Audited</b>	<b>SCL RM'000</b>	<b>CCMSB RM'000</b>
<b>31.12.2020</b>		
<b>Assets and liabilities</b>		
Non-current assets	9,525	22,276
Current assets	14,771	9,422
Non-current liabilities	(16,622)	(12,220)
Current liabilities	(12,642)	(14,547)
Net (liabilities)/assets	(4,968)	4,931
<b>1.1.2020 to 31.12.2020</b>		
<b>Results</b>		
Revenue	37,930	22,776
Profit for the financial year	586	1,157
Total comprehensive income	586	1,157
Cash flows from operating activities	1,988	9,844
Cash flows used in investing activities	(525)	(1,161)
Cash flows used in financing activities	(958)	(7,103)
Net increase in cash and cash equivalents	505	1,580
Dividend paid to NCI	-	(308)



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****10. COMBINING ENTITIES (continued)**

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

Audited	SCL RM'000	CCMSB RM'000
<b>31.5.2021</b>		
<b>Assets and liabilities</b>		
Non-current assets	12,329	18,604
Current assets	17,008	10,700
Non-current liabilities	(18,129)	(9,119)
Current liabilities	(15,058)	(14,354)
Net (liabilities)/assets	<u>(3,850)</u>	<u>5,831</u>
<b>1.1.2021 to 31.5.2021</b>		
<b>Results</b>		
Revenue	19,439	13,219
Profit for the financial period	1,044	900
Total comprehensive income	<u>1,044</u>	<u>900</u>
Cash flows from operating activities	2,026	3,658
Cash flows used in investing activities	(3,690)	(199)
Cash flows from/(used in) financing activities	<u>3,777</u>	<u>(3,916)</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,113</u>	<u>(457)</u>
<b>Unaudited</b>		
<b>1.1.2020 to 31.5.2020</b>		
<b>Results</b>		
Revenue	15,607	7,235
Profit for the financial period	478	331
Total comprehensive income	<u>478</u>	<u>331</u>
Cash flows from operating activities	211	3,098
Cash flows used in investing activities	(631)	(371)
Cash flows from/(used in) financing activities	<u>685</u>	<u>(2,120)</u>
Net increase in cash and cash equivalents	<u>265</u>	<u>607</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**11. INVESTMENTS IN ASSOCIATES**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Unquoted shares, at cost	19,240	19,240	19,290	19,290
Share of post-acquisition profits/ (loss), net of dividends received	302	1,030	896	(535)
Less: Accumulated impairment losses	(255)	(255)	-	-
	<u>19,287</u>	<u>20,015</u>	<u>20,186</u>	<u>18,755</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report*

**11. INVESTMENTS IN ASSOCIATES (continued)**

The details of the associates are as follows:

Name of company	Country of incorporation	[-----Effective interest in equity-----]				Principal activities
		31.12.2018	31.12.2019	31.12.2020	31.5.2021	
		%	%	%	%	
Global Vision Logistics Sdn. Bhd. <sup>(1)</sup>	Malaysia	25	25	25	25	Provision of warehousing services
BLG Swift Logistics Sdn. Bhd. <sup>(2)</sup>	Malaysia	60	60	60	60	Investment holding and provision of automotive solutions and related integrated logistics services
<b>Subsidiary of BLG Swift Logistics Sdn. Bhd.</b>						
Swift Mega Carriers Sdn. Bhd.	Malaysia	-	-	60	60	Provision of transportation services

<sup>(1)</sup> Associate not audited by BDO PLT.

<sup>(2)</sup> Although the Group holds 60% interest in BLG Swift Logistics Sdn. Bhd. ("BLG"), BLG is deemed to be an associate as the Group is unable to exercise control over the financial and operating policies of the economic activities of BLG.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****11. INVESTMENTS IN ASSOCIATES (continued)**

- (a) On 30 May 2018, the Group made a capital contribution comprising 1,380,000 Redeemable Preference Shares of RM10 each in Global Vision Logistics Sdn. Bhd. ("GVLSB"). As at 31 December 2018, there was no impact to the equity interest of the Group and the equity interest of the Group was remained at 25%.
- (b) During the financial year ended 31 December 2020,
- (i) On 14 September 2020, the Group made a capital contribution to an associate, GVLSB amounted to RM50,000. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future.
- (ii) On 30 November 2020, BLG acquired the entire equity interest comprising 2,450,000 ordinary shares in Swift Mega Carriers Sdn. Bhd. ("SMCSB") for a purchase consideration of RM10,000.
- (c) The recoverable amounts of the investments in associates are assessed by reference to the value-in-use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the business operations at an appropriate pre-tax discount rate of 6%.

During the financial year ended 31 December 2020, a reversal of impairment losses of RM255,000 on investments in associates has been recognised due to improvement in the business operation.

- (d) The summarised financial information of the associates are as follows:

Audited	GVLSB RM'000	BLG RM'000
<b>31.12.2018</b>		
<b>Assets and liabilities</b>		
Non-current assets	201,263	3,552
Current assets	5,745	5,955
Non-current liabilities	(207,950)	(1,656)
Current liabilities	(96)	(4,721)
Net (liabilities)/assets	<u>(1,038)</u>	<u>3,130</u>
<b>1.1.2018 to 31.12.2018</b>		
<b>Results</b>		
Revenue	438	11,012
(Loss)/Profit for the financial year	(1,075)	1,420
Total comprehensive (loss)/income	<u>(1,075)</u>	<u>1,420</u>
<b>Share of results by the Group for the financial year</b>		
Share of loss by the Group for adjustment on initial application of MFRS 9	-	(55)
Share of (loss)/profit by the Group for the financial year	<u>(269)</u>	<u>852</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****11. INVESTMENTS IN ASSOCIATES (continued)**

(d) The summarised financial information of the associates are as follows: (continued)

	GVLSB RM'000	BLG RM'000
<b>Audited</b>		
<b>31.12.2019</b>		
<b>Assets and liabilities</b>		
Non-current assets	210,448	5,735
Current assets	6,517	6,070
Non-current liabilities	(219,150)	(838)
Current liabilities	(234)	(6,047)
Net (liabilities)/assets	(2,419)	4,920
<b>1.1.2019 to 31.12.2019</b>		
<b>Results</b>		
Revenue	96	12,663
(Loss)/Profit for the financial year	(1,381)	1,789
Total comprehensive (loss)/income	(1,381)	1,789
<b>Share of results by the Group for the financial year</b>		
Share of (loss)/profit by the Group for the financial year	(345)	1,073
<b>Audited</b>		
<b>31.12.2020</b>		
<b>Assets and liabilities</b>		
Non-current assets	209,889	13,085
Current assets	2,319	7,296
Non-current liabilities	(216,777)	(7,177)
Current liabilities	(187)	(7,534)
Net (liabilities)/assets	(4,756)	5,670
<b>1.1.2020 to 31.12.2020</b>		
<b>Results</b>		
Revenue	120	10,880
(Loss)/Profit for the financial year	(2,336)	750
Total comprehensive (loss)/income	(2,336)	750
<b>Share of results by the Group for the financial year</b>		
Share of (loss)/profit by the Group for the financial year	(584)	450



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****11. INVESTMENTS IN ASSOCIATES (continued)**

(d) The summarised financial information of the associates are as follows: (continued)

<b>Audited</b>	<b>GVLSB RM'000</b>	<b>BLG RM'000</b>
<b>31.5.2021</b>		
<b>Assets and liabilities</b>		
Non-current assets	224,538	11,163
Current assets	3,682	4,442
Non-current liabilities	(236,043)	(5,600)
Current liabilities	(3)	(5,441)
Net (liabilities)/assets	<u>(7,826)</u>	<u>4,564</u>
<b>1.1.2021 to 31.5.2021</b>		
<b>Results</b>		
Revenue	-	2,177
Loss for the financial period	(3,070)	(1,106)
Total comprehensive loss	<u>(3,070)</u>	<u>(1,106)</u>
<b>Share of results by the Group for the financial period</b>		
Share of loss by the Group for the financial period	<u>(767)</u>	<u>(664)</u>
<b>Unaudited</b>	<b>GVLSB RM'000</b>	<b>BLG RM'000</b>
<b>1.1.2020 to 31.5.2020</b>		
<b>Results</b>		
Revenue	96	4,231
(Loss)/Profit for the financial period	(504)	226
Total comprehensive (loss)/income	<u>(504)</u>	<u>226</u>
<b>Share of results by the Group for the financial period</b>		
Share of (loss)/profit by the Group for the financial period	<u>(126)</u>	<u>136</u>





**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**12. GOODWILL**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Cost</b>					
At beginning of financial year/ period		28,836	72,999	79,482	84,774
Acquisition of subsidiaries	39	44,163	6,483	5,292	-
		72,999	79,482	84,774	84,774
<b>Accumulated impairment loss</b>					
At beginning of financial year/ period		(1,178)	(1,178)	(4,178)	(15,961)
Charge for the financial year/ period		-	(3,000)	(11,783)	-
		(1,178)	(4,178)	(15,961)	(15,961)
Carrying amount		71,821	75,304	68,813	68,813

The carrying amounts of goodwill allocated to the Group's cash-generating-units ("CGUs") are as follows:

Audited	Haulage, forwarding services & warehousing RM'000	Containers and depot services RM'000	Vehicles trading RM'000	Total RM'000
<b>31.12.2018</b>				
Goodwill	70,598	1,165	1,236	72,999
Less: Impairment loss	(13)	(1,165)	-	(1,178)
	70,585	-	1,236	71,821
<b>31.12.2019</b>				
Goodwill	77,081	1,165	1,236	79,482
Less: Impairment loss	(3,013)	(1,165)	-	(4,178)
	74,068	-	1,236	75,304
<b>31.12.2020</b>				
Goodwill	81,074	2,464	1,236	84,774
Less: Impairment loss	(14,796)	(1,165)	-	(15,961)
	66,278	1,299	1,236	68,813



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report**

**12. GOODWILL (continued)**

The carrying amounts of goodwill allocated to the Group's cash-generating-units ("CGUs") are as follows: (continued)

Audited	Haulage, forwarding services & warehousing RM'000	Containers and depot services RM'000	Vehicles trading RM'000	Total RM'000
<b>31.5.2021</b>				
Goodwill	81,074	2,464	1,236	84,774
Less: Impairment loss	(14,796)	(1,165)	-	(15,961)
	<u>66,278</u>	<u>1,299</u>	<u>1,236</u>	<u>68,813</u>

- (a) For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value in use ("VIU") calculations. The VIU is calculated using the pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. VIU was determined by discounting the future cash flow generated from the business operation of the CGUs.

During the financial years ended 31 December 2018 and 2019, VIU were calculated based on the following key assumptions:

	Haulage, forwarding services & warehousing %	Containers and depot services %	Vehicles trading %
Revenue growth rates	5.0	5.0	5.0
Expenses growth rates	5.0	5.0	5.0
Pre-tax discount rates	8.0	8.0	8.0

The calculations of VIU for the CGUs are most sensitive to the following assumptions:

- (i) Revenue growth rates

The forecasted growth rates are determined based on past performance of the CGUs.

- (ii) Expenses growth rates

Expenses are projected at annual increase of approximately 5.0% (2018: 5.0%) per annum.

- (iii) Discount rates

Pre-tax discount rate of 8% (2018: 8%) per annum has been applied in determining the recoverable amount of the CGUs.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****12. GOODWILL (continued)**

- (a) The calculations of VIU for the CGUs are most sensitive to the following assumptions:  
(continued)

- (iv) Profit margin

Profit margins are projected based on the historical profit margin achieved or predetermined profit margin for the CGUs.

- (b) During the financial year ended 31 December 2019, an impairment loss of RM3,000,000 (31.12.2018: RM Nil) was recognised in relation to goodwill as the recoverable amount determined is lower than the carrying amount of the CGUs based on the assumptions in (a).
- (c) During the financial year ended 31 December 2020, impairment of goodwill of RM11,783,000 was recognised due to downsizing of business activities for certain combining entities within the Group. It has impacted the forecasted operating cash flows included in the VIU calculations for CGUs from haulage, forwarding services and warehousing. During the financial period ended 31 May 2021, no impairment loss on goodwill was recognised. The cash flow forecasts are based on budgets for the next five (5) years, with various inputs, assumptions and a terminal value thereafter. The cash flows were probability weighted based on the following scenarios:

	Best case	Base case	Worst case
Weighting	30%	50%	20%
Revenue growth rates			
Haulage, forwarding services & warehousing	(36%) to 5%	(40%) to 3%	(52%) to (1%)
Containers and depot services	5%	0%	(30%)
Vehicles trading	3%	1%	(4%)
Expenses growth rates			
Haulage, forwarding services & warehousing	(44%) to 2%	(40%) to 5%	(19%) to 5%
Containers and depot services	(20%)	(15%)	(5%)
Vehicles trading	2%	3%	4%
Pre-tax discount rates			
Haulage, forwarding services & warehousing	6%	6%	6%
Containers and depot services	4%	4%	4%
Vehicles trading	6%	6%	6%



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****12. GOODWILL (continued)**

- (d) The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is as follows:

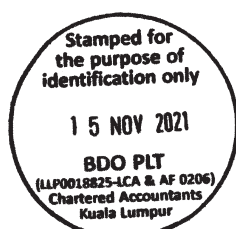
	Change in assumption
Probability weighted	Best case: 5% Base case: 50% Worst case: 45%
Revenue growth rates	
Haulage, forwarding services & warehousing	(64%) to (2%)
Containers and depot services	(5%)
Vehicles trading	(5%)
Expenses growth rates	
Haulage, forwarding services & warehousing	3% to 5%
Containers and depot services	1%
Vehicles trading	4%
Pre-tax discount rates	
Haulage, forwarding services & warehousing	3%
Containers and depot services	2%
Vehicles trading	3%

- (e) During the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021, management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGUs' recoverable amounts would not cause the CGUs' carrying amounts to further exceed their recoverable amounts.

**13. INTANGIBLE ASSETS**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Customer contract	979	979	-	-
Less: Impairment loss	(979)	(979)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (a) Customer contract of the Group arose from the acquisition of the business and assets for transportation services of a wholly-owned subsidiary of the Group from a third party for a purchase consideration of RM2,292,000 as disclosed in Note 41 to the financial statements. During the financial year ended 31 December 2020, the Group disposed off the wholly-owned subsidiary as disclosed in Notes 10(c) and 40.
- (b) During the financial year ended 31 December 2018, an impairment loss of RM979,000 was recognised on the customer contract. Recoverable amount of the customer contract was determined based on the value-in-use ("VIU") calculations. However, the assumptions in determining the VIU were not presented due to the contract has been subsequently terminated and no future cash inflows and outflows were expected in relation to the customer contract.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**14. INVENTORIES**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>At cost</b>				
Spare parts and consumable goods	10,687	7,288	6,940	8,494
Prime movers	728	7,672	4,019	1,628
	<u>11,415</u>	<u>14,960</u>	<u>10,959</u>	<u>10,122</u>

- (a) The amounts of inventories written off charged to profit or loss of the Group during the financial years/periods are as follows:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Inventories written off	<u>180</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>

- (b) Inventories of the Group recognised as cost of sales during the financial years/periods are as follows:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Recognised as cost of sales	<u>48,935</u>	<u>28,812</u>	<u>59,799</u>	<u>42,002</u>	<u>20,784</u>

**15. TRADE AND OTHER RECEIVABLES**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Non-current</b>					
<b>Other receivables</b>					
Other receivables		7,017	7,017	-	-
Less: Impairment losses	(e)	(7,017)	(7,017)	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****15. TRADE AND OTHER RECEIVABLES (continued)**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Current</b>					
<b>Trade receivables</b>					
Third parties	(a)	201,731	173,077	155,345	173,172
Amount owing by an associate	(b)	14	351	30	10
Amount owing by a related party	(b)	-	-	-	85
		201,745	173,428	155,375	173,267
<b>Less: Impairment losses</b>					
- third parties	(d)	(18,726)	(11,548)	(8,439)	(7,956)
- associate	(e)	-	(3)	-	-
Total trade receivables		183,019	161,877	146,936	165,311
<b>Other receivables</b>					
Amount owing by a related party	(c)	-	453	63	64
Amounts owing by associates	(c)	1,680	3,254	6,097	7,346
Other receivables		3,495	6,101	5,109	2,963
Deposits		10,613	6,136	9,889	12,929
		15,788	15,944	21,158	23,302
<b>Less: Impairment losses</b>					
- other receivables and deposits	(e)	(2,118)	(1,068)	(1,159)	(896)
- associates	(e)	-	(201)	(1,935)	(1,746)
		13,670	14,675	18,064	20,660
Total receivables		196,689	176,552	165,000	185,971
Prepayments		12,404	14,506	13,129	15,157
<b>Total trade and other receivables</b>		<b>209,093</b>	<b>191,058</b>	<b>178,129</b>	<b>201,128</b>

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days (31.12.2020: 30 to 90 days; 31.12.2019: 30 to 90 days; 31.12.2018: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****15. TRADE AND OTHER RECEIVABLES (continued)**

- (b) Amounts owing by an associate and a related party in trade receivables are subject to normal trade credit terms granted by the Group of 60 days (31.12.2020: 60 days; 31.12.2019: 60 days; 31.12.2018: 60 days) from date of invoice.
- (c) Amounts owing by associates and a related party in other receivables represent advances, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents except for a loan to an associate of RM Nil (31.12.2020: RM Nil; 31.12.2019: RM853,000; 31.12.2018: RM1,528,000), which was unsecured, bore interest at Nil (31.12.2020: Nil; 31.12.2019: 6%; 31.12.2018: 6%) per annum and repayable within the next twelve (12) months.
- (d) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total allowance RM'000
<b>At 1 January 2018 under MFRS 139</b>	-	22,893	22,893
Restated through opening retained earnings	5,204	-	5,204
Opening impairment loss of trade receivables in accordance with MFRS 9	5,204	22,893	28,097
Charge for the financial year	246	1,074	1,320
Reversal of impairment loss	(1,274)	(6,641)	(7,915)
Written off	-	(2,776)	(2,776)
<b>At 31 December 2018/ 1 January 2019</b>	4,176	14,550	18,726
Acquisition of a subsidiary	953	1,470	2,423
Charge for the financial year	418	2,717	3,135
Reversal of impairment loss	(3,583)	(7,415)	(10,998)
Written off	-	(1,738)	(1,738)
<b>At 31 December 2019/ 1 January 2020</b>	1,964	9,584	11,548
Acquisition of subsidiaries	154	3,108	3,262
Charge for the financial year	667	2,262	2,929
Reversal of impairment loss	(1,096)	(7,749)	(8,845)
Written off	-	(455)	(455)
<b>At 31 December 2020/ 1 January 2021</b>	1,689	6,750	8,439
Charge for the financial period	259	1,162	1,421
Reversal of impairment loss	(412)	(1,207)	(1,619)
Written off	-	(285)	(285)
<b>At 31 May 2021</b>	1,536	6,420	7,956

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year/period end.

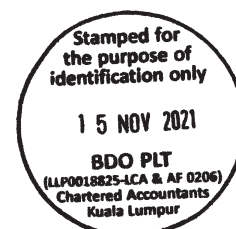


**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****15. TRADE AND OTHER RECEIVABLES (continued)**

(e) The reconciliation of movements in the impairment losses on other receivables and amounts owing by related parties are as follows:

	12-month ECL RM'000	Lifetime ECL Not Credit Impaired RM'000	Credit impaired RM'000	Total RM'000
<b>At 1 January 2018 under MFRS 139</b>	-	-	3,205	3,205
Restated through opening retained earnings	480	-	4,704	5,184
Opening impairment loss of other receivables in accordance with MFRS 9	480	-	7,909	8,389
Charge for the financial year	-	-	2,053	2,053
Reversal of impairment loss	(224)	-	(990)	(1,214)
Written off	-	-	(93)	(93)
<b>At 31 December 2018/ 1 January 2019</b>	256	-	8,879	9,135
Acquisition of a subsidiary	195	-	-	195
Charge for the financial year	239	201	333	773
Reversal of impairment loss	(303)	-	(1,511)	(1,814)
<b>At 31 December 2019/ 1 January 2020</b>	387	201	7,701	8,289
Acquisition of subsidiaries	14	-	463	477
Charge for the financial year	448	82	1,651	2,181
Reversal of impairment loss	(153)	-	-	(153)
Written off	-	-	(7,700)	(7,700)
<b>At 31 December 2020/ 1 January 2021</b>	696	283	2,115	3,094
Charge for the financial period	63	-	-	63
Reversal of impairment loss	(161)	-	(354)	(515)
<b>At 31 May 2021</b>	<b>598</b>	<b>283</b>	<b>1,761</b>	<b>2,642</b>

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year/period end.





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****15. TRADE AND OTHER RECEIVABLES (continued)**

(f) As at the end of each reporting period, the credit risk exposure and concentration relating to trade receivables of the Group are summarised in the table below:

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Maximum exposure	183,019	161,877	146,936	165,311
Collateral obtained	-	-	-	-
Net exposure to credit risk	<u>183,019</u>	<u>161,877</u>	<u>146,936</u>	<u>165,311</u>

During the financial years/period, the Group did not renegotiate the terms of any trade receivables.

(g) The currency exposure profile of trade and other receivables (exclude prepayments) is as follows:

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
United States Dollar	14,345	1,689	680	828
Euro	11	-	-	-
Chinese Renminbi	5,425	195	-	-
Thai Baht	24,275	24,472	8,179	7,443
Singapore Dollar	785	363	219	10
Ringgit Malaysia	151,848	149,833	155,922	177,681
Brunei Dollar	-	-	-	9
	<u>196,689</u>	<u>176,552</u>	<u>165,000</u>	<u>185,971</u>

(h) The ageing analysis of trade receivables of the Group are as follows:

Audited	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 31.12.2018 RM'000
31.12.2018			
Current	129,638	(3,893)	125,745
Past due			
1 to 30 days	33,038	(389)	32,649
31 to 60 days	12,817	(119)	12,698
61 to 90 days	6,500	(55)	6,445
More than 90 days	19,752	(14,270)	5,482
	<u>72,107</u>	<u>(14,833)</u>	<u>57,274</u>
	<u>201,745</u>	<u>(18,726)</u>	<u>183,019</u>

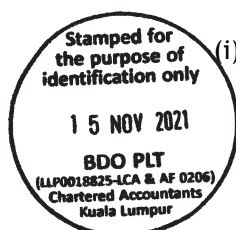


**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****15. TRADE AND OTHER RECEIVABLES (continued)**

(h) The ageing analysis of trade receivables of the Group are as follows: (continued)

<b>Audited</b>	<b>Gross carrying amount</b>	<b>Total allowance</b>	<b>Balance as at</b>
<b>31.12.2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>31.12.2019</b>
			<b>RM'000</b>
Current	114,967	(2,070)	112,897
Past due			
1 to 30 days	36,608	(4,387)	32,221
31 to 60 days	13,716	(1,347)	12,369
61 to 90 days	4,064	(298)	3,766
More than 90 days	4,073	(3,449)	624
	58,461	(9,481)	48,980
	173,428	(11,551)	161,877
<b>Audited</b>	<b>Gross carrying amount</b>	<b>Total allowance</b>	<b>Balance as at</b>
<b>31.12.2020</b>	<b>RM'000</b>	<b>RM'000</b>	<b>31.12.2020</b>
			<b>RM'000</b>
Current	106,911	(1,174)	105,737
Past due			
1 to 30 days	29,738	(332)	29,406
31 to 60 days	8,704	(109)	8,595
61 to 90 days	3,106	(643)	2,463
More than 90 days	6,916	(6,181)	735
	48,464	(7,265)	41,199
	155,375	(8,439)	146,936
<b>Audited</b>	<b>Gross carrying amount</b>	<b>Total allowance</b>	<b>Balance as at</b>
<b>31.5.2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>31.5.2021</b>
			<b>RM'000</b>
Current	109,174	(1,061)	108,113
Past due			
1 to 30 days	35,647	(343)	35,304
31 to 60 days	15,264	(156)	15,108
61 to 90 days	5,264	(578)	4,686
More than 90 days	7,918	(5,818)	2,100
	64,093	(6,895)	57,198
	173,267	(7,956)	165,311

(i) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****16. DERIVATIVE**

Audited	Notional amount RM'000	Asset RM'000	Liability RM'000
<b>31.12.2018</b>			
<b>Current</b>			
Cross-currency interest rate swap contract	53,875	2,119	-
<b>31.12.2019</b>			
<b>Current</b>			
Cross-currency interest rate swap contract	46,375	860	-
<b>31.12.2020</b>			
<b>Current</b>			
Cross-currency interest rate swap contract	38,875	-	734
<b>31.5.2021</b>			
<b>Current</b>			
Cross-currency interest rate swap contract	35,750	694	-

- (a) Derivative asset or liability are classified as financial assets or liabilities at fair value through profit or loss.
- (b) The cross-currency interest rate swap had been entered into in order to operationally hedge a term loan denominated in United States Dollar ("USD") of USD15,000,000 and floating monthly interest payments on the term loan that will mature on 17 April 2023. The fair value of these components had been determined based on the difference between the monthly future rates and the strike rate.
- (c) The Group recognised a fair value gain of RM1,428,000 (31.12.2020: fair value loss of RM1,594,000; 31.12.2019: fair value loss of RM1,259,000; 31.12.2018: fair value gain of RM2,119,000; 31.5.2020: fair value gain of RM1,519,000) arising from the fair value changes of the derivative asset or liability in profit or loss of the Group.
- (d) Information on the fair value hierarchy is disclosed in Note 37 to the financial statements.

**17. SHORT TERM FUND**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Fair value through profit or loss				
Short term fund	1,012	1,160	2,009	2,024



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****17. SHORT TERM FUND (continued)**

- (a) Short term fund is classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term fund of the Group is denominated in RM.
- (b) The management assessed that the fair value of the short term fund approximates its carrying amount largely due to the short term maturities of this instrument.
- (c) Information on financial risks of short term fund is disclosed in Note 38 to the financial statements.

**18. CASH AND BANK BALANCES**

		31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Note	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000
Cash on hand		479	411	647	615
Cash at bank		44,308	24,203	27,202	29,414
Deposits with licensed banks	(b)	4,882	4,696	5,042	4,342
		<u>49,669</u>	<u>29,310</u>	<u>32,891</u>	<u>34,371</u>

- (a) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as the end of the financial year:

		31.12.2018	31.12.2019	31.12.2020	31.5.2021	31.5.2020
	Note	Audited RM'000	Audited RM'000	Audited RM'000	Audited RM'000	Unaudited RM'000
Cash and bank balances		49,669	29,310	32,891	34,371	23,270
Less:						
Bank overdraft included in borrowings		(27,657)	(2,815)	(8,181)	(9,633)	(7,389)
Deposits with licensed banks with maturity of over 3 months	(c)	(4,484)	(4,263)	(4,616)	(3,921)	(4,127)
Restricted cash	(d)	(1,741)	(1,741)	(1,741)	(2,692)	(1,741)
Cash and cash equivalents included in the combined statements of cash flows		<u>15,787</u>	<u>20,491</u>	<u>18,353</u>	<u>18,125</u>	<u>10,013</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****18. CASH AND BANK BALANCES (continued)**

- (b) Deposits with licensed banks of the Group have maturity periods ranging from 30 days to 365 days (31.12.2020: 30 days to 365 days; 31.12.2019: 30 days to 365 days; 31.12.2018: 30 days to 365 days) with interest rates ranging from 0.25% to 1.70% (31.12.2020: 1.70% to 3.35%; 31.12.2019: 2.55% to 3.20%; 31.12.2018: 2.80% to 3.35%) per annum.
- (c) Included in deposits with licensed banks of the Group are fixed deposits of RM3,921,000 (31.12.2020: RM4,604,000; 31.12.2019: RM4,251,000; 31.12.2018: RM4,472,000) pledged to the licensed banks as security for banking facilities granted to the Group as disclosed in Note 20(a) to the financial statements.
- (d) Included in restricted cash of the Group represents deposits of RM1,741,000 (31.12.2020: RM1,741,000; 31.12.2019: RM1,741,000; 31.12.2018: RM1,741,000) and RM951,000 (31.12.2020: RM Nil; 31.12.2019: RM Nil; 31.12.2018: RM Nil) which are maintained in designated Project Account and Finance Service Reserve Account respectively with licensed banks in connection with banking facilities granted to the Group as disclosed in Note 20(a) to the financial statements.
- (e) During the financial years ended 31 December 2018 and 2019, fixed deposits with licensed banks of the Group amounted to RM426,000 and RM132,000 respectively was registered under the name of a Director.
- (f) The currency exposure profile of cash and bank balances is as follow:

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
United States Dollar	2,234	2,536	1,251	1,039
Ringgit Malaysia	44,200	23,375	27,705	27,351
Euro	153	5	113	115
Singapore Dollar	10	11	1	3
Thai Baht	3,072	3,383	3,821	5,863
Other	-*	-*	-*	-*
	<u>49,669</u>	<u>29,310</u>	<u>32,891</u>	<u>34,371</u>

\* Other currency is less than RM1,000.

- (g) No expected credit losses were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.
- (h) Information on financial risks of cash and bank balances is disclosed in Note 38 to the financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****19. NON-CURRENT ASSETS HELD FOR SALE**

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Leasehold land*	-	6,996	-	13,013
Freehold land#	-	-	10,000	10,000
Buildings#	-	-	-	4,181
	-	6,996	10,000	27,194

\* Transferred from right-of-use assets (Note 8)

# Transferred from property, plant and equipment (Note 6)

- (a) On 23 January 2017, the Group entered into a Sale and Purchase Agreement ("SPA") with a third party for the sale of properties held under country lease no. HS (D) 134803 PT 128571, HS (D) 134804 PT 128572, HS (D) 134805 PT 128573, HS (D) 134806 PT 128574, HS (D) 134807 PT 128575 and HS (D) 134808 PT 128576 at District of Klang, Selangor for a total sale consideration of RM113,827,000.

The transaction had been completed during the financial year ended 31 December 2018. The gain on disposal of property, plant and equipment was as follows:

	RM'000
Proceeds from disposal	(113,827)
Incidental costs**	7,364
Net proceeds from disposal	(106,463)
Net carrying amount of property, plant and equipment	82,568
Gain on disposal	(23,895)

\*\* Incidental costs consist of commission paid and miscellaneous cost.

- (b) On 8 July 2019, the Group entered into a SPA with a third party for the sale of leasehold land held under HS (D) 566036 PTD 228505, Mukim Plentong, Kawasan Perindustrian Pasir Gudang, Daerah Johor Bahru, Negeri Johor for a total sale consideration of RM7,564,000. The transaction has been completed during the financial year ended 2020.
- (c) On 12 October 2020, the Group entered into a Consent to Sell Agreement for the sale of freehold land held under Geran No. Hakmilik 32835, Lot No. 1898, Seksyen 3, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang for a total sale consideration of RM12,500,000. On 9 February 2021, the Group entered into a SPA with a third party for the sale of the abovementioned land. The transaction has not been completed during the financial period ended 31 May 2021.
- (d) On 19 April 2021, the Group entered into a SPA with a third party for the sale of buildings and leasehold land held under PN7671 and PT 345, Mukim13, Daerah Seberang Perai Tengah, Pulau Pinang for a total sale consideration of RM18,200,000. The transaction has not been completed during the financial period ended 31 May 2021.

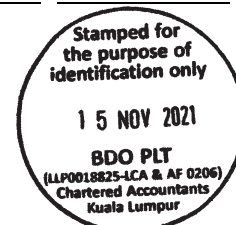


**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****19. NON-CURRENT ASSETS HELD FOR SALE (continued)**

- (e) The carrying amount of non-current assets held for sale of the Group pledged as securities for banking facilities granted to the Group as disclosed in Note 20(a) to the financial statements. The freehold land of RM10,000,000 has been discharged and is not pledged as securities for banking facilities granted to the Group during the financial period ended 31 May 2021.

**20. BORROWINGS**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Current</b>				
Term loans (secured)	47,699	36,243	79,676	24,596
Unrated Islamic medium term notes (secured)	-	-	6,000	21,000
Trade financing (secured)	109,207	144,709	18,948	117,315
Bank overdrafts (secured)	27,657	2,815	8,181	9,633
Hire purchase and finance lease liabilities	29,032	-	-	-
Revolving credits (secured)	38,000	38,000	-	-
	251,595	221,767	112,805	172,544
<b>Non-current</b>				
Term loans (secured)	287,203	190,843	72,512	74,203
Unrated Islamic medium term notes (secured)	-	-	294,000	279,000
Hire purchase and finance lease liabilities	68,930	-	-	-
	356,133	190,843	366,512	353,203
<b>Total borrowings</b>				
Term loans (secured)	334,902	227,086	152,188	98,799
Unrated Islamic medium term notes (secured)	-	-	300,000	300,000
Bank overdrafts (secured)	27,657	2,815	8,181	9,633
Trade financing (secured)	109,207	144,709	18,948	117,315
Hire purchase and finance lease liabilities	97,962	-	-	-
Revolving credits (secured)	38,000	38,000	-	-
	607,728	412,610	479,317	525,747



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****20. BORROWINGS (continued)**

- (a) Bank overdrafts, trade financing, revolving credits, term loans and unrated Islamic medium term notes of the Group are secured by:
- (i) first legal charge over the freehold land, leasehold land, buildings, and vehicles and mechanical equipment of the Group with a total carrying amounts of RM502,620,000 (31.12.2020: RM513,884,000; 31.12.2019: RM478,276,000; 31.12.2018: RM438,125,000) as disclosed in Notes 6(d), 8(e) and 19(e) to the financial statements;
  - (ii) pledge of the Group's fixed deposits of RM3,921,000 (31.12.2020: RM4,604,000; 31.12.2019: RM4,251,000; 31.12.2018: RM4,472,000) as disclosed in Note 18(c) to the financial statements;
  - (iii) restricted cash of the Group of RM2,692,000 (31.12.2020: RM1,741,000; 31.12.2019: RM1,741,000; 31.12.2018: RM1,741,000) as disclosed in Note 18(d) to the financial statements;
  - (iv) pledge of unquoted shares of certain subsidiaries;
  - (v) personal guarantee by related parties; and
  - (vi) corporate guarantee by a related party.
- (b) The term loans of the Group are repayable by monthly instalments ranging from 36 to 180 months (31.12.2020: 36 to 180 months; 31.12.2019: 36 to 180 months; 31.12.2018: 36 to 120 months).
- (c) Significant covenant of the term loans of the Group is that the debt equity ratio of the Group shall not at any time exceed 2.25 times (31.12.2020: 3 times; 31.12.2019: 3 times; 31.12.2018: 3 times).
- (d) As at the reporting date, the weighted average effective interest rates of the borrowings are as follows:

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	%	%	%	%
Bank overdrafts	7.88	6.46	5.70	4.81
Unrated Islamic medium term notes	-	-	3.38	3.61
Term loans	5.22	5.31	5.04	4.46
Revolving credits	5.38	5.26	3.82	-
Trade financing	5.57	5.00	3.73	3.09

- (e) During the financial year ended 31 December 2018, the Group entered into cross-currency interest rate swap contract to manage exposures to foreign currency and interest rate risks of a term loan of USD15,000,000 as disclosed in Note 16 to the financial statements. As at the end of the reporting period, the unrealised loss on foreign exchange of RM1,002,000 (31.12.2020: gain of RM1,090,000; 31.12.2019: gain of RM925,000; 31.12.2018: loss of RM2,918,000; 31.5.2020; loss of RM2,685,000) and fair value gain on derivative of RM1,428,000 (31.12.2020: fair value loss of RM1,594,000; 31.12.2019: fair value loss of RM1,259,000; 31.12.2018: fair value gain of RM2,119,000; 31.5.2020: fair value gain of RM1,519,000) on the term loans are recognised in the profit or loss of the Group.





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****20. BORROWINGS (continued)**

- (f) On 4 November 2020, the Group issued first tranche of the unrated Islamic medium term notes amounting to RM300 million in nominal value under a 7-year Islamic medium term note programme of up to RM500 million in nominal value ("Sukuk Murabahah Programme").

The proceeds raised from the Sukuk Murabahah Programme shall be utilised to refinance existing borrowings, finance capital expenditures, working capital requirements and defray expenses incurred in relation to the Sukuk Murabahah Programme.

- (g) Movements of borrowings upon adoption of MFRS 16 are as follows:

	At 31 December 2018, as previously reported RM'000	Effects on adoption of MFRS (Note 4.1) RM'000	At 1 January 2019, as restated RM'000
Hire purchase and finance lease liabilities	97,962	(97,962)	-
Term loans (secured)	334,902	(102,582)	232,320
Revolving credits (secured)	38,000	-	38,000
Trade financing (secured)	109,207	-	109,207
Bank overdrafts (secured)	27,657	-	27,657
	<u>607,728</u>	<u>(200,544)</u>	<u>407,184</u>

- (h) The currency exposure profile of borrowings is as follow:

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
United States Dollar	56,793	48,368	39,777	37,654
Ringgit Malaysia	547,103	362,395	438,194	483,741
Thai Baht	3,832	1,847	1,346	4,352
	<u>607,728</u>	<u>412,610</u>	<u>479,317</u>	<u>525,747</u>

- (i) Information of financial risks of borrowings is disclosed in Note 38 to the financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**21. HIRE PURCHASE AND FINANCE LEASE LIABILITIES**

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

	<b>31.12.2018</b> <b>Audited</b> <b>RM'000</b>
<b>Minimum lease payables:</b>	
Not later than one (1) year	34,300
Later than one (1) year and not later than five (5) years	75,183
	109,483
Total minimum lease payments	109,483
Less: Future interest charges	(11,521)
	97,962
<b>Repayable as follows:</b>	
<b>Current liabilities:</b>	
- not later than one (1) year	29,032
<b>Non-current liabilities:</b>	
- later than one (1) year and not later than five (5) years	68,930
	97,962

- (a) During the financial year ended 31 December 2018, the weighted average effective interest rate of the hire purchase and finance lease liabilities of the Group was 5.71% per annum.
- (b) Information of financial risks of hire purchase and finance lease liabilities is disclosed in Note 38 to the financial statements.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****22. TRADE AND OTHER PAYABLES**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Non-current</b>					
<b>Other payable</b>					
Accrual	(c)	-	20,000	-	-
<b>Current</b>					
<b>Trade payables</b>					
Third parties	(a)	74,775	59,171	59,373	52,354
Amount owing to a related party	(b)	2	68	-	5
		74,777	59,239	59,373	52,359
<b>Other payables</b>					
Amounts owing to related parties	(d)	10,806	57	78	152
Accruals		57,212	35,610	34,499	30,541
Other payables		9,007	7,260	12,126	7,187
Deposits		2,609	5,065	4,714	6,312
		79,634	47,992	51,417	44,192
<b>Total trade and other payables (current)</b>		<b>154,411</b>	<b>107,231</b>	<b>110,790</b>	<b>96,551</b>
<b>Total trade and other payables (non-current and current)</b>		<b>154,411</b>	<b>127,231</b>	<b>110,790</b>	<b>96,551</b>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 14 to 90 days (31.12.2020: 14 to 90 days; 31.12.2019: 14 to 90 days; 31.12.2018: 14 to 90 days) from date of invoice.
- (b) Amount owing to a related party in trade payables is subjected to normal trade credit terms granted to the Group ranging from 30 to 90 days (31.12.2020: Nil; 31.12.2019: 30 to 90 days; 31.12.2018: 30 to 90 days) from date of invoice.
- (c) During the financial year ended 31 December 2019, non-current accrual of the Group was a provision for a claim filed by a third party for the loss and damage to the third party's cargo which occurred prior to the acquisition of a subsidiary of the Group. During the financial year ended 31 December 2020, the claim was settled and the accrual has been reversed.
- (d) Amounts owing to related parties in other payables represent advances, which are unsecured, interest-free and payable upon demand.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****22. TRADE AND OTHER PAYABLES (continued)**

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

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
United States Dollar	3,762	165	125	160
Ringgit Malaysia	141,657	121,663	105,657	91,269
Euro	43	15	-	-
Singapore Dollar	759	59	89	18
Brunei Dollar	77	32	53	58
Pound Sterling	5	-	-	-
China Renminbi	-	549	-	-
Thai Baht	8,108	4,748	4,866	5,046
	<u>154,411</u>	<u>127,231</u>	<u>110,790</u>	<u>96,551</u>

(f) Information on financial risks of trade and other payables is disclosed in Note 38 to the financial statements.

**23. DEFERRED TAX**

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

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January	25,627	44,738	48,289	50,195
Acquisition of subsidiaries (Note 39)	15,068	2,221	2,970	-
Effects on adoption of MFRS 9	(2,457)	-	-	-
Effects on adoption of MFRS 16	-	(103)	-	-
Recognised in profit or loss (Note 31)	6,500	1,433	(1,064)	2,061
	<u>44,738</u>	<u>48,289</u>	<u>50,195</u>	<u>52,256</u>
Balance as at 31 December/ 31 May				
Presented after appropriate offsetting:				
Deferred tax liabilities	45,976	49,998	52,708	53,825
Deferred tax assets	(1,238)	(1,709)	(2,513)	(1,569)
	<u>44,738</u>	<u>48,289</u>	<u>50,195</u>	<u>52,256</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****23. DEFERRED TAX (continued)**

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

**Deferred tax liabilities**

<b>Audited</b>	<b>Property, plant and equipment RM'000</b>	<b>Right-of-use assets RM'000</b>	<b>Offsetting RM'000</b>	<b>Total RM'000</b>
As at 1 January 2018	32,914	-	(1,155)	31,759
Acquisition of subsidiaries	15,068	-	-	15,068
Recognised in profit or loss	13,234	-	(14,085)	(851)
As at 31 December 2018	<u>61,216</u>	<u>-</u>	<u>(15,240)</u>	<u>45,976</u>
As at 1 January 2019	61,216	-	(15,240)	45,976
Acquisition of a subsidiary	2,221	-	-	2,221
Effects on adoption of MFRS 16	(25,744)	25,744	-	-
Recognised in profit or loss	(15,362)	21,970	(4,807)	1,801
As at 31 December 2019	<u>22,331</u>	<u>47,714</u>	<u>(20,047)</u>	<u>49,998</u>
As at 1 January 2020	22,331	47,714	(20,047)	49,998
Acquisition of subsidiaries	604	2,725	-	3,329
Recognised in profit or loss	13,507	(4,821)	(9,305)	(619)
As at 31 December 2020	<u>36,442</u>	<u>45,618</u>	<u>(29,352)</u>	<u>52,708</u>
As at 1 January 2021	36,442	45,618	(29,352)	52,708
Recognised in profit or loss	1,305	751	(939)	1,117
As at 31 May 2021	<u>37,747</u>	<u>46,369</u>	<u>(30,291)</u>	<u>53,825</u>



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

23. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial years/period prior to offsetting are as follows: (continued)

Deferred tax assets

Audited	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Right-of-use assets RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2018	5,636	1,651	-	(1,155)	6,132
Effects on adoption of MFRS 9 Recognised in profit or loss	2,457	-	-	-	2,457
	2,766	3,968	-	(14,085)	(7,351)
As at 31 December 2018	10,859	5,619	-	(15,240)	1,238
As at 1 January 2019	10,859	5,619	-	(15,240)	1,238
Effects on adoption of MFRS 16 Recognised in profit or loss	-	-	103	-	103
	(5,169)	10,330	14	(4,807)	368
As at 31 December 2019	5,690	15,949	117	(20,047)	1,709
As at 1 January 2020	5,690	15,949	117	(20,047)	1,709
Acquisition of subsidiaries Recognised in profit or loss	-	359	-	-	359
	(2,532)	12,205	77	(9,305)	445
As at 31 December 2020	3,158	28,513	194	(29,352)	2,513
As at 1 January 2021	3,158	28,513	194	(29,352)	2,513
Recognised in profit or loss	(980)	1,013	(38)	(939)	(944)
As at 31 May 2021	2,178	29,526	156	(30,291)	1,569

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540



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****23. DEFERRED TAX (continued)**

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the combined statements of financial position are as follows:

	31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	23,439	27,921	27,809	24,256
Unused tax losses				
- Expires by 31 December 2025	44,393	44,393	44,393	44,250
- Expires by 31 December 2026	-	248	248	248
- Expires by 31 December 2027	-	-	3,427	3,427
- Expires by 31 December 2028	-	-	-	337
Other temporary differences	6	2,471	1,358	1,819
	<u>67,838</u>	<u>75,033</u>	<u>77,235</u>	<u>74,337</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of the above items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and the tax legislation of the respective countries in which the subsidiaries operate.

**24. SHARE CAPITAL**

		31.12.2018	31.12.2019	31.12.2020	31.5.2021
	Note	Audited	Audited	Audited	Audited
		'000	'000	'000	'000
<b>Number of ordinary shares</b>					
<b>Issued and fully paid:</b>					
Balance as at 1 January		60,707	72,861	72,861	72,861
Issuance of ordinary shares	(a)	12,154	-	-	-
Conversion of redeemable convertible preference shares	(f)	-	-	-	7,242
Conversion of convertible redeemable loan stock	(g)	-	-	-	42,007
Balance as at 31 December / 31 May		<u>72,861</u>	<u>72,861</u>	<u>72,861</u>	<u>122,110</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**24. SHARE CAPITAL (continued)**

	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Ordinary shares</b>					
<b>Issued and fully paid:</b>					
Balance as at 1 January		71,914	102,785	102,785	102,785
Issuance of ordinary shares	(a)	30,871	-	-	-
Conversion of redeemable convertible preference shares	(f)	-	-	-	18,394
Conversion of convertible redeemable loan stock	(g)	-	-	-	106,863
Balance as at 31 December / 31 May		<u>102,785</u>	<u>102,785</u>	<u>102,785</u>	<u>228,042</u>
	Note	31.12.2018 Audited '000	31.12.2019 Audited '000	31.12.2020 Audited '000	31.5.2021 Audited '000
<b>Number of preference shares</b>					
<b>Issued and fully paid:</b>					
Balance as at 1 January		1	1	18,395	18,395
Issuance of redeemable convertible preference shares	(d)	-	18,394	-	-
Conversion of redeemable convertible preference shares	(f)	-	-	-	(18,394)
Redemption of redeemable preference shares	(e)	-	-	-	(1)
Balance as at 31 December / 31 May		<u>1</u>	<u>18,395</u>	<u>18,395</u>	<u>-</u>
	Note	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Preference shares</b>					
<b>Issued and fully paid:</b>					
Balance as at 1 January		1	1	18,395	18,395
Issuance of redeemable convertible preference shares	(d)	-	18,394	-	-
Conversion of redeemable convertible preference shares	(f)	-	-	-	(18,394)
Redemption of redeemable preference shares	(e)	-	-	-	(1)
Balance as at 31 December / 31 May		<u>1</u>	<u>18,395</u>	<u>18,395</u>	<u>-</u>
<b>Total</b>		<u>102,786</u>	<u>121,180</u>	<u>121,180</u>	<u>228,042</u>





**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**24. SHARE CAPITAL (continued)**

- (a) During the financial year ended 31 December 2018, the Group allotted 12,153,728 ordinary shares each at an issue price of RM2.54 per share to its existing shareholders for a total consideration of approximately RM30,871,000.
- (b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group and are entitled to one (1) vote per ordinary share at general meeting of the Group. All ordinary shares rank pari passu with regard to the Group's residual assets.
- (c) The redeemable preference shares ("RPS")

On 12 May 2017, the Group issued 1,000 RPS at a nominal value of RM1.00 per RPS. The salient terms of the RPS are as follows:

(i) General features

- (a) The value of the RPS shall be RM1 each; and
- (b) The RPS shall rank pari passu among themselves.

(ii) Repayment capital

The RPS(s) shall rank in priority to the ordinary shares and the assets of the Group remaining after the payment of its liabilities shall be applied in paying the RPS holder any accrued dividends and issue price ahead of any payment to the ordinary shareholder.

(iii) Dividend

The RPS will be entitled to the RPS holder's investment percentage of dividends or other distribution payable by the Group and will rank in priority to the ordinary shares to such dividends or distribution.

(iv) Voting Rights

The RPS Holder(s) shall be entitled to receive notice of, and attend, all general meetings of the Group but shall not by reason of holding any RPS be entitled to vote at those meetings unless the business of the meeting is, or includes, the consideration of a resolution to:

- (a) share capital reduction, variation, modification, alteration or revocation of the rights, privileges, limitations or restrictions attached to any of the RPS; and/or
- (b) winding-up of the Group.



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234 - V))**  
**Accountants' Report**

**24. SHARE CAPITAL (continued)**

## (d) The redeemable convertible preference shares ("RCPS")

On 31 December 2019, the Group has issued a total of 18,394,474 RCPS with an issue price of RM1.00 per share for cash. The terms, features and rights of the RCPS are as follows:

## (i) General features

- (a) The value of the RCPS shall be RM1 each;
- (b) The RCPS shall rank pari passu among themselves;
- (c) The rights attaching to the RCPS shall not be varied or abrogated in any way whether directly or indirectly without the prior written consent of each RCPS Holder;
- (d) Any capital paid-up on the RCPS shall not be liable for cancellation or reduction in respect of any loss or depreciation;
- (e) The RCPS shall be issued free from all charges, liens or other encumbrances whatsoever;
- (f) The RCPS Holder(s) shall not be restricted from transferring the RCPS to any third party as it shall deem fit (save for any party who is involved in similar business with the Group, where in such instance the approval of all the parties are required) and provided that the existing shareholders of the Group shall each be first offered the option to purchase their *pro rata* proportion of the RCPS (based on their respective shareholding proportions of shares in the Group held by them on a fully diluted, as-converted basis); and
- (g) No RCPS Holder may transfer any RCPS unless and until the proposed transferee executes and becomes bound by a Deed of Accession and delivers such executed Deed of Adherence to the Group. The parties agree and acknowledge that any transferee of RCPS will be entitled to the same rights and subject to the same obligations as an RCPS Holder.

## (ii) Redemption Rights

- (a) The holders of the RCPS shall have the right at its absolute discretion, to demand the Group to redeem the RCPS at the Redemption Price as described in (b) at any time after thirty six (36) months from the Completion Date or at any date mutually agreed by the RCPS holders and the Group.
- (b) To the extent that the Group has sufficient distributable funds, the redemption price for the RCPS shall be an amount equivalent to eight per centum (8%) expected profit rate per annum on the RCPS Issue Price calculated from the Completion Date until the date of such amounts are repaid ("Redemption Price"). The Redemption Price shall exclude any payment of Preferential Dividends to the RCPS holder.
- (c) The Redemption Rights may be exercisable by the RCPS Holder(s) in respect of all or some of the RCPS.



**12. ACCOUNTANTS' REPORT (Cont'd)**

***Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report***

**24. SHARE CAPITAL (continued)**

(d) The redeemable convertible preference shares ("RCPS") (continued)

(iii) Conversion Rights

- (a) The Group and its existing shareholders undertake that, the RCPS is convertible, at the option of the RCPS Holder(s), into fully paid-up new ordinary shares of the Group.
- (b) Subject to the approvals having been obtained from all the relevant authorities for the initial public offering of the securities of the Group in conjunction with its admission to trading on a Recognised Stock Exchange, the RCPS shall be mandatorily converted into fully paid-up new ordinary shares of the Group, on the Business Day falling immediately after the date of receipt of the last regulatory approval for the holding company's admission to trading on the Recognised Stock Exchange.
- (c) Notwithstanding the above clause, RCPS Holder(s) may at any time, exercise its Conversion Right via the issuance of a notice of conversion ("Conversion Notice"). The RCPS shall be converted into Conversion Shares within fourteen (14) Business Days from the issuance of Conversion Notice.
- (d) The conversion price shall be one (1) ordinary shares of the Group valued at RM2.54 per share, which will result in 7,241,919 ordinary shares.

(iv) Voting Rights

The RCPS Holder(s) are entitled to receive notices, reports and audited financial statements and attend any general meetings of the Group but have no right to vote at such general meetings. The RCPS do not confer or carry any right to vote with the exception to matters relating to:

- (a) share capital reduction; and/or
- (b) winding-up of the Group.

The holder of the RCPS, Persada Bina Sdn. Bhd. has signed a letter of undertaking and agreed that they will not exercise their Redemption Rights and shall exercise their Conversion Rights. As of the end of the reporting period, RCPS have been classified as equity.

(e) The redemption of RPS

On 23 April 2021, the Group entered into a Share Redemption Agreement with the RPS holder to redeem 1,000 RPS at RM1.00 per RPS. The redemption has been completed on 10 May 2021.

(f) The conversion of RCPS

On 30 April 2021, the Group entered into a Share Conversion Notice with the RCPS holder to convert 18,394,474 RCPS into 7,241,919 new ordinary shares at RM2.54 per share. The conversion has been completed on 7 May 2021.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****24. SHARE CAPITAL (continued)**

(g) The conversion of convertible redeemable loan stock ("CRLS")

On 29 April 2021, the Group entered into a Share Conversion Notice with the CRLS holder to convert 106,862,842 CRLS into 42,007,518 new ordinary shares at RM2.5439 per share. The conversion has been completed on 10 May 2021.

**25. EXCHANGE TRANSLATION RESERVE**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Non-distributable:				
Exchange translation reserve	(72)	(326)	(565)	(490)

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary items is denominated in either the functional currency of the reporting entity or the foreign operation.

**26. CONVERTIBLE REDEEMABLE LOAN STOCK ("CRLS")**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
<b>Equity component</b>				
Balance as at 1 January	106,863	106,863	106,863	106,863
Conversion of CRLS	-	-	-	(106,863)
Balance as at 31 December/31 May	106,863	106,863	106,863	-

On 12 May 2017, the Group issued 106,862,842 CRLS at a nominal value of RM1.00 per CRLS, with 15 years tenure. The salient terms of the CRLS are as follows:

- (a) The CRLS is not interest-bearing;
- (b) Unless previously redeemed, purchased and cancelled, the CRLS shall be redeemed by the issuer at the nominal value on the maturity date. However, the redemption period has lapsed within three (3) months from the issuance date; and
- (c) The new ordinary shares issued from the conversion of CRLS will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of the Group.

On 29 April 2021, the Group converted 106,862,842 CRLS into 42,007,518 new ordinary shares at RM2.5439 per share as disclosed in Note 24 (g).



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****27. REVENUE**

Revenue of the Group consists of the following:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
<b>Revenue from contracts with customers</b>					
Container haulage	213,571	278,753	252,664	118,555	96,630
Land transportation	160,431	193,166	176,021	74,828	75,942
Warehousing and container depot	62,210	68,926	71,510	31,188	29,210
Freight forwarding	58,444	64,656	54,195	23,484	21,394
Others	2,323	4,700	1,448	478	983
	<u>496,979</u>	<u>610,201</u>	<u>555,838</u>	<u>248,533</u>	<u>224,159</u>
	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Timing of revenue recognition					
Transferred at a point in time	60,767	69,356	55,643	23,962	22,377
Transferred at a point over time	<u>436,212</u>	<u>540,845</u>	<u>500,195</u>	<u>224,571</u>	<u>201,782</u>
	<u>496,979</u>	<u>610,201</u>	<u>555,838</u>	<u>248,533</u>	<u>224,159</u>

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 36 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

- (a) There is no significant financing component in the revenue arising from sales of products and services rendered as the products and services are made on the normal credit terms not exceeding twelve (12) months.
- (b) Total billings and recoverable costs of the Group amounted to RM407,950,000 (31.12.2020: RM894,734,000; 31.12.2019: RM976,908,000; 31.12.2018: RM898,382,000; 31.5.2020: RM363,363,000) and RM159,417,000 (31.12.2020: RM338,896,000; 31.12.2019: RM366,707,000; 31.12.2018: RM401,403,000; 31.5.2020: RM139,204,000) respectively.



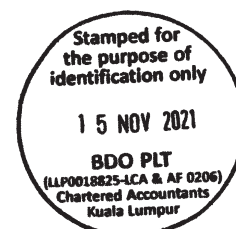
**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****28. FINANCE COSTS**

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Interest expense on:					
- term loans	25,925	13,564	11,450	3,398	4,382
- bank overdrafts	1,270	1,205	600	172	207
- hire purchase and finance lease liabilities	4,559	-	-	-	-
- trade financing	6,327	6,613	4,821	1,010	2,612
- revolving credits	229	1,987	1,395	-	746
- lease liabilities	-	11,733	9,370	2,811	4,535
- unrated Islamic medium term note	-	-	1,689	3,473	-
- others	156	52	237	149	-
	<u>38,466</u>	<u>35,154</u>	<u>29,562</u>	<u>11,013</u>	<u>12,482</u>

**29. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
After charging:					
Auditors' remuneration:					
- current year/period	412	455	467	252	222
- under/(over) provision in prior year/period	-	14	(3)	-	(3)
Bad debts written off					
- trade receivables	86	8	13	81	13
- other receivables	23	2	11	5	-
Fair value loss on other investment	562	1,700	700	-	700
Fair value loss on short term fund	-	-	3	-	3
Loss on disposal of property, plant and equipment	-	-	424	36	10
Loss on disposal of right-of-use assets	-	24	470	-	-



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****29. PROFIT BEFORE TAX (continued)**

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:  
(continued)

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
After charging: (continued)					
Loss on disposal of other investment	4,304	-	-	-	-
Loss on foreign exchange:					
- realised	574	494	226	267	118
- unrealised	2,923	3	-	981	2,687
Management fees paid/ payable	447	462	420	175	175
Rental of:					
- land	286	525	4	25	-
- hostel	17	17	9	4	7
- office equipment	431	485	296	276	105
- office and yard	2,535	1,031	611	263	335
- warehouse	444	224	28	144	12
- house	23	14	18	13	-
- machinery and equipment	8,703	1,825	1,161	1,062	487
Waiver of debt	-	-	48	-	-
And crediting:					
Dividend from other investment	2,525	559	-	-	-
Gain on foreign exchange:					
- realised	41	112	86	19	21
- unrealised	150	863	1,094	19	47
Gain on disposal of property, plant and equipment	1,792	2,604	795	2,997	353
Gain on disposal of right-of-use assets	-	10	59	-	20
Gain on disposal of non-current assets held for sale	23,895	-	568	-	-
Gain on disposal of other investment	518	-	-	160	-
Interest income	1,586	676	448	135	210
Management income	280	30	97	-	-
Waiver of debt	1,046	3,496	16	-	-



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****29. PROFIT BEFORE TAX (continued)**

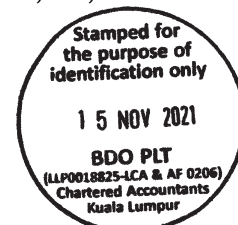
Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:  
(continued)

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
And crediting: (continued)					
Rental income	722	336	135	77	60
Fair value gain on other investment	-	-	196	8	-
Fair value gain on short term fund	7	10	-	-	-
Income distribution from short term fund	5	38	52	15	19
Fair value gain on non-current other receivables	209	-	-	-	-

**30. EMPLOYEE BENEFITS**

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Included in:					
Cost of sales	78,256	108,683	105,581	47,217	44,766
Administrative expenses	70,987	86,843	78,099	33,294	31,701
	149,243	195,526	183,680	80,511	76,467
Analysed as:					
Salaries, wages, allowances, incentives, overtime and bonus	125,954	167,353	157,938	69,391	65,063
Defined contribution plan	14,988	17,008	17,864	8,087	7,872
Social security contribution	1,788	2,096	2,221	919	951
Other employee benefits	6,513	9,069	5,657	2,114	2,581
	149,243	195,526	183,680	80,511	76,467

Included in the employee benefits of the Group are Directors' remunerations of the Group amounting to RM4,703,000 (31.12.2020: RM7,622,000; 31.12.2019: RM7,714,000; 31.12.2018: RM7,136,000; 31.5.2020: RM3,736,000).





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****31. TAX EXPENSE**

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Current tax expense based on profit for the financial year/period	12,471	15,897	12,266	4,841	3,497
Deferred tax (Note 23)	5,012	(4,222)	352	2,061	99
Real property gains tax	1,729	-	65	-	-
	19,212	11,675	12,683	6,902	3,596
(Over)/Under-provision in prior year/period:					
Income tax	(27)	4,847	146	-	-
Deferred tax (Note 23)	1,488	5,655	(1,416)	-	-
	20,673	22,177	11,413	6,902	3,596

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2020: 24%, 31.12.2019: 24%, 31.12.2018: 24%, 31.5.2020: 24%) of the estimated taxable profits for the fiscal years/periods.
- (b) Tax expense for the taxation authorities in Thailand is calculated at the rate prevailing in that jurisdiction.

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**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****31. TAX EXPENSE (continued)**

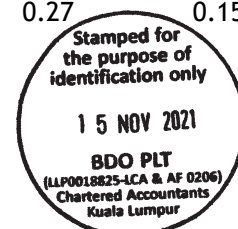
(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group are as follows:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Profit before tax	61,729	59,150	53,893	29,235	15,174
Tax at statutory tax rate of 24%	14,815	14,196	12,934	7,016	3,642
Tax effects in respect of:					
Income not subject to tax	(18,494)	(12,552)	(9,567)	(3,055)	(1,339)
Expenses not deductible for tax purposes	21,731	8,752	8,808	3,636	1,168
Movement in deferred tax assets not recognised	940	1,727	528	(695)	149
Effect of tax rate on incremental chargeable income	(1,509)	(448)	(85)	-	(24)
Real property gains tax	1,729	-	65	-	-
(Over)/Under-provision in prior year/period:					
- Income tax	(27)	4,847	146	-	-
- Deferred tax	1,488	5,655	(1,416)	-	-
Tax expense for the financial year/period	20,673	22,177	11,413	6,902	3,596

**32. EARNINGS PER SHARE**

(a) Basic

	1.1.2018 to 31.12.2018 Audited	1.1.2019 to 31.12.2019 Audited	1.1.2020 to 31.12.2020 Audited	1.1.2021 to 31.5.2021 Audited	1.1.2020 to 31.5.2020 Unaudited
Profit attributable to owners of the parent (RM'000)	40,883	36,317	41,686	21,454	11,173
Weighted average number of ordinary shares in issue ('000)	67,100	72,861	72,861	79,854	72,861
Basic earnings per ordinary share (RM)	0.61	0.50	0.57	0.27	0.15



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****32. EARNINGS PER SHARE (continued)**

(b) Diluted

	1.1.2018 to 31.12.2018 Audited	1.1.2019 to 31.12.2019 Audited	1.1.2020 to 31.12.2020 Audited	1.1.2021 to 31.5.2021 Audited	1.1.2020 to 31.5.2020 Unaudited
Profit attributable to owners of the parent (RM'000)	40,883	36,317	41,686	21,454	11,173
Weighted average number of ordinary shares in issue ('000)	67,100	72,861	72,861	79,854	72,861
Effect of dilution of RCPS and CRLS ('000)	42,008	42,008	49,250	41,931	49,250
Adjusted weighted average number of ordinary shares ('000)	109,108	114,869	122,111	121,785	122,111
Diluted earnings per ordinary share (RM)	0.37	0.32	0.34	0.18	0.09

**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 the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has controlling related party relationship with its direct subsidiaries, associates, related parties of the Company and the direct and indirect subsidiaries of the major shareholder of the Company.

Related parties of the Group include:

- (i) Direct subsidiaries and associates as disclosed in Notes 10 and 11 to the financial statements;
- (ii) Direct and indirect subsidiaries and associate of the holding company, Persada Bina Sdn. Bhd.;
- (iii) Companies in which the Directors have financial interests; and
- (iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**33. RELATED PARTY DISCLOSURES (continued)**

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial years/periods:

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
With holding company, Persada Bina Sdn. Bhd.					
Management fee paid/payable	420	420	420	175	175
Rental of lifter paid/payable	364	-	-	-	-
Rental of office paid/payable	501	521	477	-	217
Purchase of stackers	-	1,500	-	-	-
Purchase of furniture & fittings	-	-	550	-	-
Purchase of office building	-	-	4,950	-	-
With related party, Kaypi Technologies Sdn. Bhd.					
Purchase of office equipment	550	541	137	36	56
Rental of office equipment paid/payable	95	74	73	6	35
With related party, Pelikan Asia Sdn. Bhd.					
Purchase of stationery	398	353	364	266	73
Forwarding income received/receivable	39	50	17	2	6
Warehouse income received/receivable	245	276	211	82	85
With related party, SM Security (M) Sdn. Bhd.					
Security services	226	229	229	95	95



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****33. RELATED PARTY DISCLOSURES (continued)**

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial years/periods: (continued)

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
With associate, BLG Swift Logistics Sdn. Bhd.					
Interest income received/receivable	98	69	23	-	20
Transportation income received/receivable	-	-	2,844	-	761
Rental income received/receivable	72	72	72	30	30
Warehouse income received/receivable	1,310	1,831	1,972	586	825
Forwarding income received/receivable	65	-	3	-	1
Storage income received/receivable	5	36	2	-	2
Service fees received/ receivable	8	-	-	-	-
With associate, Swift Mega Carriers Sdn. Bhd.					
Rental income received/receivable	-	-	-	25	-
Repair and maintenance	-	-	-	62	-

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with respective related parties.

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 15 and 22 to the financial statements.

**(c) Compensation of key management personnel**

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



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****33. RELATED PARTY DISCLOSURES (continued)**

## (c) Compensation of key management personnel (continued)

The remuneration of the Directors during the financial years/periods was as follows:  
(continued)

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
Fees	337	723	484	194	193
Short-term employee benefits	5,875	5,945	6,083	3,938	3,112
Defined contribution plan	884	1,007	849	562	428
Social security contribution	8	7	7	3	3
Others	32	32	199	6	-
	<u>7,136</u>	<u>7,714</u>	<u>7,622</u>	<u>4,703</u>	<u>3,736</u>

**34. CAPITAL COMMITMENTS**

## (a) Operating lease commitments

The Group had entered into non-cancellable lease agreements for office, office equipment and warehouse, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

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

	31.12.2018 Audited RM'000
Not later than one (1) year	2,788
Later than one (1) year and not later than 5 years	<u>2,621</u>
	<u>5,409</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****34. CAPITAL COMMITMENTS (continued)**

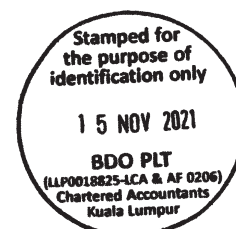
## (b) Capital commitments

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Capital expenditure in respect of purchase of property, plant and equipment:				
- Approved but not contracted for	-	-	83,455	87,455
- Contracted but not provided for	12,694	10,018	41,794	59,139
	<u>12,694</u>	<u>10,018</u>	<u>125,249</u>	<u>146,594</u>
Analysed as follows:				
- buildings	5,194	-	58,200	45,626
- structure and renovation	-	-	13,789	9,467
- vehicles and mechanical equipment	7,160	2,018	44,330	23,815
- land	-	8,000	4,800	64,172
- furniture, fittings and office equipment	-	-	843	729
- computers and peripherals	340	-	3,287	2,785
	<u>12,694</u>	<u>10,018</u>	<u>125,249</u>	<u>146,594</u>

**35. CONTINGENT LIABILITIES**

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Secured bank guarantees	<u>13,540</u>	<u>13,158</u>	<u>14,259</u>	<u>15,441</u>

The Directors are of the view that the chances of the banks to call upon the bank guarantees are remote. Accordingly, the fair values of the bank guarantees are negligible.



**12. ACCOUNTANTS' REPORT (Cont'd)*****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*****36. OPERATING SEGMENTS**

The Group has four reportable operating segments that are organised and managed separately according to the nature of services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- |                                      |   |
|--------------------------------------|---|
| i. Container haulage                 | - Transporting laden containers to and from seaports and other locations within Peninsular Malaysia.  |
| ii. Land transportation              | - Movement of cargo by road comprising inland transportation and cross-border transportation.   |
| iii. Warehousing and container depot | <ul style="list-style-type: none"> <li>- Warehousing services such as storage, handling and managing customers' goods as well as value added services such as repacking, labelling and palletising; rental of a warehouse and open yard area; warehouse operations and management services and e-fulfilment services</li> <li>- Storage and transshipment of unladen containers, container cleaning and repair</li> </ul> |
| iv. Freight forwarding               | - Organising end-to-end transportation of cargo i.e. sea, air and land freight forwarding, project logistics, in-plant logistics and ship husbandry   |

Other non-reportable segments comprise other services which complement and support the core logistics services such as sales, service and spare parts dealership for commercial vehicles and general insurance agency services. Other services also include e-commerce retailing and corporate headquarters.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the combined financial statements. These policies have been applied consistently throughout the financial years/periods.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.





12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

36. OPERATING SEGMENTS (continued)

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Total RM'000
1.1.2018 to 31.12.2018							
Revenue							
External customers	213,571	160,431	62,210	58,444	2,323	-	496,979
Inter-segment	21,639	4,491	455	-	52,158	(78,743)	-
<b>Total revenue</b>	<b>235,210</b>	<b>164,922</b>	<b>62,665</b>	<b>58,444</b>	<b>54,481</b>	<b>(78,743)</b>	<b>496,979</b>
Interest income	57	82	90	352	1,005	-	1,586
Depreciation of property, plant and equipment	(15,377)	(10,667)	(6,252)	(678)	(2,166)	-	(35,140)
Finance costs	(4,818)	(2,836)	(3,609)	(2,245)	(24,958)	-	(38,466)
Share of profit of associates	-	-	-	-	583	-	583
<b>Profit/(Loss) before tax</b>	<b>27,710</b>	<b>8,356</b>	<b>11,614</b>	<b>29,729</b>	<b>(15,043)</b>	<b>(637)</b>	<b>61,729</b>
Tax expense							(20,673)
Other material non-cash items:							
- Gain on disposal of non-current assets held for sale	-	-	-	-	23,895	-	23,895
- Reversal of impairment loss on trade receivables	-	-	31	7,464	420	-	7,915



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
Accountants' Report

**36. OPERATING SEGMENTS (continued)**

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Total RM'000
<b>31.12.2018</b>						
<b>Assets</b>						
Segment assets	263,074	195,044	229,349	152,156	223,997	1,063,620
Investments in associates						19,287
Current tax assets						11,062
Deferred tax assets						1,238
Cash and bank balances						49,669
<b>Total assets</b>						<u>1,144,876</u>
<b>Additions to capital expenditures</b>	57,822	34,338	38,179	1,338	1,033	132,710
<b>Liabilities</b>						
Segment liabilities	92,118	106,854	48,712	53,009	461,446	762,139
Current tax liabilities						2,225
Deferred tax liabilities						45,976
<b>Total liabilities</b>						<u>810,340</u>



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

36. OPERATING SEGMENTS (continued)

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Container haulage RM'000	Others RM'000	Elimination RM'000	Total RM'000
1.1.2019 to 31.12.2019							
Revenue							
External customers	278,753	193,166	68,926	64,656	4,700	-	610,201
Inter-segment	23,096	14,734	1,535	249	25,076	(64,690)	-
<b>Total revenue</b>	<b>301,849</b>	<b>207,900</b>	<b>70,461</b>	<b>64,905</b>	<b>29,776</b>	<b>(64,690)</b>	<b>610,201</b>
Interest income	90	90	69	280	147	-	676
Depreciation of property, plant and equipment	(12,943)	(9,353)	(2,868)	(625)	(1,034)	-	(26,823)
Depreciation of right-of-use assets	(11,199)	(4,512)	(5,964)	(961)	(941)	-	(23,577)
Finance costs	(6,546)	(3,947)	(4,837)	(2,278)	(17,546)	-	(35,154)
Share of profit of associates	-	-	-	-	728	-	728
<b>Profit/(Loss) before tax</b>	<b>39,253</b>	<b>8,399</b>	<b>9,115</b>	<b>36,808</b>	<b>(34,037)</b>	<b>(388)</b>	<b>59,150</b>
Tax expense							(22,177)
Other material non-cash items:							
- Reversal of impairment loss on trade receivables	629	2	104	10,132	131	-	10,998
- Impairment of goodwill	-	-	-	-	3,000	-	3,000



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
Accountants' Report

**36. OPERATING SEGMENTS (continued)**

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Total RM'000
31.12.2019						
<b>Assets</b>						
Segment assets	328,267	190,303	279,045	130,311	199,069	1,126,995
Investments in associates						20,015
Current tax assets						5,523
Deferred tax assets						1,709
Cash and bank balances						29,310
Total assets						1,183,552
Additions to capital expenditures	62,347	23,856	9,006	6,241	3,727	105,177
<b>Liabilities</b>						
Segment liabilities	117,660	103,226	54,545	30,288	438,120	743,839
Current tax liabilities						1,266
Deferred tax liabilities						49,998
Total liabilities						795,103



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
Accountants' Report

36. OPERATING SEGMENTS (continued)

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Total RM'000
1.1.2020 to 31.12.2020							
Revenue							
External customers	252,664	176,021	71,510	54,195	1,448	-	555,838
Inter-segment	35,760	16,565	2,862	(358)	25,188	(80,017)	-
<b>Total revenue</b>	<b>288,424</b>	<b>192,586</b>	<b>74,372</b>	<b>53,837</b>	<b>26,636</b>	<b>(80,017)</b>	<b>555,838</b>
Interest income	85	54	31	119	159	-	448
Depreciation of property, plant and equipment	(16,123)	(9,087)	(3,489)	(806)	(685)	-	(30,190)
Depreciation of right-of-use assets	(9,654)	(5,245)	(6,960)	(642)	(1,370)	-	(23,871)
Finance costs	(6,579)	(3,626)	(3,812)	(1,254)	(14,291)	-	(29,562)
Share of loss of associates	-	-	-	-	(134)	-	(134)
<b>Profit/(Loss) before tax</b>	<b>30,249</b>	<b>13,369</b>	<b>9,574</b>	<b>25,450</b>	<b>(24,519)</b>	<b>(230)</b>	<b>53,893</b>
Tax expense							(11,413)
Other material non-cash items:							
- Reversal of impairment loss on trade receivables	535	62	10	3,741	4,497	-	8,845
- Impairment of goodwill	-	-	-	-	11,783	-	11,783
- Impairment loss on property, plant and equipment	-	-	-	-	4,484	-	4,484
- Gain on bargain purchase	-	-	-	-	3,294	-	3,294



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
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**36. OPERATING SEGMENTS (continued)**

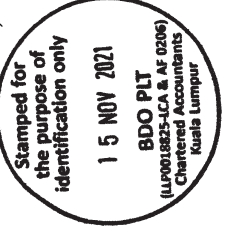
Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Total RM'000
<b>31.12.2020</b>						
<b>Assets</b>						
Segment assets	363,666	171,688	314,162	140,181	162,450	1,152,147
Investments in associates						20,186
Current tax assets						4,605
Deferred tax assets						2,513
Cash and bank balances						32,891
<b>Total assets</b>						<b>1,212,342</b>
<b>Additions to capital expenditures</b>	30,625	18,175	18,443	5,692	712	73,647
<b>Liabilities</b>						
Segment liabilities	114,512	77,380	88,697	31,500	416,814	728,903
Current tax liabilities						682
Deferred tax liabilities						52,708
<b>Total liabilities</b>						<b>782,293</b>



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
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Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>36. OPERATING SEGMENTS (continued)</b>							
<b>1.1.2021 to 31.5.2021</b>							
<b>Revenue</b>							
External customers	118,555	74,828	31,188	23,484	478	-	248,533
Inter-segment	21,263	13,474	2,308	-	6,823	(43,868)	-
<b>Total revenue</b>	<b>139,818</b>	<b>88,302</b>	<b>33,496</b>	<b>23,484</b>	<b>7,301</b>	<b>(43,868)</b>	<b>248,533</b>
Interest income	47	10	6	40	32	-	135
Depreciation of property, plant and equipment	(7,096)	(3,109)	(1,425)	(404)	(212)	-	(12,246)
Depreciation of right-of-use assets	(3,907)	(1,756)	(3,925)	(201)	(318)	-	(10,107)
Finance costs	(2,306)	(876)	(1,804)	(705)	(5,322)	-	(11,013)
Share of loss of associates	-	-	-	-	(1,431)	-	(1,431)
<b>Profit/(Loss) before tax</b>	<b>15,612</b>	<b>7,443</b>	<b>3,816</b>	<b>9,404</b>	<b>(6,869)</b>	<b>(171)</b>	<b>29,235</b>
Tax expense							(6,902)
Other material non-cash item: - Gain on disposal of property, plant and equipment	2,848	65	30	-	54	-	2,997



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (20001030627 (533234-V))*  
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**36. OPERATING SEGMENTS (continued)**

Audited	Container haulage RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Total RM'000
<b>31.5.2021</b>						
<b>Assets</b>						
Segment assets	365,812	183,798	325,393	146,039	167,886	1,188,928
Investments in associates						18,755
Current tax assets						7,091
Deferred tax assets						1,569
Cash and bank balances						34,371
<b>Total assets</b>						<b>1,250,714</b>
<b>Additions to capital expenditures</b>	13,255	4,649	17,742	407	855	36,908
<b>Liabilities</b>						
Segment liabilities	94,622	88,344	77,791	86,637	396,392	743,786
Current tax liabilities						647
Deferred tax liabilities						53,825
<b>Total liabilities</b>						<b>798,258</b>

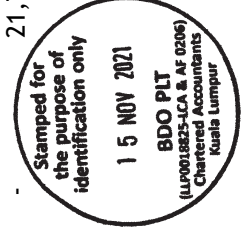




**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
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Unaudited	Container hauling RM'000	Land transportation RM'000	Warehousing and container depot RM'000	Freight forwarding RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>36. OPERATING SEGMENTS (continued)</b>							
<b>1.1.2020 to 31.5.2020</b>							
<b>Revenue</b>							
External customers	96,630	75,942	29,210	21,394	983	-	224,159
Inter-segment	11,466	13,151	1,071	-	9,932	(35,620)	-
<b>Total revenue</b>	<b>108,096</b>	<b>89,093</b>	<b>30,281</b>	<b>21,394</b>	<b>10,915</b>	<b>(35,620)</b>	<b>224,159</b>
Interest income	40	28	19	70	53	-	210
Depreciation of property, plant and equipment	(6,485)	(4,031)	(1,356)	(331)	(275)	-	(12,478)
Depreciation of right-of-use assets	(4,462)	(1,911)	(2,816)	(198)	(558)	-	(9,945)
Finance costs	(2,756)	(1,119)	(1,678)	(694)	(6,235)	-	(12,482)
Share of profit of associates	-	-	-	-	10	-	10
<b>Profit/(Loss) before tax</b>	<b>9,417</b>	<b>7,382</b>	<b>3,181</b>	<b>8,700</b>	<b>(13,429)</b>	<b>(77)</b>	<b>15,174</b>
Tax expense							(3,596)
Other material non-cash items:							
- Reversal of impairment loss on trade receivables	190	11	-	821	1,481	-	2,503
- Unrealised loss on foreign exchange	-	-	-	-	(2,687)	-	(2,687)
Additions to capital expenditures	10,831	6,037	4,036	533	297	-	21,734



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****36. OPERATING SEGMENTS (continued)****Geographical information**

The Group operates mainly in Malaysia and Overseas.

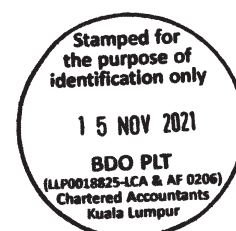
In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

Segment assets are based on the geographical location of the assets of the Group.

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2021 to 31.5.2021 Audited RM'000	1.1.2020 to 31.5.2020 Unaudited RM'000
<b>Revenue from external customers</b>					
Malaysia	479,566	587,138	537,952	233,042	215,206
Overseas	17,413	23,063	17,886	15,491	8,953
	<u>496,979</u>	<u>610,201</u>	<u>555,838</u>	<u>248,533</u>	<u>224,159</u>
		<b>31.12.2018 Audited RM'000</b>	<b>31.12.2019 Audited RM'000</b>	<b>31.12.2020 Audited RM'000</b>	<b>31.5.2021 Audited RM'000</b>
<b>Segment assets</b>					
Malaysia		1,048,854	1,112,121	1,133,695	1,168,413
Overseas		14,766	14,874	18,452	20,515
		<u>1,063,620</u>	<u>1,126,995</u>	<u>1,152,147</u>	<u>1,188,928</u>

**Major customer**

Included in total revenue is revenue generated from one customer amounting to approximately RM27,204,000 (31.12.2020: RM69,268,000; 31.12.2019: RM67,974,000; 31.12.2018: RM44,492,000; 31.5.2020: RM34,185,000), representing 11.0% (31.12.2020: 12.5%; 31.12.2019: 11.1%; 31.12.2018: 9.0%; 31.5.2020: 15.3%) of the total revenue.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****37. FINANCIAL INSTRUMENTS**

## (a) Capital management

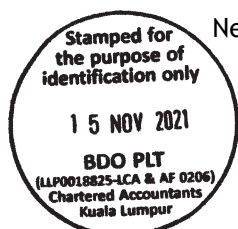
The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concern while maximising return to the shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged since 1 January 2018.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021.

The Group monitors capital utilisation on the basis of gearing ratio and net gearing ratio. Gearing ratio represents total debt divided by total capital whereas net gearing ratio represents total debt less cash and bank balances and short term fund divided by total capital. Capital represents equity attributable to the owners of the parent.

There are no changes made on the capital management, policies and procedures of the Group during the financial years/period.

	31.12.2018 Audited RM'000	31.12.2019 Audited RM'000	31.12.2020 Audited RM'000	31.5.2021 Audited RM'000
Borrowings	607,728	412,610	479,317	525,747
Less:				
Cross currency interest rate swap	(2,119)	(860)	734	(694)
Net borrowings after cross currency interest rate swap	605,609	411,750	480,051	525,053
Lease liabilities owing to:				
- financial institutions	-	194,184	121,775	107,918
- non-financial institutions	-	9,814	16,287	13,570
Total debt	605,609	615,748	618,113	646,541
Less:				
Cash and bank balances	(49,669)	(29,310)	(32,891)	(34,371)
Short term fund	(1,012)	(1,160)	(2,009)	(2,024)
Total net debt	554,928	585,278	583,213	610,146
Total capital	334,674	388,951	430,398	451,926
Gearing ratio	181.0%	158.3%	143.6%	143.1%
Net gearing ratio	165.8%	150.5%	135.5%	135.0%



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**37. FINANCIAL INSTRUMENTS (continued)**

(b) Financial instruments

(i) Categories of financial instruments

Audited	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31.12.2018</b>			
<b>Financial assets</b>			
Other investments	2,443	-	2,443
Trade and other receivables, exclude prepayments	-	196,689	196,689
Short term fund	1,012	-	1,012
Cash and bank balances	-	49,669	49,669
Derivative financial asset	2,119	-	2,119
	5,574	246,358	251,932
		Amortised cost RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables		154,411	154,411
Borrowings		607,728	607,728
		762,139	762,139
Audited	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31.12.2019</b>			
<b>Financial assets</b>			
Other investments	743	-	743
Trade and other receivables, exclude prepayments	-	176,552	176,552
Short term fund	1,160	-	1,160
Cash and bank balances	-	29,310	29,310
Derivative financial asset	860	-	860
	2,763	205,862	208,625



**12. ACCOUNTANTS' REPORT (Cont'd)**

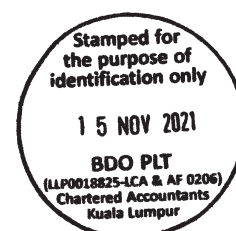
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**37. FINANCIAL INSTRUMENTS (continued)**

## (b) Financial instruments (continued)

## (i) Categories of financial instruments (continued)

Audited		Amortised cost RM'000	Total RM'000
<b>31.12.2019</b>			
<b>Financial liabilities</b>			
Trade and other payables		127,231	127,231
Borrowings		412,610	412,610
Lease liabilities		203,998	203,998
		743,839	743,839
		743,839	743,839
	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31.12.2020</b>			
<b>Financial assets</b>			
Other investments	309	-	309
Trade and other receivables, exclude prepayments	-	165,000	165,000
Short term fund	2,009	-	2,009
Cash and bank balances	-	32,891	32,891
	2,318	197,891	200,209
	2,318	197,891	200,209
	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables	-	110,790	110,790
Lease liabilities	-	138,062	138,062
Derivative financial liability	734	-	734
Borrowings	-	479,317	479,317
	734	728,169	728,903
	734	728,169	728,903



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
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**37. FINANCIAL INSTRUMENTS (continued)**

## (b) Financial instruments (continued)

## (ii) Categories of financial instruments (continued)

Audited	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
<b>31.5.2021</b>			
<b>Financial assets</b>			
Other investments	460	-	460
Trade and other receivables, exclude prepayments	-	185,971	185,971
Short term fund	2,024	-	2,024
Cash and bank balances	-	34,371	34,371
Derivative financial asset	694	-	694
	3,178	220,342	223,520
		Amortised cost RM'000	Total RM'000
<b>Financial liabilities</b>			
Trade and other payables		96,551	96,551
Lease liabilities		121,488	121,488
Borrowings		525,747	525,747
		743,786	743,786

## (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables, short term borrowings and lease liabilities, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values as the current rates offered to the Group approximate to the market rates for similar borrowing of the same remaining maturities.

The carrying amounts of the current portion of lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**37. FINANCIAL INSTRUMENTS (continued)**

## (c) Methods and assumptions used to estimate fair value (continued)

The fair values of financial assets and financial liabilities are determined as follows:  
(continued)

## (ii) Lease liabilities are accounted for as long term financial liabilities

The fair value of these financial instruments are estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing or leasing arrangements at the end of the reporting period.

## (iii) Club memberships

The fair values of club memberships are reasonably approximation by reference to comparable market value of similar investment.

## (iv) Non-current other payable and long-term borrowings

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.

## (v) Short term fund and equity securities

The fair value of short term fund and quoted shares of equity securities are determined by reference to the exchange quoted market bid price at the close of the business at the end of each reporting period. Unquoted shares of equity securities are estimated based on adjusted net asset method.

## (vi) Financial guarantees

The Group provides bank guarantees to third parties for facilities granted to the Group.

## (vii) Derivative financial assets and liabilities

The fair value of the derivatives are determined by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss. There is no transfer between levels in the hierarchy during the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****37. FINANCIAL INSTRUMENTS (continued)**

## (d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For lease liabilities, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable input used in determining the fair value measurement of Level 3 financial instrument as well as the relationship between key unobservable input and fair value, is detailed in the table below:

Financial instrument	Valuation technique used	Significant unobservable input	Inter-relationship between key unobservable input and fair value
<u>Financial assets</u>			
Amount owing by an associate	Discounted cash flows approach	Discount rate (31.5.2021: Nil 31.12.2020: Nil 31.12.2019: 6.00% 31.12.2018: 6.00%)	The higher the discount rate, the lower the fair value of the asset would be.
Equity securities	Adjusted net assets approach	Adjusted net assets	The higher the adjusted net assets, the higher the fair value of the unquoted shares would be.
<u>Financial liability</u>			
Accrual	Discounted cash flows approach	Discount rate (31.5.2021: Nil 31.12.2020: Nil 31.12.2019: 6.00% 31.12.2018: Nil)	The higher the discount rate, the lower the fair value of the asset would be.





**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234-V))**  
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**37. FINANCIAL INSTRUMENTS (continued)**

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amount shown in the combined statements of financial position.

Audited	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000		
<b>31.12.2018</b>								
<b>Financial assets</b>								
<b>Amortised cost</b>								
- Amount owing by an associate	-	-	-	-	-	1,528	1,528	1,528
<b>Fair value through profit or loss</b>								
- Short term fund	1,012	-	-	1,012	-	-	1,012	1,012
- Club memberships	-	43	-	43	-	-	43	43
- Equity securities	-	-	2,400	2,400	-	-	2,400	2,400
- Derivative financial asset	-	2,119	-	2,119	-	-	2,119	2,119



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
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37. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amount shown in the combined statements of financial position (continued).

Audited	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
31.12.2018								
<b>Financial liabilities</b>								
<b>Amortised cost</b>								
- Hire purchase and finance lease liabilities	-	-	-	-	95,353	-	95,353	97,962



**12. ACCOUNTANTS' REPORT (Cont'd)**

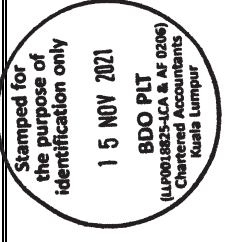
*Swift Haulage Berhad (200001030627 (533234-V))*  
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**37. FINANCIAL INSTRUMENTS (continued)**

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amount shown in the combined statements of financial position (continued).

Audited	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
31.12.2019								
<b>Financial assets</b>								
<b>Amortised cost</b>								
- Amount owing by an associate	-	-	-	-	-	853	853	853
<b>Fair value through profit or loss</b>								
- Short term fund	1,160	-	-	-	-	-	1,160	1,160
- Club memberships	-	43	-	-	-	-	43	43
- Equity securities	-	-	700	-	-	-	700	700
- Derivative financial asset	-	860	-	-	-	-	860	860
<b>Financial liabilities</b>								
<b>Amortised cost</b>								
- Accrual	-	-	-	-	-	19,185	19,185	20,000
- Lease liabilities	-	-	-	-	183,079	-	183,079	203,998



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234-V))*  
*Accountants' Report*

**37. FINANCIAL INSTRUMENTS (continued)**

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amount shown in the combined statements of financial position (continued).

Audited	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
31.12.2020								
<b>Financial assets</b>								
<b>Fair value through profit or loss</b>								
- Short term fund	2,009	-	-	-	-	-	2,009	2,009
- Club memberships	-	43	-	-	-	-	43	43
- Equity securities	266	-	-	-	-	-	266	266
<b>Financial liabilities</b>								
<b>Fair value through profit or loss</b>								
- Derivative financial liability	-	734	-	-	-	-	734	734
<b>Amortised cost</b>								
- Lease liabilities	-	-	-	-	116,899	-	116,899	116,899
								138,062



**12. ACCOUNTANTS' REPORT (Cont'd)**

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**37. FINANCIAL INSTRUMENTS (continued)**

(d) Fair value hierarchy (continued)

The following table sets out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amount shown in the combined statements of financial position (continued).

Audited	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.5.2021								
<b>Financial assets</b>								
<b>Fair value through profit or loss</b>								
- Short term fund	2,024	-	-	-	-	-	2,024	2,024
- Club memberships	-	43	-	-	-	-	43	43
- Equity securities	417	-	-	-	-	-	417	417
- Derivative financial asset	-	694	-	-	-	-	694	694
<b>Financial liabilities</b>								
<b>Amortised cost</b>								
- Lease liabilities	-	-	-	-	101,676	-	101,676	101,676
								121,488



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
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**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's financial risk management objective is to optimise value creation for the shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for hedging instruments where appropriate and cost-efficient.

Information on the management of the related exposures is detailed below.

**(i) Credit risk**

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major licensed financial institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of two (2) months, extending up to four (4) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

Credit risk concentration profile

As at 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021, the Group does not have any significant concentration of credit risk related to any individual customer or counterparty.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Group's activities.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

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

Audited	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>31.12.2018</b>				
Trade and other payables	154,411	-	-	154,411
Borrowings	259,599	301,268	106,282	667,149
Financial guarantees*	13,540	-	-	13,540
	<u>427,550</u>	<u>301,268</u>	<u>106,282</u>	<u>835,100</u>
<b>31.12.2019</b>				
Trade and other payables	107,231	20,000	-	127,231
Borrowings	232,200	194,833	6,362	433,395
Lease liabilities	63,396	162,552	14,788	240,736
Financial guarantees*	13,158	-	-	13,158
	<u>415,985</u>	<u>377,385</u>	<u>21,150</u>	<u>814,520</u>
<b>31.12.2020</b>				
Trade and other payables	110,790	-	-	110,790
Borrowings	130,584	266,395	185,722	582,701
Lease liabilities	48,019	81,860	34,691	164,570
Financial guarantees*	14,259	-	-	14,259
	<u>303,652</u>	<u>348,255</u>	<u>220,413</u>	<u>872,320</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: (continued)

Audited	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>31.5.2021</b>				
Trade and other payables	96,551	-	-	96,551
Borrowings	193,702	262,025	133,501	589,228
Lease liabilities	42,424	65,625	33,317	141,366
Financial guarantees*	15,441	-	-	15,441
	348,118	327,650	166,818	842,586

\* This disclosure represents the maximum liquidity risk exposure.

## (iii) Interest rate risk

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

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings, lease liabilities and deposits placed with licensed banks. The Group manages the borrowings and lease liabilities through the use of fixed and floating rates and monitors the interest rates on borrowings and lease liabilities closely to ensure that the borrowings and lease liabilities are maintained at favourable rates.

During the financial year ended 31 December 2018, the Group entered into cross-currency interest rate swap contract to manage exposures to interest rate risks.





**12. ACCOUNTANTS' REPORT (Cont'd)**

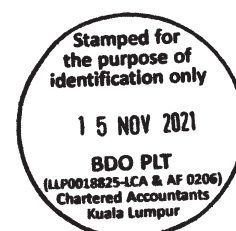
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**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (iii) Interest rate risk (continued)

The notional amount and maturity date of the interest rate swap contract outstanding as at the end of the reporting period are as follows:

Derivative	Contractual amount in Foreign Currency USD'000	Equivalent amount in Ringgit Malaysia RM'000	Expiry date
<b>Audited</b>			
<b>31.12.2018</b>			
Cross-currency interest rate swap contract	13,726	53,875	17 April 2023
<b>31.12.2019</b>			
Cross-currency interest rate swap contract	11,815	46,375	17 April 2023
<b>31.12.2020</b>			
Cross-currency interest rate swap contract	9,904	38,875	17 April 2023
<b>31.5.2021</b>			
Cross-currency interest rate swap contract	9,108	35,750	17 April 2023



12. ACCOUNTANTS' REPORT (Cont'd)

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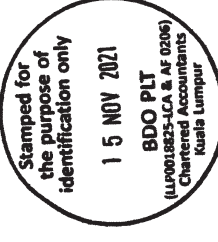
38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in 100 basis points against interest rates of instruments, with all other variables held constant:

		1.1.2018	1.1.2019	1.1.2020	1.1.2021
		to	to	to	to
		31.12.2018	31.12.2019	31.12.2020	31.5.2021
		Audited	Audited	Audited	Audited
		RM'000	RM'000	RM'000	RM'000
		Profit after tax	Profit after tax	Profit after tax	Profit after tax
Note					
<b>Floating rates</b>					
Short term fund	17	+8	+9	+15	+15
		-8	-9	-15	-15
Lease liabilities	8	-	-692	-253	-245
		-	+692	+253	+245
Term loans	20	-2,545	-1,726	-1,157	-751
		+2,545	+1,726	+1,157	+751
Unrated Islamic medium term notes	20	-	-	-2,280	-2,280
Bank overdrafts	20	-	-	+2,280	+2,280
		-210	-21	-62	-73
		+210	+21	+62	+73
Trade financing	20	-830	-1,100	-144	-892
		+830	+1,100	+144	+892
Revolving credits	20	-289	-289	-	-
		+289	+289	-	-



12. ACCOUNTANTS' REPORT (Cont'd)

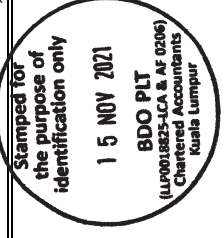
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

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

Audited	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
31.12.2018									
<b>Fixed rates</b>									
Amount owing by an associate	15	6.00	1,528	-	-	-	-	-	1,528
Deposits with licensed banks	18	2.92	4,586	-	-	-	-	-	4,586
Short term deposits with licensed banks	18	2.95	296	-	-	-	-	-	296
Hire purchase and finance lease liabilities	21	5.71	29,032	24,125	21,150	16,518	7,137	-	97,962
<b>Floating rates</b>									
Short term fund	17	3.67	1,012	-	-	-	-	-	1,012
Term loans	20	5.22	47,699	43,440	42,768	46,250	49,069	105,676	334,902
Trade financing	20	5.57	109,207	-	-	-	-	-	109,207
Bank overdrafts	20	7.88	27,657	-	-	-	-	-	27,657
Revolving credits	20	5.38	38,000	-	-	-	-	-	38,000



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk (continued):

Audited	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>31.12.2019</b>									
<b>Fixed rates</b>									
Amount owing by an associate	15	6.00	853	-	-	-	-	-	853
Deposits with licensed banks	18	2.67	4,696	-	-	-	-	-	4,696
Lease liabilities	8	5.22	35,928	30,645	26,178	16,135	4,103	-	112,989
<b>Floating rates</b>									
Short term fund	17	3.59	1,160	-	-	-	-	-	1,160
Term loans	20	5.31	36,243	33,073	32,111	44,856	75,923	4,880	227,086
Lease liabilities	8	5.23	13,516	14,837	20,147	10,157	17,867	14,485	91,009
Trade financing	20	5.00	144,709	-	-	-	-	-	144,709
Bank overdrafts	20	6.46	2,815	-	-	-	-	-	2,815
Revolving credits	20	5.26	38,000	-	-	-	-	-	38,000



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk (continued):

Audited	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>31.12.2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	2.43	5,042	-	-	-	-	-	5,042
Lease liabilities	8	5.74	39,442	35,337	21,308	7,487	1,208	10	104,792
<b>Floating rates</b>									
Short term fund	17	3.10	2,009	-	-	-	-	-	2,009
Term loans	20	5.04	79,676	19,226	35,222	10,102	4,406	3,556	152,188
Lease liabilities	8	6.09	2,503	2,548	2,596	2,504	1,257	21,862	33,270
Unrated Islamic medium term notes	20	3.38	6,000	36,000	37,200	39,600	39,600	141,600	300,000
Trade financing	20	3.73	18,948	-	-	-	-	-	18,948
Bank overdrafts	20	5.70	8,181	-	-	-	-	-	8,181



12. ACCOUNTANTS' REPORT (Cont'd)

Swift Haulage Berhad (200001030627 (533234-V))  
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk (continued):

Audited	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>31.5.2021</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	18	0.64	4,342	-	-	-	-	-	4,342
Lease liabilities	8	5.69	36,424	30,010	15,417	5,566	1,883	-	89,300
<b>Floating rates</b>									
Short term fund	17	3.10	2,024	-	-	-	-	-	2,024
Term loans	20	4.46	24,596	44,132	15,000	9,143	3,029	2,899	98,799
Lease liabilities	8	5.58	2,525	2,571	2,620	1,930	1,284	21,258	32,188
Unrated Islamic medium term notes	20	3.61	21,000	36,000	38,700	39,600	39,600	125,100	300,000
Trade financing	20	3.09	117,315	-	-	-	-	-	117,315
Bank overdrafts	20	4.81	9,633	-	-	-	-	-	9,633



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (iv) Foreign currency risk

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

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Group's functional currency.

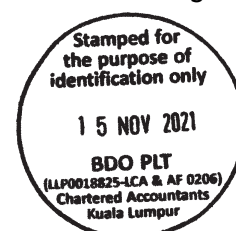
During the financial years/period, the Group did not enter into any forward currency contract to manage exposures to currency risk for payables which are denominated in currencies other than the functional currency of the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the United States Dollar ("USD"), Euro, Renminbi ("RMB"), Singapore Dollar ("SGD") and Thai Baht ("THB") exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

	1.1.2018 to 31.12.2018 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.5.2021 to 31.5.2021 Audited RM'000
<b>Profit after tax</b>				
<b>USD/RM</b>				
- strengthen by 3%	292	93	41	39
- weaken by 3%	(292)	(93)	(41)	(39)
<b>Euro/RM</b>				
- strengthen by 3%	3	-	3	3
- weaken by 3%	(3)	-	(3)	(3)
<b>RMB/RM</b>				
- strengthen by 3%	124	(8)	-	-
- weaken by 3%	(124)	8	-	-
<b>SGD/RM</b>				
- strengthen by 3%	1	7	3	1
- weaken by 3%	(1)	(7)	(3)	(1)
<b>THB/RM</b>				
- strengthen by 3%	439	527	163	188
- weaken by 3%	(439)	(527)	(163)	(188)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not explained above.



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****39. ACQUISITION OF SUBSIDIARIES**

- (a) During the financial year ended 31 December 2018, the Group completed the following acquisition of shares in the following companies:

- (i) Acquisition of Tanjong Express (M) Sdn. Bhd. ("TEMSB")

On 6 July 2018, the Group acquired the entire equity interest comprising 1,500,000 ordinary shares in TEMSB for a purchase consideration of RM164,454,000.

	<b>31.12.2018 Audited RM'000</b>
Property, plant and equipment	117,086
Goodwill on consolidation	126
Inventories	4,352
Trade and other receivables	92,746
Current tax assets	428
Cash and bank balances	4,568
	<hr/>
Total identifiable assets	219,306
Trade and other payables	(27,476)
Current tax liabilities	(3,619)
Deferred tax liabilities	(13,240)
Borrowings	(50,635)
	<hr/>
Total identifiable net assets	124,336
Goodwill	40,118
	<hr/>
Total cost of acquisition	<u>164,454</u>

The effects of the acquisition of TEMSB on cash flow were as follows:

	<b>31.12.2018 Audited RM'000</b>
Consideration settled in cash	(164,454)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	4,568
- Bank overdrafts	(4,853)
- Deposits pledged to a licensed bank	(446)
	<hr/>
Net cash outflow of the Group on acquisition	<u>(165,185)</u>





**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**39. ACQUISITION OF SUBSIDIARIES (continued)**

(a) During the financial year ended 31 December 2018, the Group completed the following acquisition of shares in the following companies: (continued)

(i) Acquisition of Tanjong Express (M) Sdn. Bhd. ("TEMSB") (continued)

TEMSB had contributed the following results to the Group for the financial year ended 31 December 2018 from the acquisition date.

	6.7.2018 to 31.12.2018 Audited RM'000
Revenue	83,658
Profit for the financial year	5,319

Had the acquisition occurred on 1 January 2018, revenue and profit after tax of the Group for the financial year ended 31 December 2018 are as follows:

	1.1.2018 to 31.12.2018 Audited RM'000
Revenue	578,801
Profit for the financial year	48,585

(ii) Acquisition of Komunajaya Sdn. Bhd. ("KMJSB")

On 6 July 2018, the Group acquired the entire equity interest comprising 300,000 ordinary shares in KMJSB for a purchase consideration of RM29,873,000.

	31.12.2018 Audited RM'000
Property, plant and equipment	18,139
Inventories	1,559
Trade and other receivables	10,667
Current tax assets	1,110
Cash and bank balances	113
Total identifiable assets	31,588
Trade and other payables	(2,046)
Current tax liabilities	(508)
Deferred tax liabilities	(1,828)
Borrowings	(1,378)
Total identifiable net assets	25,828
Goodwill	4,045
Total cost of acquisition	29,873



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**39. ACQUISITION OF SUBSIDIARIES (continued)**

(a) During the financial year ended 31 December 2018, the Group completed the following acquisition of shares in the following companies: (continued)

(ii) Acquisition of Komunajaya Sdn. Bhd. ("KMJSB") (continued)

The effects of the acquisition of KMJSB on cash flow were as follows:

	<b>31.12.2018 Audited RM'000</b>
Consideration settled in cash	(29,873)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	113
- Bank overdrafts	(66)
- Deposits pledged to a licensed bank	(36)
	(29,862)
Net cash outflow of the Group on acquisition	(29,862)

KMJSB had contributed the following results to the Group for the financial year ended 31 December 2018 from the acquisition date.

	<b>6.7.2018 to 31.12.2018 Audited RM'000</b>
Revenue	15,163
Profit for the financial year	1,601

Had the acquisition occurred on 1 January 2018, revenue and profit after tax of the Group for the financial year ended 31 December 2018 are as follows:

	<b>1.1.2018 to 31.12.2018 Audited RM'000</b>
Revenue	513,314
Profit for the financial year	42,113



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**39. ACQUISITION OF SUBSIDIARIES (continued)**

- (b) During the financial year ended 31 December 2019, the Group completed the acquisition of shares of Agenda Wira Sdn. Bhd. ("AWSB").

On 30 January 2019, the Group acquired the entire equity interest comprising 500,000 ordinary shares in AWSB for a purchase consideration of RM18,000,000.

	<b>31.12.2019 Audited RM'000</b>
Property, plant and equipment	8,756
Right-of-use assets	5,619
Inventories	786
Trade and other receivables	7,214
Current tax assets	544
Cash and bank balances	1,784
<b>Total identifiable assets</b>	<b>24,703</b>
Trade and other payables	(7,376)
Deferred tax liabilities	(2,221)
Lease liabilities	(3,246)
Borrowings	(343)
<b>Total identifiable net assets</b>	<b>11,517</b>
Goodwill	6,483
<b>Total cost of acquisition</b>	<b>18,000</b>

The effects of the acquisition of AWSB on cash flow were as follows:

	<b>31.12.2019 Audited RM'000</b>
Consideration settled in cash	(18,000)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	1,784
- Deposits pledged to a licensed bank	(121)
<b>Net cash outflow of the Group on acquisition</b>	<b>(16,337)</b>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
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**39. ACQUISITION OF SUBSIDIARIES (continued)**

- (b) During the financial year ended 31 December 2019, the Group completed the acquisition of shares of Agenda Wira Sdn. Bhd. ("AWSB"). (continued)

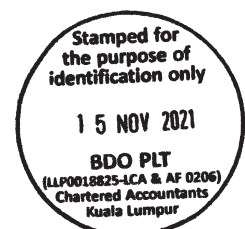
AWSB has contributed the following results to the Group for the financial year ended 31 December 2019 from the acquisition date.

	30.1.2019 to 31.12.2019 Audited RM'000
Revenue	16,096
Profit for the financial year	303

Had the acquisition occurred on 1 January 2019, revenue and profit after tax of the Group for the financial year ended 31 December 2019 are as follows:

	1.1.2019 to 31.12.2019 Audited RM'000
Revenue	613,162
Profit for the financial year	36,915

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**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies:

(i) Acquisition of Sentiasa Hebat Sdn. Bhd. ("STSB")

On 31 August 2020, the Group acquired the entire equity interest comprising 2,500,000 ordinary shares in STSB for a purchase consideration of approximately RM7,990,000.

	31.12.2020 Audited RM'000
Property, plant and equipment	6,402
Right-of-use assets	41,737
Trade and other receivables	3,168
Cash and bank balances	485
<b>Total identifiable assets</b>	<b>51,792</b>
Trade and other payables	(2,221)
Deferred tax liabilities	(3,329)
Current tax liabilities	(68)
Lease liabilities	(33,703)
Borrowings	(1,199)
<b>Total identifiable net assets</b>	<b>11,272</b>
Gain from a bargain purchase	(3,282)
<b>Total cost of acquisition</b>	<b>7,990</b>

The effects of the acquisition of STSB on cash flow were as follows:

	31.12.2020 Audited RM'000
Purchase consideration	(7,990)
Amounts withhold*	1,843
Consideration settled in cash	(6,147)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	485
- Bank overdrafts	(1,199)
- Deposits pledged to a licensed bank	(364)
<b>Net cash outflow of the Group on acquisition</b>	<b>(7,225)</b>

\* STSB has sold prime movers to a third party amounted to RM1,843,000. The amount payable shall be released immediately upon settlement of the outstanding balances by the third party for the sale of prime movers and trailers.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(i) Acquisition of Sentiasa Hebat Sdn. Bhd. ("STSB") (continued)

STSB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	31.8.2020 to 31.12.2020 Audited RM'000
Revenue	4,102
Profit for the financial year	130

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	1.1.2020 to 31.12.2020 Audited RM'000
Revenue	576,164
Profit for the financial year	50,397

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**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(ii) Acquisition of Sentiasa Hebat (Penang) Sdn. Bhd. ("STPSB")

On 31 August 2020, the Group acquired the entire equity interest comprising 500,000 ordinary shares in STPSB for a purchase consideration of RM1,000,000.

	<b>31.12.2020 Audited RM'000</b>
Property, plant and equipment	45
Right-of-use assets	250
Trade and other receivables	2,350
Cash and bank balances	432
	3,077
Total identifiable assets	3,077
Trade and other payables	(553)
Current tax liabilities	(34)
Lease liabilities	(328)
Borrowings	(2,007)
	155
Total identifiable net assets	155
Goodwill	845
	1,000
Total cost of acquisition	1,000

The effects of the acquisition of STPSB on cash flow were as follows:

	<b>31.12.2020 Audited RM'000</b>
Consideration settled in cash	(1,000)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	432
	(568)
Net cash outflow of the Group on acquisition	(568)

STPSB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	<b>31.8.2020 to 31.12.2020 Audited RM'000</b>
Revenue	869
Profit for the financial year	69
	69



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(ii) Acquisition of Sentiasa Hebat (Penang) Sdn. Bhd. ("STPSB") (continued)

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	1.1.2020 to 31.12.2020 Audited RM'000
Revenue	561,796
Profit for the financial year	<u>40,839</u>

(iii) Acquisition of Earth Move International Sdn. Bhd. ("EMISB")

On 31 August 2020, the Group acquired the entire equity interest comprising 100 ordinary shares in EMISB for a purchase consideration of RM1.

	31.12.2020 Audited RM'000
Trade and other receivables	1,340
Cash and bank balances	<u>237</u>
Total identifiable assets	1,577
Trade and other payables	<u>(3,118)</u>
Total identifiable net liabilities	(1,541)
Goodwill	<u>1,541</u>
Total cost of acquisition	<u>*</u>

The effects of the acquisition of EMISB on cash flow were as follows:

	31.12.2020 Audited RM'000
Consideration settled in cash	*
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	<u>237</u>
Net cash inflow of the Group on acquisition	<u>237</u>

\* Denotes RM1.





**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****39. ACQUISITION OF SUBSIDIARIES (continued)**

- (c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

- (iii) Acquisition of Earth Move International Sdn. Bhd. ("EMISB") (continued)

EMISB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	31.8.2020 to 31.12.2020 Audited RM'000
Revenue	-
Loss for the financial year	<u>(9)</u>

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	1.1.2020 to 31.12.2020 Audited RM'000
Revenue	554,709
Profit for the financial year	<u>41,310</u>

- (iv) Acquisition of Agensi Tanjung Bruas Sdn. Bhd. ("ATBSB")

On 31 August 2020, the Group acquired the entire equity interest comprising 100,000 ordinary shares in ATBSB for a purchase consideration of RM10,000.

	31.12.2020 Audited RM'000
Trade and other receivables	1,974
Cash and bank balances	<u>139</u>
Total identifiable assets	2,113
Trade and other payables	<u>(3,710)</u>
Total identifiable net liabilities	(1,597)
Goodwill	<u>1,607</u>
Total cost of acquisition	<u>10</u>



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))*  
*Accountants' Report*

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(iv) Acquisition of Agensi Tanjung Bruas Sdn. Bhd. ("ATBSB") (continued)

The effects of the acquisition of ATBSB on cash flow were as follows:

	<b>31.12.2020</b> <b>Audited</b> <b>RM'000</b>
Consideration settled in cash	(10)
Less: Cash and cash equivalents of subsidiary acquired	139
- Cash and bank balances	139
Net cash inflow of the Group on acquisition	129

ATBSB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	<b>31.8.2020</b> <b>to</b> <b>31.12.2020</b> <b>Audited</b> <b>RM'000</b>
Revenue	172
Profit for the financial year	109

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	<b>1.1.2020</b> <b>to</b> <b>31.12.2020</b> <b>Audited</b> <b>RM'000</b>
Revenue	555,736
Profit for the financial year	41,081



**12. ACCOUNTANTS' REPORT (Cont'd)****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report****39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(v) Acquisition of Top Tyres & Workshop Sdn. Bhd. ("TTWSB")

On 31 August 2020, the Group acquired the entire equity interest comprising 500,000 ordinary shares in TTWSB for a purchase consideration of RM1.

	<b>31.12.2020 Audited RM'000</b>
Trade and other receivables	1,800
Current tax assets	46
Cash and bank balances	755
<b>Total identifiable assets</b>	<b>2,601</b>
Trade and other payables	(1,461)
Lease liabilities	(54)
Borrowings	(1,074)
<b>Total identifiable net assets</b>	<b>12</b>
Gain from a bargain purchase	(12)
<b>Total cost of acquisition</b>	<b>*</b>

The effects of the acquisition of TTWSB on cash flow were as follows:

	<b>31.12.2020 Audited RM'000</b>
Consideration settled in cash	*
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	755
- Bank overdrafts	(1,074)
- Deposits pledged to a licensed bank	(755)
<b>Net cash outflow of the Group on acquisition</b>	<b>(1,074)</b>

\* Denotes RM1.



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(v) Acquisition of Top Tyres & Workshop Sdn. Bhd. ("TTWSB") (continued)

TTWSB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	31.8.2020 to 31.12.2020 Audited RM'000
Revenue	10
Loss for the financial year	<u>(53)</u>

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	1.1.2020 to 31.12.2020 Audited RM'000
Revenue	557,732
Profit for the financial year	<u>40,858</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report**

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(vi) Acquisition of Northern Gateway Depot Sdn. Bhd. ("NGDSB")

On 31 August 2020, Container Connections (M) Sdn. Bhd. ("CCMSB") acquired the entire equity interest comprising 100,000 ordinary shares in NGDSB for a purchase consideration of RM1,000,000.

	<b>31.12.2020 Audited RM'000</b>
Property, plant and equipment	371
Right-of-use assets	1,145
Trade and other receivables	1,644
Deferred tax assets	359
Current tax assets	4
Cash and bank balances	663
<b>Total identifiable assets</b>	<b>4,186</b>
Trade and other payables	(3,395)
Lease liabilities	(1,090)
<b>Total identifiable net liabilities</b>	<b>(299)</b>
Goodwill	1,299
<b>Total cost of acquisition</b>	<b>1,000</b>

The effects of the acquisition of NGDSB on cash flow were as follows:

	<b>31.12.2020 Audited RM'000</b>
Consideration settled in cash	(1,000)
Less: Cash and cash equivalents of subsidiary acquired	
- Cash and bank balances	663
<b>Net cash outflow of the Group on acquisition</b>	<b>(337)</b>



**12. ACCOUNTANTS' REPORT (Cont'd)**

**Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report**

**39. ACQUISITION OF SUBSIDIARIES (continued)**

(c) During the financial year ended 31 December 2020, the Group completed the following acquisition of shares in the following companies: (continued)

(vi) Acquisition of Northern Gateway Depot Sdn. Bhd. ("NGDSB") (continued)

NGDSB has contributed the following results to the Group for the financial year ended 31 December 2020 from the acquisition date.

	31.8.2020 to 31.12.2020 Audited RM'000
Revenue	3,191
Profit for the financial year	556

Had the acquisition occurred on 1 January 2020, revenue and profit after tax of the Group for the financial year ended 31 December 2020 are as follows:

	1.1.2020 to 31.12.2020 Audited RM'000
Revenue	562,881
Profit for the financial year	45,632

**40. DISPOSAL OF A SUBSIDIARY**

On 30 November 2020, the Group disposed off its entire equity interest comprising 2,450,000 ordinary shares in Swift Mega Carriers Sdn. Bhd. ("SMCSB") for a cash consideration of RM10,000.

	31.12.2020 Audited RM'000
Property, plant and equipment	1,464
Right-of-use assets	294
Intangible assets <sup>(1)</sup>	-
Trade and other receivables	751
Cash and bank balances	41
Total identifiable assets	2,550
Trade and other payables	(2,259)
Lease liabilities	(281)
Net assets	10
Net proceeds from disposal	10
Loss on disposal	-



<sup>(1)</sup> Intangible assets had been fully impaired before the disposal of a subsidiary.

**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**40. DISPOSAL OF A SUBSIDIARY (continued)**

The effects of the disposal of SMCSB on cash flow were as follows:

	<b>31.12.2020 Audited RM'000</b>
Consideration settled in cash	10
Less: Cash and cash equivalents of subsidiary disposed	
- Cash and bank balances	(41)
Net cash outflow of the Group on disposal	(31)

**41. ACQUISITION OF BUSINESS AND ASSETS**

During the financial year ended 31 December 2018, the Group acquired the business and assets for transportation services in Swift Mega Carriers Sdn. Bhd. ("SMCSB") from a third party for a purchase consideration of RM2,292,000.

	<b>31.12.2018 Audited RM'000</b>
Property, plant and equipment	1,313
Intangible assets <sup>(1)</sup>	979
Total identifiable net assets	2,292
Goodwill	-
Total cost of acquisition	2,292

The effects of the acquisition on cash flow were as follows:

	<b>31.12.2018 Audited RM'000</b>
Consideration settled in cash	(2,292)

<sup>(1)</sup> Upon the acquisition, the customer contract with the third party has been transferred along with the property, plant and equipment to SMCSB.



**12. ACCOUNTANTS' REPORT (Cont'd)*****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*****42. FINANCIAL REPORTING UPDATES****IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)**

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

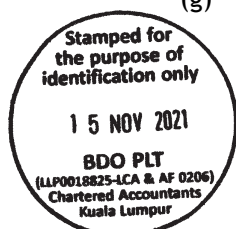
The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

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

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is an increase in lease liabilities and corresponding right-of-use assets arising from the reassessment of the lease term of existing leasing arrangements due to this final agenda decision. The effects are disclosed in Note 8 to the financial statements.

**43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD**

- (a) On 8 May 2019, the Group entered into a Sale and Purchase Agreement (“SPA”) with a third party for the purchase of one (1) lot of property held under Intan Millennium Square 2 for a total purchase consideration of RM5,300,000. The transaction has been completed during the financial year ended 31 December 2019.
- (b) On 31 December 2019, the Group allotted 18,394,474 Redeemable Convertible Preference Shares at an issue price of RM1.00 per shares to its existing shareholders for consideration of approximately RM18,394,000. The transaction has been completed during the financial year ended 31 December 2019.
- (c) On 5 March 2020, the Group entered into a SPA with a third party for the purchase of leasehold land held under HS(D) 501115, PTD 209588, Mukim Plentong, Daerah Johor Bahru for a total purchase consideration of RM8,000,000. The transaction has not been completed as at the date of this report.
- (d) On 19 March 2020, the Group entered into a SPA with one of the shareholders of the Group, Persada Bina Sdn. Bhd. for the purchase of one (1) lot of property held under Intan Millennium Square 2 for a total purchase consideration of RM4,950,000. The transaction has been completed during the financial year ended 31 December 2020.
- (e) On 9 February 2021, the Group entered into a SPA with a third party for the sale of freehold land held under Geran No. Hakmilik 32835, Lot No. 1898, Seksyen 3, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang for a total sale consideration of RM12,500,000. The transaction has been completed on 26 August 2021.
- (f) On 19 April 2021, the Group entered into a SPA with a third party for the sale of buildings and leasehold land held under PN7671 and PT 345, Mukim13, Daerah Seberang Perai Tengah, Pulau Pinang for a total sale consideration of RM18,200,000. The transaction has not been completed as at the date of this report.
- (g) On 23 April 2021, the Group entered into a Share Redemption Agreement with the redeemable preference shares (“RPS”) holder to redeem 1,000 RPS at RM1.00 per RPS. The transaction has been completed on 10 May 2021.





**12. ACCOUNTANTS' REPORT (Cont'd)*****Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*****43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD (continued)**

- (h) On 29 April 2021, the Group entered into a Share Conversion Notice with the convertible redeemable loan stock ("CRLS") holder to convert 106,862,842 CRLS into 42,007,518 new ordinary shares at RM2.5439 per share. The transaction has been completed on 10 May 2021.
- (i) On 30 April 2021, the Group entered into a Share Conversion Notice with the redeemable convertible preference shares ("RCPS") holder to convert 18,394,474 RCPS into 7,241,919 new ordinary shares at RM2.54 per share. The transaction has been completed on 7 May 2021.
- (j) On 21 April 2021, the Group entered into conditional Share Sale Agreement with a third party to acquire 50% of the ordinary shares comprising 1,285,000 ordinary shares in Hypercold Logistics Sdn. Bhd. for a purchase consideration of RM10,550,000. The transaction has been completed on 16 June 2021.
- (k) On 23 April 2021, the Group entered into conditional Share Sale Agreement with a third party to acquire 15% of the ordinary shares comprising 15,000 ordinary shares in Platinum Coldchain Sdn. Bhd. for a purchase consideration of RM37,500. The transaction has been completed on 16 June 2021.
- (l) On 28 May 2021, the Group entered into conditional Share Sale Agreement with a third party to acquire the entire equity interest of the ordinary shares comprising 10,000,000 ordinary shares in Ann Joo Properties Sdn. Bhd. for a purchase consideration of RM10,000,000. The transaction has been completed on 15 July 2021.
- (m) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO to contain the spread of COVID-19.

The COVID-19 pandemic has impacted business activities and operations of the Group in Malaysia, which is the primary market. As businesses of the Group were deemed as "essential services" as prescribed by the Ministry of International Trade and Industry ("MITI"), none of the operations were halted as a result of the Movement Control Order ("MCO") implemented by the Government of Malaysia. However, the disruptions caused by the pandemic were felt across the logistics sector as regional trade was greatly reduced in 2020 due to the lockdowns and tighter border control imposed by the governments of other countries. In addition, there was a global imbalance of trade as China's export economy opened ahead of the Western countries, resulting in a surplus of cargo being locked up in Western countries. The Group have remained resilient throughout this challenging period with business continuing as usual 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 of business operations.

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



**12. ACCOUNTANTS' REPORT (Cont'd)**

*Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report*

**44. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)**

- (a) On 26 August 2021, the Group entered into a SPA with a third party for the purchase of leasehold land held under HS(D) 116369, P.T. No. 185, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor Darul Ehsan for a total purchase consideration of RM59,372,000. The transaction has not been completed as at the date of this report.
- (b) The Company carried out a subdivision of 1 ordinary share in the Company to 6 ordinary shares in the Company ("Share Split") on 15 November 2021. Upon completion of the Share Split, the total number of ordinary shares in the Company increased from 122,110,267 shares to 732,661,602 shares.

**45. APPROVAL OF COMBINED FINANCIAL STATEMENTS**

The combined financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 November 2021.



**12. ACCOUNTANTS' REPORT (Cont'd)**

***Swift Haulage Berhad (200001030627 (533234 - V))  
Accountants' Report***

**STATEMENT BY DIRECTORS**

I, Loo Yong Hui, being the Director of Swift Haulage Berhad state that, in the opinion of the Directors, the combined financial statements set out on page 1 to 172 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 and of the financial performance and cash flows of the Group for the financial years/period ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 May 2021 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Signed on behalf of the Board of Directors in accordance with a resolution dated 15 November 2021.



Loo Yong Hui  
Director

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## **13. ADDITIONAL INFORMATION**

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### **13.1 EXTRACT OF OUR CONSTITUTION**

The following provisions are extracted from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires:

#### **13.1.1 Remuneration, voting and borrowing of Directors**

The provision in our Constitution dealing with remuneration, voting and borrowing of Directors are as follows:

##### **(i) Clause 21.4 - Remuneration**

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual shareholder's approval by an Ordinary Resolution at a meeting of Members; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

##### **(ii) Clause 21.5 - Reimbursement**

In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members or which they may otherwise incur in connection with the business of the Company in the course of the performance of his duties as a Director.

##### **(iii) Clause 22.3 - Remuneration of Managing Director**

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

**13. ADDITIONAL INFORMATION (Cont'd)**

**(iv) Clause 23.2 - Directors' borrowing powers**

- (a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

**(v) Clause 23.4 - Director's pensions**

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**(vi) Clause 23.11 - Declaration of interest by a Director**

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided and subject always to the Act and/or Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

- (a) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or

**13. ADDITIONAL INFORMATION (Cont'd)**

- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (c) any contract by him to subscribe for or underwrite share; or debentures of the Company; or
- (d) any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the Shares of the Company.

**(vii) Clause 23.12 - Relaxation of restriction on voting**

A Director, notwithstanding his interest may be counted in the quorum present at any meeting (provided that none of Directors present disagree) whereat he or any other Director is appointed to hold any executive office or other office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment are considered, and he may vote on any such matter other than in respect of his own appointment or the arrangement of the terms thereof.

The provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract arrangement or transaction carried out in contravention of this Constitution may be ratified by Ordinary Resolution of the Company.

**(viii) Clause 24.7 - Proceedings of meeting**

A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present and each Director having one (1) vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board.

**(ix) Clause 24.8 - Chairman's casting vote**

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a decision of the Board. Where at the meeting only two (2) Directors form the quorum and only such quorum is present at the meeting or only two (2) Directors are competent to vote on a question at issue, the chairman of the meeting shall not have a casting vote.

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### 13. ADDITIONAL INFORMATION (Cont'd)

**(x) Clause 27.1 - Circular Resolution**

A circular resolution signed and/or assented to by any means of Electronic Communication by a majority of the Directors entitled to receive notice or meeting of Directors, being not less than sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened; provided that where a Director is not so present but has an alternate who is so present, then such resolution shall also be signed by such alternate. All such resolutions shall be described as "Directors' Resolution(s) in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Directors or their alternates.

The expressions "in writing" and "signed" include approval by legible confirmed transmission by facsimile or other forms of Electronic Communications.

#### 13.1.2 Changes to share capital

The provision in our Constitution dealing with changes to our share capital are as follows:

**(i) Clause 7.1 - Types of shares**

The share capital of the Company is its issued share capital which shall be in Ringgit Malaysia. The Shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

**(ii) Clause 7.2 - Issue of shares**

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, Shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such Shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of Shares shall comply with the following conditions:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in meeting of Members;
- (b) in the case of Shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (c) every issue of Shares or options to employees and/or Directors shall be approved by the Members in meeting of Members and such approval shall specifically detail out the amount of Shares or options to be issued to such employees and/or Directors; and only Directors holding office in an executive capacity shall participate in such issuance of Shares or options provided always that a Director not holding office in an executive capacity may so participate in an issue of Shares pursuant to public offer or a public issue;

### 13. ADDITIONAL INFORMATION (Cont'd)

- (d) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director, Major Shareholder, Chief Executive or Person connected to any Director, Major Shareholder or Chief Executive shall not participate, directly or indirectly, in an issue of ordinary Shares or other Securities with rights of conversion to ordinary Shares unless the Members in meeting of Members have approved the specific allotment to be made to the Director, Major Shareholder, Chief Executive or Person connected to any Director, Major Shareholder or Chief Executive and the Director, Major Shareholder, Chief Executive or Person connected to any Director, Major Shareholder or Chief Executive has abstained from voting on the relevant resolution;

In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, major shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.

#### 13.1.3 Transfer of securities

The provision in our Constitution dealing with transfer of securities of our Company are as follows:

**(i) Clause 11.2 - Transfer of Securities**

The transfer of any Deposited Security shall be by way of book entry by the Central 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 Deposited Securities.

**(ii) Clause 15.1 - Company may alter its capital in certain ways**

Subject to the Applicable Laws, the Company may from time to time by an Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf 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;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.



**13. ADDITIONAL INFORMATION (Cont'd)****(iii) Clause 15.2 - Power to reduce capital**

The Company may by a Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

**(iv) Clause 15.3 - Purchase of own Shares**

Subject to the provisions of the Act and/or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause.

**(v) Clause 16.1 - Increase of share capital**

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

**13.1.4 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights**

As at the date of this Prospectus, we only have one class of shares, being ordinary shares, all of which rank equally with each other. There are no special rights attached to our Shares. Please refer to Section 4.2.5 of this Prospectus for a summary of the rights of our shareholders relating to voting, dividend and liquidation in respect of our Shares.

**(i) Clause 19.6 - Voting by show of hands**

On a resolution to be decided on show of hand, a Member who is personally present or by proxy or attorney or by a duly authorised representative and entitled to vote, or holder of preference shares or proxy or attorney or by a duly authorised representative shall be entitled to one (1) vote.

**(ii) Clause 19.8 - Voting by poll**

(a) Subject to any express requirements under the Listing Requirements, any resolution set out in the notice of any meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any meeting of Members, shall be voted by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of chairman or on a question of adjournment shall be taken immediately. The Company shall appoint at least one (1) scrutineer if so required under the Listing Requirements, for the purpose of verifying the results of the poll and may, in addition to the power of adjourning meetings as contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.

### **13. ADDITIONAL INFORMATION (Cont'd)**

- (b) On a poll, votes may be given either personally or by proxy. A proxy shall be any person appointed by a Member and who shall not necessarily be a Member and such proxy shall be entitled to vote on a poll provided he is the only proxy appointed by the Member. Where a Member entitled to vote on a resolution has appointed more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise, the appointment shall not be valid.

#### **13.2 SHARE CAPITAL**

- (i) As at the date of this Prospectus, we only have 1 class of shares namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (iii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.
- (iv) There is no scheme involving our Directors and employees in the share capital of our Group, except for the Pink Form Allocation.
- (v) Save as disclosed in Sections 4.2.2, 4.2.3, 6.2.18 and 6.2.20 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 3 years preceding the date of this Prospectus.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

#### **13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES**

Save for Clauses 18.7(c) and 20.7 which have been reproduced below from our Company's Constitution, 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:

##### Clause 18.7(c)

Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a depositor shall not be regarded as a member entitled to attend any general meeting of members and to speak and vote thereat unless his name appears in the general meeting record of depositors.

##### Clause 20.7

No member shall be entitled to be present or to vote at any meeting of members or to exercise any privilege as a member nor be counted as one of the quorums unless all calls or other sums immediately payable by him in respect of Shares in the Company have been paid.

### 13. ADDITIONAL INFORMATION (Cont'd)

#### 13.4 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year and up to the LPD:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by us in respect of other company's shares.

#### 13.5 EXCHANGE CONTROLS

##### Thailand

Repatriation of capital from Thailand are permitted for the remittance of dividends from Swift Crossland Logistics and Crossland Forwarder to our Company and for the repayment of money advanced to Swift Crossland Logistics by our Company or loan repayment from Swift Crossland Logistics and Crossland Forwarder to our Company upon submission of supporting documents to an authorised bank such as evidence of sale or transfer of such investment, evidence of inward remittance of loan and loan agreement, minutes for approval of dividend declaration and etc. Pursuant to Bank of Thailand Announcement No. 11/2020 dated 28 February 2020, the repatriation threshold is now increased from USD200,000.00 to USD1,000,000.00 effective on 2 March 2020.

However, such permission for repatriation is subject to the following procedures:

- (1) provision of the applicant's identification particulars when applying for permission and state the purpose of transaction;
- (2) for any transaction value, submission of evidence in relation to the purpose of payment is required, such as:
  - (a) in relation to repatriation of investment funds due to company winding-up, evidence which confirms that liquidation has been completed (e.g., a certifying letter issued by a liquidator, the company affidavit issued by the Department of Business Development, Ministry of Commerce ("DBD"));
  - (b) in relation to repatriation of investment funds due to capital or share value reduction, evidence of capital reduction or decrease in share value (e.g., a company's affidavit issued by DBD and a copy of shareholder list, minutes of the shareholders' meeting);
  - (c) in relation to remittance of dividends, evidence of dividend payment (e.g., a notice of dividend payment, minutes of the board of directors' meeting (for interim dividend declaration or minutes of the shareholders' meeting for dividend declaration));
  - (d) in relation to repatriation of money advanced or loan repayment, evidence of inward remittance of money advanced or loan and loan agreement; and
- (3) an authorised juristic person's satisfaction of true and correct supporting documents.

**13. ADDITIONAL INFORMATION (Cont'd)**

Withholding tax is generally applicable to payment made from a person in Thailand to a juristic person, registered under Malaysian laws and having no business operation in Thailand at the following rates:

- dividends – 10.0%
- decrease in capital not exceeding the total amount of profits and reserves – 15.0%; and
- benefit derived from the dissolution of a company with monetary value exceeding the capital – 15.0%.

Swift Crossland Logistics and Crossland Forwarders are not companies granted with any promotional privileges under the Investment Promotion Act B.E. 2520 (1997), as amended, by the Board of Investment of Thailand, nor are they exempted from withholding tax on dividends paid from the income derived from the promoted business operations or otherwise.

Save for Swift Crossland Logistics and Crossland Forwarder which carry on business in Thailand, our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

**13.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, save as disclosed below we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

**Claims by Muhammad Ghazali bin Sabri against Container Connections**

A legal action had been filed at Klang Sessions Court on 29 September 2020 by Muhammad Ghazali bin Sabri against Container Connections seeking general damages, special damages, rehabilitation costs and loss of earning including interest and legal cost. Based on medical reports obtained on 11 July 2021, the quantum of liability for this case has been estimated by insurance adjusters to be in the region of RM2,000,000.00. The claim arose from an incident that occurred within the container depot yard operated by Container Connections involving an empty container which fell on a prime mover driver causing him to sustain bodily injury. The matter is currently at the pre-trial stage. Our solicitors have initiated negotiations to discuss an out-of-court settlement. Please refer to Section 8.1.14 of this Prospectus for further details of the incident.

**13.7 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts 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) Sale and Purchase Agreement dated 19 April 2021 between Tanjong Express (as vendor) and MEP Enviro Technology Sdn Bhd (as purchaser) for the sale of the following 2 properties for a total cash consideration of RM18,200,000.00:
  - HSD 26396, PT No. 345, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang with the area of 1.2204 hectares together with 3 storey office-block with an annexed single factory, double storey guard house and other ancillary building thereon at the purchase price of RM12,200,000.00; and
  - PN 7671, Lot No. 6838 Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang with the area of 12,008 square meters at the purchase price of RM6,000,000.00.

As at the LPD, the sale and purchase transaction as contemplated under the agreement has not been completed and is expected to complete by fourth quarter of 2021.

**13. ADDITIONAL INFORMATION (Cont'd)**

- (ii) Sale and Purchase Agreement dated 9 February 2021 between Tanjong Express Logistic (as vendor) and Thien Cheong Sdn Bhd (as purchaser) for the sale of all that piece of land held under Geran Hakmilik 32835, Lot 1898, Seksyen 3 Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang for a total cash consideration of RM12,500,000.00. As at the LPD, the sale and purchase transaction as contemplated under the agreement has been completed on 26 August 2021.
- (iii) Sale and Purchase Agreement dated 5 March 2020 between Panglima Klasik Sdn Bhd (as vendor) and Swift Haulage (as purchaser) for the purchase of all that piece of land held under HSD 501115 PTD 209588 Mukim Plentong, Daerah Johor Bahru, Negeri Johor for a total cash consideration of RM8,000,000.00. As at the LPD, the sale and purchase transaction as contemplated under the agreement is expected to complete by fourth quarter of 2021.
- (iv) Sale and Purchase Agreement dated 8 July 2019 between Swift Haulage (as vendor) and Jambatan Merah Properties Sdn Bhd (as purchaser) for the sale of all that piece of land held under HSD 566036 PTD 228505 Mukim Plentong, Daerah Johor Bahru, Kawasan Perindustrian Pasir Gudang for a total cash consideration of RM7,564,213.00 which consideration has been paid and the agreement has been completed on 15 October 2020.
- (v) Sale and Purchase Agreement dated 19 March 2020 between Persada Bina (as vendor) and Swift Logistics TA (as purchaser) for the purchase of Suite 8.02, Level 8, Intan Millennium Square 2, No. 88, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor held under the strata title no. Geran 290794/M1/6/15 Lot 68056 together with Petak Aksesori A110, A111, A112 and A114 Mukim Kapar, Daerah Klang, Negeri Selangor for a total cash consideration of RM4,950,000.00 in which the consideration has been paid and the agreement has been completed on 11 November 2020.
- (vi) Sale and Purchase Agreement dated 8 May 2019 between & Ong Yong Meng & Lim Hooy (as vendors) and Swift Integrated Logistics (as purchaser) for the purchase of Suite 8.01, Level 8, Intan Millennium Square 2, No. 88, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor held under the strata title no. Geran 290794/M1/6/14 Lot 68056 together with Petak Aksesori A107, A108, A109 and A113 Mukim Kapar, Daerah Klang, Negeri Selangor for a total cash consideration of RM5,300,000.00 in which consideration has been paid and the agreement has been completed on 12 September 2019.
- (vii) Redeemable Convertible Preference Shares Agreement entered on 17 December 2019 which was subsequently amended and restated by the Amended and Restated Redeemable Convertible Preference Share Agreement dated 19 February 2020, both entered into between Swift Haulage and Persada Bina for the subscription of 18,394,474 Redeemable Convertible Preference Shares in Swift Haulage ("**First Subscription**") by Persada Bina in cash amounting to a consideration sum of RM18,394,474.00 and the conditional subscription of 81,000,000 Redeemable Convertible Preference Shares ("**Second Subscription**") respectively. As at the LPD, the First Subscription has been completed whereas the Second Subscription has been waived by Persada Bina by way of a letter dated on 19 April 2021.

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**13. ADDITIONAL INFORMATION (Cont'd)**

- (viii) Share Sale Agreement dated 7 May 2018 between Sky Formula (M) Sdn Bhd, Pau Kem Chai, Pau Kim Lee, Poh Chew Meng, Pau Kim Heng, Dato' Pau Ju Ling @ Poh Boon Eng and Poh Chye Eng (as vendors) and Swift Haulage (as purchaser) for the acquisition of 100% shares in Tanjong Express and Komunajaya (inclusive of the shares of the subsidiaries of Tanjong Express and Komunajaya, which include Tanjong Express Logistic, Media Desa Sdn Bhd, Panwise Corporation Sdn Bhd, Roda Warna Sdn Bhd, Suria Kontraktor Sdn Bhd, Screws & Nails Manufacturers Sdn Bhd, Tasek Express (M) Sdn Bhd, Tanjong Express Distripark Sdn Bhd, Mekar Canggih Sdn Bhd and Pedoman Wawasan Sdn Bhd) for a total cash consideration of RM195,337,453.39. The consideration has been paid and the agreement has been completed on 6 July 2018. Subsequently, arising from claims of certain breach of representations and warranties by Swift Haulage, Sky Formula (M) Sdn Bhd agreed to pay a further sum of RM4,349,667.07 and to return 5 units of used trailers to Swift Haulage as full and final settlement of the claims by Swift Haulage under the SSA ("**Proposed Settlement**") but failed to do so. The Proposed Settlement was eventually settled following the enforcement of a judgment on 8 February 2021 granted in favour of Swift Haulage by the Penang High Court pursuant to the Civil Suit No. PA-22NCC-6-04/2020).
- (ix) Share Sale Agreement dated 7 December 2018 between Bintang Bulk Movers Sdn Bhd, Ahmad Shalimin bin Ahmad Shaffie and Shahrill Sharwani bin Ahmad Fuaad (as vendors) and Swift Haulage (as purchaser) in respect of the acquisition of 100% shares in Agenda Wira for a total purchase consideration of RM19,500,000.00 comprising cash consideration of RM18,000,000 and consideration in-kind on assets based on fair value. The purchase consideration has been settled and the agreement has been completed on 30 January 2019.
- (x) Settlement Agreement dated 23 July 2019 between Bintang Bulk Mover Sdn Bhd, Ahmad Shalimin Bin Ahmad Shaffie and Shahrill Sharwani Bin Ahmad Fuaad (as vendors) and Swift Haulage (as purchaser), where Ahmad Shalimin Bin Ahmad Shaffie and Shahrill Sharwani Bin Ahmad Fuaad agreed to pay Swift Haulage a cash sum of RM1,500,000.00 as full and final settlement, being the payment sought by Swift Haulage to recover the market replacement value for the shortfall in the number of assets agreed to be sold (i.e. 8 units of prime movers and 151 units of trailers) under the Share Sale Agreement dated 7 December 2018 as set out in (ix) above. The settlement sum of RM1,500,000 has been paid by the vendors.
- (xi) Share Sale Agreement dated 6 August 2020, Supplemental Share Sale Agreement dated 6 August 2020 and Second Supplemental Share Sale Agreement dated 21 September 2020 between Ang Yu Lee, Heng Say Kheng, Ang Fei Eng, Ang Kean Seng and Ang Kian Ying (as vendors) and Swift Haulage (as purchaser) for the acquisition of shares representing 100% equity interest in Sentiasa Hebat, Sentiasa Hebat (Penang), Top Tyres & Workshop and Earth Move International, and 49% equity interest in Agensi Tanjung Bruas for a total cash consideration of RM8,995,000.00. The consideration has been paid and the agreement has been completed on 31 August 2020.
- (xii) Share Sale Agreement dated 21 April 2021 between Chan Sun Cheong, Chang Kok Fai and Ong Toh Beng Leong (as sellers), and Swift Integrated Logistics and TASCOS Yusen Gold Cold Sdn Bhd (as purchasers), where Swift Integrated Logistics had agreed to acquire 50% equity interest in Hypercold Logistics for a total cash consideration of RM10,550,000.00. The sale and purchase transaction has been completed on 16 June 2021. Upon its completion, Swift Integrated Logistics and TASCOS Yusen Gold Cold will be the only shareholders of Hypercold Logistics, and a Shareholders' Agreement dated 21 April 2021 have been executed between Swift Integrated Logistics and TASCOS Yusen Gold Cold Sdn Bhd to regulate their relationship as shareholders.

**13. ADDITIONAL INFORMATION (Cont'd)**

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- (xiii) Share Sale Agreement dated 28 May 2021 entered into between Ann Joo Corporation Sdn Bhd (as vendor) and Swift Haulage (as purchaser) to acquire 100% equity interest in Ann Joo Properties, a real property company for a purchase consideration of RM10,000,000.00 to be satisfied in cash. The Share Sale Agreement has been completed on 15 July 2021.
- (xiv) Share Purchase Agreement dated 23 April 2021 entered into between Bluefin, Persada Bina and Swift Haulage where the parties agreed that the CRLS held by Bluefin shall be converted into 42,007,518 ordinary shares in Swift Haulage and upon conversion, 30,527,567 ordinary shares shall be sold to Persada Bina at the rate of RM5.220693 per share. Further, Bluefin has also agreed to redeem 1,000 preference shares at RM1.00 per share. The Share Purchase Agreement has been completed on 10 May 2021.
- (xv) Sale and Purchase Agreement dated 26 August 2021 entered into between Ann Joo Properties and PKNS for the acquisition of the Bandar Sultan Sulaiman Land by Ann Joo Properties from PKNS for a purchase consideration of RM59,371,857.00 to be satisfied in cash. The Sale and Purchase Agreement is expected to be completed in the fourth quarter of 2021.
- (xvi) the Retail Underwriting Agreement dated 15 November 2021, details of which are set out in Sections 4.7.2 and 4.8.1 of this Prospectus.
- (xvii) the Lock-up Letters dated 15 November 2021, details of which are set out in Section 4.8.3 of this Prospectus.
- (xviii) the Master Cornerstone Placement Agreement dated 15 November 2021, details of which are set out in Section 4.2.1 of this Prospectus.

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**13. ADDITIONAL INFORMATION (Cont'd)**

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**13.8 CONSENTS**

- (i) The written consents of the Principal Adviser, Joint Lead Bookrunners, Joint Bookrunners, Managing Underwriter, Joint Underwriters, Solicitors, Share Registrar, Issuing House and Company Secretaries 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.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Business and Market Research Consultants for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**13.9 RESPONSIBILITY STATEMENTS**

- (i) The Principal Adviser 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 relating to our IPO.
- (ii) This Prospectus has been seen and approved by our Directors and Promoters and 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.

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**13. ADDITIONAL INFORMATION (Cont'd)**

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**13.10 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the Industry Overview referred to in Section 7 of this Prospectus;
- (iii) audited consolidated financial statements of Swift Haulage for the past three FYEs 31 December 2018, 31 December 2019 and 31 December 2020 and FPE 2021;
- (iv) audited financial statements of each of our subsidiaries for the past three FYEs 31 December 2018, 31 December 2019 and 31 December 2020;
- (v) Reporting Accountants' Report on the Pro Forma Statements of Financial Position as included in Section 11.9 of this Prospectus;
- (vi) Accountants' Report as included in Section 12 of this Prospectus;
- (vii) the relevant cause papers in relation to the material litigation as set out in Section 13.6 of this Prospectus;
- (viii) the material contracts referred to in Section 13.7 of this Prospectus; and
- (ix) the letters of consent referred to in Section 13.8 of this Prospectus.

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## 14. 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 ISSUE 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 COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in this Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### 14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 November 2021.

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 7 December 2021.

Applications for the IPO Shares will open and close at the time and dates stated above.

In the event there is any change to the time and dates stated above, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

**Late Applications will not be accepted.**

### 14.2 METHODS OF APPLICATIONS

#### 14.2.1 Retail Offering

**Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the application will succeed.**

<b>Types of Application and category of investors</b>	<b>Application Method</b>
(a) 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
(b) Applications by the Eligible Persons	Pink application Form only

## 14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 14.2.2 Institutional Offering

Institutional and selected investors being allocated our IPO Shares under the Institutional Offering (other than Bumiputera investors approved by the MITI) will be contacted directly by the respective Joint Bookrunners and will follow the instructions as communicated by the respective Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated our Issue Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

## 14.3 ELIGIBILITY

### 14.3.1 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 Applications.

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.**

### 14.3.2 Application by the Malaysian Public

You can only apply for our Issue 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 Issue 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.

#### **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:-
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

##### **14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group**

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group 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, our Issuing House, MIDF Investment, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

#### **14.4 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 RM1.03 for each IPO Share.

Payment must be made out in favour of “**TIIH SHARE ISSUE ACCOUNT NO. 710**” 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:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 7 December 2021 or by such other time and date specified in any change to the date and time for closing.

We, together with our 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 our Issuing House.

### **14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our Issue 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.

### **14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our Issue 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, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB 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.

### **14.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE**

Our 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 14.9 below.

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our 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.

**14.8 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, our 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 basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website <https://tiih.online> within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 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 and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.2.3 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Retail Underwriting Agreement.

**14.9 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.

**14.9.1 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.

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**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (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 our Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) Our 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).

**14.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) Our 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 Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> 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 our 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 Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

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## 14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 14.10 SUCCESSFUL APPLICANTS

If you are successful in your application:-

- (i) Our Issue 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 Issue Shares 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 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.
- (v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institutions for applications made via the Internet Share Application, within 10 Market Days from the date of final ballot of application, at your own risk.

### 14.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:-

<b>Mode of Application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as 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.