



(Formerly known as Transocean Holdings Bhd.)

ANNUAL REPORT 2023



NAVIGATING  
INNOVATION  
DELIVERING  
EXCELLENCE



# NAVIGATING INNOVATION DELIVERING EXCELLENCE

Arka Berhad is your innovative partner, seamlessly connecting through cutting-edge digital solutions, logistics services, and supply chain solutions. Our commitment is to cater to your unique needs with precision, adopt and deliver state-of-the-art technologies, and elevate experiences across every touchpoint. With us, excellence isn't just a goal, it's a journey navigated with innovation, reaching across geographies and industries.

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## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty-Sixth (46<sup>th</sup>) Annual General Meeting ("AGM") of Arka Berhad (f.k.a. Transocean Holdings Bhd.) ("the Company") will be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 26 June 2024 at 10.00 a.m. for the following purposes: -

### AGENDA

#### AS ORDINARY BUSINESS: -

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1)*
2. To approve the payment of Directors' fee amounting to Ringgit Malaysia One Hundred and Sixty-Eight Thousand (RM168,000.00) only for the financial year ended 31 December 2023. **Ordinary Resolution 1**
3. To approve the payment of Directors' benefits payable up to Ringgit Malaysia Thirty Thousand (RM30,000.00) only for the period from the conclusion of this AGM until the next AGM of the Company pursuant to Section 230(1)(b) of the Companies Act 2016. **Ordinary Resolution 2**
4. To re-elect En. Ibrahim Aiman Bin Mohd Nadzmi who retires in accordance with Regulation 96 of the Company's Constitution and being eligible, offers himself for re-election. **Ordinary Resolution 3**  
  
Mr. Rajagopal A/L Ramadhass who retires in accordance with Regulation 103 of the Company's Constitution, has expressed his intention not to seek for re-election. Hence, he will retain in office until the conclusion of the 46<sup>th</sup> AGM.
5. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company, to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. **Ordinary Resolution 4**

#### AS SPECIAL BUSINESS: -

6. To consider and if thought fit, to pass the following as ordinary resolutions, with or without any modifications: -

(i) **Authority to issue and allot shares**

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to the Act, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting.

AND THAT pursuant to Section 85 of the Act to be read together with Regulation 57 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act."

**Ordinary Resolution 5**

**AS SPECIAL BUSINESS: - (CONT'D)**

6. To consider and if thought fit, to pass the following as ordinary resolutions, with or without any modifications: - (cont'd)

(ii) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), approval be and is hereby given to the Company's subsidiaries to enter into and give effect to the renewal of recurrent related party transactions of a revenue or trading nature as prescribed in Section 2.4 of the Circular to Shareholders dated 30 April 2024 (hereinafter referred as "RRPT"), which are necessary for the day-to-day operations and undertaken in the ordinary course of business of the Company, on terms not more favourable to related parties than those generally available to the public and not detrimental to minority shareholders of the Company.

THAT such approval shall continue to be in force until: -

- (a) the conclusion of the Company's next AGM, at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the Company's shareholders in a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the RRPT."

**Ordinary  
Resolution 6**

By Order of the Board,

YEOW SZE MIN (SSM PC No. 201908003120, MAICSA 7065735)  
CHEW PECK KHENG (SSM PC No. 202008001118, LS 0009559)  
Company Secretaries

Date: 30 April 2024  
Kuala Lumpur

**Notes: -**

- The first agenda of this meeting is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the audited financial statements from the shareholders. Hence, this Agenda is not put forward to shareholders for voting.
- Ordinary Resolution 1 and 2 – Proposed payment of Directors' remuneration**

Section 230(1) of the Act provides amongst others, that the fee of the Directors and any benefits payable to the Directors of a listed company shall be approved at the general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to Directors, in two separate resolutions as follows:

Ordinary Resolution 1 – Payment of Directors' fees in respect of the financial year 2023; and

The fees payable to the Directors in respect of financial year 2023, details of which are as follows: -

No.	Directors	Fees (RM)
1.	Y.M. Dato' Syed Budriz Putra	60,000.00
2.	Mr. Lee Chin Chuan ( <i>Appointed on 1 March 2023</i> )	30,000.00
3.	Ms. Tung Shao Yin ( <i>Appointed on 1 March 2023</i> )	30,000.00
4.	Mr. Rajagopal A/L Ramadhass ( <i>Appointed on 1 September 2023</i> )	12,000.00



## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING

### 2. Ordinary Resolution 1 and 2 – Proposed payment of Directors' remuneration (cont'd)

Ordinary Resolution 2 – Payment of Directors' Benefit for the period from the conclusion of this AGM until the next AGM.

The benefits payable to Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period from the conclusion of this AGM until the next AGM. The benefits comprised solely of meeting allowances, which will only be accorded based on actual attendance of meetings by the Directors.

The benefits payable to Directors for the period from the conclusion of this AGM until the next AGM, details of which are as follows: -

Directors	Allowance Per Meeting (RM)
Non-Executive Chairman	500.00
Executive Director	500.00
Non-Executive Director	500.00

### 3. Ordinary Resolution 3 – Re-election of Director who retires in accordance with the Company's Constitution

Regulation 96 of the Company's Constitution states that all directors shall retire from office once at least in each 3 years, but shall be eligible for re-election. An election of directors shall take place each year. A retiring Director shall retain office until the close of the meeting at which he retires.

En. Ibrahim Aiman Bin Mohd Nadzmi who retires by rotation in accordance with Regulation 96 of the Company's Constitution, being eligible, has offered himself for re-election.

Regulation 103 of the Company's Constitution states that any Director who is appointed either to fill a casual vacancy or as addition to the existing Directors, shall hold office until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr. Rajagopal A/L Ramadhass who retires in accordance with Regulation 103 of the Company's Constitution, had expressed his intention not to seek for re-election as Director of the Company. Hence, he will retain office until the conclusion of the 46<sup>th</sup> AGM. The Board and Senior Management hereby record their appreciation and gratitude to Mr. Rajagopal A/L Ramadhass for his valuable contribution to the Board and to the Group as a whole.

In determining the eligibility of the Director to stand for re-election at the forthcoming AGM, the Nomination Committee ("NC") has considered the evaluation on the effectiveness of the Director in terms of character, experience, integrity, competency and time in discharging his roles as Director of the Company.

The Board (save for the retiring Director who had abstained from deliberation and voting) accepted the NC's recommendation that the Director who retires in accordance with Regulation 96 of the Company's Constitution met the fit and proper criteria and is eligible to stand for re-election.

The profile of the Director who is standing for re-election as per Agenda item 4 of the Notice of the 46<sup>th</sup> AGM is stated on pages 11 of the Annual Report 2023.

### 4. Ordinary Resolution 4 – Re-appointment of Auditors

Pursuant to Section 271(3)(b) of the Act, shareholders shall appoint auditors who shall hold office until the conclusion of the next AGM in year 2025. The current auditors, Grant Thornton Malaysia PLT has expressed their willingness to continue in office.

The Board and the Audit and Risk Management Committee ("ARMC") have considered the re-appointment of Grant Thornton Malaysia PLT as auditors of the Company and collectively agreed that Grant Thornton Malaysia PLT has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

The Board wishes to seek shareholders' approval for the re-appointment of Grant Thornton Malaysia PLT as external auditors of the Company to hold the office until the conclusion of the next AGM.

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING

### 5. Explanatory Notes to Special Business: -

#### i) Ordinary Resolution 5 – Authority to issue and allot shares

The Ordinary Resolution proposed under item 6(i) is for the purpose of waiving the statutory pre-emptive rights of shareholders of the Company ("Waiver of Pre-Emptive Rights") and granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The Waiver of Pre-emptive Rights will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

The Company has been granted a general mandate by its shareholders at the last AGM held on 22 June 2023 (hereinafter referred to as the "Previous Mandate") and it will lapse at the conclusion of the 46<sup>th</sup> AGM.

As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence, no proceeds were raised therefrom.

The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

#### ii) Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate

The proposed Ordinary Resolution 6, if approved by shareholders, will authorise the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature and allow the Company and its subsidiaries to enter into RRPT with the related parties in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked/ varied by resolutions passed by the shareholders of the Company in general meeting; whichever is the earlier. Further information on the Proposed Renewal of Shareholders' Mandate for RRPT is set out in the Circular dated 30 April 2024.

### 6. Appointment of Proxy

- (a) In respect of deposited securities, only members whose name appears on the Record of Depositors as at 18 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.
- (b) A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.
- (c) A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (d) A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- (e) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

## NOTICE OF 46<sup>TH</sup> ANNUAL GENERAL MEETING

### 6. Appointment of Proxy (cont'd)

- (f) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
- (g) The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.
- (h) The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

### 7. Poll Voting

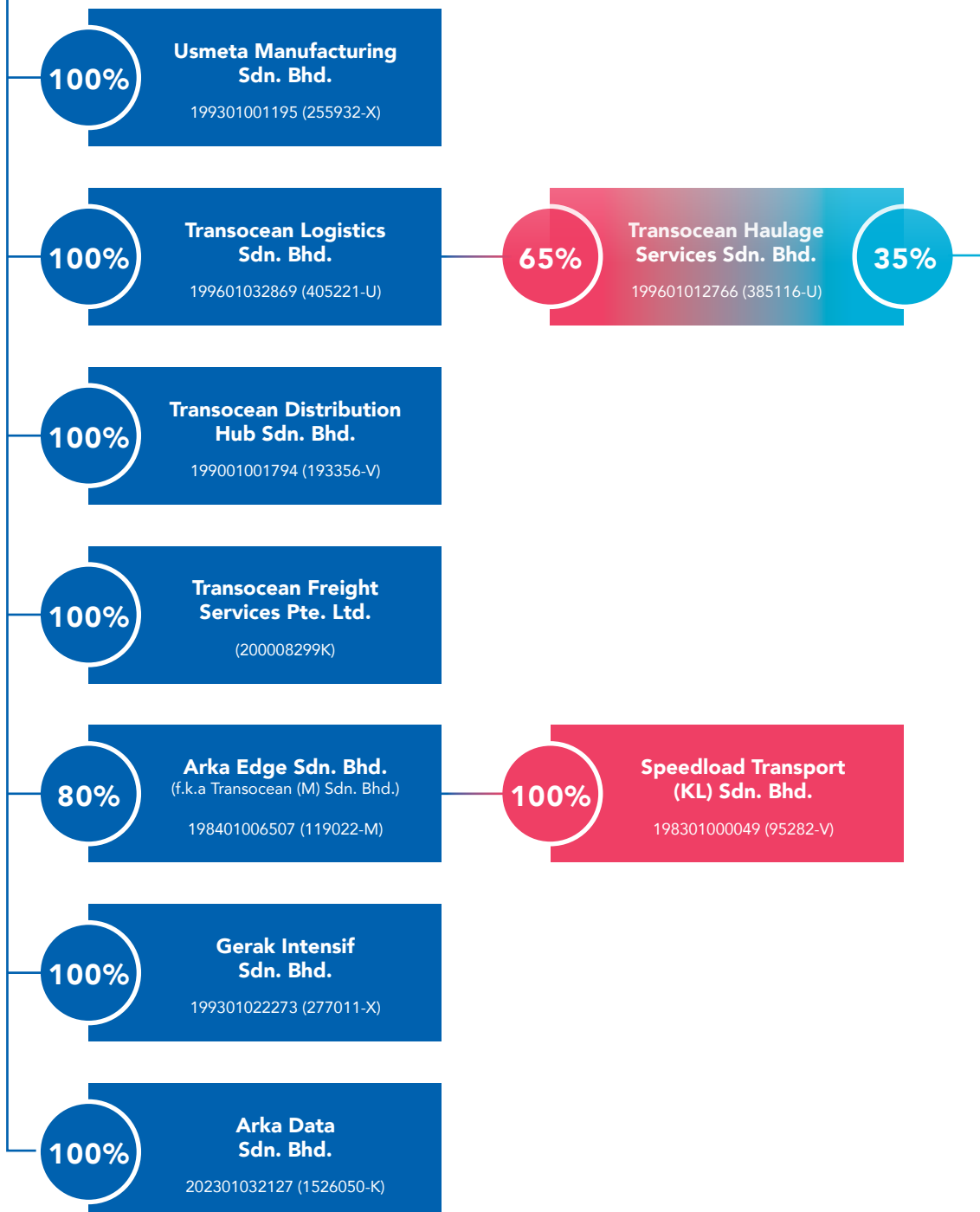
Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this notice will be put to vote by way of a poll.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Director who is standing for re-election or re-appointment) at this forthcoming Forty-sixth (46<sup>th</sup>) AGM.

## GROUP ORGANISATION STRUCTURE





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Y.M. Dato' Syed Budriz Putra**

Non-Independent Non-Executive Chairman

**Ibrahim Aiman Bin Mohd Nadzmi**

Managing Director

**Tung Shao Yin**

Independent Non-Executive Director

**Lee Chin Chuan**

Independent Non-Executive Director

**Rajagopal A/L Ramadhass**

Independent Non-Executive Director

### COMPANY SECRETARIES

**Yeow Sze Min**

(SSM PC No. 201908003120, MAICSA 7065735)

**Chew Peck Kheng**

(SSM PC No. 202008001118, LS 0009559)

### REGISTERED OFFICE

Suite 18.05, MWE Plaza,  
No. 8, Lebuhr Farquhar,  
10200 George Town, Penang, Malaysia.

T: 604-263 1966

F: 604-262 8544

E: info@sshbsb.com.my

### BUSINESS ADDRESS

Lot 2955, 2956 & 2957,  
Jalan Perusahaan Sungai Lokan 3,  
Kawasan Perusahaan Sungai Lokan,  
13400 Butterworth, Penang, Malaysia.

T: 604-332 2650

F: 604-331 9771

W: www.transocean.com.my

### AUDITORS

Grant Thornton Malaysia PLT  
(201906003682 & LLP0022494-LCA)  
Chartered Accountants (AF 0737)  
Level 11, Sheraton Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur.

T: 603-2692 4022

F: 603-2691 5229

### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Suite 18.05, MWE Plaza,  
No. 8, Lebuhr Farquhar,  
10200 George Town, Penang, Malaysia.

T: 604-263 1966

F: 604-262 8544

E: info@sshbsb.com.my

### PRINCIPAL BANKERS

CIMB Bank Berhad

RHB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad

Public Bank Berhad

Development Bank of Singapore Limited

Maybank Singapore Limited

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

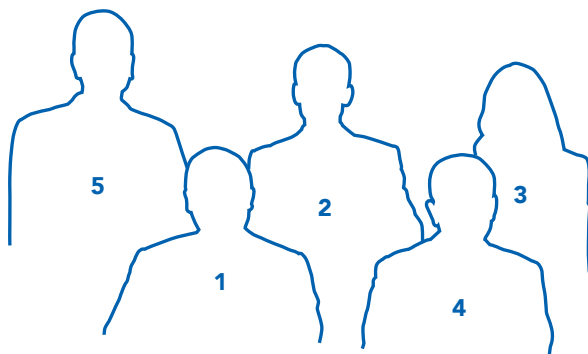
Securities Berhad ("Bursa Securities")

Stock Name: ARKA

Stock Code: 7218



## PROFILE OF DIRECTORS



- ① Y.M. Dato' Syed Budriz Putra
- ② Ibrahim Aiman Bin Mohd Nadzmi
- ③ Tung Shao Yin
- ④ Lee Chin Chuan
- ⑤ Rajagopal A/L Ramadhass



## PROFILE OF DIRECTORS



## Y.M. DATO' SYED BUDRIZ PUTRA

Non-Independent Non-Executive Chairman



Male



Malaysian



51

Y.M. Dato' Syed Budriz Putra, holds a Bachelor of Arts degree in Business Administration and Economics from Richmond University, The American International University in London.

He began his career in 1995 as a Senior Executive in the Business Development Department of Renong Berhad. In 2002, he ventured into the aviation industry by starting his own aviation consultancy company, Airectec Industries to represent the French/German aerospace leader 'European Aerospace Defense and Space Company' (EADS), now known as Airbus Group, in marketing their products, namely Airbus commercial planes and Airbus helicopters in Malaysia. In support of the Malaysian aviation industry, he went on to establish Sepang Aircraft Engineering Sdn. Bhd. (SAE) in partnership with Airbus and helmed SAE as its Chief Executive Officer. SAE was set up to provide maintenance, repair and overhaul (MRO) facilities for commercial aircrafts based in KLIA and AirAsia was its anchor customer.

Y.M. Dato' Syed Budriz Putra was appointed as the Non-Independent Chairman of the Company on 23 November 2021 and does not serve on any board committee. He is also a Director of Digital Planners Sdn. Bhd., Enfrasys Consulting Sdn. Bhd. and Enfrasys Solutions Sdn. Bhd.

He has no family relationship with any other Director. He is deemed to have an interest in the shares of the Company pursuant to Section 8(4) of the Companies Act 2016 because Digital Planners Sdn. Bhd., which is his associate within the meaning of Section 8(5)(e) of the Companies Act 2016, controls not less than 20% of the voting shares of Enfrasys Consulting Sdn. Bhd., a major shareholder of the Company. He has no conflict of interest with Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.



## IBRAHIM AIMAN BIN MOHD NADZMI

Managing Director



**Male**



**Malaysian**



**28**



Encik Ibrahim Aiman Bin Mohd Nadzmi graduated with a Bachelor's Degree in Economics from University of California, Santa Barbara USA in 2019. He started his career as the Special Officer at the Chairman's Office, Nadicorp Holdings Sdn. Bhd.. Nadicorp Holdings Sdn. Bhd. was the substantial shareholder of two listed companies, Arka Berhad (f.k.a. Transocean Holdings Bhd.) and Epicon Berhad (f.k.a. Konsortium Transnasional Berhad) and thus Encik Ibrahim Aiman's primary duty as the Special Officer is to assist the former Executive Chairman/ Managing Director, YBhg. Tan Sri Dato' Sri Dr. Mohd Nadzmi Bin Mohd Salleh in supervising the said companies' subsidiaries' operations and also several private-owned subsidiaries under Nadicorp Holdings Sdn. Bhd. The diversification of businesses under Nadicorp Holdings Sdn. Bhd.'s Group of companies has given him the exposure to the manufacturing, transportation and logistics sectors.

Encik Ibrahim Aiman was appointed as the Executive Director of the Company on 1 March 2021 and promoted as the Managing Director of the Company on 1 March 2023. He is also a Director of Syarikat Kenderaan Melayu Kelantan Berhad, a public non-listed company. He has no shareholding, direct or indirect in the Company. He is the brother of Encik Muhammad Hariz Bin Mohd Nadzmi, a major shareholder of the Company. He is deemed interested in the Company by virtue of his relationship with Encik Muhammad Hariz Bin Mohd Nadzmi. He has no conflict of interest with Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.



## PROFILE OF DIRECTORS



## TUNG SHAO YIN

Independent Non-Executive Director



Female



Malaysian



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Ms. Tung Shao Yin holds a Bachelor of Degree in Quantity Surveying from Universiti Teknologi Malaysia. She is currently the Chief Project Officer of Ritzy Gloss Sdn. Bhd., a subsidiary of Suez Capital Sdn. Bhd., after having joined the company in July 2021. She has more than 20 years of experience in the property development industry.

From 2013 to 2021, she was the Executive Director of Orientis Solutions Sdn. Bhd.. She spearheaded the development division in managing deliverables from all aspects of development management. This entails project feasibility studies, product research and development, development planning and strategies, project execution and business development. She also oversees the day-to-day operations of the organization.

Prior to Orientis Solutions Sdn. Bhd., she was the Deputy Senior Manager, Development in UEM Sunrise Bhd where she was involved in award-winning residential and mixed-use developments, namely Mont'Kiara Aman, 10 Mont'Kiara and AngkasaRaya @ KLCC, Jalan Ampang. During her 11 years tenure there, her experience covered procurement and development management.

She was appointed as Director of the Company on 1 March 2023 and serves as the Chairman of Nomination Committee and member of Audit and Risk Management Committee and Remuneration Committee. She has no family relationship with any other director and/or major shareholder of the Company. She has no conflict of interest with Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.

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## LEE CHIN CHUAN

Independent Non-Executive Director



**Male**



**Malaysian**



**AGE**

**50**



Mr. Lee Chin Chuan holds a Bachelor of Commerce from University of Western Australia. He is a Chartered Accountant, CA registered with the Malaysian Institute of Accountants. He joined Ernst & Young in February 1996 and spent more than 3 years in the audit department. Subsequently, he was transferred to tax department in June 1999 and spent more than 4 years specialising in tax investigation.

In August 2003, he joined Pantai Tax Specialist Sdn. Bhd specialising in tax investigation of companies and was also involved in tax advisory and other related matters. In March 2004, he joined Lembaga Hasil Dalam Negeri (LHDN) as Penolong Pengarah at Pusat Penyiasatan Shah Alam, conducting tax investigation on companies and individuals. In April 2008, he started WAJ Advisory Sdn. Bhd. together with his partner specialising in handling tax investigation of companies and individuals.

He was appointed as Director of the Company on 1 March 2023 and serves as the Chairman of Audit and Risk Management Committee and member of Remuneration Committee and Nomination Committee. He sits on the Board of Magna Prima Berhad, a company listed on Bursa Malaysia. He has no family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.



## PROFILE OF DIRECTORS



## RAJAGOPAL A/L RAMADHASS

Independent Non-Executive Director



Male



Malaysian



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Mr. Rajagopal holds a Bachelor of Communication with Honours from University Putra Malaysia. He had joined the Royal Malaysia Police in 1982 as a police inspector. He rose through various ranks in the Royal Malaysia Police up to the rank Senior Assistant of Commissioner (SAC). He has retired from the Royal Malaysia Police and government service effective from 23 April 2023 upon reaching mandatory retirement age of 60.

In 41 years of service with the Royal Malaysia Police, Mr. Rajagopal was assigned in the area of investigation for nearly 30 years. He served in commercial crime investigation department for almost 14 years from 2006 till 2020 in various positions/divisions. He has also served in several other departments in the Royal Malaysia Police such as internal security & public order department and management department.

In the year 2020, Mr. Rajagopal was appointed as the Chief of International Relations at Inspector General of Police [IGP] Secretariat, Royal Malaysia Police. In 2021, he was assigned back to commercial crime investigation department as Principal Assistant Director of Corporate and Finance Investigation Department.

As the Principal Assistant Director of Corporate and Finance Investigation Department, he was tasked to oversee and supervise the investigation of commercial crime cases involving companies, banks and financial institutions, financial related matters, associations, cooperatives and insurance companies throughout Malaysia.

He was also sent abroad several times to countries such as United Kingdom, United States of America, Switzerland, Singapore and Thailand for the purpose of investigation/evidence gathering and discussions with enforcement agencies in the said countries.

He was appointed as Director of the Company on 1 September 2023 and serves as the Chairman of Remuneration Committee and member of Audit and Risk Management Committee and Nomination Committee. He has no family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with Arka Group of Companies and has never been charged for any offence other than traffic offences, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past five (5) years.

## PROFILE OF SENIOR MANAGEMENT

### MR. CHUNG CHEE KHUEN

**Chief Financial Officer**  
(Joined on 3 February 2023)

Mr. Chung Chee Khuen is a Malaysian aged 56 (male). He is a Fellow Chartered Certified Accountant ("FCCA") registered with the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant ("CA") registered with Malaysian Institute of Accountants.

Mr. Chung was appointed as the Company's Chief Financial Officer on 3 February 2023.

He has more than 30 years of work experience with extensive audit, financial, management knowledge and skills in various industries. He has worked in both listed and non-listed companies in Malaysia and Singapore.

Mr. Chung does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

### ENCIK ISMAIL BIN IBRAHIM

**Chief Executive Officer of  
Logistics Division**  
(Joined on 2 April 2020)

Encik Ismail is a Malaysian aged 52 (male). He graduated with Bachelor in Business and Administrative (Hons) from Northern University of Malaysia (UUM) in 1998.

Encik Ismail joined the Company in April 2020 as the Chief Operations Officer and was subsequently promoted to Chief Executive Officer of Logistics Division in December 2021. Prior to joining Arka in April 2020, Encik Ismail served as a Vice President (Operations) with Pos Logistics Berhad and was Regional Manager of MISC Intergrated Logistics Sdn. Bhd.. He has worked in various fields of logistics sectors in Malaysia, Singapore, Africa and Iraq over the period of more than 20 years.

Encik Ismail does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

### MR. DUSHYANTHAN A/L VAITHIYANATHAN

**Chief Digital Officer**  
(Joined on 1 June 2023)

Mr. Dushyan is a Malaysian aged 52 (male). He graduated with Bachelor in Chemistry & Law (Hons) from University of Exeter, United Kingdom in 1995. Mr. Dushyan joined the Company on 1 June 2023 as the Chief Digital Officer.

Prior to joining the Company, Mr. Dushyan was the Chief Operating Officer for Digital Nasional Berhad and was also the Chief Marketing Officer for Maxis Berhad. He has worked in various fields in telecommunications in Malaysia, Thailand and India over a period of more than 25 years.

Mr. Dushyan does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.





## PROFILE OF SENIOR MANAGEMENT

### ENCIK KHAIRUDDIN BIN ABDUL RAHMAN

**General Manager of Tyre Division**  
(Joined on 1 December 2008)

Encik Khairuddin Bin Abdul Rahman is a Malaysian aged 53 (male) and graduated in Diploma of Accounts and Finance.

Encik Khairuddin has over 30 years of experience in manufacturing sector. He started his career as an Executive at purchasing department (1999) at Usmeta Manufacturing Sdn. Bhd. After that, he was transferred to Badanbas Sdn. Bhd. (coach builder) and served as the Head of Purchasing department from 2005 until 2008. In year 2008, Encik Khairuddin was promoted as a manager in Usmeta Manufacturing Sdn. Bhd. and responsible for the company operation until now.

He does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

### MR. SUNTHARANAGULAN A/L ARUMUGAM

**General Manager of Logistics Division**  
(Joined on 1 February 2010)

Mr. Suntha is a Malaysian aged 63 (male). He is an Associate Member of Malaysian Chartered Institute of Logistics and Transport since 2008 and Malaysian Certificate of Education holder.

Mr. Suntha joined the Company in February 2010 as a Haulage Manager and was promoted to the Group Operation Manager in 2011. He left the Company in 2015 and rejoined in February 2016 as a Group Marketing Manager and was promoted as a General Manager of Logistics Division in 2022. Prior to re-joining the Company, he served as a General Manager in a logistic company overseeing the business development and operations support. He has over 25 years of working experience in the field of business development, logistics operation and cross border trade.

He does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

### ENCIK KHAIRULNIZAM BIN ZAINOL ABIDIN

**Group Commercial Manager of Logistic Division**  
(Joined on 15 April 2020)

Encik Khairulnizam Bin Zainol Abidin is a Malaysian aged 51 (male). He possesses a Diploma in Electronic Engineering and has over 30 years experience in logistics sector. He started his career in MISC Haulage Services Sdn. Bhd. in 1991 and later moved on to other logistic-based companies involving container depot, freight forwarding, non vessel owning common carrier (NVOCC) and shipping line.

He first joined the Company in 2012 and left in 2016 and re-joined the Company in 2020 as the Group Commercial Manager of Logistic Division, responsible for maintaining existing clients as well as to develop new customer base and also to create new development on business unit. He is also the Chairman for Transocean's Recreation Club.

He does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.

## PROFILE OF SENIOR MANAGEMENT

### MADAM THERESA A/P MICHEAL

**Group Personnel &  
Administrative Manager**  
(Joined on 16 May 1995)

Madam Theresa Micheal is a Malaysian aged 47 (female). She holds a Bachelor of Arts with First Class Honours in Business Management (Human Resources Management) from University of Nottingham, United Kingdom.

She started her career with the Group in May 1995 as a clerk and was promoted to Personnel Manager in year 2011 and as a Group Personnel & Administrative Manager in year 2012. She holds this position for almost 8 years and has overall responsibility for the entire Company's Personnel and Administrative matters. She has almost 18 years of working experience in the field of Human Resources Management.

She is also an auditor for the ISO Audit Committee and also a member for the Safety and Health Committee for Arka's Group of Companies.

She does not have any family relationship with any Directors and/or major shareholder of the Company. She has no conflict of interest with the Company and has no conviction for offences within the past five (5) years other than traffic offences, if any. She does not hold any directorship in public and public listed companies.

### MS. CHAI MING CHING

**Chief Commercial Officer of  
Arka Edge Sdn. Bhd.**  
(Joined on 15 May 2023)

Ms. Chai Ming Ching is a Malaysian aged 46 (female). She graduated with Bachelor in Electronics Engineering (Hons) from University of Multimedia, Malaysia in 2002. She joined the Company on 15 May 2023 as the Chief Commercial Officer of Arka Edge Sdn. Bhd. (f.k.a. Transocean (M) Sdn. Bhd.).

Prior to joining the Company, Ms. Chai was a Director at Ernst & Young Consulting and was the Head of IoT Product and 5G Practices for Enterprises in Maxis Berhad. She has over 20 years of experience in digital solutions, telecommunications, techno-commercial consulting, and business planning.

She does not have any family relationship with any Directors and/or major shareholder of the Company. She has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. She does not hold any directorship in public and public listed companies.

### MR. OW CHOO HOONG

**Chief Technology Officer of  
Arka Edge Sdn. Bhd.**  
(Joined on 1 January 2024)

Mr. Ow Choo Hoong is a Malaysian aged 41 (male) who graduated with Diploma in Information Technology (major in microelectronics) from Tunku Abdul Rahman College in Year 2002. He joined the Company on 1 January 2024 as the Chief Technology Officer of Arka Edge Sdn. Bhd. (f.k.a. Transocean (M) Sdn. Bhd.).

Mr. Ow was the Principal Consultant of Enfrasys Consulting Sdn. Bhd., demonstrated strong knowledge in cloud computing and has helped enterprises in the nations throughout the journey in adopting cloud technology a success story. With a career spanning 15 years, he has established himself as a prominent figure in the cloud computing, championing the adoption of cloud-native solutions and open-source technologies.

He does not have any family relationship with any Directors and/or major shareholder of the Company. He has no conflict of interest with the Company and no conviction for offences within the past five (5) years other than traffic offences, if any. He does not hold any directorship in public and public listed companies.



## OTHER INFORMATION REQUIRED

By the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities")

### Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2023.

### Material Contracts

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year, by the Company or its subsidiaries, which involved the interest of the Director and major shareholders other than contracts entered into in the normal course of business.

### Recurrent Related Party Transactions ("RRPT") of revenue or trading nature for the year ended 31 December 2023

Nature of transaction	Interested Related Parties			Transacted Value during the financial year ended 31 December 2023 (RM)
	Sultan	Dato’	DPSB	
Services of Hybrid Clouds, EdgeComputing or Edge Orchestration, Platform (EOP) including implementation, deployment, support and training to Arka Edge Sdn. Bhd. (Formerly knows as Transocean (M) Sdn Bhd) from:				
Enfrasys Consulting Sdn Bhd	●	●	●	1,590,000
Purchase of Hardware Equipment (Server, Storage, Network equipment) & Software Licenses by Arka Edge Sdn. Bhd. (Formerly knows as Transocean (M) Sdn Bhd) from:				
Enfrasys Consulting Sdn Bhd	●	●	●	-
Enfrasys Solutions Sdn Bhd	●	●	●	5,235

**Sultan** – H.R.H Sultan Sharafuddin Idris Shah

**Dato'** – Y.M. Dato' Syed Budriz Putra

**ECSB** – Enfrasys Consulting Sdn. Bhd.

**DPSB** – Digital Planners Sdn. Bhd.

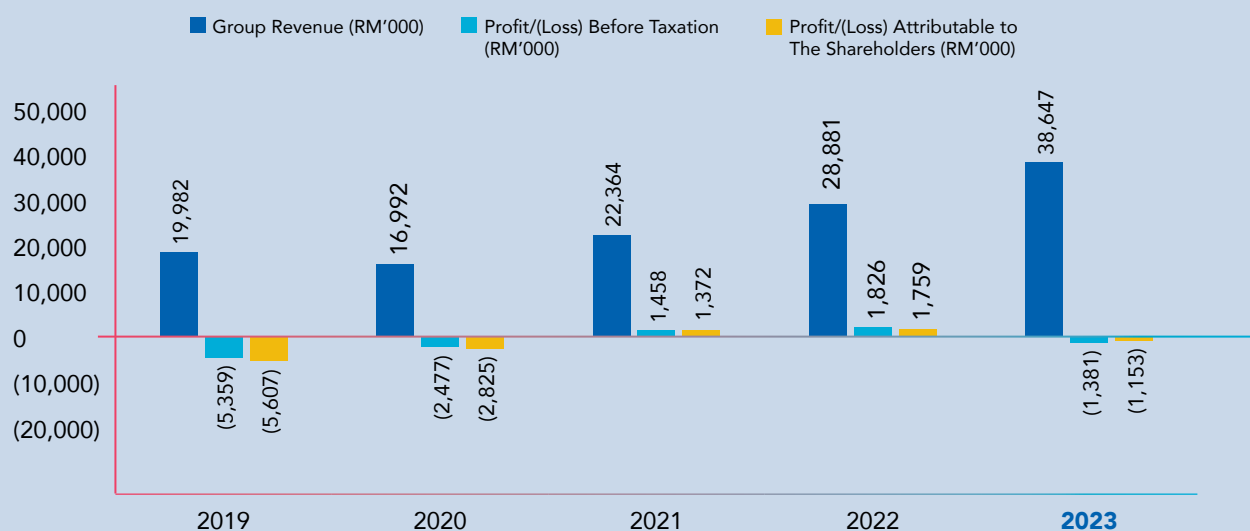
### Notes:

- i Y.M. Dato' Syed Budriz Putra is deemed interested in the shares of the Company pursuant to Section 8(4) of the Companies Act 2016 because DPSB, which is his associate within the meaning of Section 8(5)(e) of the Companies Act 2016, controls not less than 20% of the voting shares of ECSB.
- ii ECSB has a direct interest of 32.26% in the Company and is a major shareholder of the Company.
- iii DPSB is the holding company of ECSB and is deemed interested in the shares of the Company by virtue of its shareholdings in ECSB. DPSB is thus a major shareholder of the Company.
- iv H.R.H Sultan Sharafuddin Idris Shah is deemed interested in the shares of the Company pursuant to Section 8(4) of the Companies Act 2016 because DPSB, which is his associate within the meaning of Section 8(5)(d) of the Companies Act 2016, controls not less than 20% of the voting shares of ECSB.



## FINANCIAL HIGHLIGHTS

### Financial Results



### 5-Years Group Financial Summary

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
<b>REVENUE</b>					
Operating revenue	19,982	16,992	22,364	28,881	<b>38,647</b>
(Loss)/Profit before taxation	(5,359)	(2,477)	1,458	1,826	<b>(1,381)</b>
(Loss)/Profit after taxation	(5,607)	(2,825)	1,372	1,759	<b>(1,616)</b>
(Loss)/Profit attributable to the shareholders	(5,607)	(2,825)	1,372	1,759	<b>(1,153)</b>
Share capital	40,999	40,999	64,719	64,719	<b>64,719</b>
Reserves/(Accumulated Losses)	(4,640)	(6,940)	(5,542)	(3,651)	<b>(1,852)</b>
Shareholders fund	36,359	34,059	59,177	61,068	<b>62,867</b>
Non-controlling interest	1	1	1	-	<b>(731)</b>
<b>Total Equity</b>	<b>36,360</b>	<b>34,060</b>	<b>59,178</b>	<b>61,068</b>	<b>62,137</b>
Non-current assets	34,844	34,497	56,272	55,938	<b>50,006</b>
Current assets	11,773	7,363	12,112	14,654	<b>46,234</b>
<b>Total Assets</b>	<b>46,617</b>	<b>41,860</b>	<b>68,384</b>	<b>70,592</b>	<b>96,240</b>
Bank borrowings	1,479	737	775	745	<b>754</b>
Other liabilities	8,778	7,063	8,431	8,779	<b>33,350</b>
<b>Total Liabilities</b>	<b>10,257</b>	<b>7,800</b>	<b>9,206</b>	<b>9,524</b>	<b>34,104</b>
NTA RM/share	<b>0.89</b>	<b>0.83</b>	<b>0.91</b>	<b>0.94</b>	<b>0.95</b>

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I wish to present to you the Annual Report and Audited Financial Statements of Arka Berhad ("Arka") or formerly known as Transocean Holdings Bhd and its group of companies ("Group") for the financial year ended 31 December 2023 ("FY23").

The Group's sales revenue increased 34%, from RM28.88mil in the financial year ended 31 December 2022 ("FY22") to RM38.65mil for FY23. Both the logistics and tyre divisions have registered higher revenue and this improvement is attributed to the increase in warehousing and handling business, and the increased sales of new tyres.

However, although revenue has increased in FY23, the Group incurred loss after tax of RM1.62mil in FY23 as compared to a profit after tax of RM1.76mil in FY22.

This is mainly due to our start-up costs in the new technology business, Arka Edge Sdn. Bhd. (fka Transocean (M) Sdn. Bhd.) ("Arka Edge"), which focuses on digital innovation such as the provision of AI solutions, edge computing and cloud services, and higher operating costs of the Group.

These have set-off the strong profit contribution of RM2.5mil from our IT and software unit, Enfrasys Solutions Sdn. Bhd. ("Enfrasys") and the positive contribution from Logistics division in FY23.

We are pleased to report significant progress from our strategic investment in Enfrasys, an IT Services and software development company serving both public sector and commercial segment. Enfrasys has exhibited outstanding performance, achieving a remarkable revenue growth of over 50% for FY23 compared to the previous year. This achievement underpins the dedication of Enfrasys' team in providing effective digital and software solutions to their clients.

With the newly-formed subsidiary Arka Edge, the Group is set to elevate its role in the local digital ecosystem with the development of cloud-based products and platforms designed to optimize the use of data, as well as solutions aimed at expediting digital adoption and fostering innovation within Malaysia. To facilitate the operations of Arka Edge, recruiting professionals with the required expertise is crucial. In view of this, the Group has appointed Mr. Dushyanthan Vaithiyanathan as the Group Chief Digital Officer to lead and drive this new technology business.

The Logistics division's warehousing activities has contributed positively to the Group with the expansion of 300,000 sq ft of warehouse space in Kulim, Kedah to better serve clients in the vicinity. We are one of the largest warehouse operators in Kulim, Kedah and we have established our satellite office in Bukit Kayu Hitam, Kedah. Furthermore, Transocean Logistics Sdn. Bhd. has also secured 2 major international container liners contracts to provide container depot services during the year.

The Company has undertaken various corporate exercises and several resolutions were approved by the shareholders in the last EGM in February 2024. First is the proposed change of company name to Arka Berhad to align its corporate identity and better reflect the Company's businesses in providing technology services.

The shareholders have also approved the proposed disposal of 3 parcels of freehold land together with a single-storey bonded warehouse and a 5-storey office block erected thereon to Swift Integrated Logistics Sdn. Bhd. for a cash consideration of RM30.15 million. The proceeds from the proposed disposal will provide the Group with the funds to meet the Group's working capital requirements.

Approval is also obtained from the shareholders on the implementation of Long Term Incentive Plan ("LTIP"), a scheme that aims to attract, retain, motivate and reward the talents of the Group.

The Board does not recommend any dividend for the year ended 31 December 2023.

Before I end, I wish to thank my esteemed colleagues, the Management and staff for their continuous commitment and dedication to the Group. My sincere appreciation also goes to our valued shareholders, business partners and other stakeholders for their trust and confidence in our Group.

Last but not least, I wish to express my gratitude to Mr Woo Kok Boon, our former Independent Non-Executive Director of Arka Berhad for his leadership, professionalism and dedication to the Group.

Thank you.

**Y.M. Dato' Syed Budriz Putra**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Overview of the Group's business and operations**

Arka Group is a group of companies with diversified businesses in logistics, tyre and technology. Logistics Division provides services covering Malaysia, South East Asia and the rest of the world. The Group is well-known for its logistics services ranging from conventional and cross border trucking, container haulage, container depot, warehousing, freight forwarding and custom brokerage. The Tyre Division focuses on tyre re-treading and trading of new tyres. The Technology Division specializes in the delivery of cloud-based products, platforms, and services. These offerings are strategically designed to facilitate the adoption of digital solutions. The Group also have a 40% strategic investment in Enfrasys Solutions Sdn. Bhd. ("Enfrasys") which provides information technology services and software development.

The Group's experience in Logistics business spans over 40 years with its main office located at Sungai Lokan Industrial Area, Butterworth, Penang. It also has offices in Pasir Gudang and Nusajaya, Johor (Southern Region), Shah Alam, Selangor (Central Region) and Singapore (Singapore Hub). From 2022 to 2023, the Group expanded its warehousing activities in Kulim, Kedah by having additional 300,000 square feet of warehouse space to offer for clients in the vicinity. With the expansion, the Group is considered one of the largest warehouse operators in Kulim, Kedah. The Group has also established its satellite office in Bukit Kayu Hitam, Kedah.

The Group's Tyre Division, operated under Usmeta Manufacturing Sdn. Bhd., has its tyre re-tread plant in Chemor, Perak and its management and sales office in Kajang, Selangor. The Tyre Division's business focuses on mainly tyre re-treading and selling of new tyres. At present, the main sector are tyres for heavy vehicle such as trucks, trailers and bus.

The Technology Division, established in 2023, represents a strategic initiative where a team of talented individuals with backgrounds in cloud computing, IT infrastructure, telecommunications, and consulting was brought together to propel the Group's vision to become the preferred integrated digital technology provider. The division's focus is to drive digital innovation leveraging on advanced technologies such as edge computing, AI and cloud services, enabling our customers to drive scale and efficiency more effectively.

### **Operations Review**

The Group currently operates three major divisions namely Logistics Division, Tyre Division and the newly-formed Technology Division.

## **LOGISTICS DIVISION**

The multiple services under Logistics Division are currently being performed by four companies:

### **Transocean Logistics Sdn. Bhd. (TLSB)**

TLSB's range of services are Conventional Trucking, Freight Forwarding, Custom Brokerage, Container Depot and Heavy Lifting. Consolidation Cargo or LTL (Loose Truck Load) is TLSB's main income stream and is considered to be the Group's forte. TLSB is well known among electronic/electric manufacturers for its reputation as one of the most reliable consolidated/loose cargo trucking companies for Thailand-Malaysia-Singapore route.

TLSB operates 26 units of 40' size truck (mother truck) and 8 units of smaller truck (feeder trucks). The mother trucks are being utilised for long haul delivery from Bukit Kayu Hitam/Bayan Lepas/Prai to Johor/Singapore and small trucks are being utilised as the feeder to the mother trucks, collecting cargoes in small amount from various clients from local industrial areas. The cargoes are loaded and consolidated into the waiting mother trucks for delivery on the same day with expected arrival at the destination the following day.

Besides utilising its own trucks, TLSB also works with other fellow friendly 3<sup>rd</sup> party transporters by outsourcing to them especially to areas where TLSB does not have the logistic network.

For freight forwarding and custom brokerage, TLSB's custom agents are stationed at all major entry points into Malaysia namely Penang Port, Bayan Lepas Airport, Free Trade Zone (FTZ), Tambak Johor, Second-Link and Bukit Kayu Hitam.

TLSB's container depot business is located at Mak Mandin, Penang. The depot's major clients are shipping lines who own container vessel and containers for imports and exports. The depot provides container storage, handling and repair services. The depot is 5.2 acres in size and is equipped with 3 units of container lifter and PTI station (pre-trip inspection) for reefer container. In 2023, TLSB secured 2 major international container liners contracts to provide container depot services. The 2 contracts should generate sales worth RM2 millions every year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LOGISTICS DIVISION (CONT'D)

#### Transocean Freight Services Pte Ltd, Singapore (TFS)

TFS is a logistics hub located in Tuas, Singapore. TFS provides warehousing services to customers in Singapore and operates with 17 staff including drivers. TFS provides services such as loose cargoes collection, repacking, palletizing, loading-unloading and permit preparation for Singapore Custom. TFS' competitive advantage is its proven on-time delivery pledge that guarantees cargo delivered to TFS logistics hub before noon would reach any town in Peninsular Malaysia on the next working day.

#### Transocean Distribution Hub Sdn. Bhd. (TDH)

TDH is certified with Custom Bonded licence and provides 618,252 square feet of storage space and warehousing services to customers for both bonded and non-bond storage. TDH offers 80,000 square feet of storage space under Bonded status and 538,252 square feet under non-bond status. 11,000 square feet is equipped with temperature control units and is currently being used for climate sensitive cargo. TDH offers full range of warehouse services such as storage (bonded, non-bond), handling, labelling, re-packing, cross-docking and distribution. For warehouse operations, the team is equipped with 16 units of 2.5mt forklift and 1 unit of reach stacker. Loading bay is equipped with 15 units of dock leveller. TDH operates from 3 major locations namely Tasek Gelugor and Sungai Lokan in Penang and Kulim Industrial Area in Kedah.

Automotive industry and construction companies are key clients to TDH. The growing automotive industry in Malaysia throughout 2023 has helped the Group to become one of the biggest warehouse operators in northern states, particularly in Kedah. For the last 3 years, the Group managed to secure a few major contracts from car manufacturers in Kulim, Kedah for its warehousing and forwarding services.

#### Gerak Intensif Sdn. Bhd. (GI)

GI provides haulage services to the market with 10 prime movers (PM) and 70 trailers. The company services customers located within northern states which use Penang Port for their import and export. Haulage operations also provides services for non-port related delivery (point to point delivery) servicing cross-border container carrying cargoes to/from Thailand.

In 2023, GI shifted its focus to better serve internal clients within the Group. Previously, Kulim warehouse (TDH) utilised 3<sup>rd</sup> party haulage company to haul the cargoes from the warehouse to the client's location. 6 units of GI trucks are now being allocated to serve that purpose, replacing the 3<sup>rd</sup> party haulage company and the remaining 4 are being used to serve other clients.

The Group operates its own licence for haulage, trucking, warehousing and custom agency. The Group is also working together with logistics partners and vendors especially the small operators to create greater coverage and to increase its capacity. Having such capacity and capability especially in providing full spectrum of logistics offering to the market is an added advantage for the Group.

### TYRE DIVISION

#### Usmeta Manufacturing Sdn. Bhd. (Usmeta)

Usmeta is in tyre re-treading and selling of new tyres. Usmeta's re-tread tyre factory is located at Chemor, Perak. The factory is equipped with one cure chamber. The plant at Chemor runs with 21 staff and 14 drivers, with its management and sales office located in Kajang, Selangor.

Chemor's factory has the cold cure equipment and facilities to produce re-tread tyres. Production process started from collecting branded used tyre casing from customers. The used tyre casing goes through the process of quality inspection, repair, buffing and cementing with new pre-cured liner before put into curing chambers to cement the pre-cured liner onto the old tyre casing.

Its trading arm for new tyres is the authorised agent for Bridgestone and Continental tyres. Usmeta is also the appointed re-tread tyre partner for Continental brand's used tyres. Post Covid-19 pandemic, Usmeta shifted its focus to the private sector.

## TECHNOLOGY DIVISION

### Arka Edge Sdn. Bhd. (f.k.a Transocean (M) Sdn. Bhd.) (Arka Edge)

Arka Edge was established in 2023, with a team of experts in the field of technology and telecommunications with the strategic objective to drive products across two principal service offerings. First is the provision of localized cloud services which are enhanced by edge computing capabilities to facilitate real-time data processing and responsiveness. The second service involves the development of an integrated digital platform that utilizes an Open API interface, enabling seamless unification of data and digital solutions. This integration is pivotal for fostering the adoption of advanced data analytics and artificial intelligence products. These innovative products is targeted for launch mid 2024, marking a significant milestone in Arka Edge's strategic ambition in delivering cutting-edge technological services.

Since July 2023, Arka Edge has also been engaged in a collaborative effort with TLSB to provide Artificial Intelligence (AI) solution tailored to enhance TLSB's business operations. The AI solution developed under this collaboration is designed to significantly improve efficiency in the container survey function by reducing manpower requirements and ensuring ISO standard compliance for each container processed at TLSB's container depot. The initiative sets an ambitious goal to achieve up to 70% reduction in the effort for container survey, in comparison with existing practices. This pilot project would be the first in Malaysia, positioning TLSB to become the first container depot in Malaysia to adopt such advanced solution and technology.

### Enfrasys Solutions Sdn. Bhd. (Enfrasys)

The Group has 40% strategic investment in Enfrasys. Enfrasys is an Information Technology services and software development company serving both public sector and private sector. Enfrasys has exhibited outstanding performance, achieving a remarkable revenue growth of over 50% for FY2023 compared to the previous year and has contributed a share of profit of RM2.54 million to the Group compared to RM1.39 million in FY2022. This achievement underscores the dedication and competency of Enfrasys' team in providing effective digital and cloud solutions to their clients.

## FINANCIAL PERFORMANCE

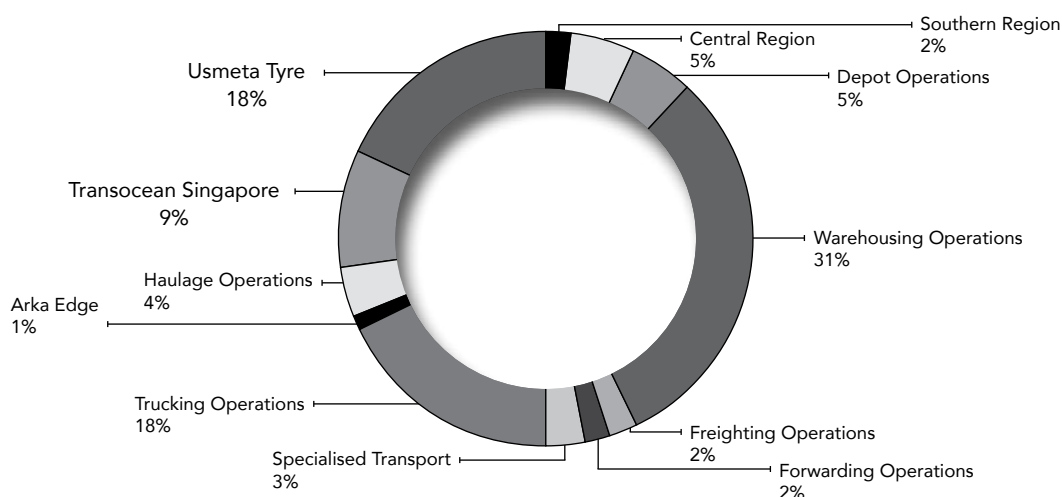
Total Revenue for the Group increased by RM9.8 million (34%) to RM38.6 million in FY2023 compared to RM28.9 million in FY2022.

Although revenue has increased in FY2023, the Group incurred loss after tax of RM1.62 million in FY2023 as compared to a profit after tax of RM1.76 million in FY2022. This is mainly due to the start-up costs in the new technology business, Arka Edge and higher operating costs of the Group. These have set-off the strong profit contribution of RM2.54 million from Enfrasys and the positive contribution from Logistics Division in FY2023.

The Group's EBITDA (Earning Before Interest, Taxes, Depreciation and Amortisation) has decreased to RM2.09 million in FY2023 as compared to RM3.97 million in FY2022.

## CONTRIBUTING FACTORS TO HIGHER REVENUE

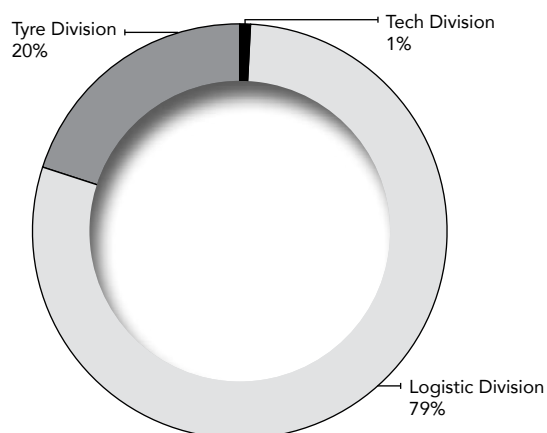
REVENUE BY BUSINESS UNIT FY2023



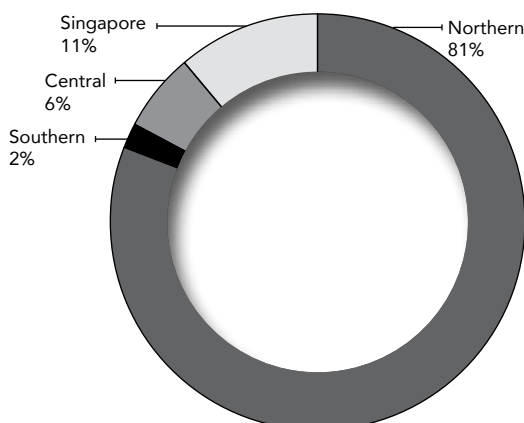
## MANAGEMENT DISCUSSION AND ANALYSIS

### CONTRIBUTING FACTORS TO HIGHER REVENUE (CONT'D)

REVENUE BY DIVISION FY2023



LOGISTICS DIVISION - REVENUE BY LOCATION FY2023



During FY2023, the Group's revenue increased by 34% to RM38.6 million compared to RM28.8 million in FY2022. Warehousing operations remains the largest revenue contributor, accounting for RM13.3 million or 31% of the Group's total revenue. This is followed by revenue from the trucking consolidation business and tire re-treading business, which accounted for RM7.8 million or 18% and RM7.6 million or 18% of the Group's total revenue respectively. Collectively, both the warehousing operations and trucking business contributed approximately 49% of the Group's total revenue in FY2023.

Logistics Division continues to give significant and important contribution to the Group's revenue with RM30.8 million or 79%, followed by tyre division at RM7.6 million or 20% and Technology division recorded its first revenue at RM0.2 million or 1%. For Logistics, Northern Region contributed RM24.9 million or 80.8% worth of revenue to the Group, followed by Singapore operations at RM3.3 million or 10.7%, Central Region at RM2 million or 6.5% and Southern Region at RM0.6 million or 2%.

#### Contributing factor to higher revenue

- According to Matrade, For the period of January to November 2023, trade declined by 7.5% to RM2.413 trillion compared to the same period last year. Exports decreased by 7.8% to RM1.308 trillion, imports were lower by 7.1% to RM1.105 trillion and trade surplus edged down by 11.3% to RM202.49 billion, respectively. This has affected the Group trucking business. However, the increase in warehousing business particularly from automotive sector increased from RM5.5 million to RM11.5 million or 108% higher has help to cushion the impact; and
- Higher volume generated from existing contracts:
  - > Warehouse and Handling contract in Kulim, Kedah for automotive customer; and
  - > Securement of tyre management contract from a logistics company contributed additional revenue of RM1.3 million.

### BALANCE SHEET

The Group's net assets per share increased from RM0.94 per share as at December 2022 ("31 Dec 2022") to RM0.95 per share as at 31 December 2023 ("31 Dec 2023"). The Group's total assets increased from RM70.6 million as at 31 Dec 2022 to RM96.2 million as at 31 Dec 2023. This is mainly due to the increase in right-of-use assets.

The Group's total liabilities increased from RM9.5 million as at 31 Dec 2022 to RM34.1 million as at 31 Dec 2023. This is mainly due to the increase in lease liabilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ISO AUDIT COMMITTEE

The Group is certified with ISO 9001:2008 SIRIM System Standards. During the year, SIRIM Auditors and the in-house ISO Audit Committee had conducted IQA internal audit and SIRIM surveillance audit with program as follows:

- Reviewed and revised the Standard Operating Procedures (SOP);
- Audited the work's procedures of certain departments;
- Discussed, reviewed and implemented SIRIM Auditor's findings and recommendations;
- Conducted training sessions to the staff involves for Quality Management Systems ISO 9001:2015 QMS;
- Conducted Comprehensive Internal Audit on Quality; and
- Introduced Sexual Harassment at Workplace Policy
- Registered Group Policies:
  - > Sexual Harassment at Workplace Policy
  - > Information Technology Policy
  - > Drug and Alcohol Policy
  - > Road Transport Safety Policy
  - > Quality Policy
  - > Anti-Corruption and Bribery Policy
  - > Safety, Health and Environment Policy

### QUALITY, SAFETY, HEALTH AND ENVIRONMENT COMMITTEE (QSHE COMMITTEE)

Safety and health of its employee, vendors' sub-contractor and the public would continue to be given top priority. QSHE committee members are selected among the employees to instill a sense of ownership on safety concerns among them. Safety Key Performance Indicator (KPI) is implemented and monitored throughout financial year 2023.

Emergency Response Team (ERT) is strengthened with various training modules. A staff, given the role of Road Transport Safety Officer (RTSO), was appointed to oversee road transport safety elements among drivers. Defensive Driving Technique (DDT) training and re-fresher courses were being conducted every 6 months or whenever necessary.

### CORPORATE SOCIAL RESPONSIBILITY

Throughout 2023, the Group was involved in a few corporate social responsibility (CSR) programs in an effort to give back to the community:

- Contribution to Sekolah Menengah Kebangsaan Bandar Machang, Kelantan;
- Contribution to Sekolah Menengah Kebangsaan Tunku Sulong, Jeniang, Kedah;
- Contribution to Sekolah Menengah Kebangsaan Alma, Jalan Bukit Minyak, Bukit Mertajam, Penang;
- Contribution to Sekolah Rendah Kebangsaan Sg Puyu, Butterworth, Pulau Pinang;
- Program with Mahaad Tahfiz's student from Penang;
- Program with Madrasah Tahfiz Fathul Ulum, Taman Bagan Jermal, Butterworth, Penang;
- Donation to Malaysian Ex-Police Charitable Fund organised by Ex-Police Association of Malaysia; and
- Donation for Palestine via Akaun Amanah Kemanusiaan Rakyat Palestine.

### PEOPLE MANAGEMENT

Human capital is a very important element in any organisation. In the effort to continuously boost the morale and skills of the employee, the Management had planned a series of training programs and engagement sessions during the year. The initiatives are as follows;

- Training programs to enhance employee skills and knowledge;
  - > Organisasi Keselamatan Kebakaran training with Jabatan Bomba dan Penyelamat Pulau Pinang;
  - > Kursus Ejen Kastam Bukan Eksekutif with Universiti Teknikal Malaysia, Melaka;
  - > Comprehensive Internal Quality Audit with consultant from Newrise Learning;
  - > Licensed Manufacturing Warehouse with Persatuan Pegawai Kanan Kastam Malaysia;
  - > Supervisory and Team Leadership Skill Training for executives and supervisors at Evergreen Laurel Hotel, Georgetown, Pulau Pinang by Corp Frontier Sdn. Bhd.;
  - > MS Excel foundation course for beginners by Peopleogy Skill Sdn. Bhd. at Bayan Baru, Penang;
  - > Container Inspection and Repair Training by Twenty Forty Container Sdn. Bhd.;
  - > Road Traffic Crash Investigation by Drivesafe Training Malaysia;
  - > Program hand-holding SST siri 2023 by Jabatan Kastam DiRaja Malaysia; and
  - > INCOTERM 2020 by FMM Institute.
- Townhall session with Chief Executive Officer, Logistics Division and all employees conducted every 6 months;
- Performance Management System (PMS) full scale implementation for 2023 employees' performance appraisal;
- Organised majlis solat hajat and bacaan doa selamat concurrent with prayer session for non-Muslim performed by non-muslim employees; and
- Program 'Raya open house' for staff.
- Program with Mahaad Tahfiz's student from Penang;

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL LITIGATION

The Group has no material litigation during the year.

### PROSPECT

In 2023 and 2024, the Management has lined up a few strategic initiatives as follows:

- Development of scalable cloud-based solutions alongside an Integrated Digital Platform, both scheduled for commercial release in 2024;
- Development of an artificial intelligence (AI)-powered depot container survey software. With an initial adoption by TLSB, the solution will be extended to other depot services across Malaysia in 2024 through sales and marketing efforts;
- Continuation of the Truck replacement program for 2024 and to purchase 2 additional new trucks for the trucking operations in 2024;
- Development of the 4<sup>th</sup> phase of industrial land in Kulim Hi-tech. Setting a strong footing in Kulim would be one of the Group's main agenda for 2024;
- Purchase of 4 new Nissan UD trucks for consolidation of its trucking operations;
- Enhanced marketing and sales efforts for container depot business in Butterworth. In February 2023, TLSB signed a one-year contract with a major international shipping line. TLSB has also participated in 2 other biddings from another 2 major shipping lines;
- Commencement of Sea and Air Freight Unit, main focus during this start-up is on business spin-off opportunity from existing haulage and trucking's customers;
- Continuous implementation of cost-saving initiative on variable operating costs, overhead costs and sub-contractor's costs; and
- Credit control management and debt collection to reduce the risk of bad debts.

The Management will continue to put focus in diversifying its business and strengthening the effort in sales and business development. Assets and cost optimisation will be another area of focus while getting the best out of its Employee, Business Partners and Vendors.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

Arka Berhad (formerly known as Transocean Holdings Bhd.) ("Arka") and its subsidiaries ("Group") recognises that the stability and growth of its business is interconnected with the sustainability of the economies, the natural environment, work place and the communities in which the Group operates and vice versa. Therefore, the company is committed to being a responsible company and making a positive contribution to society and the environment.

The core of sustainability of our business is founded on ethical business practices and effective governance. We vowed to work with customers and suppliers to operate responsibly and create an engaging workplace for our employees. This helps us inspire trust in our products and services, develop strong relationships with our stakeholders, and create long-term value for society and our business.

Sustainability is part of our key business priority and we continue to work on the on-going challenges and constantly in talk with our stakeholders to understand their views and regularly in touch with the latest legislative and regulative updates.

## BASIS OF PREPARATION

The scope of our Sustainability Statement covers the period from 1 January 2023 to 31 December 2023. This Sustainability Statement is prepared in compliance with Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by Bursa Securities Sustainability Guide and Toolkits and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") Core Option. The Company have also mapped its sustainability approach with the 17 Sustainable Development Goals ("SDGs") which were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The Group did not seek external assurance for this Sustainability Report. Nevertheless, internal validation was conducted to verify the accuracy and integrity of data disclosed.

## SUSTAINABILITY GOVERNANCE

Our commitment to sustainability comes from the very top of our organisation. The Board of Directors ("Board"), the highest governing body plays a critical role in providing strategic direction and considering sustainability issues, including managing the management of material sustainability matters in the formulation of the Group's strategies and policies. The Board is also responsible for the oversight of embedding sustainability into the Group and its business strategy, and that adequate resources, systems and processes are in place for managing sustainability matters. The Board's oversight responsibilities also include consideration of economic, supply chain management in social and environmental matters which includes labour practices and health and safety and environmental risks and opportunities. In addition to assessing material impacts and discussing associated risks with the Management, the Board reviews and considers stakeholders' feedback on sustainability topics as well as oversees human capital management, including diversity and inclusion.

To assist the Board in driving and reporting the Group's sustainability practices, the Group had in February 2023 established the Sustainability Management Committee ("SMC"). The SMC is chaired by the Chief Executive Officer of Logistics Division ("CEO"), supported by the Senior Management and relevant Heads of Department. This composition would enable the SMC to work closely to ensure all material sustainability matters are being considered and managed throughout the Group's business operation. The CEO now oversees the implementation of the Company's key strategic sustainability initiatives and is supported by working group comprises of Department Heads from various departments.

## STAKEHOLDER ENGAGEMENT

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits to our stakeholders in terms of business sustainability and value creation.

We believe that maintaining a good degree of communication and understanding with all the internal and external stakeholders is essential in our journey to be a good corporate governance and reputable sustainable business entity. The Group recognises the importance of continuing engaging with stakeholders as an integral part of the organisation's process in its business developments, operations and financial performance and will respond to their concern in a timely, effective and transparent manner. If any stakeholders have any questions, suggestions or concerns with respect to sustainability matters, they may contact us by email at [enquiry@transocean.com.my](mailto:enquiry@transocean.com.my). Stakeholder engagement helps build involvement and a sense of continuation to a new future. We ensure adequate time and sufficient planning to include all relevant parties to allow them to discuss, understand and internalise each project milestone or step in the process of improving governance.









## SUSTAINABILITY STATEMENT

### STAKEHOLDER ENGAGEMENT (CONT'D)

In 2023, the Group had conducted regular formal and informal meetings with our key stakeholders; the table below summarises our key stakeholders, the sustainability topics and the engagement channels. All these engagements identified no significant stakeholder concerns or issues with our operations.

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Methods
 Investors/Shareholders	<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Operation in compliance with applicable laws and regulations</li> <li>• Strategic plans</li> <li>• Good corporate social responsibility and practices</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with shareholders during the Company's Annual General Meeting</li> <li>• Quarterly reporting</li> <li>• Annual Report</li> <li>• Dissemination of information through the Company's website</li> </ul>
 Customers	<ul style="list-style-type: none"> <li>• Service quality</li> <li>• Reliable delivery</li> <li>• Competitive prices</li> <li>• Sustaining long term relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Customers' feedback</li> <li>• After sales services</li> <li>• Sales and marketing visits</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>• Competitive salary and benefits package</li> <li>• Clear line of reporting and proper communication channel</li> <li>• Work – life balance</li> <li>• Career path and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Employee's handbook</li> <li>• Survey on HR practices in the market</li> <li>• Internal training</li> <li>• Engagement with employees</li> <li>• Sports and recreation programme</li> <li>• Occupational safety and health</li> </ul>
 Vendors	<ul style="list-style-type: none"> <li>• Procurement policy and procedures</li> <li>• Prompt payments within credit period</li> <li>• Business prospects and financial stability</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate procurement policy and procedures</li> <li>• Assessment on suitability of vendors</li> <li>• Reinforcement of code of conduct for ethical practices</li> <li>• Vendor rating</li> </ul>
 Communities	<ul style="list-style-type: none"> <li>• Impact of operations on surrounding environment</li> <li>• Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with local communities</li> <li>• Provide job opportunities</li> <li>• Pay attention to polluting emissions and effluents</li> </ul>
 Regulatory authorities	<ul style="list-style-type: none"> <li>• Compliance with existing laws</li> <li>• Standards and certification</li> </ul>	<ul style="list-style-type: none"> <li>• Updates on rules and regulations</li> <li>• Consultation with authorities</li> <li>• Attendance at relevant seminars and conferences</li> </ul>

### Materiality Assessment

We identify our sustainability matters by having assessed the significance and materiality of each of the sustainability concerns based on its level of impact and influence to the Group, cognisance of the current economic, environmental and social trends both locally and globally. Our materiality assessment on sustainability matters is summarised as follows:-

1. Understanding and Identification
  - Understand sustainability topics related to business operations
  - Identify key stakeholders and their concern
2. Categorisation and prioritisation
  - Categorise and prioritise sustainability matters
  - Plan possible actions and report key sustainability topics
3. Materiality Assessment and validation
  - Perform materiality matrix on influence on stakeholders' assessment against business sustainability impacts
  - Validation on identification, monitoring and managing sustainability matters which have significant impact to business strategy

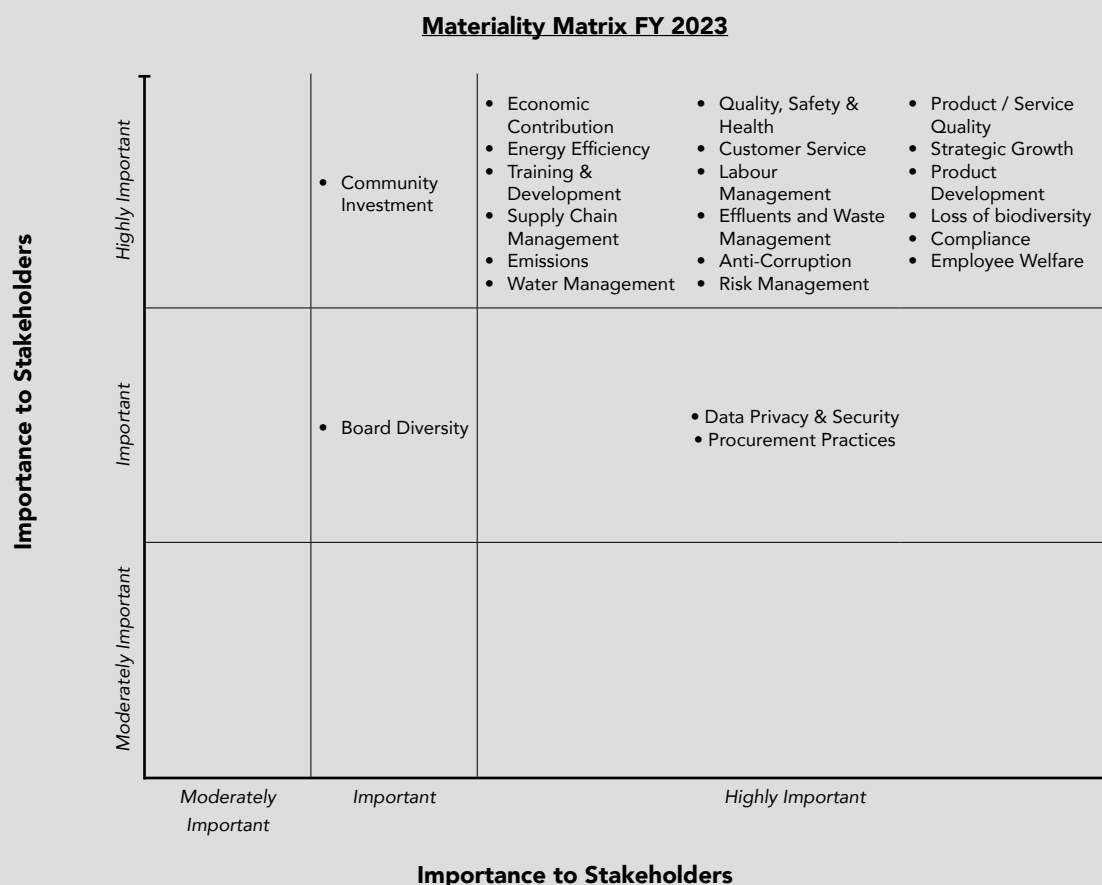
## Materiality Assessment (Cont'd)

- Process and outcome of the material assessment are reviewed and approved by Chairman of SMC
- Re-assess and re-evaluate the process to achieve the desired outcomes when necessary

Materiality assessment is an integral part of our sustainability journey as it enables us to identify and prioritise the material sustainability matters which are important to the Group and various stakeholders. In this regard, Arka benchmarked its material assessment against other logistics companies to ensure that our sustainability process is in line with the industry development.

We assess our material issues to enhance and continually increase the maturity of our approach in managing the sustainability risks and opportunities posed to our business. This helps in ensuring Arka prioritise the issues that have the greatest impact on the economy, the society and the environment.

Based on the assessment, Arka has identified twenty two (22) material matters in FYE 2023, scaling from “Important” to “Highly Important” in the following Material Matters Matrix: -



Our approach to sustainability starts with running a safe, efficient, responsible and profitable business. We see sustainability at our company as inextricably linked to our ability to deliver long-term value and growth to all our stakeholders. As such, our sustainability strategies are formed on five (5) guiding pillars that act as a base on how we address the material risks and opportunities identified in the twenty-two (22) sustainability matters which may impact our customers, employees, shareholders, suppliers and the communities in which we operate. Each of the 5 pillars determines a set of objectives which we strive to achieve to ensure that we implement our strategy with clear plans and purpose.



## SUSTAINABILITY STATEMENT

### STAKEHOLDER ENGAGEMENT (CONT'D)

#### Sustainability Approach (Cont'd)

Our sustainability goals within each of the 5 sustainability pillars segregated into Economic, Corporate Governance, Labour Practices, Environmental and Communities are as follows:-

ECONOMIC	ENVIRONMENTAL	CORPORATE GOVERNANCE	LABOUR PRACTICES	COMMUNITIES
An organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.	An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.	Upholding an effective governance and decision-making structure. Fostering an integrity based approach to ethics management, displaying honesty through honourable conduct.	Creating a values-based and performance-led culture. Making health and safety an integral part of daily culture.	Investment in community engagement in initiatives that make a lasting positive impact.  <i>Note: These may include the organisation's relationships with communities, employees, consumers, etc.</i>
<ul style="list-style-type: none"> <li>• Economic Contribution</li> <li>• Strategic Growth</li> <li>• Product/Service Quality</li> <li>• Supply Chain Management</li> <li>• Customer Service</li> <li>• Product Development</li> <li>• Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Emissions</li> <li>• Energy Efficiency</li> <li>• Water Management</li> <li>• Effluents and Waste Management</li> <li>• Loss of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Board Diversity</li> <li>• Risk Management</li> <li>• Compliance</li> <li>• Anti-Corruption</li> <li>• Data Privacy &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Welfare</li> <li>• Training &amp; Development</li> <li>• Labour Management</li> <li>• Quality, Safety &amp; Health</li> </ul>	<ul style="list-style-type: none"> <li>• Community Investment</li> </ul>

#### Our alignment with the United Nations Sustainable Development Goals ("SDGs")

There were 17 SDGs adopted at the United Nations General Assembly in 2015. The SDGs are a call for action by all the countries to end poverty, protect the planet and ensure that people enjoy peace and prosperity. We have mapped the SDGs across our sustainability activities, and identified five primary goals which Arka is best positioned to contribute and have the greatest impact as a corporate citizen. The table below details how our five sustainability pillars – Economic, Corporate Governance, Labour Practices, Environmental and Communities are aligned with the SDGs relevant to our industry.

##### A. Economic

Under our sustainability pillar "Economic", we view that Goal 8: Promoting an inclusive and sustainable economic growth, full and productive employment and decent work for all is the most important aspects of all the 17 SDGs.

Our financial performance and strategic growth are paramount to the Group's sustainability journey as they also have a direct beneficial impact to other stakeholders such as our employees, government, local communities and investors. Having good "Labour Practices" and providing decent work environment with caring needs for employees rejuvenates motivated workforces which are crucial to delivering the desired growth of the Group.

##### B. Environmental

Promoting Goal 13: Taking urgent action to combat climate change and its impact is the most material goal for our sustainability pillar "Environmental". We are dedicated to protecting the environment and supporting the fight against climate change to move towards a circular economy.

Our key areas of focus in regards to climate change management are mainly concentrated in maximising our resources efficiency and improve productivity while minimising waste and preserving energy consumption and water resources.

## SUSTAINABILITY STATEMENT

### STAKEHOLDER ENGAGEMENT (CONT'D)

#### Our alignment with the United Nations Sustainable Development Goals ("SDGs") (Cont'd)

##### C. Corporate Governance

Promoting Goal 16: Peace, justice and strong institutions is the most material goal for our sustainability pillar "Corporate Governance"

The Group has developed a comprehensive management structure throughout the years. We have continuously reviewed our company policies and procedures to ensure our corporate governance structure meets the applicable laws and regulations, industry best practice, global trend and market expectation. We strive to contribute to SDG16 in the area of governance and business ethics, by strengthening our effectiveness, accountability and transparency. We recognise that good governance practices are imperative to long-term business success which also contributes to an inclusive society.

##### D. Labour Practices

Promoting Goal 3: Ensuring healthy lives and promoting well-being for employees at all for all ages is the most material goal for our sustainability pillar "Labour Practices"

The Group aims to provide a supportive, pleasant and healthy workplace for employee, and to foster a caring and well-being community in its working environment. We adhere to internationally recognised ethical and responsible business practices. A safe and healthy working environment for our people is of paramount priority for the Group which we hope to achieve this by conducting comprehensive health and safety training programmes, organising well-being activities and continuous improvement on the workplace facilities.

##### E. Communities

Promoting Goal 17: Strengthen the means of implementation and revitalising the global partnership for sustainable development is the most material goal for our sustainability pillar "Communities".

The Group uses its expertise and resources to support the communities in which it operates, focusing on supporting people in need, collaborating with local charities and organisations and providing training opportunities for young people. We aim to gain a sense of responsibility for the community.

In FY2023, the Group has continued to invest in various charitable activities, collaborate with local institutions and support local hiring practices.

### ECONOMIC

We have formulated sustainability practices which aim to generate long term benefits to all our stakeholders in terms of business continuity and value creation.

Our view to business excellence is the focus on strong corporate governance and prudence in financial management by adapting to the challenges from market changes. We strive to achieve the followings:

- Healthy turnover and strong operating cash flows;
- Maximising vehicles utilisation to enhance operation efficiency and productivity; and
- Retain customers by providing quality and prompt services.

The Group acknowledges its shortcomings as follow:

- Small capital base with limited income generating assets.
- Succession and ageing problems.

##### A. FINANCIAL PERFORMANCE

	Audited	
	FYE 2023 RM	FYE 2022 RM
Revenue	<b>38,647,370</b>	28,881,350
(Loss)/Profit before tax	<b>(1,380,947)</b>	1,826,058
(Loss)/Profit after tax	<b>(1,616,073)</b>	1,758,761

The Group's operating activities were mainly derived from seven (7) primary business segments: container haulage, land transportation, warehousing, container depot, freight forwarding service, tyre manufacturing and technology business.

## SUSTAINABILITY STATEMENT

### ECONOMIC (CONT'D)

#### A. FINANCIAL PERFORMANCE (CONT'D)

In FYE 2023, the Group recorded total revenue of RM38.65 million, an increase of 34% compared to RM28.9 million in FYE 2022. The increase was mainly due to better performance from logistics segment. The loss incurred in FYE 2023 due to increase in operations cost from our new business unit (technology division) and holdings company.

With SDG Target 8.1 in mind, we shall continue to improve our financial and business performance by expanding our customer base domestically and regionally with the future improvement in warehouse capacity while simultaneously improving our cost management diligently. In addition, we shall continue to serve our customers with innovative logistics solutions and expand our logistics capacity via merger and acquisition to further enhance value to our various stakeholders.

We recognise and believe in the slogan of “the customer is always right”. In line with this slogan, our operation staffs are well trained to give high priority to customer’s satisfaction and to achieve this attribute, our service staffs are required to attend training in marketing and soft skills development.

To constantly build up our market share, we participate in structured program related to logistics activities. Further we have visited customers to engage with them and to obtain feedback which will form part of our data base to formulate our business strategy to expand our market share.

We have acquired the certification of ISO 9001:2015 – Quality Management Systems which sums up the high standard of management practices in our organisation. This certification ensures our customers consistently receive high quality services, which in turns bring many benefits, including satisfied customers, management and employees.

As part of the ISO 9001: 2015 requirements, we have in place an annual customer survey to assess the level of customer satisfaction with our services. The survey has covered several areas, which include the Health, Safety, Environment and Quality (“HSEQ”) standard, speed in resolving complaints, ease of doing business with the Group, accessibility and ease of contacting the relevant Group personnel. The Group recorded an overall customer satisfaction rating of 4.3 in FYE 2023 (FYE 2022: 4.0) (rating 4 - likely & rating 5 - very likely to continue using our services).

#### B. SUPPLIER ASSESSMENT

Good procurement practices give better yield to the Group in terms of value for money, quality, quantity, timeliness, maintenance, and warranty. Good procurement practice refers to procurement that is conducted in a fair and structured manner where bidders/vendors are thoroughly evaluated, and the award of the contract is reasoned and justified. In FYE 2023, we introduced the use of a sustainability checklist as one of the criteria in bidders’/vendors’ assessments.

Areas evaluated include management commitment and responsibility, organisation, resources and documentation, risks, hazards and effect management, emergency planning, incident reporting and investigation, environment, labour & human rights, customer social responsibilities (“CSR”) and ethics. A weightage has been assigned, and those with a score of above 70% are considered to comply with the sustainability requirements, and those with a score of less than 50% are non-compliant.

On top of the newly introduced sustainability checklist as our vendor assessment criteria, we continue to implement the existing practices in an effort to uphold sustainable procurement within the Group: -

- a) Establish procurement requirements to serve as formal guidance for the procurement team.
- b) Negotiate the best deal and terms for the procurement contract.
- c) Support local purchases where possible.
- d) Perform vendor evaluation yearly for performance assessment. In an attempt to maintain effective procurement management, vendors who did not meet the standard/contract will be removed from the approved vendor list.

Based on the procurement made in FYE 2023, almost 100% of the purchases for office supplies and spare parts for vehicle maintenance were sourced locally. This shall indicate our commitment towards a domestic economy in line with SDG Target 8.1. In addition, we are glad to inform that all vendors have fulfilled our requirements, and none of them was ruled out during FYE 2023.

The Group will continue to adopt good practices in managing the purchase of items, particularly the major ones and will further improve via centralised contract and documentation, multi-sourcing strategy and so on.



## SUSTAINABILITY STATEMENT

### ENVIRONMENTAL

The Group regularly reviews its environmental policies to address pressing environment concern, and explore measure to reduce the impact of its operation on the environment.

#### A. EMISSION

We are following closely on technology improvement for the green vehicles or environmentally friendly vehicles. Green vehicles include vehicles types that function fully or partly on alternative energy sources other than fossil fuel or less carbon intensive than gasoline or diesel. Our Government is actively promoting the use of 10% B10 diesel to mix with conventional fossil fuel based vehicles, making them function partially on renewable energy resources. These latest developments are helping to improve energy efficiency and reduce carbon emissions.

Guided by SDG Target 13.2, the Group maintains close monitoring of carbon emissions from our business activities in line with the Environment Quality (Clean Air) Regulations 1978's requirements under the Department of Environment ("DOE"). In FYE 2023, SMC has teamed up with Quality, Safety, Health and Environment ("QSHE") personnel, Coordinators and Operations to promote green practices among our employees and drivers.

With SDG Target 11.6 in mind, we continue to execute our carbon reduction initiatives within our daily operations, including continuously reminding drivers during toolbox and internal training to minimise Prime Movers ("PM") idling, instal in-cabin battery operated fan, adopt eco-driving techniques such as no speeding, no harsh braking, no excess weight and etc.

#### B. ENERGY

In line with SDG Target 12.2, the Group plan to install a solar panel at warehouse located at Tasek Gelugor and Kulim. The Group is expected to save electricity in FYE 2024 via this initiative. In addition, the use of LED lights will be expanded continuously based on internal requirements.

#### C. WASTE

Aside from carbon emission control, the Group takes stringent measures in our waste management. We have taken actions from site audits and inspections to improve where required. Our scheduled wastes are stored at a designated area, in proper containers, with proper labelling and disposed of accordingly through the approved transporter as per the prescribed regulations by the DOE.

We store our production waste in a proper storage area and the waste is regularly disposed of as scraps. We do not have any scheduled waste which requires special handling pursuant to the Environmental Quality Act, 1974.

### CORPORATE GOVERNANCE

#### A. REGULATORY COMPLIANCE

The Group is a responsible corporate entity, always adheres to applicable laws and regulations related to our industry. In this regard, policies and SOPs have been established, stating our commitments and proper processes in related areas, respectively. Internal audits were conducted twice a year to gauge the Group's conformance to the management system. Walkabouts and inspections with participation from higher management were carried out quarterly to ensure compliance and workplace safety by identifying areas for improvements. This is also a requirement by the QSHE's personnel to have regular site inspections to identify safety issues and rectify them accordingly. Additionally, permits, licenses and certificates are also being monitored in terms of fulfilment requirements and validity which plays a vital role for the Group in participating in tender exercises and securing contracts.

In FYE 2023, we are proud to inform that the Group did not breach any laws and/or regulations. The Group will continue to monitor, remind and take necessary action in order to prevent any non-compliance.

#### B. ANTI-CORRUPTION

Our work ethics require all our employees to discharge their duties and responsibilities in accordance to their job functions professionally, honestly, productively and efficiently. Likewise for those conducting business on behalf of the Group are required to observe generally accepted business ethics such as engaging in fair negotiations with our customers and vendors and adopting a "win-win" strategy when closing business deals.

Premised on the aforementioned, we will not tolerate bribery and corruption practices among our employees irrespective of ranks and status. As bribery and corruption practices fall under criminal activities, anyone caught will be reported to the police for their further action.

## SUSTAINABILITY STATEMENT

### CORPORATE GOVERNANCE (CONT'D)

#### B. ANTI-CORRUPTION (CONT'D)

Our Employee Handbook and Collective Agreement have clearly stated that employees are obligated to conduct the business ethically and with integrity, failure of which disciplinary actions will be taken that could be tantamount to a termination of any employment. The Group views business ethics seriously and strongly enforces it across the Group. The Group expects employees to conduct and secure the business in an ethical manner so as to deliver services professionally and meet customers' expectations.

In early 2020, the ABC Policy was implemented as per mandatory requirements of Section 17A Malaysian Anti-Corruption Commission Act 2009 ("MACC 2009"). Such Policy is aimed to safeguard the Group's Directors, controllers, officers, partners or any member in the Management from the potential exposure and liability of bribery and corruption offences in line with SDG Target 16.5. Continuous communication sessions are implemented and enforced within the Group while briefing on the relevant matters is conducted to the employees during induction sessions.

#### C. DIVERSITY AND EQUAL OPPORTUNITY

In an effort to uphold the highest standard of corporate governance, the Group adheres to Bursa Securities' requirements regarding Board leadership and effectiveness, Board independence and composition, diversity and remuneration. Our Board brings an accumulated wealth of experience, knowledge and strong leadership that helped steer the Company for growth.

In terms of gender diversity, the number of women sitting on the Board is at one (1) person, as per required by MMLR representing 20% of women representation those who sit as independent directors. With SDG Target 5.5 in mind, we target to achieve 30% women's composition in future. At the Key Senior Management level, we have two (2) women aboard.

#### D. DATA PRIVACY

The Group recognises that sustainability goes beyond enriching people's life. Hence, we also focussed on data protection and security in order to enhance our public's trust and confidence towards the Group. Protecting our employees' and customers' data from the cyber security threat is vital so as not to violate the trust given. Our Information and Communications Technology ("ICT") team has come up with Information Technology ("IT") Policy and Standard Operating Procedures ("SOPs") for managing IT resources and applications that cover data protection and security. The security features adopted across the Group include firewall and antivirus to protect against viruses, malware exploits, etc.

We are supported by Qubit Enterprise Resource Planning (ERP) which is an integrated computer-based system used to manage our logistics operation. ERP system provides real time details on ordering of services, GPS tracking on cargo movements, invoicing and etc. Maintenance and services of ERP system is outsourced to reputable computer service provider. Our IT system has all the necessary security features in place to secure our database and to protect against malware attacks.

### LABOUR PRACTICES

Our employees are our greatest asset and managing them is our priority. We have in place our Employee's Handbook which spelt out our HR policies and practices and comply with the Employment Act, 1955. In order to retain our talents we have come out with competitive remuneration package which is comparable in the industry, as well as creating a healthy and conducive workplace. This strategy will provide us with a stable and productive workforce which will contribute to our sustainability efforts. Further, we have in place our code of conduct to govern the ethics and behaviour of our employees in the discharge of their duties in the workplace as well as in our business dealings with customers, vendors and service providers.

Since its establishment, the Group has been upholding human rights and diversity as well as no discrimination and harassment regardless of race, gender, skin colour, ethnicity, social origin, religion, disabilities, sexual orientation etc. Our commitment is clearly stated in the Human Rights & Labour Practices Policy. Employees are covered under relevant laws such as the Employment Act, Industrial Relations Act, Children & Young Person Act, etc. To date, there have been zero complaints related to discrimination and human rights within the Group.

In engaging our employees, we employ a "two-way" approach where we give opportunity for the employees to make known their grievances and also to give suggestions to improve or resolve their concerns and unhappiness. We have placed a "suggestion box" to facilitate this practice.

We embrace diversities by celebrating the various major festivals with our employees to promote understanding of each other's culture and thereby creating harmony, peace and joy in our organisation. Employees' wellbeing is a key issue that the Group thrives to address to ensure that our employees remain happy and motivated at work.

### LABOUR PRACTICES (CONT'D)

Employment rights and benefits are stated as per the employee's offer letter as well as other references. For drivers, benefits offered are beyond the regulatory standard, such as annual leaves, medical benefits (clinical, hospitalisation, Group Term Life Assurance and Group Personal Accident) as per SDG Target 3.8, competitive incentive scheme, rewards for compliance to the Group's requirements and meal provided.

Our policy is to create a safe and healthy workplace for our employees where they have a peace of mind whenever they are working in our factory premises. We have complied to the best of our ability with the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994, Environmental Quality Act, 1974, and Fire Services Act, 1988.

Some of the more important measures which we have implemented to complement the compliance of the aforementioned laws and regulations are:

- Establishing a Safety Committee to oversee and monitor on going safety and health initiatives which have been undertaken;
- Regular maintenance of fire extinguishers and proper layout location and signage plan for the fire extinguishers for easy identification in the event of emergency; and
- Invite fire fighting authority to conduct training on fire fighting and safety operation.

The Group takes responsibility to ensure that our employees have a safe and healthy working environment that vehicles are inspected on regular basis and drivers are sent for training on driving skills as well as road safety awareness.

Safety and health in the workplace and operations are essential, and we have been relentlessly working towards enhancing the importance of safety and health across the Group. Activities like management walkabouts, monthly inspections, QSHE Committee meetings, audits, spot checks, safety and health talk and/or programs, evacuation drill, and others have been carried out throughout the year, and findings and/or non-compliances have been acted upon accordingly. This hallmarks our contribution towards SDG Target 8.8 by taking OHS affairs seriously across the Group.

Employees' learning and development are vital to support our delivery services in meeting customers' requirements. We strive to ensure that our employees are well-equipped with knowledge and skills in order to execute responsibilities and deliver results effectively, as per SDG Target 4.4.

Training and program to enhance employee skills and knowledge conducted in FY2023 as per below:-

- Organisasi Keselamatan Kebakaran training with Jabatan Bomba dan Penyelamat Pulau Pinang;
- Kursus Ejen Kastam Bukan Eksekutif with Universiti Teknikal Malaysia, Melaka;
- Comprehensive Internal Quality Audit with consultant from Newrise Learning;
- Licensed Manufacturing Warehouse with Persatuan Pegawai Kanan Kastam Malaysia;
- Supervisory and Team Leadership Skill Training for executives and supervisors at Evergreen Laurel Hotel, Georgetown, Pulau Pinang by Corp Frontier Sdn Bhd;
- MS Excel foundation course for beginners Peopleogy Skill Sdn Bhd at Bayan Baru, Penang;
- Container Inspection and Repair Training by Twenty Forty Container Sdn Bhd;
- Road Traffic Crash Investigation by Drivesafe Training Malaysia;
- Program hand-holding SST siri 2023 by Jabatan Kastam DiRaja Malaysia; and
- INCOTERM 2020 by FMM Institute.

The Group provides internship program which give undergraduate students the opportunities to gain practical experience. These students are attached with our operation for 6 months period to allow them to gain valuable working experience that will allow them to excel in their academic and professional pursuits.

We have implemented a standard recruitment procedure which will ensure the proper identification and recruitment of new talent to join our organisation to contribute to the growth of our business.

Sales and management staff are asked to attend seminars and technical training to create opportunities for them to seek challenges and grow.

In order to retain our talents, we provide opportunities for high-potential employees to develop and progress to senior positions in the Group. Priority is given to existing employees for promotions rather than getting fresh candidates from outside.



## SUSTAINABILITY STATEMENT

### COMMUNITIES

#### LOCAL COMMUNITY

While we strive to improve our employees' welfare internally, we value giving back to our local community. During FYE 2023, we have undertaken a few corporate social responsibility activities, including: -

- Contribution to Sekolah Menengah Kebangsaan Bandar Machang, Kelantan, Sekolah Menengah Kebangsaan Tunku Sulong, Jeniang, Kedah, Sekolah Menengah Kebangsaan Alma, Jalan Bukit Minyak, Bukit Mertajam, Penang and Sekolah Rendah Kebangsaan Sg Puyu, Butterworth, Pulau Pinang. Aiming to ease the burden of unfortunates and B40 students;
- Program with Madrasah Tahfiz Fathul Ulum, Taman Bagan Jermal, Butterworth, Penang;
- Donation to Malaysian Ex-Police Charitable Fund organised by Ex-Police Association of Malaysia; and
- Donation for Palestine via Akaun Amanah Kemanusiaan Rakyat Palestine.

The Group is committed to promote sustainability and has embedded policies in its operations to minimise the impacts of our logistics activities on the environment and communities where we carry out our operations.

This statement is made in accordance with the resolution passed in the Board of Directors' meeting held on 8 April 2024.

# SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	34,304.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	10.00
Management Between 30-50	Percentage	35.00
Management Above 50	Percentage	55.00
Executive Under 30	Percentage	19.00
Executive Between 30-50	Percentage	57.00
Executive Above 50	Percentage	24.00
Non-executive/Technical Staff Under 30	Percentage	38.00
Non-executive/Technical Staff Between 30-50	Percentage	42.00
Non-executive/Technical Staff Above 50	Percentage	22.00
General Workers Under 30	Percentage	4.00
General Workers Between 30-50	Percentage	58.00
General Workers Above 50	Percentage	38.00
Gender Group by Employee Category		
Management Male	Percentage	95.00
Management Female	Percentage	5.00
Executive Male	Percentage	47.00
Executive Female	Percentage	53.00
Non-executive/Technical Staff Male	Percentage	70.00
Non-executive/Technical Staff Female	Percentage	30.00
General Workers Male	Percentage	100.00
General Workers Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	20.00
Between 30-50	Percentage	40.00
Above 50	Percentage	40.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	378.97
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.25
Bursa C5(c) Number of employees trained on health and safety standards	Number	150
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	320
Executive	Hours	672
Non-executive/Technical Staff	Hours	2,528
General Workers	Hours	1,760
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	0
Non-executive/Technical Staff	Number	14
General Workers	Number	17
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	81.00
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	6.824000

Internal assurance    External assurance    No assurance    (\*)Restated

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") of ARKA BERHAD (f.k.a. Transocean Holdings Bhd.) comprises of three members, all of whom are Independent Non-Executive Directors:-

	No of meeting	Attended	% of attendance
<b>Chairman</b>			
<b>Mr Lee Chin Chuan</b> (Independent Non-Executive Director) (Appointed on 1 March 2023)	4	2	50%
<b>Encik Muhammad Adib bin Ariffin</b> (Independent Non-Executive Director) (Resigned on 1 March 2023)	1	1	100%
<b>Members</b>			
<b>Mr Woo Kok Boon</b> (Independent Non-Executive Director) (Resigned on 1 September 2023)	4	4	100%
<b>Encik Faiz Bin Ishak</b> (Independent Non-Executive Director) (Resigned on 1 March 2023)	1	0	0%
<b>Ms Tung Shao Yin</b> (Independent Non-Executive Director) (Appointed on 1 March 2023)	4	4	100%
<b>Mr Rajagopal A/L Ramadhass</b> (Independent Non-Executive Director) (Appointed on 1 September 2023)	1	1	100%

The former ARMC Chairman, Encik Muhammad Adib Bin Ariffin ("En. Adib") is a member of the Malaysian Institute of Accountants ("MIA") and the Australian Society of Certified Practising Accountants. Mr. Lee Chin Chuan who was appointed as ARMC Chairman on 1 March 2023, is a Chartered Accountant registered with MIA.

The composition of ARMC meets the requirements of paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") which stipulates that at least one member of the ARMC must be a qualified accountant. All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARMC.

### Terms of Reference

The Board will review the Terms of Reference ("TOR") of the ARMC from time to time (if so required) to ensure the ARMC continues to carry out its functions effectively. The last review of TOR by the Board was conducted in August 2023. The updated TOR of the ARMC is available on the Company's website [www.transocean.com.my](http://www.transocean.com.my)

### Summary of Activities of the ARMC during the Financial Year

During the financial year ended 31 December 2023, the ARMC carried out the following works in discharging its functions and duties in accordance with the TOR:-

#### Financial Reporting

- Reviewed the unaudited quarterly financial results with Management and made recommendations to the Board for approval of the same, and
- Reviewed the annual audited financial statements of the Group and Company and the Annual Report and made recommendations to the Board for approval of the same.

#### External Audit

- Reviewed the independence and competence of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Recommended the proposed re-appointment of external auditors.
- Reviewed the audit plan for the financial year ended 31 December 2023, the nature and scope of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### External Audit (Cont'd)

- iv. Held meetings and dialogues with the external auditors without the presence of any executive Board member and Management staff, and
- v. Reviewed the external auditor findings and audit report.

### Internal Audit

- i. Reviewed the internal auditor's performance throughout the financial year to oversee the adequacy and effectiveness of the internal audit function, and
- ii. Reviewed the audit plan, audit report, findings and recommendations of the internal auditors and Management's response and follow-up actions taken by management on recommendation.

### Recurrent Related Party Transactions ("RRPT")

Reviewed the report of RRPT to ensure the actual transacted amounts were within the prescribed approved limit.

### Others

Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2023 which provided an overview of the state of internal controls within the Group prior to the Board's approval.

### Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm which specialised in internal audit and risk management. The Internal Auditors report directly to the ARMC. They assist the Board by reviewing the adequacy and the effectiveness of the internal control system, set up by the Management based on scopes approved by the ARMC.

During the financial year under review, Internal Auditors had conducted assurance review on human resources management.

The Internal Auditors had reported that they have discussed with the Management on each of the audit findings raised in their report together with recommendations, and on overall, they are satisfied with the Management's comments and proposed corrective actions towards their audit findings and recommendations.

The total amount of expenses incurred for the internal audit function for the financial year under review is RM 5,000.

### Risk Management Function

The Board has engaged the service of independent consultant to assist the ARMC to provide assurance to the Board as to whether the Company's risk management is operating adequately and effectively. This is in accordance to Bursa Malaysia Securities Berhad's guidelines on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance.

The scope of work undertaken was to assess the current state of the Risk Management Framework adopted by the Group and encompasses the assessment of the Group's principal risks, as well as the potential losses. The key features and state of internal control and risk management of the Group are furnished in the Statement on Risk Management and Internal Control in this Annual Report.

This statement was approved by the Board of Directors on 8 April 2024.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of ARKA BERHAD (formerly known as Transocean Holdings Bhd.) ("Company") recognises the importance of good corporate governance and the need to ensure that the principles and best practices on corporate governance are observed and practiced throughout the Company and its subsidiaries ("Group"). The Board is committed to continue improving and enhancing the Group's procedures from time to time to ensure that the principles and best practices in corporate governance recommended in the Malaysian Code on Corporate Governance ("the Code") are applied within the Group to protect and enhance shareholders' value.

The Board presents this Corporate Governance Overview Statement ("Statement") to provide shareholders an overview of the corporate governance practices of the Company during the financial year ended 31 December 2023 and up to the latest practicable date of 5 April 2024. This statement should be read in conjunction with the Corporate Governance Report ("CG Report") of the Company, which provided the details on how the Company has applied each practice as set out in the Code. The CG Report is available for reference at the Company's website at [www.transocean.com.my](http://www.transocean.com.my).

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### I BOARD ROLES AND RESPONSIBILITIES

##### 1. Clear Roles of Responsibilities

The Board, comprising the Executive and Independent Non-Executive Directors takes full responsibility for the overall governance of the Group by ensuring the strategic direction, control and succession plan of the Group, the effective monitoring of performance goals and accountability, the shareholders and all other stakeholders, as well as formalising documentation on matters specifically reserved for its decision and ensuring that the Group's internal controls, risk management and reporting procedures are well in place. The Management is responsible for the day to day operations of the business and effective implementation of the Board decisions.

The Board recognises the importance of reviewing and adopting strategic business plans and overseeing the conduct of the business in order to ensure that the business is being properly managed.

All the directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he becomes aware of such interest. The Company Secretary shall keep a record of such declarations.

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- a) Reviewing and adopting a strategic plan for the Company;
- b) Approving Business Plan and Annual budgets presented by the Management;
- c) Overseeing the conduct of the Group's business;
- d) Identifying business risks and the implementation of appropriate internal controls;
- e) Overseeing the development and implementation of a shareholder communication policy;
- f) Reviewing the adequacy and integrity of the Group's internal control and management information systems; and
- g) Succession planning.

Overall, the internal organisation structure is designed to have clear lines of authority and responsibility for the business and operation strategy, promote fast and accurate decisions, and enhance management transparency and efficiency. The Board regularly reviews the operational and financial reports which are tabled at the Board meetings held at least 4 times a year.

##### 2. Board Meetings & Attendance

Board meetings are scheduled in advance to enable Directors to plan ahead and maximise their attendance. All Directors are provided with agenda together with the Board papers at least 5 working days in advance. This is to enable the Directors to have ample time to review, consider and to deliberate knowledgeably on all issues and to facilitate informed decision making. The Board papers circulated include quarterly reports and annual financial statements, minutes of meetings, management reports, update from regulatory authorities, related party transactions, internal and external audit reports. The Directors have access to all information within the Group to enable them to discharge their responsibilities.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I BOARD ROLES AND RESPONSIBILITIES (CONT'D)****2. Board Meetings & Attendance (Cont'd)**

During the financial year ended 31 December 2023, the Board held a total of six (6) Board meetings. Details of the attendance record of the Board for the financial year ended 31 December 2023 is set out below:-

NAME	ATTENDANCE
<b>Non-Independent Non-Executive Chairman</b>	
Y.M. Dato' Syed Budriz Putra	6 of 6
<b>Managing Director ("MD")</b>	
Encik Ibrahim Aiman Bin Mohd Nadzmi	6 of 6
<b>Non-Executive Directors</b>	
Encik Muhammad Adib Bin Ariffin ( <i>Resigned on 1 March 2023</i> )	2 of 2
Mr. Woo Kok Boon ( <i>Resigned on 1 September 2023</i> )	4 of 5
Encik Faiz Bin Ishak ( <i>Resigned on 1 March 2023</i> )	0 of 2
Mr. Lee Chin Chuan ( <i>Appointed on 1 March 2023</i> )	2 of 4
Ms. Tung Shao Yin ( <i>Appointed on 1 March 2023</i> )	4 of 4
Mr. Rajagopal A/L Ramadhass ( <i>Appointed on 1 September 2023</i> )	1 of 1

Senior Management staffs are invited to attend Board Meetings. The Board also notes the decisions and salient issues deliberated by the Audit and Risk Management Committee.

All Directors whether as a full Board or in their individual capacity, have full and unrestricted access to the advice and services of the Company Secretaries and Senior Management staffs and if necessary, may seek independent professional advice at the Company's expense, to assist them in forming their opinion and findings in the lead up to Board's decision.

**3. Supported by Qualified and Competent Company Secretaries**

The Board is supported by qualified and competent Company Secretaries who satisfy the qualification prescribed under Section 235 (2) of the Companies Act 2016 and have the requisite experience and competency in company secretarial services.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretaries promptly disseminates communications received from the relevant regulatory and/ or governmental authorities.

The Company Secretaries organise and attend all Board meetings and is responsible to ensure that meetings are properly convened and proper records of the proceedings and resolutions passed are taken accurately and maintained at the Registered Office of the Company.

**4. Board Charter**

The Board has established clear function to provide guidance for Directors regarding the responsibilities of the Board, its Committees, the requirement of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities and which is publicly available, on the Company's website at [www.transocean.com.my](http://www.transocean.com.my). The Board Charter is subject to periodic review by the Board as and when required.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### I BOARD ROLES AND RESPONSIBILITIES (CONT'D)

##### 4. Board Charter (Cont'd)

There is a clear division of responsibilities between the Chairman and MD. Y.M. Dato' Syed Budriz Putra, the Non-Independent Non-Executive Chairman of the Company is primarily responsible for matters pertaining to the Board and overall conduct of the Group. The Chairman is responsible for leading the Board to ensure its effectiveness and the entrenchment of good corporate governance practices within the Group. While, the Managing Director is responsible for the implementation of the Board's decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors ("INED") play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

##### 5. Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Group are guided by the Code of Ethics issued by the Companies Commission of Malaysia for Company Directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the Audit and Risk Management Committee. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

##### 6. Whistle-blower and Anti-Corruption Policy

The Board has adopted a Whistle-blower Policy and is committed to conduct its business and working with all stakeholders including employees, suppliers, customers, and shareholders in a manner that is lawful and ethically responsible. It expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate and timely manner and give fair treatment to the alleged wrongdoer.

Pursuant to the amendments to the Malaysian Anti-Corruption Commission Act 2009, the Company has established and adopted an Anti-Corruption and Bribery Policy to prevent corrupt practices. The said Anti-Corruption and Bribery Policy was adopted on 17 June 2020 and is available on the Company's website at [www.transocean.com.my](http://www.transocean.com.my).

##### 7. Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the economic, environmental, and social ("EES") aspects is taken into consideration. Whilst the Group embraces sustainability in its operations and supply chain, the Board has formalised a Sustainability Policy, addressing the EES aspects to be incorporated in the Group's strategy.

#### II BOARD COMPOSITION

##### 1. Board Composition and Balance

The Board currently consists of five (5) Board members, comprising one (1) Non-Independent Non-Executive Chairman, one (1) MD and three (3) INED. During the financial year, three INED of the Company, namely Encik Muhammad Adib Bin Ariffin, Encik Faiz Bin Ishak and Mr Woo Kok Boon had resigned and Ms. Tung Shao Yin, Mr. Lee Chin Chuan and Mr Rajagopal A/L Ramadhass were subsequently appointed.

The Company takes serious effort to have a balance Board which comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure to drive the Group forward. The Board has more than 1/3 Independent Directors as its members. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of the Group.

The Group is led by a strong and experienced Board under the Chairman. The role of Chairman is assumed by Y.M. Dato' Syed Budriz Putra in recognition of his entrepreneurial leadership. Y.M. Dato' Syed Budriz Putra is assisted by 3 INED and 1 MD.

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

### II BOARD COMPOSITION (CONT'D)

#### 1. Board Composition and Balance (Cont'd)

The Board is of the opinion that the 3 INED will provide the necessary check and balance and such composition will be assessed annually.

#### 2. Board Committee

In discharging its fiduciary duties, the Board has delegated specific responsibilities to the following three (3) Board Committees, which operate within the approved Terms of Reference ("TOR"). Notwithstanding the above, all Board Committees do not have executive powers but only the power to make recommendations to the Board. The ultimate responsibility for the final decision lies with the entire Board. These committees are:

- Nomination Committee ("NC");
- Remuneration Committee ("RC"); and
- Audit and Risk Management Committee ("ARMC")

##### a. Nomination Committee ("NC") – Selection and Assessment of Directors

The NC currently comprises entirely of INED as follows:-

##### CHAIRMAN

Ms. Tung Shao Yin (*Appointed on 1 March 2023*)

Encik Faiz Bin Ishak (*Resigned on 1 March 2023*)

##### COMMITTEE MEMBERS

Mr. Woo Kok Boon (*Resigned on 1 September 2023*)

Encik Muhammad Adib Bin Ariffin (*Resigned on 1 March 2023*)

Mr. Lee Chin Chuan (*Appointed on 1 March 2023*)

Mr. Rajagopal A/L Ramadhass (*Appointed on 1 September 2023*)

The Board had in May 2022 established a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment, re-appointment and re-election of Directors. The said policy is published on the Company's website at [www.transocean.com.my](http://www.transocean.com.my).

The Board has specific TOR for the NC which cover, inter-alia, to oversee the selection and assessment of Directors to ensure that the board composition meets the needs of the Company. During the year, the NC carried out the following activities:-

- a) Assessed and recommended the re-election and re-appointment of the Directors at the AGM;
- b) Reviewed the independence of the Independent Directors of the Company;
- c) Reviewed the required mix of skills, experience, composition, size of the Board, contribution of each Director, the effectiveness of the Board Committees and Board as whole;
- d) Recommended the retention of an Independent Director as an Independent Director pursuant to recommendation of the Code;
- e) Reviewed the performance of key officers of the Company; and
- f) Reviewed the term of office and performance of ARMC.

The TOR of the NC is available on the Company's website.

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

The process of assessing the directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual director. The criteria used, amongst others, for the annual assessment of individual director includes the assessment of their roles, duties, responsibilities, competency, expertise and contribution (fit and proper criteria). Whereas, the criteria for the assessment of the performance of the Board and Board Committees cover composition, processes, accountability, responsibilities as well as the fulfilment of duties. Overall, it was concluded that the Board and Board Committees have met the fit and proper criteria in discharging their duties and responsibilities adequately during the financial year 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

## II BOARD COMPOSITION (CONT'D)

## 2. Board Committee (Cont'd)

## a. Nomination Committee ("NC") – Selection and Assessment of Directors (Cont'd)

The Board is mindful of the recommendation of the Code on the establishment of a gender diversity policy for the Board and senior management. A lady Director, Ms. Tung Shao Yin was appointed to the Board on 1 March 2023. The NC shall ensure that women candidates are sought during the recruitment exercise and would consider the requirement of gender diversity in its recommendation to the Board.

## b. Remuneration Committee ("RC")

The RC comprises of the following members and all of whom are INED:

**CHAIRMAN**

Mr. Rajagopal A/L Ramadhass (*Appointed on 1 September 2023*)

Mr. Woo Kok Boon (*Resigned on 1 September 2023*)

**COMMITTEE MEMBERS**

Encik Muhammad Adib Bin Ariffin (*Resigned on 1 March 2023*)

Encik Faiz Bin Ishak (*Resigned on 1 March 2023*)

Mr. Lee Chin Chuan (*Appointed on 1 March 2023*)

Ms. Tung Shao Yin (*Appointed on 1 March 2023*)

The RC carries out the annual review of the overall remuneration for Directors and Key Senior Management Personnel whereupon recommendations are submitted to the Board for approval.

The Board has not formulated a remuneration policy for the Directors, but the RC decides on the suitable remuneration package which is linked to performance, responsibility levels and is comparable with the market norm.

The RC ensures that the Senior Management Personnel's remuneration package is fair and able to attract and retain talent.

The remuneration package for the Non-Executive Directors is determined by the Board which comprises of the following:

**Director's Fees**

The fees are payable to the Non-Executive Directors and are recommended by the Board for approval of the shareholders at each AGM.

**Meeting allowances**

The allowances are payable to the Non-Executive Directors and the Managing Director for attendance of the Board and Committee meetings which shall subject to shareholders' approval pursuant to Section 230(1)(b) of the Companies Act, 2016.

## 3. Directors Remuneration

The details of the Directors' remuneration paid/payable to all Directors of the Company for the financial year ended 31 December 2023 are set out as below:

	Salaries RM	Allowance RM	Fees RM	EPF RM	Others RM	Total RM
Managing Director	320,000	3,000	-	38,400	101,159	462,559
Non-Executive Directors	-	9,500	168,000	-	-	177,500



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

## II BOARD COMPOSITION (CONT'D)

## b. Remuneration Committee ("RC") (Cont'd)

## 3. Directors Remuneration (Cont'd)

The details of the Directors' remuneration paid/payable to all Directors of the Company for the financial year ended 31 December 2023 are set out as below:

## Company

	Salaries RM	Allowance RM	Fees RM	EPF RM	Others RM	Total RM
<b>Managing Director</b>						
Encik Ibrahim Aiman Bin Mohd Nadzmi	320,000	3,000	-	38,400	101,159	462,559
<b>Non- Executive Directors</b>						
Y.M. Dato' Syed Budriz Putra	-	3,000	60,000			63,000
Encik Muhammad Adib bin bin Arrifin (Resigned on 1 March 2023)	-	1,000	6,000	-	-	7,000
Mr. Woo Kok Boon (Resigned on 1 September 2023)	-	2,000	24,000	-	-	26,000
Encik Faiz Bin Ishak (Resigned on 1 March 2023)	-	-	6,000	-	-	6,000
Mr. Lee Chin Chuan (Appointed on 1 March 2023)	-	1,000	30,000	-	-	31,000
Ms. Tung Shao Yin (Appointed on 1 March 2023)	-	2,000	30,000	-	-	32,000
Mr. Rajagopal A/L Ramadhass (Appointed on 1 September 2023)	-	500	12,000	-	-	12,500

## Directors Training

The Group recognises the need to upgrade and enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad ("Bursa Securities") for all Directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulation and the business development. In addition, the Directors are kept informed with the relevant updates on statutory and regulatory requirements from time to time by the Company Secretaries during Board meetings.

The training programme attended by the existing Directors during the financial year under review among others, were as follows:-

Name Of Directors	Title Of Seminar/ Course	Organizer
Y.M. Dato' Syed Budriz Putra	The Role of Board in Strategy, ESG & Risk Management / Sustainability and Unusual Oversight	Smart Focus
Encik Ibrahim Aiman Bin Mohd Nadzmi	Strategy Implementation and Current Risk Approach For Boardroom and Senior Management	Smart Focus
Mr. Woo Kok Boon (Resigned on 1 September 2023)	Turnover Sustainability in Dynamic World-Practical Exposure	Smart Focus
Mr. Lee Chin Chuan (Appointed on 1 March 2023)	ESG Requirement for LPCs Companies by Bursa	Smart Focus
Ms. Tung Shao Yin (Appointed on 1 March 2023)	ESG Requirement for LPCs Companies by Bursa	Smart Focus
Mr. Rajagopal A/L Ramadhass (Appointed on 1 September 2023)	Mandatory Accreditation Programme (MAP)	ICDM

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. Audit and Risk Management Committee ("ARMC")

The ARMC comprises three members, all of whom are INED, as follows:

##### CHAIRMAN

Mr. Lee Chin Chuan (*Appointed on 1 March 2023*)

Encik Muhammad Adib Bin Ariffin (*Resigned on 1 March 2023*)

##### COMMITTEE MEMBERS

Mr. Woo Kok Boon (*Resigned on 1 September 2023*)

Encik Faiz Bin Ishak (*Resigned on 1 March 2023*)

Ms. Tung Shao Yin (*Appointed on 1 March 2023*)

Mr. Rajagopal A/L Ramadhass (*Appointed on 1 September 2023*)

The principal function of the ARMC is to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Group's business strategies and the development of sound internal control system and effective risk management framework.

The Company outsourced the risk management and internal audit functions to an independent firm to identify the principal or potential risks exposed to the Group in pursuing its business objectives and strategies.

In accordance with the best practices of corporate governance, the ARMC presents its report contained in this Annual Report.

All ARMC members are financially literate and the ARMC's composition and performance are reviewed by the NC annually and tabled to the Board for its notation.

#### 2. Relationship with External Auditors

The Board has established a transparent and appropriate relationship with the external auditors through the ARMC, which has been accorded with the power to communicate directly with the external auditors towards ensuring compliance with the accounting standards and other related regulatory requirements. The role of the ARMC in relation to the external auditors is described in the ARMC Report.

The ARMC performed an annual assessment on the performances, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the four keys areas: -

- Quality of services;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity.

During the financial year ended 31 December 2023, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively were as follows:-

	Group	Company
Statutory audit fees paid/payable to: -		
Grant Thornton Malaysia PLT	RM154,000	RM66,000
Non-audit fees paid/payable to: -		
Grant Thornton Malaysia PLT	RM6,000	RM6,000
Grant Thornton Tax Consultants Sdn. Bhd.	RM21,700	RM4,500

The ARMC is satisfied with the competence and independence of the external auditors.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### 3. Risk Management and Internal Control Framework

The ARMC together with Internal Audit function, oversees the Enterprise Risk Management ("ERM") Framework of the Group. The ARMC reviews and identifies areas of potential high risk faced by the Group and advises the Management, make recommendations to the Board to establish adequate compliance and control over the organisation. The ARMC also reviews risk management policies and makes recommendations to the Board for approval.

The Statement on Risk Management and Internal Control which has been reviewed by the external auditors and included in the Annual Report provides an overview of the state of risk management and internal control within the Group by Risk Management and Internal Control Framework.

### 4. Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional services firm to provide the ARMC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal audit control and risk management. The audit personnel are free from any relationships or conflicts of interest, which could impair the objectivity and independence.

The internal audit function is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and ARMC report.

The internal auditors report functionally to the ARMC and has unrestricted access to them. Its function is independent of the activities or operations of other operating units.

## PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### 1. Communication with stakeholders

The Group believes in, and emphasizes, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavors to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:

- i. Electronic facilities provided by Bursa Securities; and
- ii. Corporate website.

Shareholders, investors and members of the public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail to the following person: -

Name	Position	Email Address
Chung Chee Khuen	Chief Financial Officer	enquiry@transocean.com.my

Shareholders and investors can obtain the Group's latest announcements such as quarterly financial results at Bursa Securities' website ([www.bursamalaysia.com](http://www.bursamalaysia.com)) and the Group's website ([www.transocean.com.my](http://www.transocean.com.my))

### 2. Shareholders' Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, Annual General Meeting, continuing and timely disclosures of information, the Group welcomes dialogues with shareholders and investors at general meeting of the Company.

At each Annual General Meeting, the Directors of the Company would be present to answer any questions from the shareholders. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the Annual General Meeting. The external auditors will also be present to answer any questions from the shareholders relating to their audit. The shareholders and proxies are also able to engage with the Directors after the meeting.

Notices of Annual General Meeting are dispatched at least 28 days before the Annual General Meeting to accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly.

This Corporate Governance statement was approved by the Board of Directors of Arka Berhad (formerly known as Transocean Holdings Bhd.) on 8 April 2024.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2023, which has been prepared pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance ("the Code").

Pursuant to the Guidelines and the Code, the Board is committed to establish a sound risk management framework and internal control system. The internal control is designed to manage rather than to eliminate the risk of failure to meet the Group's business objectives. Therefore it can only provide reasonable but not absolute assurance against material misstatement, operational failure, fraud or loss and this is achieved through a combination of directive, preventive, detective and corrective measures.

### THE BOARD RESPONSIBILITIES

The Board recognises the importance of sound risk management practices and internal controls to safeguard shareholders interest and assets of the Group. The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability, and efficiency of the operations. The Board acknowledges its responsibility for the adequacy and the integrity of the Group's system of risk management and internal control which includes the establishment of the appropriate control environment and risk framework, as well as reviewing its adequacy and effectiveness. By virtue of the nature of its business activities, the Board considers its strategic risk appetite and seeks to minimise risks at operational level.

The risk management and internal control system have been in place for the financial year under review and up to the date of approval of this statement. The Board is of the opinion that risk management and internal control system were adequate to address the risk of the Group.

### GROUP RISK MANAGEMENT OBJECTIVES

- Ensure the continuity of business and quality services to customers.
- Safeguard the assets of the Group and the interest of all shareholders.
- Provide a happy working environment and taking care of the safety and health of employees
- Ensure compliance of applicable laws, regulations and the code.

### RISK MANAGEMENT FRAMEWORK

The Board has established a risk management framework with the objective of setting clear guidelines in relation to the levels of risk acceptance to the Group. The system of Risk Management and Internal Control is designed to meet the Group's objectives and strategies, and the risks to which it is exposed. The key aspects of our risk management framework are as follows:

- **Identification of specific risk areas**  
Annual risk survey is carried out with the involvement of Head of Department for identifying risks posed to the Group. Risks identified are assessed and discussed by the Audit and Risk Management Committee ("ARMC") based on the Group's business environment, incident analysis, findings of internal audits and analysis of the Group's performance relative to the business growth and strategy.
- **Evaluation of the causes and consequences**  
Risk analysis and evaluation is carried out using scenario based assessments to assess the potential impact to the Group.
- **Managing and rating of risk**  
Risks identified are assessed based on their likelihood of occurrence and their impact to the Group.
- **Risk mitigation and action plan**  
Implementation of tactical solutions to soften or mitigate risks, including preventive and detective controls and measures.

In providing oversight of risk management framework and policies of the Group, the Board is assisted by the ARMC which had identified the following risks that are significant to the business operations.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT FRAMEWORK (CONT'D)

#### Market Risks

- Loss of key customers – due to macroeconomic downturn, other market conditions and stiff competition.
- Escalating cost of services – depreciation of Ringgits and other cost escalations.

#### Operation Risks

- Warehouse management – the risk of fire, theft & burglary.
- Road accidents - road accident and rough handling causing damage to customers' cargo.

#### Financial Risks

- Credit risk – close monitoring on the performance of customers to avoid bad debts.

The Management has come out with the appropriate internal controls to mitigate the above identified risks and the Board is satisfied with the results of the controls in place.

### INTERNAL CONTROL STRUCTURE

The Board acknowledges the importance of maintaining a sound internal control system. The Group's system of internal control is embedded in the day to day operational and management process as follows:

- **Credit policies and control** – new customers must go through the credit evaluation process before customers' profiles, credit terms and limits are keyed into the master database to kick start the trading process.

The Credit Control Committee reviews the performance of the customers and status of credit on weekly basis. Exceptions are highlighted to senior management for the necessary actions on debts recovery.

- **Billing and documents** – the Group operates with cloud based Enterprise Resource Planning System (ERP) with live data connectivity for cross border activities. Warehousing, haulage and manufacturing sectors are operated with server based system. Delivery orders, invoices and custom declaration forms are generated from the system. Monitoring on mileage and fuel consumption is managed from Prai's control room.
- **Protection on customers' cargo** – the warehouse is covered with fire and warehouse liabilities insurance. Goods in transit are covered by transporters liabilities insurance and also goods in transit insurance.
- **Road Safety** – drivers are given continuous training on safer ways to drive truck, handling of goods and trucking documents.

The Board has engaged an independent professional firm, which reports to the ARMC to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

The Board recognises that the internal audit function is an important and integral component of the governance process. The principal responsibility of the internal audit function is to assist the ARMC in monitoring compliance with policies and procedures and the effectiveness and adequacy of the risk management and internal control systems in operation.

#### Assurance from Management

The Board has obtained assurance from senior management that the risk management and internal control system of the Group are operating adequately and effectively in all material aspects, based on the risk management framework adopted by the Group.

#### Board's Statement on Risk Management and Internal Control

The Board of Directors is of the view that the risk management and internal control system are satisfactory and have not resulted in any material losses that would require disclosure in the Annual Report for the year ended 31 December 2023 up to the date of this statement.

The external auditors have reviewed this statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3) - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Company for the year ended 31 December 2023. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that the statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 to 42 of the Guidelines, nor is this statement factually incorrect.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL STRUCTURE (CONT'D)

#### Board's Statement on Risk Management and Internal Control (Cont'd)

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement was approved by the Board on 8 April 2024.



## STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation to Audited Financial Statements for the Financial Year Ended 31 December 2023

This statement is prepared pursuant to Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors is responsible for ensuring that the financial statements for the financial year under review are prepared in accordance with Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have ensured that appropriate accounting policies have been consistently applied, take reasonable and prudent judgements and estimates and that all applicable MFRS and IFRS Accounting Standards and the requirements of the Companies Act 2016 are complied with.

The Directors have also ensured that the Group and the Company have kept proper accounting records which disclose with reasonable accuracy, the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the MFRS, IFRS Accounting Standards and the requirements of the Companies Act 2016.

The Directors have also taken such steps as are reasonable to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors passed on 8 April 2024.

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

### RESULTS

	Group RM	Company RM
Loss for the financial year	(1,616,073)	(1,268,941)
Attributable to:		
Owners of the Company	(1,153,183)	
Non-controlling interests	(462,890)	
	(1,616,073)	

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

### DIVIDENDS

The Company is not in a position to pay any dividend in view of the accumulated losses as at the reporting date.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up share capital of the Company during the financial year.

There was no issuance of debentures by the Company during the financial year.

### DIRECTORS

The Directors of the Company in office since the end of the previous financial year to the date of this report are:

#### **Directors of the Company:**

Dato' Syed Budriz Putra Jamalullail\*  
 Ibrahim Aiman Bin Mohd Nadzmi\*  
 Lee Chin Chuan  
 Tung Shao Yin  
 Rajagopal A/L Ramadhass (*Appointed on 1 September 2023*)  
 Woo Kok Boon (*Resigned on 1 September 2023*)

\* Directors of the Company and subsidiaries

The names of the Directors of certain subsidiaries other than those named above are as follows:

Ahmad Izwan Bin Ibrahim  
 Chung Chee Khuen  
 Ismail Bin Ibrahim  
 Khairuddin Bin Abdul Rahman  
 Melvin Tjahaja Hai Yang  
 Muhammad Aznan Bin Abdul Rahman  
 Muhammad Hariz Bin Mohd Nadzmi  
 Omar Fakhruddin Bin Mohd Nadzmi  
 Dushyanthan A/L Vaithianathan (*Appointed on 7 June 2023*)  
 Tay Eu Jin (*Appointed on 17 August 2023*)

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at the end of the financial year (including their spouses or children) are as follows:-

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023

#### Indirect interests

Dato' Syed Budriz Putra Jamalullail#	20,000,000	1,000,000	-	21,000,000
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# Deemed to have an interest in the shares pursuant to Section 8(4) of the Companies Act 2016 because Digital Planners Sdn. Bhd., which is his associate within the meaning of Section 8(5)(e) of the Companies Act 2016, controls not less than 20% of the voting shares of Enfrasys Consulting Sdn. Bhd..

By virtue of Dato' Syed Budriz Putra Jamalullail's substantial interests in the shares of the Company, he is also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

### DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:

	Group and Company RM
Salaries and allowance	424,000
Defined contribution plans	38,400
Social security contributions	1,159
Directors' fee	168,000
	<u>631,559</u>

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown above) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

At an Extraordinary General Meeting held on 26 February 2024, the Company obtained its shareholders' approval for the establishment and implementation for a Long Term Incentive Plan ("LTIP") comprising an Employee Share Option Scheme ("ESOS") and an Employee Share Grant Plan ("ESGP") involving up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the LTIP, for the Directors and eligible employees of the Company and its subsidiaries (excluding dormant companies).

The LTIP has not been implemented as at the date of this report.



## DIRECTORS' REPORT

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or insurance effected for any of the Directors, officers or auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION

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

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

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

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

In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

DIRECTORS' REPORT

AUDITORS

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The amount of audit and other fees paid or payable to the auditors and its member firms by the Group and the Company for the financial year ended 31 December 2023 amounted to RM181,700 and RM76,500 respectively. Further details are disclosed in Note 26 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT to the extent permissible under the requirements of the Companies Act 2016 in Malaysia. However, no payment has been made arising from this indemnity for the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 April 2024.

.....	)	
DATO' SYED BUDRIZ PUTRA JAMALULLAIL	)	
	)	
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	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
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	)	
	)	
	)	
.....	)	
IBRAHIM AIMAN BIN MOHD NADZMI	)	



## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 108 are properly drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 April 2024.

.....  
DATO' SYED BUDRIZ PUTRA JAMALULLAIL

.....  
IBRAHIM AIMAN BIN MOHD NADZMI

## STATUTORY DECLARATION

I, Ibrahim Aiman Bin Mohd Nadzmi, the Director primarily responsible for the financial management of Arka Berhad (formerly known as Transocean Holdings Bhd.), do solemnly and sincerely declare that the financial statements set out on pages 60 to 108 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in the )  
Federal Territory this day of )  
8 April 2024 )

.....  
IBRAHIM AIMAN BIN MOHD NADZMI

Before me,

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Arka Berhad (formerly known as Transocean Holdings Bhd.) ("the Company"), which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 60 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of trade receivables (Note 9 to the financial statements)</p> <p>The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures.</p> <p>We focus on this area as the assessment of the expected credit losses of trade receivables involves management's judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.</p>	<p>Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of: <ul style="list-style-type: none"> <li>- the Group's internal control over the trade receivables' collection process;</li> <li>- how the Group identifies and assesses the impairment of trade receivables; and</li> <li>- how the Group makes the accounting estimates for impairment of trade receivables.</li> </ul> </li> <li>• Reviewing the application of the Group's policy for calculating the expected credit losses and whether it complies with MFRS 9;</li> <li>• Reviewing the ageing analysis of the trade receivables and testing the reliability thereon;</li> <li>• Reviewing subsequent collections for major customers and overdue amounts;</li> <li>• Making inquiries of management regarding the action plans to recover overdue balances;</li> <li>• Examining other relevant evidence; and</li> <li>• Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.</li> </ul>

There is no key audit matter to be communicated in our audit of the separate financial statements of the Company.

## INDEPENDENT AUDITORS' REPORT

### Report on the Audit of Financial Statements (cont'd)

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

#### Directors' Responsibilities for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 skepticism throughout the audit. We also:

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

## INDEPENDENT AUDITORS' REPORT

### Report on the Audit of Financial Statements (cont'd)

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

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

#### Other Matter

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

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

KISHAN NARENDRA JASANI  
(NO: 03223/12/2025(J))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
8 April 2024



## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	3,045,404	31,133,415	8,375	28,081,795
Right-of-use assets	4	21,937,130	2,268,486	-	-
Investment in subsidiaries	5	-	-	7,776,870	10,403,261
Investment in an associate	6	25,019,729	22,477,018	20,000,000	20,000,000
Deferred tax assets	7	3,507	59,111	-	-
Total non-current assets		50,005,770	55,938,030	27,785,245	58,485,056
Current assets					
Inventories	8	574,022	338,831	-	-
Trade receivables	9	11,095,471	8,031,731	-	-
Contract assets	10	-	73,086	-	-
Other receivables	11	2,760,495	1,219,470	11,631	12,230
Amount due from subsidiaries	12	-	-	695,006	-
Current tax assets		146,764	546,183	93,095	79,799
Fixed deposits with a licensed bank	13	3,851	3,545	-	-
Cash and bank balances	14	1,654,126	4,441,002	494,611	195,815
Total current assets		16,234,729	14,653,848	1,294,343	287,844
Assets held-for-sale	15	30,000,000	-	30,000,000	-
		46,234,729	14,653,848	31,294,343	287,844
TOTAL ASSETS		96,240,499	70,591,878	59,079,588	58,772,900
EQUITY AND LIABILITIES					
Share capital	16	64,718,664	64,718,664	64,718,664	64,718,664
Other reserves	17	13,806,809	11,191,591	13,050,000	10,577,650
Accumulated losses		(15,657,897)	(14,841,774)	(23,564,020)	(22,363,673)
		62,867,576	61,068,481	54,204,644	52,932,641
Non-controlling interests		(731,355)	-	-	-
Total equity		62,136,221	61,068,481	54,204,644	52,932,641

STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities</b>					
Deferred tax liabilities	7	<b>1,825,801</b>	2,011,006	<b>1,783,000</b>	2,113,205
Lease liabilities	4	<b>13,738,474</b>	87,954	-	-
Borrowings	18	<b>398,333</b>	501,630	-	-
<b>Total non-current liabilities</b>		<b>15,962,608</b>	2,600,590	<b>1,783,000</b>	2,113,205
<b>Current liabilities</b>					
Trade payables	19	<b>6,097,167</b>	2,929,416	-	-
Other payables	20	<b>4,728,059</b>	2,914,872	<b>2,977,274</b>	564,846
Lease liabilities	4	<b>6,960,764</b>	835,489	-	-
Borrowings	18	<b>355,680</b>	243,030	-	-
Amount due to subsidiaries	12	-	-	<b>114,670</b>	3,162,208
<b>Total current liabilities</b>		<b>18,141,670</b>	6,922,807	<b>3,091,944</b>	3,727,054
<b>Total liabilities</b>		<b>34,104,278</b>	9,523,397	<b>4,874,944</b>	5,840,259
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>96,240,499</b>	70,591,878	<b>59,079,588</b>	58,772,900

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	<b>38,647,370</b>	28,881,350	<b>5,100,000</b>	1,844,400
Other income	22	<b>498,916</b>	275,677	<b>6,589</b>	6,004
Finance income		-	7,184	-	-
Share of profit of an associate		<b>2,542,711</b>	1,391,268	-	-
Cost of inventories consumed		<b>(5,765,631)</b>	(4,528,064)	-	-
Crane and forklift charges		<b>(4,167,170)</b>	(2,003,669)	-	-
Depreciation of property, plant and equipment		<b>(1,022,911)</b>	(1,024,614)	<b>(196,754)</b>	(233,420)
Depreciation of right-of-use assets		<b>(2,036,799)</b>	(922,886)	-	-
Impairment loss on property, plant and equipment		<b>(391,066)</b>	-	<b>(391,066)</b>	-
Lease modification		-	(79,312)	-	-
Allowance for expected credit losses on receivables					
- additions		<b>(222,187)</b>	(90,979)	<b>(1,450,247)</b>	(134,200)
- reversal		-	-	<b>60,665</b>	83,066
Employee benefits expense	23	<b>(10,891,803)</b>	(8,431,291)	<b>(1,413,130)</b>	(913,332)
Fuel and freight expenses		<b>(1,952,453)</b>	(2,711,531)	-	-
Levies		<b>(705,449)</b>	(829,498)	-	-
Repairs and maintenance of premises		<b>(183,380)</b>	(334,205)	-	(141,282)
Repairs and maintenance of motor vehicles		<b>(2,115,816)</b>	(1,322,790)	-	(2,501)
Expenses relating to short-term leases		<b>(5,210,523)</b>	(2,137,925)	-	-
Expenses relating to lease of low-value assets		<b>(7,295)</b>	(4,950)	-	-
Other operating expenses		<b>(7,981,874)</b>	(4,112,783)	<b>(3,288,659)</b>	(632,680)
<b>Operating (loss)/profit</b>		<b>(965,360)</b>	2,020,982	<b>(1,572,602)</b>	(123,945)
Finance costs	25	<b>(415,587)</b>	(194,924)	-	-
<b>(Loss)/Profit before tax</b>	26	<b>(1,380,947)</b>	1,826,058	<b>(1,572,602)</b>	(123,945)
Tax (expense)/income	27	<b>(235,126)</b>	(67,297)	<b>303,661</b>	(114,339)
<b>Net (loss)/profit for the financial year</b>		<b>(1,616,073)</b>	1,758,761	<b>(1,268,941)</b>	(238,284)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Other comprehensive income, net of tax</b>					
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Revaluation of freehold land and buildings, net		<b>2,540,944</b>	-	<b>2,540,944</b>	-
<b>Item that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operation		<b>142,868</b>	132,154	-	-
<b>Total other comprehensive income, net of tax</b>		<b>2,683,812</b>	132,154	<b>2,540,944</b>	-
<b>Total comprehensive income/ (loss) for the financial year</b>		<b>1,067,739</b>	1,890,915	<b>1,272,003</b>	(238,284)
<b>Net (loss)/profit attributable to:</b>					
Owners of the Company		<b>(1,153,183)</b>	1,758,761	<b>(1,268,941)</b>	(238,284)
Non-controlling interests		<b>(462,890)</b>	-	-	-
		<b>(1,616,073)</b>	1,758,761	<b>(1,268,941)</b>	(238,284)
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		<b>1,530,629</b>	1,890,915	<b>1,272,003</b>	(238,284)
Non-controlling interests		<b>(462,890)</b>	-	-	-
		<b>1,067,739</b>	1,890,915	<b>1,272,003</b>	(238,284)
<b>(Loss)/Earnings per share attributable to owners of the Company (sen)</b>					
- Basic/Diluted	28	<b>(1.77)</b>	2.70		

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	----- Attributable to Owners of the Company -----					
	Share capital RM	Non-distributable Other reserves RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
<b>2023</b>						
Balance at beginning	64,718,664	11,191,591	(14,841,774)	61,068,481	-	61,068,481
<b>Transaction with owners:-</b>						
Disposal of partial interest in a subsidiary	-	-	268,466	268,466	(268,465)	1
Realisation of revaluation reserve upon depreciation	-	(68,594)	68,594	-	-	-
Total comprehensive income/(loss) for the financial year	-	2,683,812	(1,153,183)	1,530,629	(462,890)	1,067,739
Balance at end	<u>64,718,664</u>	<u>13,806,809</u>	<u>(15,657,897)</u>	<u>62,867,576</u>	<u>(731,355)</u>	<u>62,136,221</u>
<b>2022</b>						
Balance at beginning	64,718,664	11,128,030	(16,670,005)	59,176,689	877	59,177,566
<b>Transaction with owners:-</b>						
Acquisition of interests of non-controlling interests in a subsidiary	-	-	877	877	(877)	-
Realisation of revaluation reserve upon depreciation	-	(68,593)	68,593	-	-	-
Total comprehensive income for the financial year	-	132,154	1,758,761	1,890,915	-	1,890,915
Balance at end	<u>64,718,664</u>	<u>11,191,591</u>	<u>(14,841,774)</u>	<u>61,068,481</u>	<u>-</u>	<u>61,068,481</u>

**STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital RM	Non- distributable Other reserves RM	Accumulated losses RM	Total equity RM
<b>2023</b>				
Balance at beginning	<b>64,718,664</b>	<b>10,577,650</b>	<b>(22,363,673)</b>	<b>52,932,641</b>
Realisation of revaluation reserve upon depreciation	-	<b>(68,594)</b>	<b>68,594</b>	-
Total comprehensive income/(loss) for the financial year	-	<b>2,540,944</b>	<b>(1,268,941)</b>	<b>1,272,003</b>
Balance at end	<b>64,718,664</b>	<b>13,050,000</b>	<b>(23,564,020)</b>	<b>54,204,644</b>
<b>2022</b>				
Balance at beginning	64,718,664	10,646,243	(22,193,982)	53,170,925
Realisation of revaluation reserve upon depreciation	-	(68,593)	68,593	-
Total comprehensive loss for the financial year	-	-	(238,284)	(238,284)
Balance at end	64,718,664	10,577,650	(22,363,673)	52,932,641

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

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(1,380,947)	1,826,058	(1,572,602)	(123,945)
Adjustments for:					
Allowance for expected credit losses on receivables					
- additions		222,187	90,979	1,450,247	134,200
- reversal		-	-	(60,665)	(83,066)
Bad debts written off		-	469	-	-
Depreciation of property, plant and equipment		1,022,911	1,024,614	196,754	233,420
Depreciation of right-of-use assets		2,036,799	922,886	-	-
Lease modification		-	79,312	-	-
Loss on disposal of investment in a subsidiary		-	-	1,960	-
Property, plant and equipment written off		-	13,795	-	-
Impairment loss on property, plant and equipment		391,066	-	391,066	-
Impairment loss on investment in a subsidiary		-	-	2,624,430	-
Loss on disposal of property, plant and equipment		34,124	-	-	-
Interest expense		415,587	194,924	-	-
Interest income		-	(7,184)	-	-
Investment in a subsidiary written off		-	-	1	-
Rent concessions		(164,150)	(90,000)	-	-
Share of profit of an associate		(2,542,711)	(1,391,268)	-	-
Operating profit before working capital changes		34,866	2,664,585	3,031,191	160,609
Changes in:					
Inventories		(235,191)	(158,457)	-	-
Receivables		(4,696,260)	378,429	599	37,355
Contract assets		73,086	29,566	-	-
Payables		4,980,938	946,971	2,412,428	138,168
Cash generated from operations		157,439	3,861,094	5,444,218	336,132
Income tax paid		(96,012)	(116,255)	(13,296)	(16,992)
Income tax refunded		157,511	273	-	-
Interest paid		(50,849)	(42,106)	-	-
Net cash from operating activities		168,089	3,703,006	5,430,922	319,140

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of interests of non-controlling interests in a subsidiary		-	-	-	(7,000)
Acquisition of shares in new subsidiary		-	-	(1)	-
Advances to subsidiaries		-	-	(2,084,588)	(51,134)
Net change in fixed deposit pledged with licensed bank		(306)	(315)	-	-
Interest received		-	7,069	-	-
Purchase of property, plant and equipment	A	(600,690)	(899,055)	-	-
Proceeds from disposal of a subsidiary		-	-	1	-
Proceeds from disposal of property, plant and equipment		70,000	-	-	-
Net cash used in investing activities		(530,996)	(892,301)	(2,084,588)	(58,134)
Balance carried forward		(362,907)	2,810,705	3,346,334	261,006



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Balance carried forward		(362,907)	2,810,705	3,346,334	261,006
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from disposal of partial interest in subsidiary that does not involve loss of control		1	-	-	-
Repayment to subsidiaries		-	-	(3,047,538)	(349,201)
Repayment of lease liabilities	B	(1,806,905)	(884,623)	-	-
Interest paid	B	(326,585)	(152,818)	-	-
Repayment of borrowings	B	(305,647)	(122,472)	-	-
Net cash used in financing activities		(2,439,136)	(1,159,913)	(3,047,538)	(349,201)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,802,043)</b>	<b>1,650,792</b>	<b>298,796</b>	<b>(88,195)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>15,167</b>	<b>11,943</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<b>4,441,002</b>	<b>2,778,267</b>	<b>195,815</b>	<b>284,010</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>		<b>1,654,126</b>	<b>4,441,002</b>	<b>494,611</b>	<b>195,815</b>
<b>Represented by:</b>					
Fixed deposits with a licensed bank		3,851	3,545	-	-
Cash and bank balances		1,654,126	4,441,002	494,611	195,815
		1,657,977	4,444,547	494,611	195,815
Less: Fixed deposits pledged with a licensed bank		(3,851)	(3,545)	-	-
		1,654,126	4,441,002	494,611	195,815

## NOTES TO THE STATEMENTS OF CASH FLOWS

### A. Purchase of property, plant and equipment

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total purchase of property, plant and equipment	915,690	1,214,055	-	-
Acquired under finance lease arrangements	(315,000)	(315,000)	-	-
Total cash acquisitions	600,690	899,055	-	-

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

### B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Rent concessions RM	Others RM	Balance at end RM
<b>Group</b>					
<b>2023</b>					
Lease liabilities	<b>923,443</b>	<b>(2,133,490)</b>	<b>(164,150)</b>	<b>22,073,435</b>	<b>20,699,238</b>
Borrowings excluding bank overdrafts	<b>744,660</b>	<b>(305,647)</b>	<b>-</b>	<b>315,000</b>	<b>754,013</b>
	<b>1,668,103</b>	<b>(2,439,137)</b>	<b>(164,150)</b>	<b>22,388,435 <sup>1</sup></b>	<b>21,453,251</b>
<b>2022</b>					
Lease liabilities	1,636,866	(1,037,441)	(90,000)	414,018	923,443
Borrowings excluding bank overdrafts	552,132	(122,472)	-	315,000	744,660
	2,188,998	(1,159,913)	(90,000)	729,018 <sup>1</sup>	1,668,103

<sup>1</sup> Others consist of non-cash movement as follows:

	Group	
	2023 RM	2022 RM
Accretion of interest	<b>364,738</b>	152,818
Addition of lease liabilities	<b>21,658,093</b>	215,113
Foreign currency translation	<b>50,604</b>	46,087
Property, plant and equipment acquired by finance lease arrangements	<b>315,000</b>	315,000
	<b>22,388,435</b>	729,018

### C. Cash outflows for leases as lessee

	Group	
	2023 RM	2022 RM
Payments relating to short term leases	<b>5,210,523</b>	2,137,925
Payment relating to lease of low-value assets	<b>7,295</b>	4,950
Payment of lease liabilities	<b>1,806,905</b>	884,623
Interest paid in relation to lease liabilities	<b>326,585</b>	152,818
	<b>7,351,308</b>	3,180,316

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 1. GENERAL INFORMATION

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

The registered office of the Company is located at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Penang, Malaysia.

The principal place of business of the Company is located at Lot 2955, 2956 & 2957, Jalan Perusahaan Sungai Lokan 3, Kawasan Perusahaan Sungai Lokan, 13400 Butterworth, Penang, Malaysia.

The principal activities of the Company are investment holding, provision of management services and letting of properties. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2024.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### 2.3 Functional and presentation currency

Ringgit Malaysia is the presentation currency of the Group and of the Company.

Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

### 2.4 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2023.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and the Company, except for:-

#### Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

### 2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements

#### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
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#### Amendments to MFRSs effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The initial application of the above applicable standards and amendments are not expected to have any material impacts to the financial statements of the Group and of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.6.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### **Determining the lease term of contracts with renewal and termination options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate.

The Group has not included the extension options period as part of the lease term for lease of warehouse, office premise and motor vehicles as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### 2.6.2 Key sources of estimation uncertainty

The 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 are discussed below:

##### **Useful lives of depreciable assets**

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of the depreciable assets to be within 5 and 50 years and reviews the useful lives of depreciable assets at each reporting date. At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage, physical wear and tear and technological developments, which may result in adjustments to the Group's and the Company's assets.

##### **Revaluation of property, plant and equipment**

The Group and the Company measure their land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group and the Company engaged independent valuation specialists to determine fair value upon revaluation.

##### **Provision for expected credit losses of receivables**

The Group uses a provision matrix to calculate expected credit losses for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant accounting estimates and judgements (cont'd)

#### 2.6.2 Key sources of estimation uncertainty (cont'd)

The 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 are discussed below (cont'd):

##### **Provision for expected credit losses of receivables (cont'd)**

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### **Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgement is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the non-financial assets based on the fair value less cost to sell which approximates the extent of the net assets held by the non-financial assets at the reporting date. If the recoverable amount of the non-financial assets is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the non-financial assets.

##### **Leases - estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

##### **Income taxes/Deferred tax liabilities**

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the Group's and Company's provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

##### **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

##### **Deferred tax assets**

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

Assumptions about generation of future taxable profits depend on estimation of future sales, operating costs, capital expenditure, dividends and other capital management transactions which are highly judgemental. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unused tax losses, unabsorbed capital allowances and unrecognised temporary differences.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. PROPERTY, PLANT AND EQUIPMENT

## Group

	At valuation		At cost				Total RM
	Freehold land RM	Buildings RM	Warehouse machinery and equipment RM	Office renovation RM	Furniture, fittings and equipment RM	Motor vehicles RM	
<b>2023</b>							
<b>At valuation/cost</b>							
Balance at beginning	17,500,000	11,063,490	1,210,747	1,066,739	734,296	15,649,433	47,224,705
Additions	-	-	2,880	-	107,267	805,543	915,690
Disposal	-	-	-	-	-	(1,890,878)	(1,890,878)
Revaluation	4,500,000	(2,608,934)	-	-	-	-	1,891,066
Transfer to assets held-for-sale	(22,000,000)	(8,391,066)	-	-	-	-	(30,391,066)
Balance at end	-	63,490	1,213,627	1,066,739	841,563	14,564,098	17,749,517
<b>Accumulated depreciation</b>							
Balance at beginning	-	440,000	1,098,458	816,538	622,273	13,114,021	16,091,290
Current charge	-	183,334	16,827	89,496	47,938	685,316	1,022,911
Disposal	-	-	-	-	-	(1,786,754)	(1,786,754)
Revaluation	-	(623,334)	-	-	-	-	(623,334)
Balance at end	-	-	1,115,285	906,034	670,211	12,012,583	14,704,113
<b>Accumulated impairment</b>							
Balance at beginning	-	-	-	-	-	-	-
Current charge	-	391,066	-	-	-	-	391,066
Transfer to assets held-for-sale	-	(391,066)	-	-	-	-	(391,066)
Balance at end	-	-	-	-	-	-	-
<b>Carrying amount</b>	-	63,490	98,342	160,705	171,352	2,551,515	3,045,404

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)

	At valuation		At cost				Total
	Freehold land RM	Buildings RM	Warehouse machinery and equipment RM	Office renovation RM	Furniture, fittings and equipment RM	Motor vehicles RM	RM
<b>2022</b>							
<b>At valuation/cost</b>							
Balance at beginning	17,500,000	11,000,000	1,507,427	1,066,739	770,947	14,585,606	46,430,719
Additions	-	63,490	34,850	-	51,888	1,063,827	1,214,055
Written off	-	-	(331,530)	-	(88,539)	-	(420,069)
Balance at end	17,500,000	11,063,490	1,210,747	1,066,739	734,296	15,649,433	47,224,705
<b>Accumulated depreciation</b>							
Balance at beginning	-	220,000	1,401,625	731,129	674,306	12,445,890	15,472,950
Current charge	-	220,000	15,970	85,409	35,104	668,131	1,024,614
Written off	-	-	(319,137)	-	(87,137)	-	(406,274)
Balance at end	-	440,000	1,098,458	816,538	622,273	13,114,021	16,091,290
<b>Carrying amount</b>	17,500,000	10,623,490	112,289	250,201	112,023	2,535,412	31,133,415



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## Company

	----- At valuation -----		----- At cost -----		Total RM
	Freehold land RM	Buildings RM	Office renovation RM	Furniture, fittings and equipment RM	
<b>2023</b>					
<b>At valuation/cost</b>					
Balance at beginning	17,500,000	11,000,000	150,438	142,195	28,792,633
Revaluation	4,500,000	(2,608,934)	-	-	1,891,066
Transfer to assets held-for-sale	(22,000,000)	(8,391,066)	-	-	(30,391,066)
Balance at end	-	-	150,438	142,195	292,633
<b>Accumulated depreciation</b>					
Balance at beginning	-	440,000	128,644	142,194	710,838
Current charge	-	183,334	13,420	-	196,754
Revaluation	-	(623,334)	-	-	(623,334)
Balance at end	-	-	142,064	142,194	284,258
<b>Accumulated impairment</b>					
Balance at beginning	-	-	-	-	-
Current charge	-	391,066	-	-	391,066
Transfer to assets held-for-sale	-	(391,066)	-	-	(391,066)
Balance at end	-	-	-	-	-
<b>Carrying amount</b>	-	-	8,374	1	8,375

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company (cont'd)

	At valuation		At cost		Total RM
	Freehold land RM	Buildings RM	Office renovation RM	Furniture, fittings and equipment RM	
<b>2022</b>					
<b>At valuation/cost</b>					
Balance at beginning/end	17,500,000	11,000,000	150,438	142,195	28,792,633
<b>Accumulated depreciation</b>					
Balance at beginning	-	220,000	115,224	142,194	477,418
Current charge	-	220,000	13,420	-	233,420
Balance at end	-	440,000	128,644	142,194	710,838
<b>Carrying amount</b>	17,500,000	10,560,000	21,794	1	28,081,795

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The freehold land and buildings were revalued to fair value based on the valuations performed by independent professional valuer using the market comparison approach and the replacement cost approach. Had the freehold land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:

	Freehold land RM	Buildings RM	Total RM
<b>Group and Company</b>			
<u>2022</u>			
At cost	7,500,000	14,421,374	21,921,374
Accumulated depreciation	-	(6,777,320)	(6,777,320)
Carrying amount	<u>7,500,000</u>	<u>7,644,054</u>	<u>15,144,054</u>

The fair value measurement of the freehold land and buildings is categorised as follows:

	2022		
	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM
<b>Group and Company</b>			
Freehold land	-	17,500,000	-
Buildings	-	-	<u>11,000,000</u>

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

**Level 2 Fair Value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1, that are observable for the freehold land, either directly or indirectly.

Level 2 fair value of freehold land has been generally derived using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties (Please refer to Note 2.2 for definition of Level 1 to 3 fair value hierarchy).

**Level 3 Fair Value**

Level 3 fair value is estimated using unobservable inputs for the buildings. The buildings have been derived using replacement cost approach, i.e. the cost to replace a similar building giving equivalent utility at current construction costs, including the finance charges, professional fees, builder's profit and overheads and other incidental expenses. This cost will be based on a similar building erected according to present day materials, construction technology standards, design and layout.

The depreciation value of the existing building is obtained after making allowance for physical deterioration, functional obsolescence affecting the building, when compared to a new and similar building.

- (i) The carrying amount of freehold land and buildings of the Group and of the Company are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries as disclosed in Note 18 to financial statements.
- (ii) Leased assets which are included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM1,094,033 (2022: RM930,930), have been pledged as securities for the finance lease liabilities as disclosed in Note 18 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Material accounting policy information

#### (a) Recognition and measurement

All property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation and any impairment losses after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in revaluation reserve on disposal of the asset is transferred to accumulated losses.

#### (b) Depreciation

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful lives, at the following annual rates:

Buildings	2% - 10%
Warehouse machinery and equipment	10% - 20%
Office renovation	10% - 20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	14.28% - 20%

Freehold land with an infinite life is not depreciated.

## 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Group as a lessee

The Group has lease contracts for land, warehouse and office premise and motor vehicles used in its operations that have lease terms of between 3 to 42 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group also has certain leases of premises and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)****Group****Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Land RM	Warehouse and office premise RM	Motor vehicles RM	Total RM
<b>2023</b>				
Balance at beginning	1,760,413	324,137	183,936	2,268,486
Addition	15,232,036	6,426,057	-	21,658,093
Depreciation	(1,163,325)	(748,223)	(125,251)	(2,036,799)
Foreign currency translation	-	32,736	14,614	47,350
Balance at end	15,829,124	6,034,707	73,299	21,937,130
<b>2022</b>				
Balance at beginning	2,209,353	712,727	92,536	3,014,616
Addition	-	-	215,113	215,113
Depreciation	(369,628)	(421,830)	(131,428)	(922,886)
Lease modification	(79,312)	-	-	(79,312)
Foreign currency translation	-	33,240	7,715	40,955
Balance at end	1,760,413	324,137	183,936	2,268,486

**Lease liabilities**

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	Group	
	2023 RM	2022 RM
Balance at beginning	923,443	1,636,866
Addition	21,658,093	215,113
Accretion of interest	364,738	152,818
Payments		
- Principal	(1,806,905)	(884,623)
- Interest	(326,585)	(152,818)
Rent concessions *	(164,150)	(90,000)
Foreign currency translation	50,604	46,087
Balance at end	20,699,238	923,443

\* Rent concessions is in relation to the rental expenses waived by the landlord

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### Group (cont'd)

#### Lease liabilities (cont'd)

	Group	
	2023 RM	2022 RM
Analysed as:		
Current	6,960,764	835,489
Non-current	13,738,474	87,954
Balance at end	20,699,238	923,443

The maturity analysis of lease liabilities is disclosed in Note 33.2.2 to the financial statements.

### Material accounting policy information

#### (a) Recognition and measurement

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

#### (b) Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land	3 to 42 years
Warehouse and office premise	3 to 4 years
Motor vehicles	3 years

#### (c) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	19,515,405	19,599,056
Less: Accumulated impairment losses		
Balance at beginning	(9,195,795)	(9,195,795)
Addition	(2,624,430)	-
Disposal	75,591	-
Written off	6,099	-
Balance at end	(11,738,535)	(9,195,795)
	7,776,870	10,403,261

The impairment losses were recognised to adjust the carrying amount of investment in subsidiaries as the recoverable amounts were lower than the carrying amount.

Impairment losses on investment in subsidiaries is included in other operating expenses.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**5. INVESTMENT IN SUBSIDIARIES (CONT'D)**

The recoverable amount of the investment in subsidiaries are assessed by reference to the fair value less cost to sell of the respective subsidiaries.

Details of the Level 3 fair value method used in obtaining the recoverable amounts are as follows:-

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities	Fair value of individual assets and liabilities	The higher the net assets, the higher the fair value

Details of the subsidiaries, all of which are incorporated and whose principal places of business are in Malaysia, except where indicated, are as follows:

Name of subsidiaries	Effective equity interest		Principal activities
	2023 %	2022 %	
Arka Edge Sdn. Bhd. (formerly known as Transocean (M) Sdn. Bhd.) ("AESB")	80	100	Providing solutions and platforms in digital services related to Edge Technologies.
Arka Data Sdn. Bhd.	100	-	Providing data management, analytics and artificial intelligence related services.
Transocean Distribution Hub Sdn. Bhd.	100	100	Provision of warehousing and trucking related services.
Usmeta Manufacturing Sdn. Bhd.	100	100	Manufacturing and trading of tyres.
Gerak Intensif Sdn. Bhd.	100	100	Provision of container haulage services.
# Transocean Freight Express Sdn. Bhd.	-	100	Investment holding.
* Transocean Freight Services Pte. Ltd. (Incorporated and principal place of business in Singapore)	100	100	Provision of freight forwarding and trucking related services.
Transocean Logistics Sdn. Bhd.	100	100	Provision of custom brokerage, freight forwarding, trucking, international air and ocean freight services, warehousing and depot services.
Transocean Haulage Services Sdn. Bhd.	35	35	Temporarily ceased operations.
<b>Indirect - held through Arka Edge Sdn. Bhd. (formerly known as Transocean (M) Sdn. Bhd.)</b>			
Speedload Transport (KL) Sdn. Bhd.	100	100	Temporarily ceased operations.
Transocean Haulage Services Sdn. Bhd.	^	^	Temporarily ceased operations.
<b>Indirect - held through Transocean Logistics Sdn. Bhd.</b>			
Transocean Haulage Services Sdn. Bhd.	65	-	Temporarily ceased operations.
<b>Indirect - held through Transocean Freight Express Sdn. Bhd.</b>			
Transocean Haulage Services Sdn. Bhd.	-	65	Temporarily ceased operations.

\* Not audited by Grant Thornton Malaysia PLT

# Struck off during the year

^ Less than 1% equity interest

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 5. INVESTMENT IN SUBSIDIARIES (CONT'D)

In prior financial year, the Company acquired an additional 350,000 shares in Transocean Haulage Services Sdn. Bhd. ("THSSB") from non-controlling interests for a total cash consideration of RM7,000. Consequently, THSSB become a wholly-owned subsidiary.

During the current financial year, the Company incorporated and subscribed 100% of the equity interest in Arka Data Sdn. Bhd., comprising 1 ordinary share at RM1 each, for a total cash consideration of RM1.

### 5.1 Disposal of interest in a subsidiary without loss of control

On 19 June 2023, the Company completed the disposal of 20% of equity interest in AESB to a non-controlling interest for a cash consideration of RM1. As a result of this disposal, the Company decrease its ownership in AESB from 100% to 80%.

The carrying amount of AESB net liabilities in the Group's financial statements at the date of disposal was RM1,342,324. The Group recognised a decrease in non-controlling interest of RM268,465 and an increase in retained earnings of RM268,466. The net cash inflow arising from the disposal amounted to RM1.

### 5.2 Subsidiary with material non-controlling interests

The Group's subsidiary, Arka Edge Sdn. Bhd. has material non-controlling interests ("NCI") are as follows:-

	2023 RM
NCI percentage of ownership interest and voting interest	20%
Carrying amount of NCI	(731,355)
Loss/Total comprehensive loss allocated to NCI	(462,890)

The summary of financial information before intra-group elimination for the Arka Edge Sdn. Bhd. that has material NCI are as follows:-

	2023 RM
<u>Financial position</u>	
Non-current assets	80,715
Current assets	430,516
Non-current liabilities	-
Current liabilities	(4,168,006)
Net liabilities	(3,656,775)
<u>Financial performance</u>	
Revenue	204,500
Loss/Total comprehensive loss for the financial year	(2,314,451)
<u>Cash flows for the financial year</u>	
Net cash used in operating activities	(1,240,926)
Net cash used in investing activities	(89,988)
Net cash from financing activities	1,533,913
Cash inflow	202,999

### 5.3 Material accounting policy information

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>At cost</b>				
Unquoted shares, at cost	20,000,000	20,000,000	20,000,000	20,000,000
Share of post-acquisition reserve	5,019,729	2,477,018	-	-
	<b>25,019,729</b>	<b>22,477,018</b>	<b>20,000,000</b>	<b>20,000,000</b>

This investee is engaged in the system integration and software engineering industry to provide Microsoft licensing services.

Name	Principal place of business	Effective interest (%)		Principal activities
		2023	2022	
Enfrasys Solutions Sdn Bhd*	Malaysia	40	40	Business of providing training and consultancy services in the field of information technology including without limitation software development, system integration, programming, change management and strategic planning and any other information technology related activities.

\* Not audited by Grant Thornton Malaysia PLT

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

	Group	
	2023 RM	2022 RM

**Enfrasys Solutions Sdn. Bhd.****Financial position**

Non-current assets	2,974,740	2,054,872
Current assets	80,311,700	51,523,019
Non-current liabilities	(293,960)	(42,641)
Current liabilities	(58,827,217)	(35,726,763)
Net assets	<b>24,165,263</b>	<b>17,808,487</b>

**Summary of financial performance for the financial year**

Profit/Total comprehensive income for the financial year	<b>6,356,776</b>	3,478,171
Group's share of results for the financial year	<b>2,542,711</b>	1,391,268

**Reconciliation of net assets to carrying amount**

Group's share of net assets	<b>9,666,105</b>	7,123,394
Goodwill	<b>15,353,624</b>	15,353,624
Carrying amount	<b>25,019,729</b>	<b>22,477,018</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 6. INVESTMENT IN AN ASSOCIATE (CONT'D)

### Contingent liabilities and capital commitments

The associate had no contingent liabilities and capital commitments as at the reporting date.

### Material accounting policy information

Investment in associate is measured in the Company's statement of financial position at cost less any impairment losses.

## 7. DEFERRED TAX ASSETS/LIABILITIES

### Deferred tax assets

	Group	
	2023 RM	2022 RM
Balance at beginning	59,111	-
Recognised in profit or loss	(56,148)	58,820
Foreign currency translation difference	544	291
Balance at end	3,507	59,111

The deferred tax assets as at the reporting date are represented by temporary differences arising from:

	Group	
	2023 RM	2022 RM
Property, plant and equipment	3,507	(222,889)
Unabsorbed capital allowances	-	282,000
	3,507	59,111

### Deferred tax liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance at beginning	2,011,006	1,896,667	2,113,205	1,998,866
Recognised in profit or loss	(158,661)	114,339	(303,661)	114,339
Recognised in other comprehensive income	(26,544)	-	(26,544)	-
Balance at end	1,825,801	2,011,006	1,783,000	2,113,205

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**7. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)**Deferred tax liabilities (cont'd)

The deferred tax liabilities as at the reporting date are represented by temporary differences arising from:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property, plant and equipment	<b>73,801</b>	846,801	-	949,000
Assets held-for-sale	<b>972,000</b>	-	<b>972,000</b>	-
Right-of-use assets	<b>4,638,000</b>	-	-	-
Lease liabilities	<b>(4,669,000)</b>	-	-	-
Revaluation surplus	<b>1,450,000</b>	1,498,205	<b>1,450,000</b>	1,498,205
Unused tax losses	<b>(399,000)</b>	(153,000)	<b>(399,000)</b>	(153,000)
Unabsorbed capital allowances	<b>(240,000)</b>	(181,000)	<b>(240,000)</b>	(181,000)
	<b>1,825,801</b>	2,011,006	<b>1,783,000</b>	2,113,205

**8. INVENTORIES**

	Group	
	2023 RM	2022 RM
At cost:		
Raw materials	<b>29,908</b>	44,436
Work-in-progress	<b>147,887</b>	79,184
Finished goods	<b>380,633</b>	193,682
Consumables	<b>15,594</b>	21,529
	<b>574,022</b>	338,831
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	<b>5,765,631</b>	4,528,064

**Material accounting policy information**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 9. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
Third parties	11,656,019	8,800,212
Related parties	257,390	31,770
An associate	204,500	-
	12,117,909	8,831,982
Less: Allowance for expected credit losses		
Balance at beginning	(800,251)	(709,272)
Current year	(222,187)	(90,979)
Balance at end	(1,022,438)	(800,251)
Total trade receivables	11,095,471	8,031,731

The currency profile of trade receivables is as follows:

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	10,570,185	7,373,164
Singapore Dollar	525,286	658,567
	11,095,471	8,031,731

The trade receivables are generally on 30 to 60 days (2022: 30 to 60 days) credit terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

## 10. CONTRACT ASSETS

Contract assets primarily relate to the Group's rights to considerations for services rendered but not yet billed as at the reporting date.

## 11. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade receivables	181,815	150,345	1	600
Deposits	2,072,951	512,894	11,630	11,630
Prepayment	395,449	474,840	-	-
Staff advances	59,573	34,154	-	-
SST recoverable	8,667	-	-	-
GST recoverable	42,040	47,237	-	-
	2,760,495	1,219,470	11,631	12,230



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**11. OTHER RECEIVABLES (CONT'D)**

The currency profile of other receivables is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>2,593,006</b>	1,064,118	<b>11,631</b>	12,230
Singapore Dollar	<b>167,489</b>	155,352	-	-
	<b>2,760,495</b>	1,219,470	<b>11,631</b>	12,230

**12. AMOUNT DUE FROM/TO SUBSIDIARIES**

	Company	
	2023 RM	2022 RM
Amount due from subsidiaries	<b>5,473,610</b>	3,389,022
Less: Allowance for 12-month expected credit losses		
Balance at beginning	<b>(3,389,022)</b>	(3,342,810)
Reversal	<b>60,665</b>	83,066
Written off	-	4,922
Current charge	<b>(1,450,247)</b>	(134,200)
Balance at end	<b>(4,778,604)</b>	(3,389,022)
	<b>695,006</b>	-
Amount due to subsidiaries	<b>114,670</b>	3,162,208

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand.

**13. FIXED DEPOSITS WITH A LICENSED BANK****Group**

The fixed deposits with a licensed bank is denominated in Singapore Dollar and are pledged as securities for bank guarantee facility granted to a subsidiary. The effective interest rate as at the reporting date is 1.40% (2022: 1.40%) per annum.

**14. CASH AND BANK BALANCES**

The currency profile of cash and bank balances is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>1,426,198</b>	4,186,438	<b>494,611</b>	195,815
Singapore Dollar	<b>227,928</b>	254,564	-	-
	<b>1,654,126</b>	4,441,002	<b>494,611</b>	195,815

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 15. ASSETS HELD-FOR-SALE

	Group and Company	
	2023 RM	2022 RM
Balance at beginning	-	-
Transfer from property, plant and equipment	<b>30,000,000</b>	-
Balance at end	<b>30,000,000</b>	-

On 28 November 2023, the Board of Directors has approved to dispose the freehold land and buildings in which the Company has found a purchaser. The Company only entered into the Sale and Purchase Agreement on 28 November 2023 with the purchaser for a total consideration of RM30,150,000. The transaction is not completed as at the date of this report.

The freehold land and buildings of the Company are pledged to a licensed bank as securities for banking facilities granted to certain subsidiaries as disclosed in Note 18 to financial statements.

## 16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid with no par value:-				
At beginning/At end of year	<b>65,098,350</b>	65,098,350	<b>64,718,664</b>	64,718,664

## 17. OTHER RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Foreign currency translation reserve	<b>756,809</b>	613,941	-	-
Asset revaluation reserve	<b>13,050,000</b>	10,577,650	<b>13,050,000</b>	10,577,650
	<b>13,806,809</b>	11,191,591	<b>13,050,000</b>	10,577,650

### Foreign currency translation reserve

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 17. OTHER RESERVES (CONT'D)

## Asset revaluation reserve

	Group and Company	
	2023 RM	2022 RM
Balance at beginning	10,577,650	10,646,243
Revaluation of freehold land and buildings	2,514,400	-
Deferred tax impact on revaluation surplus	26,544	-
Realisation of revaluation surplus upon depreciation	(68,594)	(68,593)
Balance at end	13,050,000	10,577,650

The asset revaluation reserve represents the surplus net of deferred tax from the revaluation of the Group's and the Company's freehold land and buildings.

## 18. BORROWINGS

	Group	
	2023 RM	2022 RM
<b>Non-current liabilities</b>		
Secured:		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within one year	395,622	285,696
More than one year and less than two years	287,403	254,021
More than two years and less than five years	132,054	288,507
	815,079	828,224
Future finance charges	(61,066)	(83,564)
	754,013	744,660
Amount due within one year included under current liabilities	(355,680)	(243,030)
	398,333	501,630
<b>Current liabilities</b>		
Secured:		
Finance lease liabilities	355,680	243,030
<b>Total borrowings</b>	754,013	744,660

The borrowings are secured by way of:

- (i) Fixed charges over the freehold land and buildings and assets held-for-sale of the Group and of the Company as disclosed in Notes 3 and 15 to the financial statements;
- (ii) Pledge of fixed deposits with a licensed bank of the Group as disclosed in Note 13 to the financial statements;
- (iii) Corporate guarantee by the Company; and
- (iv) Leased assets as disclosed in Note 3 to the financial statements.

The effective interest rates of the borrowings is charged at rate ranging from 2.24% to 3.68% (2022: 2.24% to 3.68%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 19. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
Third parties	<b>4,500,057</b>	2,929,416
Related parties	<b>1,597,110</b>	-
	<b>6,097,167</b>	2,929,416

The currency profile of trade payables is as follows:

	Group	
	2023 RM	2022 RM
Ringgit Malaysia	<b>5,019,418</b>	2,500,490
Singapore Dollar	<b>208,179</b>	112,893
Thai Baht	<b>869,570</b>	316,033
	<b>6,097,167</b>	2,929,416

The trade payables are non-interest bearing and are normally settled within cash term to 90 days (2022: cash term to 90 days) terms.

## 20. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade payables				
- third parties	<b>947,714</b>	1,367,253	<b>289,657</b>	131,135
- related parties	<b>41,538</b>	74,572	-	-
	<b>989,252</b>	1,441,825	<b>289,657</b>	131,135
Accruals	<b>1,256,983</b>	1,115,456	<b>305,117</b>	216,711
Deposit received	<b>2,263,900</b>	199,000	<b>2,195,500</b>	85,000
SST payable	<b>30,924</b>	26,591	-	-
Amount due to Directors	<b>187,000</b>	132,000	<b>187,000</b>	132,000
	<b>4,728,059</b>	2,914,872	<b>2,977,274</b>	564,846

The currency profile of other payables is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	<b>4,548,332</b>	2,657,332	<b>2,977,274</b>	564,846
Singapore Dollar	<b>179,727</b>	257,540	-	-
	<b>4,728,059</b>	2,914,872	<b>2,977,274</b>	564,846

Included in the Group's and the Company's deposit received is an amount of RM2,110,500 (2022: Nil) related to deposit received for disposal of assets held-for-sale.

The amount due to Directors is non-trade related, unsecured, non-interest bearing and repayable on demand.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 21. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:-				
Logistic services	14,043,130	14,596,495	-	-
Custom brokerage	15,188,036	6,579,330	-	-
Management fee	-	-	-	96,000
Sale of goods	6,905,501	5,176,955	-	-
Breakdown services	702,403	1,128,170	-	-
Digital services	204,500	-	-	-
	<b>37,043,570</b>	<b>27,480,950</b>	<b>-</b>	<b>96,000</b>
Revenue from other sources:-				
Rental income	1,603,800	1,400,400	600,000	1,748,400
Dividend income	-	-	4,500,000	-
	<b>38,647,370</b>	<b>28,881,350</b>	<b>5,100,000</b>	<b>1,844,400</b>

## 21.1 Disaggregated revenue information

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Geographical markets</b>				
Malaysia	32,412,751	22,509,694	-	96,000
Singapore	4,630,819	4,971,256	-	-
	<b>37,043,570</b>	<b>27,480,950</b>	<b>-</b>	<b>96,000</b>
<b>Timing of revenue recognition of revenue from contracts with customers</b>				
At a point in time	22,795,940	12,884,455	-	-
Over time	14,247,630	14,596,495	-	96,000
	<b>37,043,570</b>	<b>27,480,950</b>	<b>-</b>	<b>96,000</b>

- (a) Revenue from logistic services, management fee and digital services are recognised over time as and when the services performed.
- (b) Revenue from custom brokerage, sale of goods and breakdown services are recognised at a point in time upon the acceptance of those products by the customers.
- (c) The payment terms for billings arising from revenue are disclosed in Note 9 to the financial statements.
- (d) The revenue of the Group and the Company contain no elements of variable consideration, obligations for returns or refund or warranties.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 22. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Bad debts recovered	<b>61,438</b>	45,799	-	-
Sundry income	<b>93,328</b>	60,878	<b>6,589</b>	6,004
Rental income	<b>180,000</b>	79,000	-	-
Rental concessions	<b>164,150</b>	90,000	-	-
	<b>498,916</b>	275,677	<b>6,589</b>	6,004

## 23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages, and other staff related expenses	<b>9,834,531</b>	7,649,843	<b>1,280,936</b>	838,642
Defined contribution plans	<b>1,057,272</b>	781,448	<b>132,194</b>	74,690
	<b>10,891,803</b>	8,431,291	<b>1,413,130</b>	913,332

Included in employee benefits expense of the Group and of the Company is Directors' remuneration as disclosed in Note 24 to the financial statements.

## 24. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Executive:				
- Salaries and allowance	<b>421,000</b>	133,000	<b>421,000</b>	133,000
- Defined contribution plans	<b>38,400</b>	15,600	<b>38,400</b>	15,600
- Social security contributions	<b>1,159</b>	1,002	<b>1,159</b>	1,002
	<b>460,559</b>	149,602	<b>460,559</b>	149,602
Non-executive:				
- Allowance	<b>3,000</b>	10,500	<b>3,000</b>	10,500
	<b>463,559</b>	160,102	<b>463,559</b>	160,102
Directors of subsidiaries:				
Executive:				
- Salaries, allowance and bonus	<b>1,236,634</b>	578,988	<b>719,214</b>	438,733
- Defined contribution plans	<b>159,607</b>	73,655	<b>87,266</b>	52,580
- Social security contributions	<b>7,051</b>	4,698	<b>3,575</b>	3,696
	<b>1,403,292</b>	657,341	<b>810,055</b>	495,009
Total Directors' remuneration	<b>1,866,851</b>	817,443	<b>1,273,614</b>	655,111

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**25. FINANCE COSTS**

	Group	
	2023 RM	2022 RM
Bank overdrafts interest	-	8,683
Finance lease liabilities interest	<b>50,849</b>	33,423
Accretion of interest on lease liabilities	<b>364,738</b>	152,818
	<b>415,587</b>	194,924

**26. (LOSS)/PROFIT BEFORE TAX**

(Loss)/Profit before tax has been determined after charging amongst others, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
- Statutory audits	<b>154,000</b>	118,500	<b>66,000</b>	51,000
- Other services	<b>27,700</b>	26,200	<b>10,500</b>	9,500
- Other auditors:				
- Statutory audit	<b>47,113</b>	36,589	-	-
Realised loss on foreign exchange	<b>11,124</b>	433	-	-
Directors' fees	<b>168,000</b>	168,000	<b>168,000</b>	168,000

**27. TAX EXPENSE/(INCOME)**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax:				
Current year provision	<b>305,303</b>	30,418	-	-
	<b>305,303</b>	30,418	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<b>(182,661)</b>	394,056	<b>(297,661)</b>	31,339
	<b>122,642</b>	424,474	<b>(297,661)</b>	31,339
Under/(Over) provision in prior year				
- Current tax	<b>32,336</b>	(18,640)	-	-
- Deferred tax	<b>80,148</b>	(338,537)	<b>(6,000)</b>	83,000
	<b>112,484</b>	(357,177)	<b>(6,000)</b>	83,000
Tax expense/(income) recognised in profit or loss	<b>235,126</b>	67,297	<b>(303,661)</b>	114,339

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 27. TAX EXPENSE/(INCOME) (CONT'D)

The reconciliation of tax expense/(income) of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	<b>(1,380,947)</b>	1,826,058	<b>1,572,602</b>	(123,945)
Income tax at Malaysian statutory tax rate of 24%	<b>(331,427)</b>	438,254	<b>(377,424)</b>	(29,747)
Effects of different tax rate in other country	<b>24,255</b>	(59,558)	-	-
Income not subject to tax	-	(32,930)	<b>(1,080,000)</b>	(11,330)
Expenses not deductible for tax purpose	<b>420,664</b>	134,919	<b>1,181,424</b>	94,077
Deferred tax assets not recognised	<b>30,811</b>	(34,550)	-	-
Annual crystallisation of deferred tax on revaluation	<b>(21,661)</b>	(21,661)	<b>(21,661)</b>	(21,661)
	<b>122,642</b>	424,474	<b>(297,661)</b>	31,339
Under/(Over) provision in prior year	<b>112,484</b>	(357,177)	<b>(6,000)</b>	83,000
	<b>235,126</b>	67,297	<b>(303,661)</b>	114,339

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	Group	
	2023 RM	2022 RM
Unused tax losses		
- Expires by year of assessment 2028	<b>7,314,506</b>	7,314,506
- Expires by year of assessment 2029	<b>514,869</b>	514,869
- No expiry period	<b>175,079</b>	-
Unabsorbed capital allowances	<b>5,862,550</b>	5,984,648
Property, plant and equipment temporary differences	<b>35,927</b>	117,870
Provisions	<b>855,909</b>	698,567
	<b>14,758,840</b>	14,630,460

The unused tax losses and unabsorbed capital allowances are available to be carried forward for set-off against future taxable income.

For subsidiaries incorporated in Malaysia, the unused tax losses can be carried forward for ten consecutive years of assessment immediately following that year of assessment of which tax losses was incurred and this is effective from year of assessment 2019. However unabsorbed capital allowances can be carried forward indefinitely.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 28. (LOSS)/EARNINGS PER SHARE

## Group

## (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023	2022
(Loss)/Profit attributable to owners of the Company (RM)	<b>(1,153,183)</b>	1,758,761
Weighted average number of ordinary shares (units)	<b>65,098,350</b>	65,098,350
Basic (loss)/earnings per share (sen)	<b>(1.77)</b>	2.70

## (b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share equals basic (loss)/earnings per share as there were no dilutive potential equity instruments in issue that gave diluted effect to the (loss)/earnings per share.

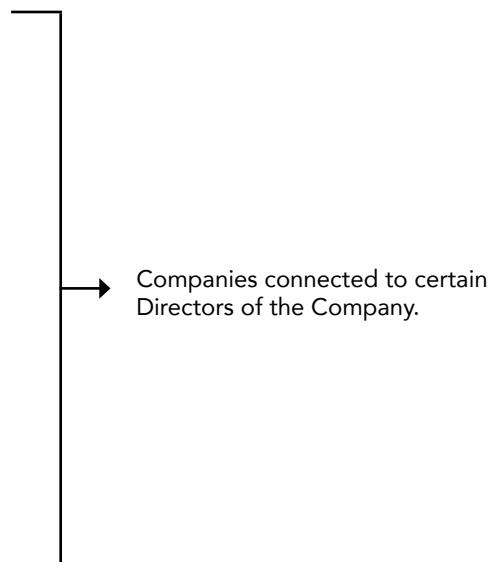
## 29. RELATED PARTY DISCLOSURES

## (i) Identity of related parties

The Group has related party relationship with its holding company, subsidiaries, key management personnel and the following parties:

**Related parties****Relationship**

Badanbas Sdn. Bhd.  
 Cityliner Sdn. Bhd.  
 Plusliner Sdn. Bhd.  
 Puspamara Sdn. Bhd.  
 Syarikat Kenderaan Melayu Kelantan Berhad  
 Transnasional Express Sdn. Bhd.  
 Epicon Berhad (formerly known as Konsortium Transnational Berhad)  
 Nadicorp Holdings Sdn. Bhd.  
 Nadicorp Insurance Sdn. Bhd.  
 Perkhidmatan Teguh Sdn. Bhd.  
 Sistem Kenderaan Seremban Kuala Lumpur Sdn. Bhd.  
 Trisilco Maintenance and Services Sdn. Bhd.  
 Ibroni Sdn. Bhd.  
 Trisilco Equity Sdn. Bhd.  
 Nadi Corporation Sdn. Bhd.  
 Kumpulan Kenderaan Malaysia Berhad  
 Carefree Premium Sdn. Bhd.  
 Lengkap Suci Sdn. Bhd.  
 CLH Sdn. Bhd.  
 Enfrasys Consulting Sdn. Bhd.



# NOTES TO THE FINANCIAL STATEMENTS

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## 29. RELATED PARTY DISCLOSURES (CONT'D)

### (ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	Amount	
	2023 RM	2022 RM
<b>Group</b>		
<u>Consultancy of services charged to an associate</u>		
- Enfrasys Solutions Sdn. Bhd.	204,500	-
<u>Purchase of office equipment from an associate</u>		
- Enfrasys Solutions Sdn. Bhd.	5,235	-
<u>Sales to related parties</u>		
- Badanbas Sdn. Bhd.	7,493	49,033
- Epicon Berhad (f.k.a. Konsortium Transnasional Berhad)	-	17,907
- Plusliner Sdn. Bhd.	277,020	124,553
- Transnasional Express Sdn. Bhd.	307,186	181,618
<u>Security charges charged by a related party</u>		
- Perkhidmatan Teguh Sdn. Bhd.	74,357	50,053
<u>Purchases from related parties</u>		
- Plusliner Sdn. Bhd.	7,830	-
- Transnasional Express Sdn. Bhd.	7,390	-
<u>Short term leases charged by related parties</u>		
- Sistem Kenderaan Seremban Kuala Lumpur Sdn. Bhd.	-	44,000
- CLH Sdn. Bhd.	120,000	60,000
<u>Consultancy of services charged by a related party</u>		
- Enfrasys Consulting Sdn. Bhd.	1,590,000	-
<b>Company</b>		
<u>Dividend income from a subsidiary</u>		
- Usmeta Manufacturing Sdn. Bhd.	4,500,000	-
<u>Rental income from subsidiaries</u>		
- Transocean Logistics Sdn. Bhd.	600,000	240,000
- Gerak Intensif Sdn. Bhd.	-	108,000
<u>Management fee income from a subsidiary</u>		
- Usmeta Manufacturing Sdn. Bhd.	-	96,000

### (iii) Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 9, 12, 19 and 20 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 29. RELATED PARTY DISCLOSURES (CONT'D)

#### (iv) Compensation of key management personnel

There were no transactions with any key management personnel during the year other than the Directors' remuneration as disclosed in Notes 24 and 26 to the financial statements.

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

### 30. SEGMENTAL INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

#### Business segment

The reportable business segments of the Group comprise the following:

Logistic solutions	: Provision of custom brokerage, freight forwarding, trucking, international air, ocean freight services, warehousing and depot services.
Tyre products	: Manufacturing and trading of tyres.
Investment holdings	: Investment holding, provision of management services and letting of properties.
Technology division	: Engaged in technology service activities, activities of providing infrastructure for hosting, data processing services and related activities.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total segment assets are measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Managing Director. Segment total assets are used to measure the return of assets of each segment.

The total segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Managing Director.

# NOTES TO THE FINANCIAL STATEMENTS

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## 30. SEGMENTAL INFORMATION (CONT'D)

2023	Logistic solutions RM	Tyre products RM	Investment holdings RM	Technology division RM	Elimination RM	Total RM
<b>Revenue</b>						
External revenues	30,834,966	7,607,904	-	204,500	-	38,647,370
Inter-segments	3,923,162	73,246	5,100,000	-	(9,096,408)	-
<b>Total revenue</b>	<b>34,758,128</b>	<b>7,681,150</b>	<b>5,100,000</b>	<b>204,500</b>	<b>(9,096,408)</b>	<b>38,647,370</b>
<b>Results</b>						
Segment results	1,549,719	(87,258)	546,747	(2,974,568)	-	(965,360)
Finance income						-
Operating loss						(965,360)
Finance costs						(415,587)
Loss before tax						(1,380,947)
Tax expense						(235,126)
<b>Net loss for the financial year</b>						<b>(1,616,073)</b>
<b>Assets</b>						
Segment assets	36,620,954	6,321,091	52,636,951	511,232	-	96,090,228
Deferred tax assets						3,507
Current tax assets						146,764
<b>Total assets</b>						<b>96,240,499</b>
<b>Liabilities</b>						
Segment liabilities	25,659,109	854,487	3,026,655	2,738,226	-	32,278,477
Deferred tax liabilities						1,825,801
<b>Total liabilities</b>						<b>34,104,278</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 30. SEGMENTAL INFORMATION (CONT'D)

2023 (cont'd)	Logistic solutions RM	Tyre products RM	Investment holdings RM	Technology division RM	Elimination RM	Total RM
<b>Other segment information</b>						
Additions to non-current assets	(b) 22,480,915	2,880	-	89,988	-	22,573,783
Allowance for expected credit losses on receivables - additions	64,845	157,342	-	-	-	222,187
Depreciation of property, plant and equipment	789,708	27,176	196,754	9,273	-	1,022,911
Depreciation of right-of-use assets	1,984,418	52,381	-	-	-	2,036,799
Other non-cash expenses	-	-	391,066	-	-	391,066
Share of profit of an associate	-	-	-	-	(2,542,711)	(2,542,711)

2022	Logistic solutions RM	Tyre products RM	Investment holdings RM	Elimination RM	Total RM
<b>Revenue</b>					
External revenues	21,175,825	6,305,125	1,400,400	-	28,881,350
Inter-segments	3,455,035	49,608	444,000	(3,948,643)	-
<b>Total revenue</b>	24,630,860	6,354,733	1,844,400	(3,948,643)	28,881,350
<b>Results</b>					
Segment results	1,384,627	102,060	1,317,580	-	2,804,267
Finance income					7,184
Unallocated expenses					(790,469)
Operating profit					2,020,982
Finance costs					(194,924)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 30. SEGMENTAL INFORMATION (CONT'D)

	Logistic solutions RM	Tyre products RM	Investment holdings RM	Elimination RM	Total RM
<b>2022 (cont'd)</b>					
Profit before tax					1,826,058
Tax expense					(67,297)
<b>Net profit for the financial year</b>					<u>1,758,761</u>
<b>Assets</b>					
Segment assets	13,307,922	11,565,353	45,113,309	-	69,986,584
Deferred tax assets					59,111
Current tax assets					546,183
<b>Total assets</b>					<u>70,591,878</u>
<b>Liabilities</b>					
Segment liabilities	4,566,299	1,594,906	564,846	-	6,726,051
Deferred tax liabilities					2,011,006
Unallocated liabilities					786,340
<b>Total liabilities</b>					<u>9,523,397</u>
<b>Other segment information</b>					
Additions to non-current assets	(b) 1,330,828	98,340	-	-	1,429,168
Allowance for expected credit losses on receivables					
- additions	78,004	12,975	-	-	90,979
Depreciation of property, plant and equipment	768,834	22,360	233,420	-	1,024,614
Depreciation of right-of-use assets	870,505	52,381	-	-	922,886
Other non-cash expenses	93,576	-	-	-	93,576
Share of profit of an associate	-	-	-	(1,391,268)	(1,391,268)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**30. SEGMENTAL INFORMATION (CONT'D)**

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(a) Inter-segment revenue is eliminated on consolidation

(b) Additions to non-current assets

	2023 RM	2022 RM
Property, plant and equipment	<b>915,690</b>	1,214,055
Right-of-use assets	<b>21,658,093</b>	215,113
	<b>22,573,783</b>	1,429,168

(c) Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:-

	2023 RM	2022 RM
Bad debts written off	-	469
Impairment loss on property, plant and equipment	<b>391,066</b>	-
Lease modification	-	79,312
Property, plant and equipment written off	-	13,795
	<b>391,066</b>	93,576

(d) Information about major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2023 RM	2022 RM	
Customer A	<b>11,566,066</b>	4,921,172	Logistics solutions
Customer B	-	2,909,046	Tyre products

(e) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	<b>34,016,551</b>	23,910,094	<b>48,780,192</b>	55,370,846
Singapore	<b>4,630,819</b>	4,971,256	<b>1,222,071</b>	508,073
	<b>38,647,370</b>	28,881,350	<b>50,002,263</b>	55,878,919

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 31. OPERATING LEASE

### Group as a lessor

The Group leases certain properties. The following table sets out the maturity analysis of the total undiscounted lease payments to be received after the reporting date:-

	Group	
	2023 RM	2022 RM
Not later than 1 year	180,000	180,000
Later than 1 year but not later than 5 years	45,000	225,000
	<b>225,000</b>	<b>405,000</b>

## 32. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure		
- Authorised and contracted for		
- Property, plant and equipment	1,789,524	1,632,601

## 33. FINANCIAL INSTRUMENTS

### 33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial assets</b>				
Trade receivables	11,095,471	8,031,731	-	-
Other receivables	2,314,339	697,393	11,631	12,230
Amount due from subsidiaries	-	-	695,006	-
Fixed deposits with a licensed bank	3,851	3,545	-	-
Cash and bank balances	1,654,126	4,441,002	494,611	195,815
	<b>15,067,787</b>	<b>13,173,671</b>	<b>1,201,248</b>	<b>208,045</b>
<b>Financial liabilities</b>				
Trade payables	6,097,167	2,929,416	-	-
Other payables	4,697,135	2,888,281	2,977,274	564,846
Borrowings	754,013	744,660	-	-
Amount due to subsidiaries	-	-	114,670	3,162,208
	<b>11,548,315</b>	<b>6,562,357</b>	<b>3,091,944</b>	<b>3,727,054</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**33. FINANCIAL INSTRUMENTS (CONT'D)****33.2 Financial risk management**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

**33.2.1 Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its receivables.

Trade receivables

The Group gives its customers credit terms. In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the reporting date is as follows:

	Gross RM	Allowance for expected credit losses RM	Net RM
<b>2023</b>			
Not past due	<b>4,534,782</b>	-	<b>4,534,782</b>
1 to 30 days past due	<b>2,883,389</b>	<b>(19,261)</b>	<b>2,864,128</b>
31 to 120 days past due	<b>2,109,029</b>	<b>(52,207)</b>	<b>2,056,822</b>
More than 120 days past due	<b>1,786,354</b>	<b>(146,615)</b>	<b>1,639,739</b>
	<b>6,778,772</b>	<b>(218,083)</b>	<b>6,560,689</b>
Credit impaired	<b>804,355</b>	<b>(804,355)</b>	-
	<b>12,117,909</b>	<b>(1,022,438)</b>	<b>11,095,471</b>
<b>2022</b>			
Not past due	3,243,850	-	3,243,850
1 to 30 days past due	1,589,893	(10,737)	1,579,156
31 to 120 days past due	2,118,578	(38,341)	2,080,237
More than 120 days past due	1,157,414	(28,926)	1,128,488
	4,865,885	(78,004)	4,787,881
Credit impaired	722,247	(722,247)	-
	8,831,982	(800,251)	8,031,731

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Company. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to RM6,560,689 (2022: RM4,787,881) that are past due but not impaired at the reporting date as the management is of the view that these past due amounts will be collected in due course.

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial risk management (cont'd)

#### 33.2.1 Credit risk (cont'd)

##### Trade receivables (cont'd)

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from 2 (2022: 2) customers representing 42% (2022: 37%) of the total trade receivables of the Group.

Receivables that are individually determined to be credit impaired at the reporting date relate to debtors who are in significant financial difficulties and have defaulted on payments.

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information has been incorporated in determining the expected credit losses.

There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

##### Other receivables

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

##### Intercompany balances

The Company provides advances to its subsidiaries and monitor the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the reporting date, there was no indication that the carrying amount due from subsidiaries are not recoverable other than disclosed in the note to the financial statements.

##### Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

##### Financial guarantees

The Group obtained bank guarantees from financial institutions in favour of certain third parties amounting to RM702,500 (2022: RM1,402,500).

The Company provides unsecured financial guarantees to a licensed bank for banking facilities granted to subsidiaries. The maximum exposure to credit risk of the Group and the Company as at the reporting date is RM702,500 (2022: RM1,402,500) and RM665,000 (2022: RM534,050), representing the bank guarantees in favour of certain third parties and outstanding banking facilities utilised by the said subsidiaries as at the reporting date.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the reporting date, there was no indication that the said subsidiaries would default on repayment. The Directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**33. FINANCIAL INSTRUMENTS (CONT'D)****33.2 Financial risk management (cont'd)****33.2.2 Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM
<b>Group</b>				
<b>2023</b>				
<i>Non-derivative financial liabilities</i>				
Trade payables	6,097,167	6,097,167	6,097,167	-
Other payables	4,697,135	4,697,135	4,697,135	-
Lease liabilities	20,699,238	23,460,683	8,534,139	14,926,544
Borrowings	754,013	815,079	395,622	419,457
Financial guarantees*	-	702,500	702,500	-
	<b>32,247,553</b>	<b>35,772,564</b>	<b>20,426,563</b>	<b>15,346,001</b>
<b>2022</b>				
<i>Non-derivative financial liabilities</i>				
Trade payables	2,929,416	2,929,416	2,929,416	-
Other payables	2,888,281	2,888,281	2,888,281	-
Lease liabilities	923,443	977,620	883,984	93,636
Borrowings	744,660	828,224	285,696	542,528
Financial guarantees*	-	1,402,500	1,402,500	-
	<b>7,485,800</b>	<b>9,026,041</b>	<b>8,389,877</b>	<b>636,164</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 33. FINANCIAL INSTRUMENTS (CONT'D)

### 33.2 Financial risk management (cont'd)

#### 33.2.2 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at reporting date based on the undiscounted contractual payments (cont'd):

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM
<b>Company</b>				
<b>2023</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	2,977,274	2,977,274	2,977,274	-
Amount due to subsidiaries	114,670	114,670	114,670	-
Financial guarantees*	-	665,000	665,000	-
	<b>3,091,944</b>	<b>3,756,944</b>	<b>3,756,944</b>	<b>-</b>
<b>2022</b>				
<i>Non-derivative financial liabilities</i>				
Other payables	564,846	564,846	564,846	-
Amount due to subsidiaries	3,162,208	3,162,208	3,162,208	-
Financial guarantees*	-	534,050	534,050	-
	<b>3,727,054</b>	<b>4,261,104</b>	<b>4,261,104</b>	<b>-</b>

\* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the reporting date.

#### 33.2.3 Interest rate risk

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

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's interest-bearing financial instruments based on their carrying amounts as at the reporting date are as follows:

	Group	
	2023 RM	2022 RM
<b>Fixed rate instruments</b>		
Financial assets	3,851	3,545
Financial liabilities	<b>21,453,251</b>	1,668,103

#### **Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial instruments at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates of the reporting date would not affect profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**33. FINANCIAL INSTRUMENTS (CONT'D)****33.2 Financial risk management (cont'd)****33.2.4 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 objective of the Group's foreign exchange policy is to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group and the Company do not have significant foreign currency exchange risk on financial assets and liabilities held in non-functional currency. Therefore, foreign currency risk sensitivity analysis is not presented.

**34. FAIR VALUE MEASUREMENT**

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the reporting date approximate their fair values due to their short-term nature and insignificant impact of discounting.

**35. CAPITAL MANAGEMENT**

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and of the Company. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or selling assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group considers its total equity and total borrowings and lease liabilities to be the key components of their capital structure. The Group and the Company monitor capital using a debt-to-equity ratio, which is calculated as total borrowings and lease liabilities, less cash and cash equivalents divided by total equity as follows:

	Group	
	2023 RM	2022 RM
Total borrowings and lease liabilities	<b>21,453,251</b>	1,668,103
Less: Cash and bank balances	<b>(1,654,126)</b>	(4,441,002)
Fixed deposits with a licensed bank	<b>(3,851)</b>	(3,545)
Net debt/(cash)	<b>19,795,274</b>	(2,776,444)
Total equity	<b>62,136,221</b>	61,068,481
Gearing ratio	<b>32%</b>	N/A <sup>1</sup>

<sup>1</sup> N/A – Not applicable as net cash position



LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

Owner	Location	Description	Tenure	Land Area (Built-Up Area)	Existing Use	Age	Year of Purchase	At Valuation @ 31/12/23 RM'000
1	Arka Berhad	Lot nos. 2955, 2956 & 2957, Geran nos. 66343, 66344 & 66362, warehouse annexed Mukim 16, Daerah Seberang Perai Utara, Penang	Freehold	21,715.00m <sup>2</sup> (12,377.05m <sup>2</sup> )	Office and warehouse use	28	1995	30,000
2	Usmeta Manufacturing Sdn Bhd	Lot PT 101677, HS (D) 52977, Mukim of Hulu Kinta, Perak and Lot PT 80060, HS (D) 10137, Mukim of Hulu Kinta, Perak	Leasehold expiring 2 June 2046 and 2 January 2051	12,569.56m <sup>2</sup> and 8,129.00m <sup>2</sup>	Factory	17	2006	1,391
Total Value								31,391

## ANALYSIS OF SHAREHOLDINGS

AS AT 05 APRIL 2024

Issued Shares	:	65,098,350 ordinary shares
Class of Equity Securities	:	Ordinary share ("Share")
Voting Rights	:	One vote per Share

### Distribution Schedule of Shareholders as at 05 April 2024

No. of Holders	Holdings	Total Shareholdings	%
278	Less than 99	11,333	0.02
396	100 to 1,000	282,263	0.43
1,064	1,001 to 10,000	3,200,894	4.92
137	10,001 to 100,000	3,504,400	5.38
26	100,001 to less than 5% of issued shares	21,999,300	33.79
3	5% and above of issued shares	36,100,160	55.46
1,904		65,098,350	100.00

### 30 Largest Securities Account Holders as at 05 April 2024

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

No.	Name	No. of Shares held	%
1	ENFRASYS CONSULTING SDN BHD	21,000,000	32.26
2	LENGKAP SUCI SDN BHD	11,600,360	17.82
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA DYNAMIC GROWTH FUND 7.0 (430341)	3,499,800	5.38
4	CEKAP TEROKA SDN BHD	3,000,000	4.61
5	GAGAH NUSANTARA SDN BHD	3,000,000	4.61
6	MICROPLUS ELITE SDN BHD	3,000,000	4.61
7	EDISI BIMBINGAN SDN BHD	2,420,100	3.72
8	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB INVESTMENT BANK BERHAD (88008208-PB)	1,900,000	2.92
9	KUMPULAN KENDERAAN MALAYSIA BERHAD	1,600,000	2.46
10	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)	1,500,000	2.30
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA PROGRESSIVE INCOME FUND 2.0	1,500,000	2.30
12	MUHAMMAD NURUL AMIL BIN AB MAJID	682,800	1.05
13	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (MAYBANK SG PWM)	660,000	1.01
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW SOO HIANG	492,900	0.76
15	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN FEI PING	330,000	0.51
16	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	221,000	0.34
17	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR NG GIAK PIN	188,900	0.29
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW JU LIP (CEB)	183,800	0.28
19	TAN CHUN KEE	150,500	0.23

## ANALYSIS OF SHAREHOLDINGS

AS AT 05 APRIL 2024

**30 Largest Securities Account Holders as at 05 April 2024 (cont'd)**

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

No.	Name	No. of Shares held	%
20	NIK ALIEZA MELINEE BINTI NIK MOHAMED	142,300	0.22
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEW SIEW	138,300	0.21
22	CHIANG SIEW ENG @ LE YU AK EE	133,900	0.21
23	TEY LIAW LIEN	123,900	0.19
24	LIM CHEW SIEW	113,600	0.17
25	TAN AIK CHUAN	107,100	0.16
26	TAN FEI PING	104,500	0.16
27	HO LIH MENG	102,200	0.16
28	TEY ENG JOO	102,000	0.16
29	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	101,500	0.16
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YU CHOR WOOL (PB)	100,000	0.15

**Substantial Shareholders as at 05 April 2024**

(excluding those who are bare trustees pursuant to Section 130 of the Companies Act, 2016 ("the Act"))

Name of Substantial Shareholders	No. of Shares held				
	Direct Interest	%	Indirect Interest	Note	%
Enfrasys Consulting Sdn Bhd ("ECSB")	21,000,000	32.26	-	-	-
RHB Trustees Berhad For Areca Dynamic Growth Fund 7.0	3,499,800	5.38	-	-	-
Kumpulan Kendaraan Malaysia Berhad ("KKMB")	1,600,000	2.46	11,600,360	1	17.82
Lengkap Suci Sdn Bhd ("LSSB")	11,600,360	17.82	-	-	-
Dato' Syed Budriz Putra	-	-	21,000,000	2	32.26
Muhammad Hariz Bin Mohd Nadzmi	-	-	13,200,360	3	20.28
Digital Planners Sdn Bhd ("DPSB")	-	-	21,000,000	4	32.26
Trisilco Equity Sdn Bhd	-	-	13,200,360	5	20.28
Ibroni Sdn Bhd	-	-	13,200,360	5	20.28
Nadi Corporation Sdn Bhd ("NCSB")	-	-	13,200,360	6	20.28
Nadicorp Holdings Sdn Bhd ("NHSB")	-	-	13,200,360	7	20.28
H.R.H Sultan Sharafuddin Idris Shah	-	-	21,000,000	8	32.26

**Notes**

1. Deemed interest pursuant to Section 8 of the Companies Act, 2016 ("the Act") by virtue of its shareholdings held through LSSB.
2. Deemed interest pursuant to Section 8(4) of the Act because DPSB, which is his associate within the meaning of Section 8(5)(e) of the Act, controls not less than 20% of the voting shares of ECSB.
3. Deemed interest pursuant to Section 8 of the Act of his shareholding in Trisilco Equity Sdn. Bhd. which is the ultimate holding company of KKMB and LSSB.
4. Deemed interest pursuant to Section 8 of the Act held through ECSB in the Company.
5. Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in NCSB.
6. Deemed interest pursuant to Section 8 of the Act by virtue of its 100% shareholdings in NHSB which in turn is the holding company of KKMB.

## ANALYSIS OF SHAREHOLDINGS

AS AT 05 APRIL 2024

**Notes (cont'd)**

7. Deemed interest pursuant to Section 8 of the Act by virtue of its shareholdings in KKMB.
8. Deemed interest pursuant to subsection 8(4) of the Act by reason of DPSB which is his associate within the meaning of Section 8(5)(d) of the Act, controls not less than 20% of the voting shares in ECSB.

**Directors' Shareholdings (Direct & Indirect) as at 05 April 2024**

Name of Directors	No. of Shares held				
	Direct Interest	%	Indirect Interest	Note	%
Y.M. Dato’ Syed Budriz Putra	-	-	21,000,000	1	32.26
Ibrahim Aiman Bin Mohd Nadzmi	-	-	-		-
Rajagopal A/L Ramadhass	-	-	-		-
Lee Chin Chuan	-	-	-		-
Tung Shao Yin	-	-	-		-

**Notes**

1. Deemed interest pursuant to Section 8(4) of the Companies Act 2016 because Digital Planners Sdn. Bhd., which is his associate within the meaning of Section 8(5)(e) of the Companies Act 2016, controls not less than 20% of the voting shares of Enfrasys Consulting Sdn. Bhd.

**Interest in the related corporation**

Y.M. Dato' Syed Budriz Putra by virtue of his interest in shares in the Company, is deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors in office have any interest in shares in its related corporations.



**ARKA BERHAD (f.k.a. TRANSOCEAN HOLDINGS BHD.)**  
Company Registration No. 197701005709 (36747-U)

## Proxy Form

No. of Ordinary Shares held

\*I/We \_\_\_\_\_ NRIC/ Passport No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full address in capital letters and telephone number)

being a member/members of **ARKA BERHAD (f.k.a. TRANSOCEAN HOLDINGS BHD.)** ("the Company") hereby appoint the following person(s): -

### First Proxy

Name	NRIC / Passport No.	No. of shares or % of shares to be presented

\*and/or failing him/her/them,

### Second Proxy

Name	NRIC / Passport No.	No. of shares or % of shares to be presented

or failing him/her/them, the Chairman of the meeting, as \*my/our proxy to vote in \*my/our name(s) on \*my/our behalf at the Forty-sixth ("46<sup>th</sup>") Annual General Meeting of the Company to be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Wednesday, 26 June 2024 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an 'X' in the space provided below how you wish your vote to be casted. In the absence of specific directions, your proxy will vote or abstain from voting at his/her discretion.

		First Proxy		Second Proxy	
		For	Against	For	Against
<b>ORDINARY BUSINESS</b>					
Ordinary Resolution 1	To approve the payment of Directors' fees for the financial year ended 31 December 2023.				
Ordinary Resolution 2	To approve the payment of benefits to Directors under Section 230(1)(b) of the Companies Act 2016.				
Ordinary Resolution 3	To re-elect En. Ibrahim Aiman Bin Mohd Nadzmi as Director of the Company.				
Ordinary Resolution 4	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company.				
<b>SPECIAL BUSINESS</b>					
Ordinary Resolution 5	Authority to issue and allot shares.				
Ordinary Resolution 6	Proposed Renewal of Shareholders' Mandate.				

\* strike out whichever not applicable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Signature(s) / Common Seal of Shareholder(s)

#### Notes:

- In respect of deposited securities, only members whose name appears on the Record of Depositors as at 18 June 2024 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his or her stead.
- A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. The appointment of two (2) or more proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.



**Notes:(cont'd)**

6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 George Town, Pulau Pinang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.
7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.
8. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.
9. Any alteration in this form must be initialed.

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AFFIX  
STAMP

The Company Secretaries  
**ARKA BERHAD (f.k.a. TRANSOCEAN HOLDINGS BHD.)**  
Company Registration No. 197701005709 (36747-U)  
Suite 18.05, MWE Plaza  
No. 8, Lebuhr Farquhar  
10200 George Town  
Pulau Pinang  
Malaysia

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## ARKA BERHAD

(Formerly known as Transocean Holdings Bhd.)  
Registration No.: 197701005709 (36747-U)

2955, 2956 & 2957  
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