SEALINK INTERNATIONAL BERHAD

Registration No. 200701042948 (800981-X)

Commitment

Quality & Integrity...

Annual Report 2020

The Sealink Group

We are a Ship Owner / Charterer, Shipbuilder and Ship Repairer.

Sealink Group builds, owns and operates a diverse fleet of marine support vessels, include serving the global exploration and marine industry.

Our products and services are geographically spread to over 20 countries across the world.

We are listed on the Main Market of Bursa Malaysia.

Our Vision

- A Leading Integrated Service Provider for the Marine Industry

Our Mission

- Constructing High Performance World Class Vessels
- Establishing, Preserving and Integrating a Network of Global Customers
- Continuously Achieving International Accreditation in Maritime Safety Standards
- Continuously Improving Management and Operational Efficiency and Optimisation of Systems
- Zero Accidents and Zero Pollution
- Continuously Improving in Health, Safety, Security, Quality Management and Corporate Social Responsibility

Our Goals

- Satisfying Our Customers
- Improving and Sustaining Our Business Growth and Market Share
- Building a Strong and Motivated Workforce

Our Values

- Quality and Excellence
- Integrity
- Customers and Employees are Our Company's Assets
- Internationally Competitive
- Environmental Friendly
- Social Consciousness
- Flexibility in Business Operations

Contents

Corporate Information

Board Of Directors

Yong Kiam Sam
Chief Executive Officer cum Managing Director
Non-Independent Executive Director

Datuk Sebastian Ting Chiew Yew
Independent Non-Executive Director

Eric Khoo Chuan Syn@Khoo Chuan Syn
Independent Non-Executive Director

Toh Kian Sing
Independent Non-Executive Director

Wong Chie Bin
Independent Non-Executive Director

Audit Committee

Chairman	**Wong Chie Bin**
Members	**Datuk Sebastian Ting Chiew Yew**
	Toh Kian Sing
	Eric Khoo Chuan Syn @ Khoo Chuan Syn

Nominating Commitee

Chairman	**Eric Khoo Chuan Syn @ Khoo Chuan Syn**
Members	**Datuk Sebastian Ting Chiew Yew**
	Toh Kian Sing
	Wong Chie Bin

Remuneration Committee

Chairman	**Toh Kian Sing**
Members	**Datuk Sebastian Ting Chiew Yew**
	Eric Khoo Chuan Syn @ Khoo Chuan Syn
	Wong Chie Bin

Risk Management Committee

Chairman	**Yong Kiam Sam**
Members	**Datuk Sebastian Ting Chiew Yew**
	Eric Khoo Chuan Syn @ Khoo Chuan Syn
	Wong Chie Bin
	Toh Kian Sing

Company Secretary

Yeo Puay Huang
[SSM PC No. 202008000727 (LS0000577)]
Tel : 082-428 626

Registered Office and Corporate Office

Lot 1035, Block 4, MCLD
Piasau Industrial Area, 98000 Miri, Sarawak
Tel : 085-651 778
Fax : 085-652 480
Email : DL-Secretariat@asiasealink.com
Website : www.asiasealink.com

Registrar

Securities Services (Holdings) Sdn Bhd 197701005827 (36869-T)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

Auditors

Messrs. Grant Thornton Malaysia PLT
201906003682 (LLP0022494-LCA) & AF: 0737
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : 03-2692 4022
Fax : 03-2691 5229

Principal Bankers

Hong Leong Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
DBS Bank Ltd
OCBC Al-Amin Bank Berhad
United Overseas Bank (Malaysia) Bhd
Standard Chartered Bank Malaysia Berhad

Stock Exchange Listings

Listed on Main Market of Bursa Malaysia Securities Berhad on 29 July 2008

Stock Code

5145

Stock Name

SEALINK

Group Structure

SEALINK INTERNATIONAL BERHAD
Registration No. 200701042948 (800981-X)

MALAYSIA

Shipbuilding and Repair

- Sealink Engineering and Slipway Sdn. Bhd. 200401015317 (653820-H) 100%
- Baram Moulding Industries Sdn. Bhd. 199001009301 (200873-D) 100%
- Sealink Shipyard Sdn. Bhd. 199001004286 (195853-D) 100%
- Aliran Saksama Sdn. Bhd. 199801017076 (473205-H) 100%

Chartering

- Seabright Sdn. Bhd. 197601003939 (30204-K) 100%
- Godrimaju Sdn. Bhd. 200001032797 (535404-U) 100%
- Era Sureway Sdn. Bhd. 200501010508 (687555-V) 45%
- *Cergas Majusama Sdn. Bhd. 200301033293 (635714-U) 100%
- *Sealink Management Sdn. Bhd. 199201019047 (250551-H) 100%
- *Sealink Marine Sdn. Bhd. 199101015997 (226309-A) 100%
- Euroedge Sdn. Bhd. 200201004281 (571944-T) 100%
- Era Surplus Sdn. Bhd. 200401010303 (648806-D) 100%
- Seasten Sdn. Bhd. 201301025126 (1054955-A) 100%
- Sealink Pacific Sdn. Bhd. 199001000410 (191968-H) 100%
- Bristal View Sdn. Bhd. 199201021881 (253385-T) 100%
- Sealink Sdn. Bhd. 197401003313 (20471-D) 100%
- Sutherfield Resources Sdn. Bhd. 199801011099 (467227-T) 100%
- Midas Choice Sdn. Bhd. 200401008169 (646673-H) 100%
- Sea Legend Shipping Sdn. Bhd. 200501021148 (703278-W) 100%
- Mitra Angkasa Sdn. Bhd. 201201000880 (974404-T) 100%
- Logistine Sdn. Bhd. 201001011530 (896190-T) 25%

LABUAN

- Sealink Offshore (L) Ltd LL06872 100%
- Sealink Antarabangsa Ltd LL07806 100%
- Perkasa Asia Corporation Ltd LL07807 100%
- #Hanvoir (L) Ltd LL09810 100%

SINGAPORE

- Sea-Good Pte Ltd 199707263C 100%
- Seabright (Singapore) Pte Ltd 201001447E 100%

Note:
* Companies in the process of winding up
# Struck off from the register with effect from 18 March 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting ("13th AGM") of Sealink International Berhad ("the Company") will be held at the Meeting Room, 1st Floor, Admin Block, Sealink Engineering and Slipway Sdn Bhd, Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak, on Wednesday, 23 June 2021 at 11:00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2020 together with the Report of the Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2021. **(Resolution 1)**

3. To re-elect Mr Eric Khoo Chuan Syn @ Khoo Chuan Syn who shall retire in accordance with Clause 118 of the Company's Constitution and, being eligible, has offered himself for re-election. **(Resolution 2)**

4. To re-elect Mr Toh Kian Sing who shall retire in accordance with Clause 118 of the Company's Constitution and, being eligible, has offered himself for re-election. **(Resolution 3)**

5. To re-appoint Messrs. GRANT THORNTON MALAYSIA PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modifications, to pass the following resolutions as Ordinary Resolutions:

6. **Retention of Independent Directors**

   (i) "That Mr Wong Chie Bin who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 20 May 2008, be and is hereby retained as an Independent Director of the Company." **(Resolution 5)**

   (ii) "That subject to the passing of Resolution 3, Mr Toh Kian Sing who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 23 May 2008, be and is hereby retained as an Independent Director of the Company." **(Resolution 6)**

7. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT** subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such persons whomsoever the Directors may in their discretion deem fit provided always the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter at ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "General Mandate"); **(Resolution 7)**

Notice of Annual General Meeting (cont'd)

AND THAT the directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so be issued pursuant to the General Mandate on Bursa Securities;

AND FURTHER THAT such authority shall commence immediate upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

By order of the Board,

Yeo Puay Huang (LS 0000577)
[SSM PC No. 202008000727]
Secretary

Dated : 25 May 2021

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 June 2021 be regarded as Members and shall be entitled to attend, speak and vote at the 13th AGM.

2. A Member entitled to attend, speak and vote at the 13th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member of the Company is an exempt authorised nominee 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.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak, not less than 48 hours before the time set for this 13th AGM or any adjournment thereof.

6. As a precautionary measure against the spread of Covid-19, members are strongly encourage to appoint the Chairman of the meeting as their proxies to vote in their stead.

7. The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedure and measures at short notice as public health situation changes, members can check further update on the Company's website at www.asiasealink.com.

Explanatory Note to Ordinary Business:

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

Notice of Annual General Meeting (cont'd)

Explanatory Notes to Special Business:

2. Retention of Independent Directors

The proposed Resolutions 5 and 6 are to seek shareholders' approval through a two-tier voting process to retain both Mr Wong Chie Bin and Mr Toh Kian Sing who have served as Independent Directors for more than twelve (12) years. The Nominating Committee have assessed both of them and thereby recommended that they continue in office as Independent Directors of the Company based on the following justifications :

- They have fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Securities;
- They have possessed vast commercial experience and knowledge that complements the Company's Board composition, and continue to provide valuable insights and contributions to the Board; and
- They have participated in Board discussions and they are able to bring independent and objective judgements to the Board.

3. Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Proposed Resolution 7, if passed, will give authority to the Directors of the Company to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter at ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under paragraph 6.03 (1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "General Mandate").

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The new General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost of convening general meeting(s) to approve such issue of shares.

There was no General Mandate granted by the shareholders at the 12th Annual General Meeting of the Company and hence no proceed was raised therefrom.

Profile of Directors

Yong Kiam Sam

Chief Executive Officer cum Managing Director
Non-Independent Executive Director
Chairman of Risk Management Committee

Nationality/Age/Gender:
Malaysian/50/Male

Date of Appointment:
28 December 2007

Academic/Professional Qualification(s):
- Bachelor of Commerce, University of Melbourne, Australia
- Master of Business Administration, London Business School, United Kingdom

Working Experience:
- Director of all the subsidiaries of Sealink International Berhad
- Senior consultant with Ernst & Young Consultants, Singapore
- Accounts Executive in Lambir Myanmar Investments Ltd, Myanmar

Present Directorship(s):
Listed Issuer: Sealink International Berhad

Other Public Companies: Nil

Past Directorship(s) and/or Appointment(s): Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer:
   He is the son of Yong Foh Choi, a substantial shareholder of Sealink International Berhad.
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil
4. The number of board meetings attended in the financial year: 5/5

Wong Chie Bin

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Member of Risk Management Committee

Nationality/Age/Gender:
Malaysian/65/Male

Date of Appointment:
20 May 2008

Academic/Professional Qualification(s):
- Member of Chartered Accountants Australia and New Zealand
- Fellow member of Chartered Tax Institute of Malaysia
- Member of Malaysian Institute of Accountants
- Bachelor Degree in Commerce, University of Otago, New Zealand

Working Experience:
- Senior Partner of Crowe Malaysia PLT
- Over 40 years' experience in accounting, auditing, taxation and management consultancy services

Present Directorship(s):
Listed Issuer: Sealink International Berhad

Other Public Companies: Nil

Past Directorship(s) and/or Appointment(s): Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil
4. The number of board meetings attended in the financial year: 5/5

Profile of Directors (cont'd)

Toh Kian Sing

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Nominating Committee
Member of Audit Committee
Member of Risk Management Committee

Nationality/Age/Gender:
Singaporean/56/Male

Date of Appointment:
23 May 2008

Academic/Professional Qualification(s):
- Bachelor of Law, National University of Singapore
- Bachelor of Civil Law, University of Oxford

Working Experience:
- He has vast experience as a shipping litigation and arbitration lawyer, specialising in charterparty, bills of lading, ship sale and purchase, shipbuilding and marine insurance disputes. He also handles commodity trading (particularly oil and minerals) and letters of credit disputes.
- He is a practising advocate and solicitor of the Supreme Court of Singapore.
- He was appointed a Senior Counsel of the Supreme Court of Singapore in January 2007.
- He is an arbitrator listed in the panel of arbitrators of the Singapore International Arbitration Centre, Hong Kong International Arbitration Centre, China Maritime Arbitration Commission, Shanghai International Arbitration Centre, Kuala Lumpur Regional Centre for Arbitration, Singapore Chamber of Maritime Arbitration, London Court of International Arbitration, DIFC-LCIA Arbitration Centre, Pacific International Arbitration Center (Vietnam), Member of the South China International Economic and Trade Arbitration Commission.

Present Directorship(s):
Listed Issuer: Sealink International Berhad

Other Public Companies: Nil

Past Directorship(s) and/or Appointment(s):
UT Trust Pte Ltd

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil
4. The number of board meetings attended in the financial year: 3/5

Eric Khoo Chuan Syn @ Khoo Chuan Syn

Independent Non-Executive Director
Chairman of Nominating Committee
Member of Remuneration Committee
Member of Audit Committee
Member of Risk Management Committee

Nationality/Age/Gender:
Malaysian/65/Male

Date of Appointment:
20 May 2008

Academic/Professional Qualification(s):
- Bachelor of Laws (LLB) Hons, University of Wolverhampton, England, United Kingdom
- Barrister-at-Law, Gray's Inn, London, England (1979)

Working Experience:
- Practising Advocate and Solicitor, Khoo & Co (1982 – present)
- Magistrate, Judicial Department (1979 – 1982)

Present Directorship(s):
Listed Issuer: Sealink International Berhad

Other Public Companies: Nil

Past Directorship(s) and/or Appointment(s): Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil
4. The number of board meetings attended in the financial year: 5/5

Profile of Directors (cont'd)

Datuk Sebastian Ting Chiew Yew

Independent Non-Executive Director
Member of Audit Committee
Member of Nominating Committee
Member of Remuneration Committee
Member of Risk Management Committee

Nationality/Age/Gender:
Malaysian/66/Male

Date of Appointment:
20 August 2013

Academic/Professional Qualification(s):
- Bachelor of Law (LLB) Hons (Second Class Upper), North London Polytechnic (now known as University of North London)
- Master of Law (LLM), University of Cambridge (Darwin College) England
- Barrister-at-law, Council of Legal Education Lincoln's Inn, London, England (1983)

Working Experience:
- Appointed as an Assistant Minister of Tourism, Arts and Culture by the Chief Minister of Sarawak (22 August 2019 – present)
- Elected as Sarawak State Assemblyman for N 73 Piasau (9 May 2016 – present)
- Commissioner for National Water Commission by the Minister of Energy Green Technology and Water Malaysia (May 2016 – May 2018)
- Member of Piasau Nature Reserve Implementation and Endowment Committee (February 2015 – present)
- Political Secretary to Minister of Energy Green Technology and Water Malaysia (April 2009 – 2013)
- Political Secretary to Minister of Plantation Industries and Commodities (May 2004 – April 2009)
- Councillor, Miri Municipal Council, Miri Sarawak (1989 – 1999)

Present Directorship(s):
Listed Issuer: Sealink International Berhad

Other Public Companies: Nil

Past Directorship(s) and/or Appointment(s): Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil

2. Any conflict of interests with the listed issuer: Nil

3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil

4. The number of board meetings attended in the financial year: 4/5

Profile of Key Senior Management

Yong Kiam Miaw

General Manager for Sealink Shipyard Sdn Bhd

Nationality/Age/Gender:
Malaysian/54/Male

Date of Appointment:
1 September 2014

Academic/Professional Qualification(s):
- Licensed Secretary
- Business Administration

Working Experience:
- General Manager for Sealink Shipyard Sdn Bhd
- Manager for Lambir Timber Sdn Bhd
- Manager for Sekiwa Logging Sdn Bhd

Present Directorship(s):
Listed Issuer: Nil

Other Public Companies: Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer:
   Son of Mr Yong Foh Choi
   Brother of Mr Yong Kiam Sam

2. Any conflict of interests with the listed issuer: Nil

3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil

Angelia Chong Pei Cheng

General Manager, Group Finance

Nationality/Age/Gender:
Malaysian/45/Female

Date of Appointment:
1 April 2018

Academic/Professional Qualification(s):
- Bachelor of Commerce in Accountancy, University of Canterbury, Christchurch, New Zealand
- Chartered Accountant certified by The Association of Chartered Certified Accountants (ACCA, FCCA)
- Chartered Accountant certified by Malaysian Institute of Accountants (CA, MIA)

Working Experience:
- General Manager, Group Finance, Sealink International Berhad (1 April 2018 – Present)
- Head of Treasury / Corporate Compliance, Sealink International Berhad (2016 – March 2018)
- Head of Compliance, Sealink International Berhad (2015)
- Senior Finance Manager, Petra Resources Sdn Bhd, Miri (2013 – 2015)
- Senior Finance Manager, Semua Shipping Group of Companies (2005 – 2013)
- Auditor, KPMG Sarawak (1998 – 2005)
- Assistant Business Advisor, KPMG Auckland, New Zealand (1997)

Present Directorship(s):
Listed Issuer: Nil

Other Public Companies: Nil

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil

2. Any conflict of interests with the listed issuer: Nil

3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2020: Nil

Chief Executive Officer's Message and Management Discussion & Analysis

Dear Valued Shareholders,

On behalf of the Board of Directors of Sealink International Berhad ("the Group"), I am pleased to present to you our Annual Report for the financial year ended 31 December 2020. It has been another challenging year for the marine industry, which inevitably impacted our financial performance for the year. While the oil price and external environment are factors beyond our control, the Group is building a strong foundation for recovery following the initiatives and strategies we have undertaken which have reshaped and strengthened the Group.

MARKET OVERVIEW

Referring to the Petronas Activity Outlook report for 2021-2023, Petronas cited the challenges faced in 2020 (ie. plunge in oil prices, widespread COVID-19 pandemic), bringing the industry into what is now regarded as a "new normal". Petronas had also termed this as a "great reset" of the industry, as companies seek to adapt and increase their resilience to remain relevant under a challenging oil outlook on top of the acceleration of the energy transition. The oil and gas industry outlook in 2021 is expected to remain challenging due to the unprecedented demand destruction from the COVID-19 pandemic which has made a profound impact on both the domestic and global markets. We are seeing opportunities with decommissioning of facilities, well abandonment segments and increased demand for drilling rigs in the next three years which would require involvement from various local oil and gas service providers. On this positive note, demand for vessels is expected to be slightly higher in 2021 at 303 vessels, versus 279 in 2020. Petronas also mentioned the prioritisation of local vessels will continue to be exercised. Overall, while a recovery is expected to be underway, it is believed that this recovery trajectory will be slow and gradual. (Kenanga Research)

Malaysia's oil and gas industry is in the recovery cycle this year as several sectors within the industry are expected to chart a gradual recovery, such as engineering, procurement, construction, installation and commissioning. Although global oil and gas exploration and production (E&P) investment is expected to be flat this year, Malaysia is seeing improving domestic order flows, said AmInvestment Bank Research (AmResearch). Malaysia's order flows in the first quarter of this year saw a quarter-on-quarter improvement as listed companies announced contracts valued at RM3.3 billion, a 2.2 times increase from RM1.5 billion in fourth-quarter 2020. AmResearch said global E&P investment is expected to be flat this year, followed by a 10% increase in 2022, driven by US shale/tight oil, Middle Eastern onshore projects and offshore deepwater developments in Brazil. Given the improvement in crude oil prices, E&P players are projected to see a 56% increase year-over-year in operating cash flows to the tune of US$580 billion (RM2.39 trillion) this year. At US$60 per barrel, free cash flows for public E&P players could double to US$330 billion in 2021 from US$140 billion last year, the research house said. Last April, global oil demand saw a sharp drop of 20 million barrels per day (bpd) which has subsequently narrowed to 5.7 million bpd in March this year. On the whole, the AmResearch opined that global oil demand will not return to pre-pandemic levels until 2022.

MIDF Research has upgraded the oil and gas sector to 'positive' as it sees the upstream and downstream sub-segments will benefit from the recent oil price rally. It said that higher oil prices would benefit the sub-segments in terms of potential new contract awards, rising product prices and spread for downstream industry players. Despite the absence of revision in E&P capital expenditure spending from the oil majors, we opine that the recovery narrative for the sector remains on track given that a more selected spending approach will result in a more sustained recovery and significant uptick in activities within the oil and gas sector expected to take place in the second half of 2021. Hence, MIDF Research believes that the upgrade on the sector to 'positive' is timely given that we are expecting the oil and gas players to register stronger year-over-year earnings growth in 2021 after a series of commendable earnings recovery recorded from 3QFY20 onwards. The upgrade was also in line with her raised crude oil price forecast of US$58 per barrel in 2021, from US$51 per barrel prior. MIDF Research also noted that while Petronas has remained committed to ensuring sustained offshore activities for local oil and gas players, it is taking a cautious stance amid the persistent uncertainty and sluggish recovery in demand caused by the COVID-19 pandemic. That said, MIDF Research is reassured of the

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

MARKET OVERVIEW (cont'd)

Malaysian oil and gas recovery trajectory given that Petronas is now expected to increase its E&P spending in 2021 to possibly RM40 billion to RM45 billion. This is as opposed to the RM33 billion that it has spent in 2020. MIDF Research also predicts a gradual recovery in the oil and gas sector, with something more significant to take place in the second half of the year. That positive change will be driven by an effective containment of the COVID-19 pandemic worldwide, led by the successful rollout of the vaccines globally. These factors will help alleviate the demand concern, as they will ensure economic activities continue to run and hopefully recover to pre-COVID-19 levels.

The US Energy Information Administration (EIA) expects Brent crude prices to average $62.28/barrel in 2021 and $60.49/barrel in 2022. Nevertheless, despite the uncertainty in the macro-environment led by COVID-19, MIDF Research expects that 2021 would not see the wild swings in oil prices that happened in 2020. The recovery of global crude oil prices, which are nearing pre-COVID levels, gives a glimmer of hope of better prospects for the oil and gas industry after it experienced the collapse of oil prices to sub-zero last year. On a positive note, some analysts and experts reckon that the COVID-19 vaccines will be the theme that will shape the recovery of the oil market in 2021, as economies emerge from the pandemic.

In view of the ageing fleet of offshore support vessels (OSVs) for the oil and gas industry, Petronas has recently put out to tender the construction of 16 such vessels. It is understood that this is just the first batch of contracts up for grabs. The national oil firm's plan is to build 100 vessels in four years — a move to phase out its old vessels, according to industry sources. Currently, about 60% of the OSVs that are in service are at least 11 years old, which is not far from the 15-year limit imposed on these vessels. In the latest activity outlook for 2021-2023, Petronas wrote that it was committed to ensuring operational safety during offshore transport. Efforts are underway to replace the ageing fleet that is currently serving our operations through collaboration with the marine fleet. In addition, Petronas is currently considering options for new vessel technology for their operations that can accommodate 365 days operability per year, able to provide comfort to passengers during voyages and safe passenger transfer from vessel to platform and vice versa, among others. The newly built vessels will mainly be deployed for upstream activities, which are usually chartered on long-term contracts by oil majors. Indeed, the national oil firm has already said this is an opportune time for local players and financiers to re-evaluate investment opportunities. Although the industry is not out of the woods yet, industry sources say the invitation for bid is being sent out now considering that it takes 18 to 24 months to build a vessel. The building of the vessels will be been completed by 2023, when a number of long-term charter contracts expire. The new OSVs will be just in time to replace the old ships. Given the uncertainties on the horizon, Petronas is offering long-term charter contracts for vessels even before they are built. Sources say the contracts will help protect OSV operators from the risk of not being able to secure contracts after the ships are built. This time around, the tenure of the charter contracts is up to seven years. They will also have extension options three-year contracts that are renewable for another three years plus a second renewal of two years. This is a positive note to our group as our Shipyard has been selected as one of the approved shipyards by Petronas.

The Malaysian economy is set to recover in 2021, with growth projected at 6.5%, driven by a strong recovery in manufacturing and construction, according to the International Monetary Fund (IMF). The recovery is expected to be uneven across sectors, resting on an improvement in both domestic and external demand. In a statement yesterday, the IMF executive board said Malaysia's economy entered the pandemic from a strong position but has nevertheless been hit very hard. The IMF said the global risk-off episode in March 2020 triggered capital outflows from emerging markets such as Malaysia, but a swift and large global policy response helped stabilise markets, and inflows resumed starting late April. It said that in Malaysia, a strong fiscal, monetary and financial policy response has helped cushion the economic shock from the pandemic and ensure financial stability. The current account registered a surplus due to both increased pandemic-related external demand for health-related and electronic equipment and weak imports, it

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

MARKET OVERVIEW (cont'd)

said. Assessing Malaysia, the IMF commended Malaysia's well-coordinated policy response to the pandemic which, together with sizable buffers, has helped mitigate the macro-financial impact of the crisis. They observed that a strong recovery in 2021 remains subject to considerable downside risks and noted that macroeconomic policies should remain supportive until the recovery is fully entrenched. The IMF also welcomed the Malaysian authorities' commitment to fiscal reform and medium-term consolidation, adding that spending rationalisation and revenue-increasing measures will be necessary to help rebuild fiscal buffers once the recovery is fully cemented.

Bank Negara Malaysia (BNM) said Malaysia's economic growth, as measured by gross domestic product (GDP), is projected at between 6% and 7.5% in 2021. In 2020, Malaysia saw its GDP contract 5.6%. According to BNM's Economic and Monetary Review 2020, the key factors supporting growth recovery are improving external demand amid a technology upcycle, less stringent containment measures and the COVID-19 vaccine roll-out, a gradual improvement in labour market conditions as well as a pickup in production from new and existing manufacturing and mining facilities. The central bank also highlighted that a comprehensive and complementary policy support had been and will remain central in supporting the economy. One of the key policy measures mentioned by BNM is fiscal injections to ease cash constraints, support labour market conditions and reinvigorate spending and economic activities, such as Bantuan Prihatin Nasional cash transfers to households, wage subsidy programmes as well as various tax incentives and relief. Monetary stimulus to support domestic demand, reduce borrowing costs and facilitate continued credit intermediation was also put in place last year, including a 125-basis point (bps) reduction in the overnight policy rate (OPR) to 1.75%, statutory reserve requirement (SRR) ratio reduction of 100bps to 2%, and flexibility for banking institutions to use Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGIIs) to meet SRR compliance. Apart from these two measures, the country also implemented comprehensive financial assistance across all segments of the economy to ease cash flow constraints and support growth, including targeted repayment assistance, special funds and credit guarantees. BNM also noted on other measures to support consumption and investment, to enable firms to swiftly pivot and adapt to the new normal, and prepare the workforce for the future of jobs, such as EPF cash withdrawals, accelerated digitalisation initiatives, as well as promoting workforce upskilling and training. Meanwhile, headline inflation is projected to average higher, between 2.5% and 4% in 2021, due mainly to cost-push factors, such as an expected increase in global oil and commodity prices, as well as the lapse of the effect of the tiered electricity tariff rebate introduced in April 2020.

We believe that the demand for oil services will come back first for the shallow water segments when the recovery comes, as these typically have a lower breakeven cost. This will be beneficial for the Group which has these vessel types. With the ongoing initiatives in rationalising and optimising costs and exposures, we believe the Group will be well positioned to tide over the prevailing business challenges, given the measures we have taken over the last few years.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group is principally involved in the business of chartering of marine vessels, shipbuilding and ship repair. The Group builds, owns and operates a diverse fleet of marine support vessels, which serve the global exploration and marine industry.

Our shipyard is located in Kuala Baram, Miri, Sarawak and the workshop in Krokop Miri, Sarawak. Our shipyard achieved the first milestone in 1999 when it delivered the first new build, a landing craft known as "Sealink Victoria". To-date, our shipyard has constructed in total sixty eight (68) vessels (including fabrication of two work barges). Armed with technical knowhow and management capabilities, our Group is able to offer a sophisticated array of vessels designed to meet our customers' needs. The Group's shipbuilding division will also continue its emphasis on ship repair. Apart from construction of OSVs, the Group has diversified into the construction of harbor tugs and other non-oil and gas vessels.

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (cont'd)

Our ship operations are based in Miri, Sarawak with branch offices located in Labuan, Kemaman and Singapore. The shipping division has a fleet of twenty seven (27) vessels providing a broad range of services to the marine sector with the highest standards of safety and technology available in the industry.

As an integrated service provider, we have full discretion and control over the design specification, quality, cost and timely delivery of our vessels. It also provides us with the flexibility to either "build and sell" or "build and charter" our vessels. Our experienced maintenance team can respond promptly and attend to emergency repairs and where necessary, vessel(s) can be arranged to be up slipped internally at our slipway in Kuala Baram for vessels within the vicinity. This reduces our dependence on other yards and provides our Group with a distinct competitive advantage over the other players in the market.

Over the years, the Group has established a reputation with a proven track record in both of our core businesses. As a testimony to this, our clientele includes both local and international companies from the United States of America, Australia, China, Latin America, Europe, East Africa, Southeast Asia and the Middle East.

The Group strives to intensify its efforts and commitment to deliver high value products and services with emphasis on safe operations and to maintain the group's position as one of the leading integrated service providers in the offshore marine services segment.

As a key measure to manage the Group's exposure to the business risks, the Group has continued on the following initiatives which have been reinforced and carried forward to the next fiscal year:

- Sustainable cost rationalisation and optimisation of human resources where only critical positions are filled when incumbents leave the Group. Existing personnel are re-deployed within the Group to take on additional responsibilities for better efficiencies without impairing the adequacy of existing internal control system;
- Closer monitoring of inventory management, where stringent controls have been deployed to account for procurement of goods and of services vis-à-vis existing inventory levels to conserve cash flows and minimise the risk of inventory obsolescence; and
- Effective cash flow management.

Notwithstanding the challenges faced, the Group has won various contracts from national and international oil majors in Malaysia and abroad. We are still striving for better market reach and branding, with the view of enhancing shareholder value. The ability to win contracts reaffirmed the trust, confidence and support of our esteemed clients. We are now ready to embark on long-term growth plans to further maximise shareholder value given our more efficient capital structure. We remain confident that we should be able to reward our faithful shareholders who have remained steadfast with us throughout this journey.

OVERVIEW OF FINANCIAL PERFORMANCE

Financial results

The lower revenue was mainly attributable to lower utilisation rate as a result of delay in projects implementation and COVID-19 pandemic. The Group recorded loss for the year of RM40.8 million in 2020 in tandem with the lower revenue generated.

Finance cost had also reduced substantially, by about 29%, from RM7.9 million in 2019 to RM5.6 million in 2020 as some loans have been cleared.

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

OVERVIEW OF FINANCIAL PERFORMANCE (cont'd)

Liquidity and resources

The Group monitors its cash flows actively and ensures all obligations are met as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding as to ensure that all repayments and funding needs are met. Our strong focus on synergies and cost efficiency over the past years have put us in a good liquidity position and we are taking early precautionary steps now to preserve cash. Efficient and prudent working capital and cash management remains a key priority to keep up flexible and agile in this continuously challenging and volatile business environment.

We have reduced the group's term loans significantly from RM55 million in 2019 to about RM44 million (approximately USD 10 mil) in 2020, a reduction of about 20%. Presently, only 2 vessels out of our charter fleet of 27 are encumbered. This speaks well of the viability of the Group's business despite the challenging conditions in which it operates. At the same time, with reduced gearing the Group will have a stronger balance sheet to take on additional financing to fund expansion when opportunities arise. Despite the loss of RM 40.8 million for the year, there is a surplus in the cashflow generated from operations amounting to RM12.7 million.

With the low gearing, the Group is well positioned to continue to grow and capture future business opportunities despite the challenges posed by the current environment.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, obtain new financing facilities or dispose of assets to reduce borrowings. Management monitors capital based on the Group's gearing ratio. The Group's strategy is to maintain a gearing ratio not exceeding 100%. The gearing ratio is calculated as total loans and borrowings divided by equity capital. The ratio for the Group has improved from 34% in 2019 to 33% in 2020.

Dividend

The declaration and payment of dividend will depend upon the Company's financial performance, cash requirements and is subject to certain limitations imposed under the Company Act 2016. Due to the aforesaid losses incurred, the Board does not recommend any dividend for the FY2020.

Corporate Social Responsibility

The Group is continuously committed to fulfilling our role as a responsible corporate social citizen. The main focus of our Group on corporate social initiatives are the Workplace, the Environment and the Community, with the view of maintaining a sustainable value for the Group and its shareholders. Activities undertaken in the discharge of the Group's corporate social responsibilities are set out separately in the Sustainability Statement.

CORPORATE GOVERNANCE AND INVESTORS' RELATIONS

The Board believes in embedding a culture in the Group that seeks to balance compliance requirements with the need to deliver long-term strategic value to shareholders and stakeholders through performance, predicated on entrepreneurship, control and ownership, and with due consideration towards ethics and integrity. As such, the Board strives to embrace the substance behind the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2017 and not merely the form.

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

CORPORATE GOVERNANCE AND INVESTORS' RELATIONS (cont'd)

Apart from the disclosures in the Annual Report, the Group has also established a corporate website at www.asiasealink.com that houses, inter-alia, documentation on the Group's corporate governance practices like the Board Charter, Whistleblower Policy, Code of Conduct for Directors and employees of the Group, Corporate Disclosure Policies and Procedures, Sustainability Policy and Anti-Bribery and Corruption Policy that are useful for investors as well as potential investors to be apprised on how the Board views corporate governance and engagement with investors. The website also provides, amongst others, information deemed pertinent for investors and the public, for example the Company's corporate announcements, financial results and historical chart of the Company's share prices.

OUTLOOK AND PROSPECTS

The Group will continue to manage costs and increase efficiency in this recovery economic climate to improve our competitiveness and resilience. Riding on our strong foundation, we are confident that the Group will achieve good results going forward.

The outlook for the oil and gas industry remains on track, analysts opined, given that a more selected spending approach will result in a more sustained recovery and significant uptick in activities within the sector is expected to take place in the second half of 2021. The research arm of MIDF Amanah Investment Bank Bhd (MIDF Research) opined that the crude oil price will continue to trade range bound of between US$58 to US$65 per barrel (pb) in first half of 2021, with supply expected to be actively curbed by deliberate reduction in production of crude oil. However, for the full-year 2021, MIDF Research estimated that oil price will average at US$59pb with the major recovery expected to take place in second half of 2021 should the COVID-19 cases are well-contained worldwide and the vaccines are successfully administered. Furthermore, as it is expected that Organisation of the Petroleum Exporting Countries and its allied countries (OPEC+) allies to continue restricting supplies in 2021, it will also help to stabilise oil price in the first half of 2021. However, MIDF Research opined that the future pace of growth and recovery could be constrained by downside risks such as renewed resurgence in COVID-19 infections and potential delays in vaccine distribution.

Based on Petronas Activity Outlook 2021-2023, steady outlook is expected for marine vessels due to the consistent activity of production operations in Malaysian waters. The report also depicts consistent demand for vessels supporting production operation from year-to-year and prioritisation of local vessels will continue to be exercised.

The group's total term loans were reduced significantly from RM55 million in December 2019 to RM 44 million in December 2020, a drop of about 20%. Presently, only two vessels are encumbered. This speaks well of the viability of the Group's business despite the challenging conditions in which it operates. At the same time, with reduced gearing, the Group will have a stronger balance sheet to take on additional financing to fund expansion when the industry turns around. Despite the loss for the year, there is a surplus in the cashflow generated from operations amounting to RM 12.7 million. The Group will continue its emphasis on its core activities of ship building, ship charter and ship repair. The Group's shipbuilding division will be looking towards building vessels which have a niche market as well as enhancing its docking (ship repair) facilities, whilst continuous efforts will be taken towards optimising capacity utilisation of the Group's vessels. The Group is also looking at building new vessels that are more energy efficient and environmental friendly, in line with tighter environmental regulations in the maritime industry. With the ongoing initiatives in sustainable cost rationalisation and exposures, we believe the Group is well positioned to tide over the current business challenges.

Chief Executive Officer's Message and Management Discussion & Analysis (cont'd)

OUTLOOK AND PROSPECTS (cont'd)

Presently the Group is looking at opportunities to diversify into sustainable investments as part of our responsible investment initiative. We have to be prepared for a drop in fossil fuel demand as consumer preference changes for cleaner and renewable energy. This pivot is necessary and inevitable, and we will be giving careful and due consideration into all factors of three factors of environment, social and corporate governance before embarking on the new initiatives.

While we remain vigilant on the market outlook, we will continue to capitalise on our capabilities and reputation in vessel chartering business. Long term sustainability of the business has been our key priority. We will remain resilient in strengthening our core business and shall continue expanding strategically into new opportunities.

NOTE OF APPRECIATION

On behalf of the Board of Directors, I wish to convey our sincere thanks and appreciation to all our stakeholders, beginning with our shareholders for their continued support and belief in the prospects of our Group. To our clients, business partners, associates and principals; for their continuous support, cooperation and belief in our competencies. To our Bankers and the authorities; for their vital role in our strategic planning and execution. To our committed and dedicated Management team; for their hard work, professionalism and tireless efforts in maintaining our position as one of the leading marine offshore support vessel providers and shipbuilders in Malaysia.

To our dedicated and loyal employees; your dedication, tireless efforts and commitment have not gone unnoticed. Let us weather this downturn together, as one team with our values upheld, and come out of this with more resilience and focus. We must continuously work hard and stay the course to achieve our goals. Let us maintain our commitment to steer towards greater heights in the future together. It is my sincere hope that Sealink will continue to grow from strength to strength in the coming years and beyond.

Last but not least, my special thanks to my fellow Directors on the Board for their invaluable support and guidance throughout the financial year.

Thank you.

YONG KIAM SAM
Chief Executive Officer cum Managing Director

Audit Committee Report

1. COMPOSITION

The Audit Committee (the "Committee"), which was established by the Board, comprises the following Directors as its members:

Chairman : Wong Chie Bin (Independent Non-Executive Director and member of the Malaysian Institute of Accountants)

Members : Datuk Sebastian Ting Chiew Yew (Independent Non-Executive Director)
: Toh Kian Sing (Independent Non-Executive Director)
: Eric Khoo Chuan Syn @ Khoo Chuan Syn (Independent Non-Executive Director)

2. SUMMARY OF WORK UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Audit Committee had five (5) meetings during the financial year ended 31 December 2020.

Audit Committee Member	Attendance
Wong Chie Bin	5/5
Datuk Sebastian Ting Chiew Yew	4/5
Toh Kian Sing	3/5
Eric Khoo Chuan Syn @ Khoo Chuan Syn	5/5

The Audit Committee members were served with adequate notice of meeting by the Committee Secretary, setting out the meeting agenda and relevant papers, which were distributed well before the meeting to enable them to go through the matters to be deliberated at the meeting. The Company Secretary is the Committee Secretary. At the meetings, Management personnel of the Group, including the Executive Director, General Manager Group Finance and representatives of the external and internal auditors, were invited to brief the Audit Committee on matters on the agenda that required their input.

During the financial year under review and up to the date of this Report, the Audit Committee carried out the following work which has met its responsibilities, based on its terms of reference:

- reviewed on the Group Cashflow estimates / Forecast for 2020;
- reviewed the Group's trade receivables and sought relevant explanations from Management to better understand how receivables were managed;
- reviewed the Banking Facilities and sought relevant explanations from Management on how the facilities were managed;
- reviewed related party transactions of the Group and any conflict of interest situation that may arise within the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- reviewed the quarterly financial announcements of the Group before recommending the same for the Board of Directors' approval, focusing on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements;
- reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. This includes determining whether the internal audit function deploys internal auditing standards promulgated by the Institute of Internal Auditors, Inc. a global professional body advocating standards for the international auditing profession;
- reviewed the internal audit reports and recommendations on internal audit findings, including follow-up by the internal audit function on the status of Management's implementation of action plans to address issues highlighted in previous internal audit reports;
- reviewed the audit plan of the external auditors, including the areas of audit emphasis and summary of planned audit procedures and evaluated the internal control system;
- reviewed the external auditors' reports arising from the audit and any updates on new financial reporting standards issued by the Malaysian Accounting Standards Board;

Audit Committee Report (cont'd)

2. SUMMARY OF WORK UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (cont'd)

- met with a representative of the external auditors in the absence of Management to assess if there were issues of concerns that the external auditors faced in carrying out their work;
- reviewed the performance of the external auditors in terms of their capability, professionalism, and independence before recommending them to the Board to be considered for re-appointment at the Annual General Meeting;
- reviewed the audited financial statements of the Group and the Company before recommending the same to the Board for approval;
- reviewed the report on risk assessment for the year 2020 tabled by Risk Management Committee, which provided the top five (5) significant risks, control issues and summary of risk assessment;
- reviewed the Company's Corporate Governance Statement, Audit Committee Report, the Statement on Risk Management and Internal Control, Sustainability Statement, and Directors' Responsibility Statement for the Audited Financial Statement before recommending them for approval by the Board for inclusion in this Annual Report; and
- reported to the Board on its activities and significant findings and results.

The Audit Committee is aware of the importance for its members to undergo continuous professional education to stay appraised of regulatory developments that affect the Audit Committee in the discharge of its responsibilities. Details of training courses and seminars attended by the Audit Committee members during the financial year under review and up to the date of this Report are disclosed in the Corporate Governance Statement included in this Annual Report.

3. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to KPMG Management & Risk Consulting Sdn. Bhd. [Company No. 198601000916 (150059-H)], an independent professional firm, which reported directly to the Audit Committee. Upon expiry and pending renewal of contract at the end of the financial year, the Audit Committee shall evaluate the performance of the outsourced internal audit service provider.

During the financial year under review, the Internal Auditors carried out the following work:

- assisted the Audit Committee in assessing the adequacy and operating effectiveness of the Group's risk management and internal control systems, based on an internal audit plan (IAP) approved by the Audit Committee before internal audit work commenced. The IAP sets the direction and scope of the planned internal audit which covered assessment of policies and procedures in place in relation to the Guidelines on Adequate Procedures, procurement and payment (in relation to diesel and fuel, oxygen cylinders and personal protective equipment), and financial management;
- conducted the audit work as per the IAP;
- covered the following key processes stated in the IAP which included financial, procurement, inventory, regulatory compliance (Safety, health and environment) and information technology, fixed asset, human resources management and corporate governance;
- followed up on the status of Management's implementation of internal audit recommendations and action plans in preceding audit cycles;
- consulted Management on any areas of concerned;
- arranged for exit meeting with the respective process owners;
- issued final report and presented to the Audit Committee; and
- engaged with Management and provided continuous improvement to the Group.

The scope of internal audit covered key operating companies in the Group, encompassing the shipbuilding and chartering operations as set out in the IAP. Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control included in this Annual Report.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 17 May 2021.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Sealink International Berhad ("SIB") is pleased to present this statement outlining the nature and scope of the risk management and internal control system of the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2020 and up to the date of approval of this statement pursuant to paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board acknowledges and affirms its overall responsibility for maintaining a sound system of Group's risk management and internal control in order to safeguard all its shareholders' interest and protecting the Group's assets.

The Board reviews the adequacy and operating effectiveness of the internal control system. The Board has delegated the oversight roles of risk management to the Risk Management Committee ("RMC") and the roles to review the adequacy and effectiveness of the internal control system to the Audit Committee ("AC"). Through the RMC and the AC, the Board is kept informed of all significant risk and control issues brought to the attention of the RMC and the AC by the Management, the internal audit function and external auditors, as applicable.

In view of the limitation inherent in any system of risk management and internal controls, the system is designed mainly to manage, rather than to eliminate the risk that may impede the achievement of the Group's objectives. Therefore, the system of internal control can only provide reasonable assurance rather than absolute assurance against material misstatement, financial loss or fraudulent practices.

COVID-19 PANDEMIC

In curbing the outbreak of COVID-19 pandemic in Malaysia, the Government had imposed several restriction and control on movement since March 2020 and throughout this year 2020. The Group has implemented the COVID-19 prevention and control measures guidelines for workplace in compliance with the requirements of the government to prevent and control the spread of COVID-19 at workplace and also provide proper risk assessment in handling the pandemic.

On top of ensuring the guidelines prescribed are adhered in the company, the Group also leveraged technology for the conduct of meetings, practiced social distancing, practiced a limited work-from-home arrangements and provided safe working environment to the staff by having weekly sanitisation, providing of face masks, hand sanitisers and daily temperature screening.

Due to the COVID-19 pandemic situation is still evolving and uncertain as at the date of approval of this statements, the Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-9 pandemic.

RISK MANAGEMENT

The Risk Management Committee ("RMC") is responsible to assist the Board to identify and assess the risks faced by the Group and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks. The RMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Boards and the Audit Committee.

The Board is of the view that there is an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

- **Organisational and Reporting Structure** – A clear defined operating and organisation structure, lines of responsibilities and delegated authority. Committee such as the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee have been established to assist the Board in discharging its duties. Job functions for the Management and employees in the Group have been streamlined to provide well defined roles and responsibilities for the enhancement of the Group's performance.

  The Chief Executive Officer cum Managing Director together with the divisional heads manages the day-to-day operation of the Group and addresses significant matters through management, operations, and site meeting held on a regular basis. In addition, meetings of Board and respective Board Committee are carried out on quarterly basis to review the performance of the Group, from financial and operational perspective.

  An annual planning and budgetary exercise is undertaken requiring all divisions to prepare budgets for the forthcoming year. These are deliberated on and approved by the Board prior to implementation by the Management.

- **Group Limits of Authority** – The Group Limits of Authority ("GLOA") has been established within the Group to ensure accountability, segregation of duties and control over the Group's financial commitments. The GLOA is reviewed and updated from time to time to be aligned with business, operational and structural needs and changes.

- **Health, Safety and Environment** – Health and safety policies and procedures are in place to assist on maintaining a safe working environment for all employees.

- **Policies and Procedures** – Duly documented internal policies, guidelines, procedures and manuals are updated from time to time to suit the changing risks and operational inadequacies as well as to guide employees in their day-to-day work. All policies and standard operating procedures are reviewed by respective committees and approved by the Board or Director. In case of non-compliance, recommendations for corrective actions are highlighted to the management, the Audit Committee and also to the Board though the internal audit reports.

- **Human Resource Policy** – Comprehensive guidelines on the human resource management in the Employee Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Whistleblower Policy** – The Group is committed to transparency, integrity and accountability in the conduct of its business and affairs. Whistleblower Policy has been established to provide clarity of oversight of the whistleblowing process, protection and the confidentiality provided to whistleblowers. The policy sets out a structured channel for employees, stakeholders and the general public to raise genuine concerns on malpractices and misconduct within the Group for remedial actions.

- **Anti-Bribery and Corruption Policy ("ABC Policy")** – The Group has established and adopted the Anti-Bribery and Corruption Policy, committed to conducting the business professionally, fairly and with integrity and transparency, as well as complying with all applicable laws, which include compliance with the Malaysia Anti-Corruption Commission Act 2009 and any of its amendments or reenactments that may be made by the relevant authority from time to time.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION

The Internal Audit function has been outsourced to external service providers (“Internal Auditors”) to provide independent assurance and serves to assist the Group to provide adequate and effective internal control system and reports directly to the Audit Committee (“AC”). The Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function and do not have any direct operational responsibility or authority over any of the audited activities.

The Audit Plan is approved by the AC and audit reports and the status of the audit plan are presented to the AC. During the financial year under review, the scope of work in internal audit covered assessment of policies and procedures in place in relation to the Guidelines on Adequate Procedures, procurement and payment, and financial management. Based on their internal audit reviews, observations were presented by the Internal Auditors, together with Management’s response and proposed action plans, to the AC for reviewing during the AC Meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous cycles of internal audit and updated the AC on the status of Management-agree action plan.

The costs incurred on the internal audit function for the financial year under review amounted to approximately RM70,000.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Chief Executive Officer cum Managing Director and General Manager, Group Finance that the Group’s risk management and internal control system were operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this Statement.

REVIEW BY THE BOARD

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control as well as continue to review, add on or update the controls in line with the changes in environment in which the Group operates in.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditor have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 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. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required to be set out by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 17 May 2021.

Corporate Governance Overview Statement

The Board of Directors (“Board”) of Sealink International Berhad (“SIB”) recognises the importance of adopting high standards of corporate governance, not only to safeguard stakeholders’ interests but also to enhance shareholders’ value and in building a sustainable business in the long run.

The Board believes in embedding a culture in the Company and its subsidiaries (“Group”) that seeks to balance compliance requirements with the need to deliver long-term strategic value to shareholders and stakeholders through performance, predicated on entrepreneurship, control and ownership, and with consideration towards ethics and integrity. As such, the Board strives to embrace the substance behind corporate governance recommendations and not merely the form.

Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) requires the Board to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance (“MCCG 2017”) for the financial year ended 31 December 2020. The detailed application by SIB for each practice as set out in the MCCG 2017 during the financial year 31 December 2020 (“FY 2020”) is disclosed in the Corporate Governance Report (“CG Report”). A copy of the CG Report can be accessed at our Company's website at www.asiasealink.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

In the discharge of its fiduciary and stewardship role, the Board has assumed the following principal responsibilities in relation to the Company:

- Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior;
- Review, challenge and decide on Management’s proposal on matters as set out in the Group Corporate Authority Manual document, which includes the overall corporate strategy, business plan, budget and regulatory plan and monitor the implementation by Management;
- Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances, to ensure that they support long-term value creation and take into account economic, environment and social considerations underpinning sustainability;
- Oversee the conduct of the Group’s businesses to evaluate and assess management performance whether the businesses are being properly managed;
- Assess and identify the principal risks of the Group’s businesses in recognition that business decisions involve the taking of appropriate risks;
- Set the risk appetite within which the Board expects Management to operate, and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and CEO, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel;
- Approve the appointment, resignation or removal of Company Secretaries;

Corporate Governance Overview Statement (cont'd)

PART 1 – BOARD RESPONSIBILITIES (cont'd)

In the discharge of its fiduciary and stewardship role, the Board has assumed the following principal responsibilities in relation to the Company: (cont'd)

- Develop and implement an "investor relations programme" for the Group;
- Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Review and approve the Financial Statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- Review and approve the Audit Committee Report, Risk Management and Internal Control Statement for the Annual Report;
- Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Group Corporate Authority Manual;
- Approve the appointment of external auditors and their related audit fees; and
- Carry out or perform such other functions necessary for the discharge of its fiduciary duties under the relevant laws, rules and regulations.

Board Charter

The Board Charter, which serves as a reference point for the Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company.

The Board Charter is reviewed annually. Amendments and updates are made from time to time in accordance with the need of the Company to ensure its effectiveness and consistency with the Board's objective and corporate vision as well as to be in line with changes to statutory and regulatory requirement.

The Board Charter is available for reference on the Company's website at www.asiasealink.com.

Code of Conduct / Ethics

The Board recognises the importance of having in place a Code of Conduct / Ethics, setting out the standards of conduct expected from Directors and employees, to engender good corporate behavior. The Board Charter sets out a Code of Ethics to be observed by Directors. As for the conduct of employees, the Board has formalised an Employee Handbook to be observed by employees across the Group.

The Code of Conduct is available for reference on the Company's website at www.asiasealink.com.

Anti-Bribery and Corruption Policy ("ABC Policy")

The Group is committed to conduct businesses professionally, fairly and with integrity and transparency.

The Group has adopted a zero tolerance approach against all forms of bribery and corruption and takes strong stance against such act by implementing the Anti-Bribery and Corruption Policy, which was formulated and adopted by the Board on 30 June 2020. This is in line with the amendment to Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020.

The ABC Policy is available for reference on the Company's website at www.asiasealink.com.

Corporate Governance Overview Statement (cont'd)

Whistleblower Policy

The Board has also adopted Whistleblower Policy, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employee, Management or Director in the Group.

All Disclosure shall be made to the Chairman of Audit Committee (AC) and the Disclosure can be made in writing, orally, via electronic mail ("email") or short messaging system.

The Whistleblower Policy is available for reference on the Company's website at www.asiasealink.com.

Sustainability of business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance aspects is considered. Accordingly, the Board has formalised the Company's sustainability policy during the financial year under review that addresses environment, social and governance elements in its strategic initiatives.

The Sustainability Policy is available for reference on the Company's website at www.asiasealink.com.

PART 2 – BOARD COMPOSITION

Board Composition, Diversity

At the date of this Statement, the Board consists of five (5) members, comprising one (1) Executive Director and four (4) Independent Directors. This composition fulfills the requirements as set out under MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. Based on an assessment of its skills matrix, the Board is of the view that the Directors, with their different background and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; legal; and marketing and operations, which are considered adequate for the Group's needs.

The Chief Executive Officer cum Managing Director oversees the day-to-day operations of the Group's business. The Non-Executive Directors, which comprise exclusively Independent Directors, provide the relevant checks and balance by reviewing the Group's performance against budget and inquiring from the Executive Director as well as Senior Management personnel explanations, as needed, at scheduled Board and Audit Committee meetings. All the four (4) Independent Directors sit on the four (4) Board Committees, namely the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee.

Reinforce Independence of the Board

The Board is in the midst of identifying a Director to helm the Board Chairman position since the demise of its former Chairman. At each meeting of the Board, the Directors appoint from amongst them a Director to chair the meeting. For the five (5) meetings convened during the financial year under review, the Director who chaired the meetings was an Independent Director. The current composition of Independent Non-Executive Directors in the Board, which comprises a majority of Board members, provides for pertinent checks and balance in the Board such that no one Director has unfettered powers in decision making.

Corporate Governance Overview Statement (cont'd)

Reinforce Independence of the Board (cont'd)

The Chairman of the meeting is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Whilst the Chief Executive Officer cum Managing Director implements the Group's strategic initiatives, policies and decision adopted by the Board and oversees the operations and business development of the Group, the Independent Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Company, but also of shareholders and stakeholders.

In accordance to the Constitution of the Company, at least one-third (1/3) of the Board is required to retire at every Annual General Meeting and be subject to re-election by the shareholders. All of the Directors are required to offer themselves for re-election, at least once every three (3) years. Newly appointed Directors shall hold office until the Next Annual General Meeting ("AGM") and shall then be eligible for re-election by the shareholders.

Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Directors. The definition on independence accords with the MMLR of Bursa Securities. At the end of the financial year under review, two (2) of the Independent Directors, namely Mr Wong Chie Bin and Mr Toh Kian Sing have served for a cumulative period exceeding twelve (12) years. The Nominating Committee have assessed both of them and thereby recommended that they continue in office as Independent Non-Executive Directors of the Company based on the following justifications:

- They have fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Securities;
- They have possessed vast commercial experience and knowledge that complements the Company's board composition, and continue to provide valuable insights and contributions to the Board; and
- They have participated in Board discussions and they are able to bring independent and objective judgements to the Board.

Board Meetings and Supply of Information to the Board

Supply of, and access to, information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings respectively to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished on a timely basis with pertinent explanations and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making, including decisions to defer certain resolutions when the information needed to make informed decision is inadequate.

In addition, Board members are updated on the Company's activities and its operations on a regular basis, largely through scheduled Board and Board Committee meetings. All Directors have access to Company information on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board and/or Board Committee meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. This procedure is formalised in the Company's Board Charter.

Corporate Governance Overview Statement (cont'd)

Supply of, and access to, information (cont'd)

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary, who is qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence to Board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board. The Company Secretary attends all Board and Board Committee meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretary, if any, is a matter for the Board, as a whole, to decide.

Board Meetings

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the reference of Directors to assist them in making informed decisions. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational, compliance and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters deliberated by the Audit Committee and which require the Board's attention or direction, including approval, as the case may be. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings, which are confirmed by the Chairman at the next meeting.

There were five (5) Board meetings held during the financial year ended 31 December 2020, with details of Directors' attendance set out below:

Name of Director	Designation	Meeting Attendance
Yong Kiam Sam	Chief Executive Officer cum Managing Director, Non-Independent Executive Director, Risk Management Committee Chairman	5/5
Wong Chie Bin	Audit Committee Chairman, Independent Non-Executive Director	5/5
Toh Kian Sing	Remuneration Committee Chairman, Independent Non-Executive Director	3/5
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Nominating Committee Chairman, Independent Non-Executive Director	5/5
Datuk Sebastian Ting Chiew Yew	Independent Non-Executive Director	4/5

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, the Board Charter requires Directors to notify the Chairman before accepting any new directorship, notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Corporate Governance Overview Statement (cont'd)

Directors' Training and Education

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group and Directors.

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required by the MMLR of Bursa Securities.

Details of the training attended by Directors of the Company for the financial year under review and up to the date of this Statement as set out below:

Name of Director	Training topics
Yong Kiam Sam	• Singapore Business Federation – Business Transformation Digitalising Operations in the new normal (Webinar) • Asia Pacific indirect tax webcast unlocking cashflow and refund opportunities (Webinar) • Offshore Rig Market Update (Webinar) • Managing free trade arrangements compliance in a post Covid19 World (Webinar) • Your indirect tax compliance function : Now, Next & Beyond (Webinar) • Tradewinds digital forum – Investment in an age of uncertainty (Webinar) • Future Economy Conference and Exhibition (*FECE) 2020 (Webinar) • Labuan IBFC – International Tax Development (Webinar) • Finance in a time of Covid19 and uncertainty (Webinar) • Planning new investment for an unsettled future (Webinar) • Global trade automation and SAP global trade services (Webinar) • Section 17A : Who is criminally liable in bribery case (for GLCS & PLCs) (Webinar) • How to structure private funds (Webinar) • Gulf Ship Finance Forum (Webinar) • Shipping Crystal Ball for 2021 (Webinar) • Online event for Maritime in the middle east (Webinar)
Wong Chie Bin	• LHDN – MEF Seminar 2020 Sharing the Nation's Prosperity • MFRS 16 Leases & Expected Credit Losses – Application of MFRS 9, Crowe Malaysia PLT, Kuala Lumpur(Webinar) • Audit Methodology – Audit Risk Model Crowe Malaysia PLT, Kuching (Webinar) • ISQC1, AML/CFT Requirements Crowe Malaysia PLT, KL (Webinar) • Amendment to MFRS3, MPERS S.19 Business Combinations, Crowe Malaysia PLT, KL (Webinar) • National Tax Conference 2020 (Webinar) • Tax Audit & Investigation – Common Issue & Highlights (Webinar)

Corporate Governance Overview Statement (cont'd)

Directors' Training and Education (cont'd)

Name of Director	Training topics
Toh Kian Sing	• 2020 Annual Survey and Letter of Credit Law Summit in Singapore organised by Institute of International Banking Law & Practice, Inc. • Annual Review on Admiralty and Shipping Law organised by Singapore Academy of Law • Judicial Education Session; Admiralty Law organised by Singapore Judicial College • SMU School of Law LL.B AY2020-2021 Term 1 • Brick Court and Rajah & Tann Shipping & International Trade (Webinar)
Eric Khoo Chuan Syn @ Khoo Chuan Syn	• LHDNM – MEF Seminar 2020 Sharing the Nation's Prosperity
Datuk Sebastian Ting Chiew Yew	• Majlis Amanat Perdana Intergriti 2020 (MAP120) Intergriti Pemangkin Pembangunan

The Directors are notified periodically by the Company Secretary on the types of training courses available in the market that the Directors may consider attending. The Directors also have been constantly been updated with relevant reading material and technical updates, which enhance their knowledge and equip them with necessary skills to effectively discharge their duties as Directors of the Company.

BOARD COMMITTEES

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"), to examine specific issues within their respective terms of reference as approved by the Board, and for them to report to the Board their recommendations. The ultimate responsibility for decision making, however lies with the Board. Each committee operates its functions within the terms and references approved by the Board which are reviewed by the Board annually. The terms of reference of each committee are contained in the Board Charter which is available for reference on the Company's website at www.asiasealink.com.

Nominating Committee

The Nominating Committee ("NC"), established by the Board with specific terms of reference, comprises exclusively Independent Non-Executive Directors as its members. The NC meets at least once a year. During the financial year under review and as at the date of this Statement, the NC met twice (2 times), and details of attendance of meetings are as follows.

Name	Designation	Attendance
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Chairman	2/2
Datuk Sebastian Ting Chiew Yew	Member	2/2
Toh Kian Sing	Member	1/2
Wong Chie Bin	Member	2/2

Corporate Governance Overview Statement (cont'd)

Nominating Committee (cont'd)

The NC is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director. Where considered appropriate, the NC considers recommendation of candidate for directorship by shareholders or existing Directors. Based on its terms of reference, the NC carries out the assessment process regardless of whether the candidate is for new appointment or re-appointment.

The final decision on the appointment of a candidate recommended by the NC rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director. The NC carried out the following activities within its terms of reference and reported the outcome to the Board:

- reviewed and discussed the existing Board Diversity Policy;
- reviewed training undertaken by Directors as well as those training that are available for Directors for the ensuing year;
- reviewed the Directors' Evaluation Form, Board Skills Matrix Form and Board & Board Committee Evaluation Form used in the annual assessment and evaluation of the Board, Board Committees and individual Directors. These evaluation forms took into consideration the competency, experience, character, integrity and time availability of the officers concerned as well as the evaluation criteria set out in the relevant exhibits of the Corporate Governance Guide – 3rd Edition on assessment of the Board, Board Committees and individual Directors. For the purpose of assessing the independence of Independent Directors, the criteria set out in Paragraph 1.01 of the MMLR of Bursa were used; and
- following the assessment of the Board, Board Committees and individual Directors, recommended for the Board's consideration to move for shareholders' approval the re-appointment and/or re-election of those Directors retiring at the forthcoming Annual General Meeting. In assessing whether or not to recommend retiring Directors for re-appointment or re-election by shareholders, the Nominating took into consideration pertinent evaluation criteria provided in the relevant exhibits of Corporate Governance Guide – 3rd Edition.

Whilst there is a Board Diversity Policy, there is no specific policy therein on the diversity of its members in terms of gender, age or ethnicity or set a target to achieve a blend of these attributes. The Board believes that the Company should be appointing Directors who have the relevant skills, experience and time to contribute towards realising the Company's objectives. As such, in filling casual vacancies or appointing additional or re-appointing Directors, the Board, via the NC, assesses the competency, experience, character, integrity and time availability of the candidates in relation to the needs of the Group.

Remuneration Committee

The Remuneration Committee ("RC"), established by the Board with specific terms of reference, comprises exclusively Independent Non-Executive Directors as its members. The RC meets at least once a year. During the financial year under review and as at the date of this Statement, the RC met twice (2 times), and details of attendance of meetings are as follows.

Name	Designation	Attendance
Toh Kian Sing	Chairman	1/2
Datuk Sebastian Ting Chiew Yew	Member	2/2
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Member	2/2
Wong Chie Bin	Member	2/2

Corporate Governance Overview Statement (cont'd)

Remuneration Committee (cont'd)

The RC is entrusted by the Board to:

- establish a formal and transparent procedure for setting a policy on remuneration of Executive Directors and Senior Management and for fixing the remuneration packages of all Directors and Senior Management of the Group; and
- ensure that the levels of remuneration are commensurate with the qualifications of Executive Directors and Senior Management and are sufficient to attract and retain the personnel required to manage the Company's business.

The Board has established a remuneration policy to facilitate the RC to review, consider and recommend to the Board for decision on the Directors' remuneration. The RC recommends to the Board the remuneration of Executive Director, largely based on his performance and also the Group's performance. In the case of Independent Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Independent Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration.

Details of Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2020 are as follows:

	Directors' Fee		Group Basic Salary	Group Benefits-in Kind	Total
	Company (RM)	Subsidiaries (RM)	(RM)	(RM)	(RM)
Executive Director					
Yong Kiam Sam	22,000	-	559,357	210,105	791,462
Non-Executive Director					
Eric Khoo Chuan Syn @ Khoo Chuan Syn	70,000	-	-	-	70,000
Toh Kian Sing	70,000	-	-	-	70,000
Wong Chie Bin	83,000	-	-	-	83,000
Datuk Sebastian Ting Chiew Yew	70,000	-	-	-	70,000

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Board is committed to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chief Executive Officer's Message and Management Discussion and Analysis (MD&A) in the Annual Report.

PART 1 – AUDIT COMMITTEE

The Audit Committee ("AC"), established by the Board with specific terms of reference, comprises the following members as at the date of this Statement, who are exclusively Independent Directors:

- Wong Chie Bin (Chairman);
- Datuk Sebastian Ting Chiew Yew;
- Toh Kian Sing; and
- Eric Khoo Chuan Syn @ Khoo Chuan Syn.

Corporate Governance Overview Statement (cont'd)

PART 1 – AUDIT COMMITTEE (cont'd)

The composition of the AC, including its roles and responsibilities enshrined in its terms of reference approved by the Board, are set out in the AC Report included in this Annual Report. One of the key responsibilities of the AC in its terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the audited financial statements. In discharging this role, meetings are scheduled with formal items on the agenda focusing on interim and year-end financial reporting, the auditing process and related party transactions. The relevant papers for the agenda are furnished to Committee members well before the meetings. At such meetings, questions raised by members of the Committee to better understand the Group's financial performance and situation are responded by the General Manager, Group Finance before the Committee recommended the financial performance and reporting to the Board for approval to issue to regulators and/or shareholders.

The terms of reference of the AC include a policy on the types and nature of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity.

In assessing the independence of external auditors, the AC obtains assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws of the Malaysian Institute of Accountants ("MIA"). For the financial year under review, this assurance was provided by the external auditors when they presented their audit plan to the AC, confirming that they complied with the By-Laws of MIA on professional ethics, conduct and practice which addressed, amongst others, the criteria on, and threats against, professional independence.

During the financial year under review, the AC assessed the performance of the external auditors and the internal audit function largely in terms of their quality and timeliness of services to the Group before recommending to Board for renewal or termination of their services, as the case may be.

PART II – RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC"), established by the Board with specific terms of reference, comprises the majority of independent director and chaired by Executive Director: During the financial year under review and as at the date of this Statement, the RMC met once and details of attendance of meetings are as follows.

Name	Designation	Attendance
Yong Kiam Sam	Chairman	1/1
Datuk Sebastian Ting Chiew Yew	Member	1/1
Toh Kian Sing	Member	1/1
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Member	1/1
Wong Chie Bin	Member	1/1

RMC which is entrusted to formalise a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Periodic reporting of risks identified and evaluated, which are scored for their likelihood of occurrence and the impact thereof based on pre-set risk measuring metrics, including mitigating measures, is made to the AC as part of a holistic approach on risk management, to develop a comprehensive Enterprise Risk Framework to enhance the Group's existing risk management activities and initiatives. Personnel of the Group have been trained to periodically identify and evaluate risks, supported by pertinent evidence corroborating the risk profiles of various business units, and ultimately the Group risk profile, for upward reporting to the RMC. The risk profile of the Group, following a review by the RMC is tabled to the AC and questions, if any, are fielded by the General Manager, Group Finance, who also acts as the Group's Risk Coordinator.

Corporate Governance Overview Statement (cont'd)

PART II – RISK MANAGEMENT COMMITTEE (cont'd)

The internal audit function of the Group is outsourced to an independent professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd. [Company No. 198601000916 (150059-H)], who undertakes regular reviews of the adequacy and operating effectiveness of the Group's system of internal controls. The internal audit function reports directly to the AC.

Further details on the activities of the internal audit function can be seen in the Statement on Risk Management and Internal Control included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART 1 – COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's website, www.asiasealink.com where shareholders can access pertinent information concerning the Group.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has, during the financial year under review, formalised pertinent policies and procedures on corporate disclosure not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders. The Corporate Disclosure Policies and Procedures, which are subject to periodically review, set out, amongst others, the types of activities/transactions that require immediate announcement to the regulators, protocol on disclosure of information, spokesperson for the Group and procedures to be followed if issued by regulators with a notice on unusual market activities.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, rights of shareholders, the Company's Annual Report and etc., may be accessed.

PART II – CONDUCT OF GENERAL MEETINGS

Notice of Annual General Meetings

The Board always encourage the shareholders to attend the Company's general meetings, particularly the Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, three (3) directors, company secretary and External Auditor were present in persons except for two (2) directors who attend via virtual meeting due to the Movement Control Order ("MCO").

The Notice of AGM is circulated at least twenty-eight (28) days before the date of meeting to shareholders and was published in a national daily newspaper. Items of special business included in the Notice of AGM was accompanied by an explanation of the proposed resolution.

The Notice of upcoming AGM in 2021 will be sent twenty-eight (28) days in advance to enable shareholders to make adequate preparation. Shareholders who are unable to attend personally are allowed to appoint proxy/proxies to attend, participate, speak and vote on their behalf at the 13th AGM, on 23 June 2021.

Corporate Governance Overview Statement (cont'd)

Poll Voting

The Board is mindful of the poll voting requirements under Paragraph 8.29A of the Listing Requirements of Bursa Securities. All the resolutions set out in the Notice of 13th AGM are voted by way of a poll. An independent scrutineer is appointed to validate the votes cast at the AGM.

The outcome of all resolutions tabled at the AGM will be announced to Bursa Securities on the same day of the meeting. This Statement is issued in accordance with a resolution of the Board dated 17 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds
During the financial year, there were no proceeds raised from any corporate proposal.

Share Buybacks
The Company did not carry out any share buy-backs during the financial year.

Options, Warrants or Convertible Securities
There was no exercise of Options or Convertible Securities or conversion of warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme
The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties
There were no material sanction or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Audit Fees
The amount of audit fees paid and payable to external auditors by the Company and the Group for the financial year ended 31 December 2020 amounted to RM43,000 and RM201,961 respectively.

Non-Audit Fees
The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2020 amounted to RM70,000.

Variation in Results
There is no material variance between the financial results and the unaudited results previously made for the financial year ended 31 December 2020.

Profit Guarantee
There was no profit guarantee given by the Company during the financial year.

Material Contracts
There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation of Landed Properties
The Company and its subsidiaries did not adopt any revaluation policy on landed properties during the financial year.

Profit Forecast Variance
There was no profit forecast issued in respect of the financial result ended 31 December 2020.

Recurrent related Party Transactions
The related party transactions are disclosed in page 96 to 97 of this annual report.

Sustainability Statement

Sealink International Berhad ("Company") presents its Sustainability Statement published in line with Main Market Listing Requirements ("MMLR") of Bursa Securities in Company annual report for the financial year ended 31 December 2020 ("FYE 2020").

The Board of Directors ("Board") is pleased to demonstrate our commitment to create long-term sustainable value and business growth to achieve our strategic objectives and enhance shareholders value in the long term. We undertake developments that are socially, economically and environmentally conducive for a sustainable long-term future and that are substantial to our business operations.

We are committed to continually improving the integration of sustainability into our working environment and business processes. Our sustainability policy is based upon the following principles:

- to observe and comply with all relevant legislations, regulations and guidelines issued by regulators;
- to consider sustainability issues and integrate these considerations into our business decisions;
- to promote and enable all employees to be aware of, and committed to, implementing sustainability activities taking into consideration the environment, social and governance factors;
- to evaluate new areas of regenerative enterprises which fits into our current enterprise model to form new synergy for growth and at the same time becoming a driving force to protect and restore natural biological assets; and
- to lead the change in the management of water assets through design revolution within our built environment, by addressing end of life wastewater management and its potential as a resource for a bio-circular economy, within the seascape.

To operate on a sustainable basis, we focus our attention on our key impact areas. We employ both corporate strategy and feedback from internal and external stakeholders to define these areas of focus, namely, environment, social and governance factors.

STAKEHOLDERS' ENGAGEMENT

In building long-term business growth, it is essential to understand and be responsive to the stakeholders' concerns or expectations to the Company. We have identified the key stakeholders relevant to our operations and different platforms will be used to engage with all the different stakeholder groups, as indicated in the table below.

Stakeholders	Engagement Platforms
Shareholders	• Annual General Meeting • Annual Report • Quarterly Reports
Government and Regulators	• Regulatory requirements
Clients (Customers)	• Survey • Customer engagement
Management	• Meetings
Employees	• Internal and external staff trainings • Meetings
Community	• Donations • Company's website

Sustainability Statement (cont'd)

ENVIRONMENT SUSTAINABILITY

We are committed to identifying, managing and minimising adverse environmental impact of our business operations through the following initiatives:

- ensuring operations and services are safe for our employees, consumers and the environment whilst contributing towards reducing the intensity of greenhouse gas emissions and minimising pollution of environment. Recognising the need to reduce energy consumption and CO2 emission, Management has switched most of the group lighting systems to light-emitting diode (LED) lamps where possible. In addition, all the products we buy are asbestos free and where possible we purchase biodegradable and ozone protection products. In addition, we purchase energy saver electrical products such as inverter air conditioner and refrigerator. Management is also minimising the use of paper in print via scanning of documents and only print when necessary. The Group's environmental policy to "go-green" is carried out on an ongoing basis to avoid and reduce waste and using recycling and environmentally-friendly disposal methods instead. We have a procedure to ensure proper handling and disposal of waste generated from vessel and in accordance with The International Convention for the Prevention of Pollution from Ships (MARPOL) Annex I & V and Environmental Quality Act (EQA) 1974.

- developing innovative and practical solutions to environmental issues with the goal of mitigating or preventing adverse environmental impact arising from our services and processes.

We are accredited by the Marine Department of Malaysia and maintain a Safety Management System (SMS) for running our Marine Operations. We strictly comply with International Safety Management (ISM) Code and also other IMO regulations and related conventions such as The International Convention for the Prevention of Pollution from Ships (MARPOL), International Convention for the Safety of Life at Sea (SOLAS), Standards of Training Certification and Watchkeeping for Seafarers (STCW) and etc. The SMS system ensures that:

- all activities are compliant with the law;
- HSE matters are managed as a critical business activity;
- HSE is the responsibility of all employees (managers and individuals); and
- anyone can apply 'Stop Work' or intervene, where unsafe conditions are present or unsafe activities are observed.

It is the obligation of everyone to act immediately to correct any situation that deviates from our policy or SMS. We must ensure that these standards are never compromised.

SOCIAL SUSTAINABILITY

1. **Community**

   Recognising the importance of the Community has on its operations, the Group, during the financial year under review, has donated funds to those in need, namely, schools and other deserving organisations. The Group also provides opportunities for undergraduate students to gain exposure on real projects through internship programs. The training provides the students personal growth and exposure to different job opportunities as part of our initiative of giving back to the local community. We endeavour to foster a new culture among young interns to work through our built environment and explore opportunities in the aspect of soft biological adaption. The impact on global water cycle and how our built environment can be a solution and not an impact on global water resources degradation.

2. **Training and Development**

   We recognise our people's skills, professionalism and the value they contribute to the Group. We also invest in human resource capital through employee training and development such as Offshore Petroleum Industry Training Organization training and other relevant training.

Sustainability Statement (cont'd)

3. Safety and Health

The Board is mindful of the need to ensure a safe working environment for all employees. Pertinent policies on health and safety have been formalised in writing and disseminated to the workforce for compliance.

Our vision is ‘Goal Zero Incident’ work environment and our aspiration is to be a ‘value creating partner’ to our clients (customers), shareholders and communities where we work and live. To achieve our vision and aspirations, the Company is committed to a Health, Safety and Environment (HSE) policy whereby we manage HSE matters as a critical business activity, pursue the goal of ‘no harm to people and protect the environment’. In addition to the above, we provide and ensure safety working environment on board ship by establishing and safeguarding all identified risks and promote the safety conscious attitude among all the employees and also continuously improving their safety management skills through training, meetings, forums, discussions and talks.

The Group’s operations personnel as well as contract workers are provided with, and are required to wear personal protective equipment when carrying out their work at the shipyard, on vessels or at the warehouse in order to achieve zero loss time injury or fatality arising from workplace accidents. Apart from the need to be briefed on safety issues upon arrival, visitors to the Group’s shipyard and vessels are also required to put on safety helmets and boots before venturing to the sites. In addition, standard procedures are observed by personnel, including those of contractors, who handle flammable items, especially at the shipyard and on board vessels.

The Group has appointed a Safety Officer, who is responsible for overseeing matters concerning safety and health of employees. A Safety and Health Committee has also been established to deliberate on issues relating to hazards at the workplace so that appropriate remedial measures may be taken to address any gaps, all with a view of sustaining a safe working environment in the Group. Our HSE team arranges quarterly meeting among all head of departments with top management to address all HSE related issues for continuous improvement and this is part of our commitment towards HSE for the Group.

The Group has achieved LTI (Loss Time Injury) free / Goal Zero Day 2019 – 2020 & 17 million man-hours and had given incentives to shore and ship crew. Our HSE had also organised a HSE quiz competition 2020 for shore and ship crew in lieu of safety day due to COVID-19 pandemic. In addition, our HSE has also enhanced our proactive intervention culture (UCUX) submission for all office personnel to report on any unsafe act and unsafe condition. Our HSE team also regularly share safety videos on our intranet to enhance HSE awareness to all personnel.

Recognising the importance of HSE as one of the Group’s business strategy, a copy of “Health, Safety, Environment and Security Policy” can be downloaded from the Company’s website at www.asiasealink.com. Through these policies and guidelines, the Group aims to further improve safety awareness among all employees.

ECONOMIC AND GOVERNANCE SUSTAINABILITY

We focus on building sustainable relationships with stakeholders and utilise our resources to contribute to economic growth and bring value to our stakeholders. The Board places great importance on corporate governance and believes in the correlation between good governance and performance. The Board has formalised in writing a Code of Conduct and an Employee Handbook that emphasises, amongst others, zero tolerance for unethical practices. The Group conducts business in an honest and ethical way to protect all our stakeholders. The Code of Conduct, which applies also to Directors, and the Group’s Whistleblower Policies and Procedures have been uploaded to the Company’s website. The Group has also been progressively developing pertinent policies and procedures addressing its key business operations to ensure the adequacy and integrity of the Group’s internal control system and management systems. They guide and align with corporate initiatives the Group has implemented to address industry challenges and help us achieve operational excellence.

Directors' Responsibility Statement for the Audited Financial Statement

The Directors are required by the Companies Act 2016 ("the Act") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure the audited financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking the necessary and reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent fraud as well as other irregularities.

This Statement is issued in accordance with a resolution of the Board dated 17 May 2021.

Financial Statements
and Reports

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries during the financial year.

Financial results

	Group RM	Company RM
Net (loss)/profit for the financial year	(40,819,737)	5,034,309
Net loss attributable to:		
Owners of the Company	(40,819,737)	

Dividends

There were no dividends proposed, declared or paid by the Company since the end of previous financial year.

Reserves and provisions

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

Directors

The Directors who held office during the financial year and up to the date of this report are:
Yong Kiam Sam*
Wong Chie Bin
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Toh Kian Sing
Datuk Sebastian Ting Chiew Yew

* also Director of the subsidiaries

The name of the Director of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above is as follows:-

Yong Foh Choi

Directors' Report (cont'd)

Directors' interests

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 ordinary shares of the Company and its related corporations of those who were Directors at the end of the financial year are as follows:

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company:				
Direct interest				
Yong Kiam Sam	67,382,399	-	-	67,382,399
Wong Chie Bin	90,000	-	-	90,000
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	-	-	30,000
Datuk Sebastian Ting Chiew Yew	137,500	-	-	137,500
Deemed interest				
Yong Kiam Sam #	109,080,800	-	-	109,080,800

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Direct interest in the shares of Sealink Holdings Sdn. Bhd.				
Yong Kiam Sam	500,000	-	-	500,000

Deemed interest by virtue of his shareholdings in Sealink Holdings Sdn. Bhd..

By virtue of his interest in shares in the Company, Yong Kiam Sam is also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

Toh Kian Sing does not have any interest in shares in the Company or its related corporations during the financial year.

Directors' benefits

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the 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 has received or become entitled to receive any benefits (other than as disclosed in Notes 29 and 30 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Issue of shares and debentures

There were no issuance of shares and debentures during the financial year.

Directors' Report (cont'd)

Indemnity and insurance for Directors and Officers

The Group maintained a Directors and Officers liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Group. The total amount of insurance premium effected for any Directors and Officers of the Group during the financial year was RM60,000. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Other statutory information

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) 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:

(a) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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

(d) 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:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(a) no contingent 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;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) 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 operations of the Group and of the Company for the current financial year in which this report is made.

Directors' Report (cont'd)

Significant events during the financial year and after the reporting date

Significant events during the financial year and after the reporting date are disclosed in Note 35 to the Financial Statements.

Auditors

Details of auditors' remuneration are set out in Note 26 to the Financial Statements.

The Company has agreed to indemnify the auditors, Grant Thornton Malaysia PLT to the extent permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.

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

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

………………………………	)	
YONG KIAM SAM	)	
	)	**DIRECTORS**
………………………………	)	
WONG CHIE BIN	)	

17 May 2021

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 50 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 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.

....	....
YONG KIAM SAM	**WONG CHIE BIN**

17 May 2021

Statutory Declaration

I, Angelia Chong Pei Cheng, being the Officer primarily responsible for the financial management of Sealink International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 111 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Miri in the State of)
Sarawak this day of)
17 May 2021)

....
ANGELIA CHONG PEI CHENG
(MIA No: 19359)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
Wong Chung Heng
License No: Q090

Independent Auditors' Report

to the Members of Sealink International Berhad – 200701042948 (800981-X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sealink International Berhad, which comprise the statements of financial position as at 31 December 2020, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 50 to 111.

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 of 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and 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.

Material uncertainty related to going concern

We draw attention to Note 2 to the Financial Statements which indicates that the Group had incurred a net loss of RM40,819,737 during the financial year and as of that date, the total current liabilities exceeded its total current assets by RM54,937,735. This note also indicates that the COVID-19 outbreak has brought uncertainties to offshore marine sector. These events or conditions indicate the existence of a material uncertainty which may cast doubt about the Group's and the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on the success of future operations of the Group and of the Company and the financial support from their creditors, bankers and a major corporate shareholder. Our opinion is not modified in respect of this matter.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Independent Auditors' Report (cont'd)

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

Key audit matters (cont'd)

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Group

Impairment of vessels

The risk –

In view of the depressed economic conditions in the offshore marine sector, the carrying amount of the Group's vessels might exceed their recoverable amounts and therefore the carrying amount had to be impaired.

We have identified the aforesaid carrying value of the Group's vessels as a key audit matter because of its significance to total assets in the consolidated financial statements and the estimation of recoverable amount involved a significant degree of judgement and assumptions made by the Group such as estimated fair value of the vessels as provided by an external valuer and estimated future cash flows for value-in-used which includes the assumptions on utilisation rates, disposal values, charter hire rates and discount rates applied.

Our response –

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- obtained an understanding on the management's assessment on the recoverability of the vessels and evaluated the appropriateness of the methodology and approach applied.
- evaluated and interviewed the external valuer on his competence, capabilities and objectivity and obtained an understanding of the valuation model used.
- compared the valuation with recent transactions of the Group involving other similar vessels.
- evaluated adequacy of the Group's disclosures regarding the impairment of vessels as disclosed in Notes 3.6.1, 4.2, 4.4 and 5 to the Financial Statements.

Company

Impairment of investment in subsidiaries

The risk –

We identified the carrying amount of the Company's investment in subsidiaries as a key audit matter as it is significant to the total assets of the financial statements of the Company and it required significant judgements in evaluating the appropriateness of the assumptions used in deriving the recoverable amount to assess the impairment and recoverability on the investment in subsidiaries. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Independent Auditors' Report (cont'd)

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

Key audit matters (cont'd)

Company (cont'd)

Impairment of investment in subsidiaries (cont'd)

Our response –

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- assessed the management's assessment on indicators of impairment of investment in subsidiaries.
- assessed the key assumptions used, focusing on projected revenue and related expenses, charter rates, revenue growth rates and residual value of vessels, taking into consideration the current and expected future economic conditions.
- assessed the discount rate used by benchmarking to industry and market data.

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and 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.

Independent Auditors' Report (cont'd)

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 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 or 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.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 provided the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (cont'd)

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

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the Financial Statements.

Other Matters

1. 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.

2. The financial statements of the Group and of the Company as at 31 December 2019 were audited by another auditors who expressed an unmodified opinion with material uncertainty related to going concern in the financial statements dated 28 May 2020.

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

LIM SOO SIM
(NO: 03335/11/2021 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
17 May 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**374,123,447**	420,864,269	**3,452**	4,799
Investment in subsidiaries	6	**-**	-	**342,461,615**	370,745,537
Investment in an associate	7	**-**	774,564	**-**	-
Investment in a joint venture	8	**1,520,696**	6,593,612	**467,859**	-
Amount due from subsidiaries	6	**-**	-	**31,411,243**	11,514,846
Amount due from a joint venture	8	**7,403,564**	-	**-**	-
Fixed deposits with licensed banks	9	**974,050**	954,007	**-**	-
Total non-current assets		**384,021,757**	429,186,452	**374,344,169**	382,265,182
Current assets					
Inventories	10	**11,136,536**	13,365,833	**-**	-
Contract assets	21	**32,320**	117,433	**-**	-
Contract costs	11	**195,281**	91,522	**-**	-
Trade receivables	12	**6,364,452**	27,097,228	**-**	-
Other receivables	13	**4,104,313**	3,461,884	**680,489**	757,871
Amount due from subsidiaries	6	**-**	-	**128,545,609**	93,707,237
Amount due from an associate	7	**18,986,219**	20,152,848	**-**	-
Amount due from a joint venture	8	**6,571,595**	3,380,551	**-**	-
Tax recoverable		**868,962**	443,749	**16,736**	61,430
Fixed deposits with licensed banks	9	**1,153,671**	2,178,235	**-**	-
Cash and bank balances		**3,176,847**	5,436,529	**177,985**	123,351
Total current assets		**52,590,196**	75,725,812	**129,420,819**	94,649,889
Asset held for sale	14	**577,113**	-	**-**	-
Total assets		**437,189,066**	504,912,264	**503,764,988**	476,915,071
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	15	**329,086,883**	329,086,883	**329,086,883**	329,086,883
(Accumulated losses)/ Retained earnings		**(94,328,769)**	(53,509,032)	**92,440,908**	87,406,599
Foreign currency translation reserve		**52,792,248**	54,623,054	**-**	-
Total equity		**287,550,362**	330,200,905	**421,527,791**	416,493,482

Statements of Financial Position
As at 31 December 2020 (cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
LIABILITIES					
Non-current liabilities					
Borrowings	16	**25,776,098**	35,654,680	**-**	-
Lease liabilities	17	**186,949**	253,191	**-**	-
Deferred tax liabilities	18	**16,147,726**	21,216,582	**-**	-
Total non-current liabilities		**42,110,773**	57,124,453	**-**	-
Current liabilities					
Trade payables	19	**6,104,946**	10,472,505	**-**	-
Other payables	20	**31,901,827**	31,452,138	**14,069,535**	9,637,810
Contract liabilities	21	**94,269**	130,668	**-**	-
Amount due to subsidiaries	6	**-**	-	**68,167,662**	50,783,779
Borrowings	16	**69,098,973**	74,530,700	**-**	-
Lease liabilities	17	**198,566**	421,231	**-**	-
Tax payable		**129,350**	579,664	**-**	-
Total current liabilities		**107,527,931**	117,586,906	**82,237,197**	60,421,589
Total liabilities		**149,638,704**	174,711,359	**82,237,197**	60,421,589
Total equity and liabilities		**437,189,066**	504,912,264	**503,764,988**	476,915,071

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	21	**49,923,123**	66,492,969	**37,275,971**	69,342,111
Cost of sales		**(70,004,456)**	(75,618,862)	**-**	-
Gross (loss)/ profit		**(20,081,333)**	(9,125,893)	**37,275,971**	69,342,111
Other income	22	**9,924,038**	2,874,797	**488,740**	456,410
Financial assets:					
- Impairment loss	23	**(3,329,229)**	(5,112,651)	**-**	-
- Reversal of previously recognised impairment loss	23	**1,055,502**	209,693	**-**	-
Administrative expenses		**(20,982,080)**	(19,374,739)	**(6,163,037)**	(2,559,611)
Other operating expenses		**(6,219,437)**	(174,904)	**(27,256,063)**	(14,590,486)
Operating (loss)/profit		**(39,632,539)**	(30,703,697)	**4,345,611**	52,648,424
Finance income	24	**701,232**	1,602,720	**2,995,364**	3,984,937
Finance costs	25	**(5,642,370)**	(7,905,275)	**(2,261,972)**	(4,438,654)
Share of gain of a joint venture		**1,104,634**	154,018	**-**	-
Share of loss of an associate		**(774,564)**	(606,228)	**-**	-
(Loss)/Profit before tax	26	**(44,243,607)**	(37,458,462)	**5,079,003**	52,194,707
Tax income/(expense)	27	**3,423,870**	764,877	**(44,694)**	-
(Loss)/Profit for the financial year		**(40,819,737)**	(36,693,585)	**5,034,309**	52,194,707
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss					
-Exchange translation differences		**(1,830,806)**	(1,361,731)	**-**	-
Total comprehensive (loss)/income for the financial year		**(42,650,543)**	(38,055,316)	**5,034,309**	52,194,707
(Loss)/Profit for financial year attributable to:					
Owners of the Company		**(40,819,737)**	(36,693,585)	**5,034,309**	52,194,707
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(42,650,543)**	(38,055,316)	**5,034,309**	52,194,707
Earnings per share					
Basic loss per share attributable to owners of the Company (sen)	28	**(8.16)**	(7.34)	**-**	-

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

Statements of Changes in Equity

For the financial year ended 31 December 2020

	Share capital RM	(Accumulated losses)/ retained earnings RM	Foreign currency translation reserve RM	Total equity RM
Group				
Balance at 1 January 2019	329,086,883	(16,815,447)	55,984,785	368,256,221
Loss for the financial year	-	(36,693,585)	-	(36,693,585)
Other comprehensive loss for the financial year	-	-	(1,361,731)	(1,361,731)
Total comprehensive loss for the financial year	-	(36,693,585)	(1,361,731)	(38,055,316)
Balance at 31 December 2019	329,086,883	(53,509,032)	54,623,054	330,200,905
Loss for the financial year	-	(40,819,737)	-	(40,819,737)
Other comprehensive loss for the financial year	-	-	(1,830,806)	(1,830,806)
Total comprehensive loss for the financial year	-	(40,819,737)	(1,830,806)	(42,650,543)
Balance at 31 December 2020	**329,086,883**	**(94,328,769)**	**52,792,248**	**287,550,362**
Company				
Balance at 1 January 2019	329,086,883	35,211,892	-	364,298,775
Total comprehensive income for the financial year	-	52,194,707	-	52,194,707
Balance at 31 December 2019	329,086,883	87,406,599	-	416,493,482
Total comprehensive income for the financial year	-	5,034,309	-	5,034,309
Balance at 31 December 2020	**329,086,883**	**92,440,908**	**-**	**421,527,791**

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

Statements of Cash Flows

For the financial year ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
OPERATING ACTIVITIES				
(Loss)/Profit before tax	**(44,243,607)**	(37,458,462)	**5,079,003**	52,194,707
Adjustments for:-				
Depreciation of property, plant and equipment	**37,874,392**	38,044,095	**1,347**	925
Deposit written off	**12,960**	-	**-**	-
Dividend income from subsidiaries	**-**	-	**(35,880,000)**	(67,815,648)
Gain on disposal of property, plant and equipment	**(1,676,658)**	(49)	**-**	-
Gain on termination of lease contract	**(2,604)**	-	**-**	-
Gain on bargain purchase	**(2,729,972)**	-	**-**	-
Interest expenses	**5,642,370**	7,905,275	**2,261,972**	4,438,654
Interest income	**(701,232)**	(1,602,720)	**(2,995,364)**	(3,984,937)
Impairment loss on financial assets:-				
- Trade receivables	**2,162,600**	2,361,015	**-**	-
- Amount due from an associate	**1,166,629**	2,751,636	**-**	-
Impairment loss on non financial assets:-				
- Investment in subsidiaries	**-**	-	**27,244,235**	14,590,486
- Property, plant and equipment	**475,459**	-	**-**	-
Inventories written off	**42,779**	100,737	**-**	-
Inventories written down	**-**	69,646	**-**	-
Loss on derecognised of a subsidiary	**3,370,711**	-	**11,828**	-
Loss on remeasurement of a joint venture	**2,128,597**	-	**-**	-
Property, plant and equipments written off	**5,425**	20,109	**-**	-
Reversal of impairment loss on trade receivables	**(1,055,502)**	(209,693)	**-**	-
Reversal of inventories written down	**-**	(436,929)	**-**	-
Share of results of an associate	**774,564**	606,228	**-**	-
Share of results of a joint venture	**(1,104,634)**	(154,018)	**-**	-
Unrealised loss on foreign exchange	**2,938,513**	1,194,211	**3,705,127**	151
Operating cash flows before working capital changes	**5,080,790**	13,191,081	**(571,852)**	(575,662)
Changes in working capital:-				
Inventories	**2,128,501**	2,012,644	**-**	-
Contract balances	**48,714**	1,514,415	**-**	-
Contract costs	**(103,759)**	91,522	**-**	-
Receivables	**13,911,752**	9,070,683	**77,382**	(93,800)
Payables	**(4,888,193)**	2,477,674	**431,725**	427,443
Joint venture	**(3,383,536)**	129,488	**-**	-
Cash flows generated from/(used in) operations	**12,794,269**	28,487,507	**(62,745)**	(242,019)

Statements of Cash Flows
For the financial year ended 31 December 2020 (cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
OPERATING ACTIVITIES (CONT'D)					
Cash flows generated from/ (used in) operations (cont'd)		**12,794,269**	28,487,507	**(62,745)**	(242,019)
Interest received		**701,232**	1,602,720	**2,995,364**	3,984,937
Interest paid		**(5,642,370)**	(7,905,275)	**(2,261,972)**	(4,438,654)
Real property gain tax		**-**	(15)	**-**	-
Tax refund		**70**	994,394	**-**	211,815
Tax paid		**(1,142,072)**	(1,554,263)	**-**	(61,430)
Net cash flows from/(used in) operating activities		**6,711,129**	21,625,068	**670,647**	(545,351)
INVESTING ACTIVITIES					
Proceed from disposal of property, plant and equipment		**4,928,887**	50	**-**	-
Proceed from disposal of a subsidiary		**-**	-	**560,000**	-
Purchase of property, plant and equipment		**(220,013)**	(349,443)	**-**	(4,670)
Net cash outflows from derecognition of a subsidiary		**(3,034,286)**	-	**-**	-
Acquisition of a subsidiary, net cash acquired		**43,746**	-	**-**	-
(Advances to)/Repayment from subsidiaries		**-**	-	**(59,560,813)**	71,006,555
Repayment from/(Advances to):-					
- associates		**-**	155,092	**-**	-
- joint venture		**1,125,475**	(1,192,910)	**-**	-
Net cash flows from/(used in) investing activities		**2,843,809**	(1,387,211)	**(59,000,813)**	71,001,885
FINANCING ACTIVITIES					
Placement of fixed deposits		**(138,987)**	(919,731)	**-**	-
Payment of lease liabilities		**(181,958)**	(403,574)	**-**	-
Payment of borrowings		**(15,062,658)**	(35,755,497)	**-**	-
Repayment from/(Advances to) subsidiaries		**-**	-	**54,384,824**	(72,883,950)
Advances from/(Repayment to) a shareholder		**4,000,000**	(6,900,736)	**4,000,000**	(6,002,295)
Net cash flows (used in)/from financing activities		**(11,383,603)**	(43,979,538)	**58,384,824**	(78,886,245)
CASH AND CASH EQUIVALENTS					
Net changes		**(1,828,665)**	(23,741,681)	**54,658**	(8,429,711)
Effect of exchange rate changes on cash and cash equivalents		**(3,412)**	(273,137)	**(24)**	(14)
At beginning of the financial year		**(11,761,763)**	12,253,055	**123,351**	8,553,076
At end of the financial year	**A**	**(13,593,840)**	(11,761,763)	**177,985**	123,351

Statements of Cash Flows
For the financial year ended 31 December 2020 (cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	**3,176,847**	5,436,529	**177,985**	123,351
Fixed deposits with licensed banks	**2,127,721**	3,132,242	**-**	-
Bank overdraft	**(17,470,687)**	(17,331,948)	**-**	-
	(12,166,119)	(8,763,177)	**177,985**	123,351
Less:				
Fixed deposits pledged with licensed banks	**(1,427,721)**	(1,214,524)	**-**	-
Fixed deposits with maturity more than 3 months	**-**	(1,784,062)	**-**	-
	(13,593,840)	(11,761,763)	**177,985**	123,351

B. TOTAL CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Included in net cash flows from operating activities:				
Expenses relating to short-term leases	**123,464**	208,834	**-**	-
Expenses relating to leases of low-value assets	**13,240**	16,792	**-**	-
Included in net cash flows from financing activities:				
Payment of lease liabilities	**181,958**	403,574	**-**	-
Payment of interest of lease liabilities	**21,036**	42,727	**-**	-
	339,698	671,927	**-**	-

Notes to the Financial Statements

For the financial year ended 31 December 2020

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and of its subsidiaries 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 17 May 2021.

2. Fundamental accounting concept

As at 31 December 2020, the Group's total current liabilities exceed its total current assets by RM54,937,735 and during the financial year, the Group incurred net loss of RM40,819,737. These events or conditions indicate material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. The emergence of the COVID-19 outbreak since early 2020 has brought uncertainties to economic condition in worldwide and offshore marine sector. The Directors currently do not know the duration it will take for the economic conditions in the offshore marine sector to improve and for the outbreak to be fully contained. Meanwhile, the Directors have taken various measures to streamline the Group's operations and will continue to actively monitor and manage its funds to enable the Group to ride through this period of uncertainties. Amongst others, the Group has secured several chartering contracts and plan to dispose of certain vessels subsequent to the financial year end.

The financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which depends on the continuing financial support from the creditors, bankers and a major corporate shareholder in which certain Directors have interest and attaining future profitable operations.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, or to amounts and classification of liabilities that may be necessary.

3. Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of accounting policies.

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

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

3.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.4 Adoption of amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 4 to the Financial Statements to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial year.

Initial application of the amendments/improvements to the standards did not have any material impact to the financial statements.

3.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:-

Amendment to MFRS effective 1 June 2020:-

Amendments to MFRS 16	Covid-19-Related Rent Concessions

Amendments to MFRS effective 1 January 2021:-

Amendments to MFRS 9*#, 139*#, 7*#, 4*# and 16	Interest Rate Benchmark Reform – Phase 2

Amendments to MFRSs effective 1 January 2022:-

Amendments to MFRS 3*#	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137*#	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

MFRS and amendments to MFRS effective 1 January 2023:-

Amendments to MFRS 4*#	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17 and Amendments to MFRS 17*#	Insurance Contracts and Amendments to MFRS 17 Insurance Contract
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRS (effective date deferred indefinitely):-

Amendments to MFRS 10 and 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

* Not applicable to the Company's operation
\# Not applicable to the Group's operation

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

3.5 Standards issued but not yet effective (cont'd)

The Group and the Company intend to adopt these standards and amended standards, if applicable, when they become effective. The initial application of the above standards and amendments are not expected to have any financial impact to the financial statements of the Group and of the Company.

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affected the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

3.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

<u>Useful lives of depreciable assets</u>

Management estimates the useful lives of the property, plant and equipment to be within 5 to 60 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 December 2020, management assesses that the useful lives represent the expected utility of the assets to the Group and to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting in the adjustment to the Group's and to the Company's assets.

<u>Impairment of non-financial assets</u>

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset specific risk factors.

<u>Provision for expected credit losses ("ECLs") of receivables and contract assets</u>

The Group and the Company calculates ECLs for receivables and contract assets based on the Group's and of the Company's historical observed default rates, 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.

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

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

3.6 Significant accounting estimates and judgements (cont'd)

3.6.1 Estimation uncertainty (cont'd)

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 time the estimates are made. The Group's core business is subject to social preference and economical changes which may cause selling prices to change rapidly and the Group's result to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

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.

Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises 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 recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences 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.

4. Summary of significant accounting policies

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.1 Consolidation

4.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiaries, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.1 Consolidation (cont'd)

4.1.3 Business combinations and goodwill (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Notes to the Financial Statements (cont’d)

4. Summary of significant accounting policies (cont’d)

4.1 Consolidation (cont’d)

4.1.5 Investments in associates and joint ventures (cont’d)

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group’s share of the associate’s or joint venture’s profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group’s share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group’s financial statements only to the extent of unrelated investors’ interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within “Share of profit of an associate and a joint venture” in the statements of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.2 Property, plant and equipment

All property, plant and equipment, are measured at cost less accumulated depreciation and less 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 to the Company and the cost of the item can be measured reliably.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.2 Property, plant and equipment (cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost. Property, plant and equipment are depreciated based on the estimated useful lives of the assets.

The principal annual depreciation rates used are as follows:

Buildings and wharf	10 – 50 years
Vessels	8 – 20 years
Vessel equipment	1.5 – 10 years
Dry docking cost	2.5 years
Equipment, furniture and fittings	1.5 – 10 years
Plant & machinery	10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicated that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

4.3 Financial instruments

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

4.3.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price as disclosed in Note 33.1(a) to the Financial Statements.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group and the Company only carry financial assets at amortised cost on its statements of financial position.

<u>Financial assets at amortised cost</u>

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade and other receivables, amounts due from subsidiaries, an associate, a joint venture, fixed deposits with licensed banks and cash and cash equivalents.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

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

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Impairment (cont'd)

The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subjected to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

4.3.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on its statements of financial position.

<u>Financial liabilities at amortised cost</u>

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and other payables, amounts due to subsidiaries/ associate/ joint venture and borrowings.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

4.3.2 Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

4.3.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.4 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.5 Non-current asset held for sale

Non-current asset for sale comprising asset that is expected to be recovered primarily through sale rather than through continuing use.

Classification of the asset as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the asset which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter, the asset is generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

4.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.6.1 As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.6.1.1 Right of use assets

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. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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:

Leasehold land	6 – 60 years
Building	3 – 4.5 years
Office equipment	10 years
Vessels	2 years

If ownership of the lease asset transfers to the Group at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 4.4 to the Financial Statements.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.6 Leases (cont'd)

4.6.1 As a lessee (cont'd)

4.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.6.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.6.2 As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.7 Inventories

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

Cost is determined on a first-in-first-out basis.

The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, bank overdrafts and fixed deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

4.9 Equity instruments

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

Accumulated losses include all current year's loss and prior years' losses.

All transactions with owners of the Company are recorded separately within equity.

4.10 Revenue

4.10.1 Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(i) Construction contract and ship repair

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

(ii) Sales of services

Revenue from sale of services is recognised at a point in time when control of the assets is transferred to the customers, generally on delivery of the services.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.10 Revenue (cont'd)

4.10.1.1 Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

4.10.2 Revenue from other sources

(i) Vessel charter and berthing fees

Vessel charter fee arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

(ii) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(iii) Management fee

Management fees are recognised when services are rendered.

(iv) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

4.11 Contract costs

Contract costs comprise repair and maintenance works provided by the Group and the Company. The contract costs recognised in profit or loss when the related service is fully rendered in accordance with the contract agreement.

4.12 Employee benefits

4.12.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leaves are recognised when the absences occurred.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.12 Employee benefits (cont'd)

4.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

In Singapore, the Group makes contributions to the Central Provident Fund ("CPF") scheme, a defined contribution pension scheme.

4.13 Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

4.13.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

4.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.14 Foreign currency transactions and balances (cont'd)

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.14.1 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting year. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

In the statements of financial position, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

4.15 Borrowing costs

Borrowing costs are expensed in the year in which they are incurred. Borrowing costs consists of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4.16 Provisions

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

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements (cont'd)

4. Summary of significant accounting policies (cont'd)

4.17 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4.18 Earnings per ordinary share

The Group presents basic and dilute earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

4.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

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

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment

Group	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings, and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2019	692,571,870	7,833,229	82,236,644	7,579,519	38,923,286	3,818,476	3,820,724	836,783,748
Additions	-	246,299	-	94,244	8,900	-	-	349,443
Reclassification	-	(11,369)	-	11,369	-	-	-	-
Disposals	-	-	-	-	-	(9,600)	-	(9,600)
Written off	-	(61,422)	-	(31,832)	-	(92,376)	-	(185,630)
Exchange rate difference	(3,847,827)	(27,654)	(859)	1,611	-	-	-	(3,874,729)
At 31 December 2019	688,724,043	7,979,083	82,235,785	7,654,911	38,932,186	3,716,500	3,820,724	833,063,232
Acquisition of a subsidiary	11,000,000	142,936	-	-	-	-	-	11,142,936
Derecognition of a subsidiary	(12,592,946)	(12,614)	-	(22,365)	-	-	-	(12,627,925)
Additions	-	162,922	-	46,675	10,416	-	-	220,013
Termination of lease assets	-	-	(154,817)	-	-	-	-	(154,817)
Disposals	(5,239,461)	(385,907)	-	(11,690)	-	(564,300)	-	(6,201,358)
Written off	-	(90,151)	-	-	-	(575,735)	-	(665,886)
Exchange rate difference	(3,843,822)	(46,947)	(547)	2,897	-	-	-	(3,888,419)
At 31 December 2020	**678,047,814**	**7,749,322**	**82,080,421**	**7,670,428**	**38,942,602**	**2,576,465**	**3,820,724**	**820,887,776**
Accumulated depreciation								
At 1 January 2019	264,439,548	3,732,974	28,868,889	7,043,146	34,905,825	3,818,438	3,820,724	346,629,544
Charge for the financial year	33,696,113	538,828	2,260,421	217,287	1,331,446	-	-	38,044,095
Reclassification	-	(853)	-	853	-	-	-	-
Disposals	-	-	-	-	-	(9,599)	-	(9,599)
Written off	-	(56,905)	-	(16,241)	-	(92,375)	-	(165,521)
Exchange rate difference	(1,859,579)	(21,779)	(172)	1,301	-	-	-	(1,880,229)
At 31 December 2019	296,276,082	4,192,265	31,129,138	7,246,346	36,237,271	3,716,464	3,820,724	382,618,290

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment (cont'd)

Group (cont'd)	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings, and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation (cont'd)								
At 31 December 2019 (con'd)	296,276,082	4,192,265	31,129,138	7,246,346	36,237,271	3,716,464	3,820,724	382,618,290
Acquisition of a subsidiary	4,134,751	42,709	-	-	-	-	-	4,177,460
Derecognition of a subsidiary	(2,003,579)	(1,598)	-	(4,443)	-	-	-	(2,009,620)
Termination of lease assets	-	-	(51,606)	-	-	-	-	(51,606)
Charge for the financial year	34,518,860	313,253	2,133,085	135,067	774,127	-	-	37,874,392
Disposals	(2,208,067)	(175,605)	-	(1,158)	-	(564,299)	-	(2,949,129)
Written off	-	(84,729)	-	-	-	(575,732)	-	(660,461)
Exchange rate difference	(1,742,210)	(42,444)	(470)	(498)	-	-	-	(1,785,622)
At 31 December 2020	**328,975,837**	**4,243,851**	**33,210,147**	**7,375,314**	**37,011,398**	**2,576,433**	**3,820,724**	**417,213,704**
Accumulated impairment								
At 1 January 2019	27,510,253	-	2,356,429	-	-	-	-	29,866,682
Exchange rate difference	(286,009)	-	-	-	-	-	-	(286,009)
At 31 December 2019	27,224,244	-	2,356,429	-	-	-	-	29,580,673
Impairment for the financial year	475,459	-	-	-	-	-	-	475,459
Exchange rate difference	(505,507)	-	-	-	-	-	-	(505,507)
At 31 December 2020	**27,194,196**	**-**	**2,356,429**	**-**	**-**	**-**	**-**	**29,550,625**
Net carrying amount								
At 31 December 2020	**321,877,781**	**3,505,471**	**46,513,845**	**295,114**	**1,931,204**	**32**	**-**	**374,123,447**
At 31 December 2019	365,223,717	3,786,818	48,750,218	408,565	2,694,915	36	-	420,864,269

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment (cont'd)

***Land, buildings and wharf**

Group	Land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost:				
At 1 January 2019	45,232,259	5,006,303	31,998,082	82,236,644
Exchange rate difference	-	-	(859)	(859)
At 31 December 2019	45,232,259	5,006,303	31,997,223	82,235,785
Termination of lease assets	-	-	(154,817)	(154,817)
Exchange rate difference	-	-	(547)	(547)
At 31 December 2020	**45,232,259**	**5,006,303**	**31,841,859**	**82,080,421**
Accumulated depreciation				
At 1 January 2019	11,291,232	2,664,424	14,913,233	28,868,889
Charge for the year	877,668	274,806	1,107,947	2,260,421
Exchange rate difference	-	-	(172)	(172)
At 31 December 2019	12,168,900	2,939,230	16,021,008	31,129,138
Charge for the year	877,668	267,796	987,621	2,133,085
Termination of lease assets	-	-	(51,606)	(51,606)
Exchange rate difference	-	-	(470)	(470)
At 31 December 2020	**13,046,568**	**3,207,026**	**16,956,553**	**33,210,147**
Accumulated impairment				
At 1 January 2019/ 31 December 2019/ 31 December 2020	-	-	2,356,429	2,356,429
Net carrying amount				
At 31 December 2020	**32,185,691**	**1,799,277**	**12,528,877**	**46,513,845**
At 31 December 2019	33,063,359	2,067,073	13,619,786	48,750,218

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment (cont'd)

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2019	7,390	9,050	16,440
Additions	-	4,670	4,670
At 31 December 2019/ 31 December 2020	7,390	13,720	21,110
Accumulated depreciation			
At 1 January 2019	7,267	8,119	15,386
Charge for the year	122	803	925
At 31 December 2019	7,389	8,922	16,311
Charge for the year	-	1,347	1,347
At 31 December 2020	**7,389**	**10,269**	**17,658**
Net carrying amount			
At 31 December 2020	**1**	**3,451**	**3,452**
At 31 December 2019	1	4,798	4,799

Details of lands are analysed as follow:-

	Group 2020 RM	2019 RM
Freehold	**5,360,549**	5,360,549
Long term leasehold land	**25,891,550**	26,665,485
Short term leasehold land	**933,592**	1,037,325
	32,185,691	33,063,359

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 17 to the Financial Statements.

In view of the depressed economic conditions in the offshore marine sector, the Group performed an assessment during the financial year on the recoverable amount of the property, plant and equipment to determine whether the carrying value of the property, plant and equipment, which are in chartering segment, are recoverable. The view was carried out in accordance with MFRS 136 "Impairment of Assets". The estimated recoverable amount is determined based on the higher of an asset's value in use ("VIU") and fair value less costs to sell ("FV").

Based on the impairment test performed, the carrying amount of certain vessels were higher than their recoverable amounts, determined using FV, based on the net selling price expected to be received for similar assets. An impairment loss of RM457,459 (2019: Nil) was recognised and included in other operating expenses.

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment (cont'd)

The carrying amount of property, plant and equipment pledged to licensed banks as securities for bank facilities granted to the Group as disclosed in Note 16 to the Financial Statements are as follows:-

	Group 2020 RM	Group 2019 RM
Vessels	**156,690,737**	191,112,378
Freehold land	**2,596,928**	2,596,928
Leasehold Land	**24,566,510**	25,027,530
	183,854,175	218,736,836

6. Subsidiaries

6.1 Investment in subsidiaries

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost:		
- Ordinary shares	**228,463,172**	234,810,172
- Redeemable convertible preference shares	**167,845,750**	167,845,750
	396,308,922	402,655,922
Less: Impairment losses		
At beginning of financial year	**(31,910,385)**	(17,319,899)
Recognised	**(27,244,235)**	(14,590,486)
Written off	**5,307,313**	-
At end of financial year	**(53,847,307)**	(31,910,385)
	342,461,615	370,745,537

An impairment assessment on the carrying amounts of interests in subsidiaries at the reporting date was undertaken based on higher of the fair value less costs of disposal and the value in use for those subsidiaries with indicators of impairment.

Based on the impairment tests peformed, the carrying amounts of investments in certain subsidiaries were higher than their recoverable amounts, determined using fair value less costs of disposal, based on the net selling price expected to be received for similar assets. An impairment loss of RM27,244,235 (2019: RM14,590,486) was recognised and included in other operating expenses.

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.1 Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business	Principal activities	Effective equity interest 2020 %	Effective equity interest 2019 %
Cergas Majusama Sdn. Bhd. #	Malaysia	Inactive	**100**	100
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	**-**	100
Era Surplus Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Midas Choice Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Godrimaju Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Euroedge Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Seabright Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Sealink Engineering and Slipway Sdn. Bhd.	Malaysia	Shipbuilding	**100**	100
Sealink Management Sdn. Bhd. #	Malaysia	Inactive	**100**	100
Sealink Marine Sdn. Bhd. #	Malaysia	Inactive	**100**	100
Sealink Pacific Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Sealink Sdn. Bhd.	Malaysia	Chartering of marine vessels and letting of properties	**100**	100
Sutherfield Resources Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding	**100**	100
Sea-Good Pte Ltd. *	Singapore	Chartering of marine vessels	**100**	100
Seabright (Singapore) Private Limited *	Singapore	Vessel owner	**100**	100
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and chartering of marine vessels	**100**	100
Subsidiary of Era Surplus Sdn. Bhd.				
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	**100**	-
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Subsidiary of Sea Legend Shipping Sdn. Bhd.				
Mitra Angkasa Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Subsidiary of Sealink Engineering and Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of properties	**100**	100
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Property holding	**100**	100
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of properties	**100**	100
Subsidiaries of Sealink Offshore (L) Ltd				
Sealink Antarabangsa Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	**100**	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	**100**	100
Hanvoir (L) Ltd. @	Federal Territory of Labuan, Malaysia	Inactive	**100**	100

* Audited by a firm other than Grant Thornton Malaysia PLT
\# Companies in the process of winding up
@ Company in the process of striking off

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.2 Amount due from/to subsidiaries

	Company 2020 RM	Company 2019 RM
Amount due from subsidiaries		
- Non-current	**31,411,243**	11,514,846
- Current	**128,545,609**	93,707,237
	159,956,852	105,222,083
Amount due to subsidiaries		
- Current	**68,167,662**	50,783,779

Amount due from subsidiaries is non-trade in nature, unsecured, non-interest bearing and receivable on demand except for an amount of RM101,978,783 (2019: RM100,134,742) which bears interest rate at 2.21% (2019: 3.52%) per annum.

Amount due to subsidiaries is non-trade in nature, unsecured, non-interest bearing and payable on demand except for an amount of RM48,725,385 (2019: RM50,783,779) which bears interest rate at 2.21% (2019: 3.52%) per annum.

7. Associate

7.1 Investment in an associate

	Group 2020 RM	Group 2019 RM
Unquoted shares, at cost	**3,500,000**	3,500,000
Share of post-acquisition reserves	**(3,500,000)**	(2,725,436)
	-	774,564

Details of the associate is as follows:

Name of associate	Principal place of business	Principal activities	Effective equity interest 2020 %	Effective equity interest 2019 %
Logistine Sdn. Bhd. *	Malaysia	Providing offshore support vessels, equipment and engineering consultation for oil and gas activities. The Company is inactive during the financial year.	**25**	25

* Audited by a firm other than Grant Thornton Malaysia PLT

Notes to the Financial Statements (cont'd)

7. Associate (cont'd)

7.1 Investment in an associate (cont'd)

The following table summarises the information of the Group's associate:-

	Group 2020 RM	2019 RM
Financial position as at 31 December		
Non-current assets	**21,083,956**	27,940,350
Current assets	**1,658,383**	1,652,383
Current liabilities	**(24,333,907)**	(24,333,907)
Summary of financial performance for the financial year ended 31 December		
Net loss/total comprehensive loss for the financial year	**(6,856,394)**	(1,850,236)

The Group has not recognised loss related to the associate amounting to RM939,535 (2019: Nil) as the Group has no obligation in respect of this loss.

7.2 Amount due from an associate

	Group 2020 RM	2019 RM
Trade	**920,185**	920,185
Less: Allowance for expected credit losses		
At beginning of financial year	**(155,901)**	-
Recognised	**-**	(155,901)
At end of financial year	**(155,901)**	(155,901)
	764,284	764,284
Non-trade	**21,984,299**	21,984,299
Less: Allowance for expected credit losses		
At beginning of financial year	**(2,595,735)**	-
Recognised	**(1,166,629)**	(2,595,735)
At end of financial year	**(3,762,364)**	(2,595,735)
	18,221,935	19,388,564
Amount due from an associate, net	**18,986,219**	20,152,848

Amounts due from an associate is non-interest bearing, unsecured and receivable on demand.

Notes to the Financial Statements (cont'd)

8 Joint venture

8.1 Investment in a joint venture

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost:				
- Ordinary shares	**467,859**	1,959,998	**467,859**	-
- Redeemable convertible preference shares	**-**	5,556,004	**-**	-
	467,859	7,516,002	**467,859**	-
Share of post-acquisition reserves	**1,052,837**	(922,390)	**-**	-
	1,520,696	6,593,612	**467,859**	-

Details of the joint venture are as follows:

Name of joint ventures	Principal place of business	Principal activities	Effective equity interest 2020 %	Effective equity interest 2019 %
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	**-**	49
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	**45**	-

The following table summarises the information of the Group's joint venture as follows:-

	Era Sureway Sdn. Bhd. 2020 RM	Seasten Sdn. Bhd. 2019 RM
Financial position as at 31 December		
Non-current assets	**11,258,629**	7,044,691
Current assets	**7,784,285**	5,689,889
Non-current liabilities	**(8,028,970)**	-
Current liabilities	**(7,634,619)**	(3,622,306)
Summary of financial performance for the financial year ended 31 December		
Net profit/total comprehensive income for the financial year	**48,579**	314,323
Included in net profit/total comprehensive income:		
Revenue	**25,393,021**	3,723,250
Depreciation and amortisation	**(816,783)**	(950,584)
Interest income	**50,028**	-
Interest expense	**(726,179)**	-
Tax expense	**(223,157)**	(456,837)

Notes to the Financial Statements (cont'd)

8 Joint venture (cont'd)

8.2 Amount due from a joint venture

	Group 2020 RM	Group 2019 RM
Non-current		
- Non-trade	**7,403,564**	-
Current		
- Trade	**4,631,801**	1,248,265
- Non-trade	**1,939,794**	2,132,286
	6,571,595	3,380,551
	13,975,159	3,380,551

Amount due from a joint venture is unsecured, non-interest bearing and receivable on demand except for amount due from a joint venture amounting to RM9,377,852 (2019: Nil) which is unsecured and has fixed term of repayment at effective interest rate charged at 5.99% (2019: Nil) per annum.

9. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group amounting to RM1,427,721 (2019: RM1,214,524) are pledged to the banks for bank guarantee and banking facilities issued on behalf of the Group to third parties.

The fixed deposits with licensed banks of the Group amounting to Nil (2019: RM1,784,062) are with maturity more than 3 months.

The Group effective interest rates of fixed deposits range from 1.50% to 2.60% (2019: 2.90% to 3.35%) with maturity period range from 30 to 365 days (2019: 60 to 365 days) respectively.

10. Inventories

	Group 2020 RM	Group 2019 RM
Parts, materials and consumables	**9,634,821**	11,858,247
Machinery and equipment	**1,501,715**	1,507,586
	11,136,536	13,365,833
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**6,212,221**	4,934,570
Inventories written off	**42,779**	100,737
Inventories written down	**-**	69,646
Reversal of inventories written down	**-**	(436,929)

Notes to the Financial Statements (cont'd)

11. Contract costs

	Group 2020 RM	Group 2019 RM
Current		
- Repair and maintenance works	**195,281**	91,522

12. Trade receivables

	Group 2020 RM	Group 2019 RM
Trade receivables	**10,586,639**	29,863,763
Less: Allowance for expected credit losses		
At beginning of financial year	**(2,766,535)**	(615,213)
Recognised	**(2,162,600)**	(2,361,015)
Acquisition of a subsidiary	**(348,554)**	-
Reversal	**1,055,502**	209,693
At end of financial year	**(4,222,187)**	(2,766,535)
	6,364,452	27,097,228

Trade receivables are non-interest bearing and generally on 30 to 60 (2019: 30 to 60) days terms.

The impairment loss on trade receivables were reversed during the financial year as a result of receipts.

13. Other receivables

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-trade receivables	**3,610,207**	2,644,562	**678,489**	755,871
Less: Allowance for expected credit losses				
At beginning of financial year	**(181,205)**	(181,205)	**-**	-
	3,429,002	2,463,357	**678,489**	755,781
Refundable deposits	**320,750**	335,007	**2,000**	2,000
Prepayments	**354,561**	469,554	**-**	-
Goods and services tax receivable	**-**	193,966	**-**	-
	4,104,313	3,461,884	**680,489**	757,871

Notes to the Financial Statements (cont'd)

14. Asset held for sale

	Group 2020 RM	2019 RM
Condominium	**577,113**	-

The Group is under negotiation with a potential buyer to determine the mutually agreed disposal price of its condominium. The transaction has yet to be completed as at reporting date.

15. Share capital

	Number of Shares 2020 units	2019 units	Amount 2020 RM	2019 RM
Issued and fully paid with no par value				
At beginning/end of financial year	**500,000,000**	500,000,000	**329,086,883**	329,086,883

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

16. Borrowings

	Group 2020 RM	2019 RM
Secured:		
Non-current:		
Term loans	**25,776,098**	35,654,680
Current:		
Bank overdraft	**17,470,687**	17,331,948
Revolving credits	**33,514,580**	37,164,580
Term loans	**18,113,706**	20,034,172
	69,098,973	74,530,700
	94,875,071	110,185,380

The bank overdraft, revolving credits and term loans are secured by way of:

(a) charges over leasehold land and buildings of the Group,
(b) charges over freehold land of the Group,
(c) charges over certain vessels of the Group,
(d) fixed deposits with licensed banks,
(e) assignment of time charter proceeds, and
(f) corporate guarantee by the Company.

Notes to the Financial Statements (cont'd)

16. Borrowings (cont'd)

The effective interest rates of borrowings are as follows:

	Group 2020 %	Group 2019 %
Bank overdraft	**4.10 – 7.14**	7.15 – 8.14
Revolving credits	**3.41 – 4.13**	5.17 – 5.35
Term loans	**5.99 – 6.17**	5.99 – 6.18

17. Right-of-use assets and lease liabilities

As a lessee

The Group has lease contracts for land, buildings, vessels and office equipment. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

17.1 Right-of-use assets

Group	Leasehold Land RM	Buildings RM	Vessels RM	Office equipment RM	Total RM
Cost					
At 1 January 2019	39,871,710	672,337	400,555	14,400	40,959,002
Exchange rate difference	-	(859)	-	-	(859)
At 31 December 2019	39,871,710	671,478	400,555	14,400	40,958,143
Termination of lease contract	-	(154,817)	-	-	(154,817)
Exchange rate difference	-	(547)	-	-	(547)
At 31 December 2020	**39,871,710**	**516,114**	**400,555**	**14,400**	**40,802,779**
Accumulated depreciation					
At 1 January 2019	11,291,232	-	-	2,520	11,293,752
Charge for the year	877,668	215,351	200,277	1,440	1,294,736
At 31 December 2019	12,168,900	215,179	200,277	3,960	12,588,316
Charge for the year	877,668	163,824	200,278	1,440	1,243,210
Termination of lease contract	-	(51,606)	-	-	(51,606)
Exchange rate difference	-	(470)	-	-	(470)
At 31 December 2020	**13,046,568**	**326,927**	**400,555**	**5,400**	**13,779,450**
Net carrying amount					
At 31 December 2020	**26,825,142**	**189,187**	**-**	**9,000**	**27,023,329**
At 31 December 2019	27,702,810	456,299	200,278	10,440	28,369,827

Notes to the Financial Statements (cont'd)

17. Right-of-use assets and lease liabilities (cont'd)

17.2 Lease liabilities

	Group	
	2020	**2019**
	RM	**RM**
Current		
- less than 1 year	**198,566**	421,231
Non-current		
- more than 1 year but less than 5 years	**186,949**	253,191
	385,515	674,422

The lease liabilities bear interest at rate of 5% (2019: 5%) per annum.

Set out below is the movement of the lease liabilities during the financial year:

	Group	
	2020	**2019**
	RM	**RM**
At beginning of financial year	**674,422**	1,078,892
Accretion of interest	**21,036**	42,727
Termination of lease contract	**(105,815)**	-
Payments	**(202,994)**	(446,301)
Exchange rate differences	**(1,134)**	(896)
At end of financial year	**385,515**	674,422

The following are the amounts relating to right-of-use assets recognised in profit or loss:-

	2020	**2019**
	RM	**RM**
Depreciation of right-of-use assets	**1,243,210**	1,294,736
Interest expense on lease liabilities	**21,036**	42,727
Gain on termination of lease contract	**(2,604)**	-
Expense relating to short-term leases	**123,464**	208,834
Expense relating to leases of low-value assets	**13,240**	16,792

18. Deferred tax liabilities

	Group	
	2020	**2019**
	RM	**RM**
At beginning of financial year	**21,216,582**	23,502,877
Recognised in profit or loss	**(4,397,137)**	(2,286,295)
Derecognition of a subsidiary	**(671,719)**	-
At end of financial year	**16,147,726**	21,216,582

Notes to the Financial Statements (cont'd)

18. Deferred tax liabilities (cont'd)

The components of deferred tax liabilities as at the end of the reporting year are made up of the following:-

	Group	
	2020 RM	2019 RM
Property, plant and equipment	**19,812,637**	22,504,946
Unabsorbed business losses	**(644,681)**	(424,867)
Unutilised capital allowances	**(2,334,763)**	(296,853)
Others	**(685,468)**	(566,644)
At end of financial year	**16,147,726**	21,216,582

19. Trade payables

Group

Trade payables are non-interest bearing and are normally settled on 30 to 90 day (2019: 30 to 90 day) terms.

20. Other payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-trade payables	**24,186,300**	20,932,340	**13,223,373**	8,779,289
Accruals	**7,707,427**	10,477,514	**846,162**	858,521
Deposits received	**5,200**	31,000	**-**	-
Services tax payable	**2,900**	11,284	**-**	-
	31,901,827	31,452,138	**14,069,535**	9,637,810

Included in non-trade payables of the Group and of the Company is an amount of RM21,301,884 and RM12,013,894 (2019: RM17,184,129 and RM8,013,894) due to companies in which certain Directors of the Company have substantial financial interests and it is unsecured, interest free and repayable on demand.

21. Revenue

21.1 Type of revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from other sources				
Charter hire fees	**46,736,759**	61,132,034	**-**	-
Berthing fees	**65,290**	221,487	**-**	-
Dividend income	**-**	-	**35,880,000**	67,815,648
Management fees	**-**	-	**1,395,971**	1,526,463
	46,802,049	61,353,521	**37,275,971**	69,342,111

Notes to the Financial Statements (cont'd)

21. Revenue (cont'd)

21.1 Type of revenue (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract with customers				
Ship repair income	**1,276,702**	2,251,506	**-**	-
Vessels sundry income	**1,786,944**	2,739,026	**-**	-
Sale of services	**57,428**	148,916	**-**	-
	3,121,074	5,139,448	**-**	-
	49,923,123	66,492,969	**37,275,971**	69,342,111
Timing of recognition				
Satisfied at a point in time	**1,844,372**	2,887,942	**-**	-
Satisfied over time	**1,276,702**	2,251,506	**-**	-
	3,121,074	5,139,448	**-**	-

21.2 Contract balances

	Group	
	2020 RM	2019 RM
At beginning of the year	**(13,235)**	1,501,181
Revenue recognised during the year	**1,276,702**	2,251,506
Progress billing issued during the year	**(1,325,416)**	(3,765,922)
At end of the year	**(61,949)**	(13,235)
Analysed as follows:		
- Contract assets	**32,320**	117,433
- Contract liabilities	**(94,269)**	(130,668)
	(61,949)	(13,235)

Contract assets primarily relate to the Group's right to consideration for work completed on ship repair contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 90 days.

Contract liabilities primarily relate to advance consideration received from a customer for ship repair contracts for which revenue is recognised over time for the repair work. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date is as follows:

	Group	
	2020 RM	2019 RM
Contract revenue within one year	**188,529**	192,342

Notes to the Financial Statements (cont'd)

22. Other income

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Gain on bargain purchase	**2,729,972**	-	**-**	-
Gain on disposal of property, plant and equipment	**1,676,658**	49	**-**	-
Gain on foreign exchange:-				
- Realised	**3,596,635**	824,581	**440,740**	408,410
Gain on termination of lease contract	**2,604**	-	**-**	-
Reversal of inventories written down	**-**	436,929	**-**	-
Rental income	**108,000**	108,000	**-**	-
Ship manager fee	**147,097**	-	**-**	-
Sundry income from ship operations	**631,168**	1,505,238	**48,000**	48,000
Sundry income	**1,031,904**	-	**-**	-
	9,924,038	2,874,797	**488,740**	456,410

23. Net impairment loss on financial assets

	Group	
	2020 RM	**2019 RM**
Impairment loss on:		
- Trade receivables	**(2,162,600)**	(2,361,015)
- Amount due from an associate	**(1,166,629)**	(2,751,636)
	(3,329,229)	(5,112,651)
Reversal of impairment loss on:		
- Trade receivables	**1,055,502**	209,693

24. Finance income

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Interest income from:				
- Current account	**19,120**	96,810	**2,232**	36,021
- Short term deposits	**32,136**	53,400	**-**	-
- Associate	**-**	2,283	**-**	-
- Third parties	**1,065**	103,556	**-**	-
- Joint venture	**345,890**	-	**-**	-
- Others	**303,021**	1,346,671	**-**	-
- Subsidiaries	**-**	-	**2,993,132**	3,948,916
	701,232	1,602,720	**2,995,364**	3,984,937

Notes to the Financial Statements (cont'd)

25. Finance costs

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Interest expenses on:				
- Bank loans	**2,883,140**	4,308,404	**-**	-
- Bank overdraft	**1,205,827**	1,301,426	**-**	-
- Revolving credits	**1,532,367**	2,252,718	**-**	-
- Lease liabilities	**21,036**	42,727	**-**	-
- Subsidiaries	**-**	-	**2,261,972**	4,438,654
	5,642,370	7,905,275	**2,261,972**	4,438,654

26. (Loss)/profit before tax

The following item has been included in arriving at (loss)/profit before tax:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remuneration:				
- Statutory audit	**170,000**	246,150	**43,000**	69,000
- Non-statutory audit	**5,000**	4,000	**5,000**	4,000
- Other external statutory audit	**33,961**	33,612	**-**	-

27. Tax (income)/expense

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current tax:				
- Current year	**929,624**	1,409,628	**44,694**	-
- Underprovision in prior year	**43,643**	111,775	**-**	-
Real property gain tax	**-**	15	**-**	-
	973,267	1,521,418	**44,694**	-
Deferred tax:				
- Current year	**(4,133,109)**	(2,208,746)	**-**	-
- Overprovision in prior year	**(264,028)**	(77,549)	**-**	-
	(4,397,137)	(2,286,295)	**-**	-
	(3,423,870)	(764,877)	**44,694**	-

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

Notes to the Financial Statements (cont'd)

27. Tax (income)/expense (cont'd)

The reconciliation of tax expense applicable to (loss)/profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	**(44,243,607)**	(37,458,462)	**5,079,003**	52,194,707
Tax at statutory tax rate of 24%	**(10,618,466)**	(8,990,031)	**1,218,961**	12,526,730
Tax effect in respect of:				
Expenses not deductible for tax purposes	**9,169,745**	7,468,993	**7,492,834**	3,719,535
Income not subject to tax	**(4,796,249)**	(1,821,497)	**(8,611,200)**	(16,246,265)
Movement of deferred tax assets not recognised	**3,120,702**	2,434,887	**(55,901)**	-
Under/(over)provision in prior year				
- current tax	**43,643**	111,775	**-**	-
- deferred tax	**(264,028)**	(77,549)	**-**	-
Real property gain tax	**-**	15	**-**	-
Share of results of an associate and a joint venture	**(79,217)**	108,530	**-**	-
	(3,423,870)	(764,877)	**44,694**	-

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed tax losses	**83,567,161**	70,564,234	**-**	233,855

The potential deferred tax assets of the Group and of the Company have not been recognised in respect of the above items as it is not certain that whether sufficient future taxable profits will be available in which the Group and the Company can utilise these benefits.

The unabsorbed tax losses and unutilised capital allowances of the Group and of the Company amounting to RM86,253,332 and Nil (2019: RM72,334,513 and RM233,855) and RM9,728,179 and Nil (2019: RM1,236,888 and Nil) respectively can be carried forward to offset against future taxable profit respectively.

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unabsorbed tax losses can only be carried forward until the following year of assessment:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
- Year of assessment 2025	**63,810,389**	63,810,389	**-**	233,855
- Year of assessment 2026	**6,752,469**	6,753,845	**-**	-
- Year of assessment 2027	**13,004,303**	-	**-**	-
	83,567,161	70,564,234	**-**	233,855

Notes to the Financial Statements (cont'd)

28. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020 RM	**2019 RM**
Net loss for the financial year attributable to ordinary equity holders of the Company	**(40,819,737)**	(36,693,585)
Weighted average number of ordinary shares in issue	**500,000,000**	500,000,000
Basic loss per share (sen)	**(8.16)**	(7.34)

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic loss per share.

29. Employee benefits expense

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Salaries, wages and other emoluments	**13,747,899**	14,643,181	**1,616,051**	1,607,689
Social security contributions	**359,130**	207,705	**10,472**	12,442
Defined contribution plan	**1,289,392**	1,461,395	**192,822**	199,528
Other benefits	**7,363**	155,407	**-**	-
	15,403,784	16,467,688	**1,819,345**	1,819,659

Included in abovementioned is the Directors' remuneration as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Directors of the Company				
Executive				
Salaries, wages and other emoluments	**559,357**	561,334	**7,785**	15,120
Fees	**22,000**	22,000	**22,000**	22,000
Defined contribution plan	**63,841**	71,641	**924**	1,844
Benefit-in-kind	**146,264**	149,326	**-**	3,500
	791,462	804,301	**30,709**	42,464
Non-executive				
Fees	**293,000**	293,000	**293,000**	293,000
	1,084,462	1,097,301	**323,709**	335,464

Notes to the Financial Statements (cont'd)

29. Employee benefits expense (cont'd)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Director of subsidiaries				
Salaries and other emoluments	**296,400**	732,693	**-**	-
Fees	**-**	3,600	**-**	-
Defined contribution plan	**2,849**	8,839	**-**	-
Benefit-in-kind	**600**	-	**-**	-
	299,849	745,132	**-**	-
Total Directors' remuneration	**1,384,311**	1,842,433	**323,709**	335,464

30. Related party disclosures

30.1 Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms.

The significant related party transactions of the Group and of the Company are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Transactions with subsidiaries				
- Dividend income	**-**	-	**(35,880,000)**	(67,815,648)
- Management fee	**-**	-	**(1,395,971)**	(1,526,463)
- Interest income	**-**	-	**(2,993,132)**	(3,948,916)
- Interest expenses	**-**	-	**2,261,972**	4,438,654
- Sundry income	**-**	-	**(24,000)**	(48,000)
- Loans from	**-**	-	**-**	503,176
Transaction with a related company				
- Rental expenses	**120,000**	120,000	**12,000**	12,000
Transactions with companies in which certain Directors have interest				
- Contract revenue	**-**	(95,975)	**-**	-
- Sales of services	**-**	(22,400)	**-**	-
- Sundry income	**-**	(525,753)	**-**	-
- Interest income	**-**	(2,283)	**-**	-
- Charter hire fee	**210,000**	210,000	**-**	-
- Rental expenses	**253,664**	180,526	**-**	-
- Legal and professional fees	**41,296**	35,090	**-**	-

Notes to the Financial Statements (cont'd)

30. Related party disclosures (cont'd)

30.1 Related party transactions (cont'd)

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Transactions with a joint venture				
- Accounting fee	**24,000**	-	**-**	-
- Administrative expenses	**4,022**	-	**-**	-
- Berthing fees	**39,600**	-	**-**	-
- Charter hire fees	**4,421,934**	-	**-**	-
- Ship management fee	**79,500**	-	**-**	-
- Repair and maintenance	**19,305**	-	**-**	-
- Rental expenses	**6,000**	-	**-**	-
- Demobilisation fees	**58,500**	-	**-**	-
- Interest expenses	**345,890**	-	**-**	-

30.2 Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 8 and 20 to the Financial Statements.

30.3 Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the financial year are as follows:-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Salaries, wages and other emoluments	**3,035,331**	3,402,663	**1,345,123**	1,306,939
Defined contribution plan	**268,520**	276,334	**157,818**	154,746
	3,303,851	3,678,997	**1,502,941**	1,461,685

31. Capital commitments

	Group	
	2020 RM	**2019 RM**
Capital expenditure approved but not contracted for:		
- Property, plant and equipment	**126,968,720**	126,968,720

Notes to the Financial Statements (cont'd)

32. Operating segment

Business segment

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

(i) Chartering of vessels
(ii) Shipbuilding
(iii) Others consist of investment holding and letting of properties

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments were entered into the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined on negotiated basis.

The effects of such inter-segment transactions are eliminated on consolidation.

Group	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
2020						
External revenue		**48,523,703**	**1,399,420**	**-**	**-**	**49,923,123**
Inter segment revenue	(i)	**16,541,368**	**4,893,454**	**37,353,971**	**(58,788,793)**	**-**
Total revenue		**65,065,071**	**6,292,874**	**37,353,971**	**(58,788,793)**	**49,923,123**
Depreciation of property, plant and equipment		**(36,933,142)**	**(2,717,952)**	**(327,529)**	**2,104,231**	**(37,874,392)**
Interest expense		**(6,655,746)**	**(2,866,178)**	**(2,959,825)**	**6,839,379**	**(5,642,370)**
Interest income		**1,768,411**	**2,378,256**	**3,401,123**	**(6,846,558)**	**701,232**
Share of loss of an associate		**-**	**-**	**(774,564)**	**-**	**(774,564)**
Share of gain of a joint venture		**1,104,634**	**-**	**-**	**-**	**1,104,634**
Tax (expenses)/income		**3,757,161**	**(267,046)**	**(66,245)**	**-**	**3,423,870**
Other non-cash expenses	(ii)	**(771,434)**	**(649,753)**	**(7,094,408)**	**-**	**(8,515,595)**
Net (loss)/profit for the financial year	(iii)	**(28,269,350)**	**(5,618,734)**	**30,168,601**	**(37,100,254)**	**(40,819,737)**
Additions to non-current assets:-						
- Property, plant and equipment		**27,070,149**	**14,364**	**-**	**(26,864,500)**	**220,013**
Investment in associate		**-**	**-**	**-**	**-**	**-**
Investment in a joint venture		**1,520,696**	**-**	**-**	**-**	**1,520,696**
Segment assets	(iv)	**393,456,742**	**105,087,823**	**503,388,886**	**(564,744,385)**	**437,189,066**
Segment liabilities	(v)	**226,500,971**	**69,608,794**	**81,772,876**	**(228,243,937)**	**149,638,704**

Notes to the Financial Statements (cont'd)

32. Operating segment (cont'd)

Business segment (cont'd)

Group (cont'd)	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
2019						
External revenue		61,353,521	5,139,448	-	-	66,492,969
Inter segment revenue	(i)	28,056,931	5,174,692	69,420,111	(102,651,734)	-
Total revenue		89,410,452	10,314,140	69,420,111	(102,651,734)	66,492,969
Depreciation of property, plant and equipment		(36,848,423)	(3,380,148)	(327,214)	2,511,690	(38,044,095)
Interest expenses		(9,477,520)	(4,087,942)	(4,884,411)	10,544,598	(7,905,275)
Interest income		2,241,009	5,362,689	4,523,242	(10,524,220)	1,602,720
Share of loss of an associate		-	-	(606,228)	-	(606,228)
Share of gain of a joint venture		154,018	-	-	-	154,018
Tax (expenses)/income		1,480,519	(614,467)	(101,175)	-	764,877
Other non-cash expenses	(ii)	(5,522,073)	(328,659)	-	-	(5,850,732)
Net (loss)/profit for the financial year	(iii)	(22,433,577)	(3,935,791)	51,306,020	(61,630,237)	(36,693,585)
Additions to non-current assets:						
- Property, plant and equipment		14,559,044	1,178,422	20,430	(15,408,453)	349,443
Investment in an associate		-	-	774,564	-	774,564
Investment in a joint venture		6,593,612	-	-	-	6,593,612
Segment assets	(iv)	397,923,485	114,759,705	540,681,498	(548,452,424)	504,912,264
Segment liabilities	(v)	234,521,997	73,620,589	108,393,207	(241,824,434)	174,711,359

Notes to the Financial Statements (cont'd)

32. Operating segment (cont'd)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Other material non-cash expenses/(income) comprise the following items:-

	2020 RM	2019 RM
Deposits written off	**(12,960)**	-
Gain on termination of lease contract	**2,604**	-
Gain on bargain purchase	**2,729,972**	-
Impairment loss on:		
- trade receivables	**(2,162,600)**	(2,361,015)
- amount due from associates	**(1,166,629)**	(2,751,636)
- property, plant and equipment	**(475,459)**	-
Inventories written off	**(42,779)**	(100,737)
Inventories written down	**-**	(69,646)
Loss on derecognition of a subsidiary	**(3,370,711)**	-
Loss on remeasurement of a joint venture	**(2,128,597)**	-
Property, plant and equipment written off	**(5,425)**	(20,109)
Reversal of impairment loss on trade receivables	**1,055,502**	209,693
Reversal of inventories written down	**-**	436,929
Unrealised loss on foreign exchange	**(2,938,513)**	(1,194,211)
	(8,515,595)	(5,850,732)

(iii) The following items are added to/(deducted from) segment (loss)/profit to arrive at "Loss for the financial year" presented in the consolidated statement of profit or loss and other comprehensive income.

	2020 RM	2019 RM
Dividend from subsidiaries	**35,880,000**	77,828,589
Profit from inter-segment sales	**4,450,329**	(4,999,374)
Unallocated corporate expenses	**3,609,304**	(654,380)
Finance costs	**(6,839,379)**	(10,544,598)
	37,100,254	61,630,237

Notes to the Financial Statements (cont'd)

32. Operating segment (cont'd)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

(iv) The following items are deducted from segment operating assets to arrive at total assets reported in consolidated statement of financial position:

	2020 RM	2019 RM
Investment in subsidiaries	**(335,940,398)**	(363,724,483)
Amount due from inter-companies	**(225,562,061)**	(181,269,048)
Inter-segment assets	**(3,241,926)**	(3,458,893)
	(564,744,385)	(548,452,424)

(v) The following items are deducted from segment operating liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2020 RM	2019 RM
Amount due to inter-companies	**(225,665,484)**	(237,936,928)
Inter-segment liabilities	**(2,578,453)**	(3,887,506)
	(228,243,937)	(241,824,434)

Geographical information

Revenue and non-current assets information of the Group based on the geographical location of customers and assets respectively are as follows:-

	Revenue		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	**46,483,107**	62,910,434	**370,016,158**	413,454,601
Singapore	**3,440,016**	3,582,535	**4,107,289**	7,409,668
	49,923,123	66,492,969	**374,123,447**	420,864,269

Non-current assets information presented above consist of the following items as presented in the Group's statement of financial position:

	2020 RM	2019 RM
Property, plant and equipment	**374,123,447**	420,864,269

There is no revenue from transactions with any customer for amount 10% or more of the Group's revenue.

Notes to the Financial Statements (cont'd)

33. Financial instruments

33.1 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group' and the Company's exposure to credit risk arises primarily from receivables and contract assets. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

As at the reporting date, the Group and the Company have concentration of credit risk of which 57% (2019: 36%) of trade receivables are owing by two (2019: three) customers.

Following are the areas where the Group and the Company are exposed to credit risk:-

Trade receivables and contract assets

The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Most of the Group's customers have been transacting with the Group for long-term basis. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether are an individual or a legal entity, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade receivables and contract assets (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar pattern (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about the past events, current conditions and forecasts of future economic conditions. Generally, the receivables are written-off if the Directors deemed them uncollectable. The maximum exposure to credit risk arising from trade receivables and contract assets are limited to the carrying amounts as stated in the statements of financial position. No collateral has been arranged during the financial year.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

Group	Gross carrying amount RM	Expected credit loss RM	Net balances RM
2020			
Not past due	**1,222,397**	**-**	**1,222,397**
Past due 1 to 30 days	**1,781,389**	**-**	**1,781,389**
Past due 31 to 60 days	**1,286,545**	**-**	**1,286,545**
Past due 61 to 90 days	**429,514**	**-**	**429,514**
Past due 91 to 120 days	**698,172**	**-**	**698,172**
Past due more than 120 days	**946,435**	**-**	**946,435**
Credit impaired	**4,222,187**	**(4,222,187)**	**-**
	10,586,639	**(4,222,187)**	**6,364,452**
Contract assets	**32,320**	**-**	**32,320**
2019			
Not past due	9,115,833	-	9,115,833
Past due 1 to 30 days	4,170,530	-	4,170,530
Past due 31 to 60 days	6,994,577	-	6,994,577
Past due 61 to 90 days	2,603,156	-	2,603,156
Past due 91 to 120 days	1,142,411	-	1,142,411
Past due more than 120 days	3,070,721	-	3,070,721
Credit impaired	2,766,535	(2,766,535)	-
	29,863,763	(2,766,535)	27,097,228
Contract assets	117,433	-	117,433

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group and the Company have trade and non-trade transactions with subsidiaries, associate and joint venture. The Group and the Company monitor their results regularly.

As at the reporting date, there were no indication that the amounts due from subsidiaries, associate and joint venture are not recoverable other than amount due from an associate as disclosed in Note 7 to the Financial Statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial guarantee

The Company provides unsecured financial guarantee to financial institutions in respect of banking by certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting year, there was no indication that any subsidiaries would default on repayment on borrowings.

The maximum exposure to credit risk is RM94,875,071 (2019: RM110,185,380), represented by the outstanding borrowings of the subsidiaries as at the reporting date.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(b) Liquidity risk (cont'd)

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company also strive to maintain available banking facilities at a reasonable level to meet their working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

Group	Carrying amount RM	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 2 to 5 years RM
2020				
Secured:				
Borrowings	94,875,071	96,978,048	70,219,927	26,758,121
Unsecured:				
Trade payables	6,104,946	6,104,946	6,104,946	-
Other payables	31,898,927	31,898,927	31,898,927	-
Lease liabilities	385,515	496,343	226,976	269,367
Total	**133,264,459**	**135,367,436**	**108,609,315**	**27,027,488**
2019				
Secured:				
Borrowings	110,185,380	114,358,368	76,698,027	37,660,341
Unsecured:				
Trade payables	10,472,505	10,472,505	10,472,505	-
Other payables	31,440,854	31,440,854	31,440,854	-
Lease liabilities	674,422	759,982	455,344	304,638
Total	152,773,161	157,031,709	119,066,730	37,964,979

Company

The maturity profile of the financial liabilities which include financial guarantee for subsidiaries amounting to RM94,875,071 (2019: RM110,185,380) based on the contractual undiscounted repayment obligations is less than a year.

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) Interest rate risk

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

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's and the Company's interest rate management objective are to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating rate instruments based on assessment of their existing exposure and desired interest rate profile.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

Group	2020 RM	2019 RM
Fixed rate instruments:		
Financial asset		
- Fixed deposits with licensed banks	**2,127,721**	3,132,242
- Amount due from joint venture	**9,377,852**	-
Financial liability		
- Lease liabilities	**(385,515)**	(674,422)
	11,120,058	2,457,820
Floating rate instrument:		
Financial liability		
- Borrowings	**94,875,071**	110,185,380

Company	2020 RM	2019 RM
Floating rate instruments:		
Financial assets		
- Amount due from subsidiaries	**101,978,783**	100,134,742
Financial liability		
- Amount due to subsidiaries	**(48,725,385)**	(50,783,779)
	53,253,398	49,350,963

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) Interest rate risk (cont'd)

Cash flow sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities 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 at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

The following table illustrates the sensitivity of loss/profit and equity to a reasonably possible change in interest rate of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/(Decrease) Net loss/profit and equity for the financial year	
	RM +0.5%	RM -0.5%
Group		
Floating rate instruments		
2020	**(474,375)**	**474,375**
2019	(550,927)	550,927
Company		
Floating rate instruments		
2020	**266,267**	**(266,267)**
2019	246,755	(246,755)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on financial instruments that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are United States Dollar ("USD") and Singapore Dollar ("SGD").

Notes to the Financial Statements (cont'd)

33. Financial instruments (cont'd)

33.1 Financial risk management (cont'd)

The major areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):

(d) Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

	2020 Denominated in		2019 Denominated in	
	USD RM	SGD RM	USD RM	SGD RM
Cash and bank balances	**672,780**	**21,953**	247,033	292,153
Trade receivables	**221,081**	**-**	145,094	-
Other receivables	**4,559**	**-**	-	-
Trade payables	**(162,420)**	**-**	(190,798)	(74,486)
Other payables	**-**	**(8,877,169)**	-	(8,881,841)
	736,000	**(8,855,216)**	201,329	(8,664,174)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss and equity for the financial year to a +/-5% (2019: +/-5%) change in the SGD and USD exchange rates at the end of reporting period against the respective functional currency of the companies within the Group, with all variables held constant.

	Increase/(Decrease) Net loss and the equity for the financial year 2020 RM	2019 RM
SGD/RM		
- Strengthened	**442,761**	433,209
- Weakened	**(442,761)**	(433,209)
USD/RM		
- Strengthened	**(36,800)**	(10,067)
- Weakened	**36,800**	10,067

33.2 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

33.3 Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and Company do not have financial instrument measured at fair value.

Notes to the Financial Statements (cont'd)

34. Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditors and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders, sell assets to reduce debts or issue new shares.

There were no changes in the Group's approach to capital management during the financial year.

35. Significant events during the financial year and after the reporting date

35.1 Changes in group structure

(i) Acquisition of a subsidiary

On 1 February 2020, Era Surplus Sdn. Bhd., a wholly-owned subsidiary has acquired the remaining 51% equity interest in Seasten Sdn. Bhd. for total consideration of RM1,971,200. As a result, Seasten Sdn. Bhd. has changed from a joint venture to become a wholly-owned subsidiary.

The fair value of identifiable assets acquired and liabilities assumed at the date of acquisition is as follows:-

	RM
Property, plant and equipment	6,965,476
Trade receivables	5,721,001
Other receivables	85,466
Cash and bank balances	43,746
Trade payables	(139,183)
Other payables	(3,380,256)
Tax payable	(78,266)
Total identifiable assets and liabilities	9,217,984
Less: Bargain purchase	(2,729,972)
Total deemed purchase consideration	6,488,012
Less: cost of investment in a joint venture	(7,516,002)
Add: Post acquisition reserves	870,593
Add: Loss on remeasurement	2,128,597
Purchase consideration	1,971,200
Less: Settled by way of capitalisation of trade receivable	(1,971,200)
Add: Cash and cash equivalents acquired	43,746
Acquisition of a subsidiary, net cash acquired	43,746

Notes to the Financial Statements (cont'd)

35. Significant events during the financial year and after the reporting date (cont'd)

35.1 Changes in group structure (cont'd)

(ii) Derecognition of a subsidiary

During the financial year, the Company has derecognised 55% equity interest in Era Sureway Sdn. Bhd. on 30 June 2020 from investment in subsidiary to investment in joint venture for total consideration of RM560,000.

The effect of derecognition on the financial position of the Company at the date of derecognition is as follows:-

	RM
Property, plant and equipment	10,618,305
Inventories	56,790
Trade receivables	7,264,501
Other receivables	134,184
Fixed deposit with a licensed bank	1,709,852
Cash and bank balances	3,594,286
Trade payables	(1,386,782)
Other payables	(7,799,242)
Tax payable	(785,058)
Deferred tax liabilities	(671,719)
Amount due to inter-companies	(8,336,547)
Net assets	4,398,570
Investment in joint venture	(467,859)
Loss on derecognition	(3,370,711)
Proceeds from derecognition	560,000
Less: Cash and cash equivalents derecognition	(3,594,286)
Net cash outflows from derecognition	(3,034,286)

35.2 Coronavirus ("COVID-19") implications

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government had imposed the Movement Control Order ("MCO") starting from 18 March 2020 and to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak had also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in worldwide and markets in which the Group operates.

The Group was significantly impacted by the COVID-19 as the Group was not allowed to operate during MCO period and only resumed its operations after MCO. Due to COVID-19 situation is still uncertain, the Group has implemented the standard operating procedures in compliance with the requirements of the government to avoid the spreading of COVID-19 cases. Besides the operational issues, the financial performance of the Group has been heavily impacted by the disruption of its operations during the period of various MCOs and the increase in the number of COVID-19 cases.

Notes to the Financial Statements (cont'd)

35. Significant events during the financial year and after the reporting date (cont'd)

35.2 Coronavirus ("COVID-19") implications (cont'd)

The Government of Malaysia has again imposed the MCO and Conditional Movement Control ("CMCO") for selected states which are severely affected by the COVID-19 subsequent to the financial year on 11 January 2021. Besides, the Agong of Malaysia declared state of emergency for the country until 1 August 2021 to curb the spread of COVID-19 on 12 January 2021. The Group's business was allowed to operate throughout the MCO/ CMCO period, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. However, the COVID-19 pandemic situation is still evolving and uncertain as at the date of authorisation of the financial statements, the Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

36. Comparative information

The comparative figures were audited by another auditors other than Grant Thornton Malaysia PLT. Certain comparative figures were reclassified to conform with current year's presentation.

Landed Properties

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approximate Age of the Building (Years)	Tenure (Years)	Date of Lease Expires	Net Book Value as at 31.12.2020 (RM)
SEALINK SHIPYARD SDN BHD 199001004286 (195853-D)							
Lot 156, Block 5, Kuala Baram Land District / [Lot 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant agriculture land	N/A	8,050	N/A	60	02.08.2071	168,533
Lot 816, Block 1, Kuala Baram Land District (formerly known as Lot 1282, Kuala Baram Land District) / [Lot 816, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Industrial land and building	Shipyard, slipway and fabrication yard	116,170	13	60	27.02.2056	19,589,447
Lot 1341, Miri Concession Land District / [Lot 1341, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	Vacant workshop and vacant workers quarters	1,971	12	60	31.12.2027	261,851
Lot 2142, Block 4, Miri Concession Land District / [Lot 2142, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	Shipyard with one (1) detached building (workers quarters and vacant workshop)	4,700	12	60	24.02.2052	1,409,194
Lot 1339, Miri Concession Land District / [Lot 1339, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	One (1) single storey office cum workshop	4,059	51	60	31.12.2027	459,001
Lot 372, Block 1, Kuala Baram Land District / [Lot 372, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant industrial land	N/A	123,780	N/A	60	07.04.2057	8,848,093
SEALINK SDN BHD 197401003313 (20471-D)							
Lot 1340, Miri Concession Land District / [Lot 1340, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	Utilise as a shipyard with one (1) detached building (workshop and warehouse)	4,039	41	60	31.12.2027	933,592

Landed Properties (continued)

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approxi-mate Age of the Building (Years)	Tenure (Years)	Date of Lease Expires	Net Book Value as at 31.12.2020 (RM)
SEALINK SDN BHD 197401003313 (20471-D)							
Lot 8133, Block 1, Lambir Land District (formerly known as Lot 1802, Lambir Land District) [2/10th undivided right title share & interest] / [2 ½ Mile, Kilometre 4, Riam Road, Miri, Sarawak]	Vacant agriculture land	N/A	23,110	N/A	60	02.10.2071	73,695
BARAM MOULDING INDUSTRIES SDN BHD 199001009301 (200873-D)							
Lot 323, Block 1, Kuala Baram Land District (formerly known as Provisional Lease Lot 2040, Kuala Baram Land District) / [Lot 323, Kuala Baram Industrial Estate, 98100 Miri, Sarawak]	Industrial land and buildings	Used for three (3) detached buildings utilised as office, storage yard & lathe workshop	19,750	12	60	17.07.2058	3,269,945
BRISTAL VIEW SDN BHD 199201021881 (253385-T)							
Lot 8139, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) / [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant industrial land	N/A	9,841	N/A	999	02.08.2865	569,824
Lot 12039, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) / [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant industrial land	N/A	31,330	N/A	999	02.08.2865	1,814,104
ALIRAN SAKSAMA SDN BHD 199801017076 (473205-H)							
Lot 288, Block 1, Kuala Baram Land District / [Lot 288, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Industrial land and building	Two (2) blocks of workers quarters	19,647	11	60	22.10.2067	1,880,291

Analysis of Shareholdings
As at 22 April 2021

Class of Equity Security

Issued and paid up capital	:	RM329,086,883.00 comprising of 500,000,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (on a poll)

Distribution of Shareholdings

	No. of Holders	%	No. of Holdings	%
1 - 99	5	0.12	217	0.00
100 - 1,000	909	22.67	245,896	0.05
1,001 - 10,000	1,512	37.71	9,517,487	1.90
10,001 - 100,000	1,280	31.92	46,651,400	9.33
100,001 - 24,999,999 *	301	7.51	221,405,001	44.28
25,000,000 and above **	3	0.07	222,179,999	44.44
Total	**4,010**	**100.00**	**500,000,000**	**100.00**

Remark : * less than 5% of issued holdings
: ** 5% and above of issued holdings

Directors' Shareholdings

No	Name Of Directors	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	0.01	-	-
2.	Datuk Sebastian Ting Chiew Yew	137,500	0.03	-	-
3.	Toh Kian Sing	-	-	-	-
4.	Wong Chie Bin	30,000	0.01	-	-
	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Chie Bin (7000978)	60,000	0.01	-	-
5.	Yong Kiam Sam	67,382,399	13.48	154,797,600 *	30.96
	Total	**67,639,899**	**13.54**	**154,797,600**	**30.96**

Note :

* Deemed interest by virtue of his father, Yong Foh Choi's substantial shareholding in Sealink Holdings Sdn. Bhd. and also his father's shareholding in the Company

Substantial Shareholders

No	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Sealink Holdings Sdn. Bhd.	109,080,800	21.82	-	-
2.	Yong Kiam Sam	67,382,399	13.48	154,797,600	30.96
3.	Yong Foh Choi	45,716,800	9.14	176,463,199	35.30

Analysis of Shareholdings (continued)

Thirty (30) Largest Shareholders

No.	Name	Shareholdings	%
1.	Sealink Holdings Sdn. Bhd.	109,080,800	21.82
2.	Yong Kiam Sam	67,382,399	13.48
3.	Yong Foh Choi	45,716,800	9.14
4.	Nor Iskandar Naini Bin Hanifah	20,000,000	4.00
5.	Abu Bakar Bin Uzir	13,500,000	2.70
6.	Abang Muhammad Fahkrie Bin Abang Arbie	10,110,500	2.02
7.	Shahrul Hafiz Bin Mohd Sharif	7,100,000	1.42
8.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An For Barclays Capital Securities Ltd (SBL/PB)*	6,631,300	1.33
9.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Poh Choo*	6,000,000	1.20
10.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For* *Ahmad Nazim Bin Abd Rahman (MY1753)*	5,000,000	1.00
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Kok Weng (MY2166)*	5,000,000	1.00
12.	Koh Chit Khoon	5,000,000	1.00
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Poh Choo*	4,700,000	0.94
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Boon Way (E-SPI/JTA)*	4,005,300	0.80
15.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeoh Poh Choo*	3,695,500	0.74
16.	Koh Pee Seng	3,600,000	0.72
17.	Toh Pik Chai	3,500,000	0.70
18.	Cheah Meow Choong	2,600,000	0.52
19.	HSBC Nominees (Asing) Sdn Bhd *Credit Suisse (Hong Kong) Limited*	2,568,500	0.51
20.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB For Doh Jee Ming (PB)*	2,500,000	0.50
21.	Wong Kang Yeow	2,500,000	0.50
22.	Yii Siew Sang	2,198,400	0.44
23.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Koh Chit Soon*	2,000,000	0.40
24.	Ang Cheng Ean	2,000,000	0.40
25.	Data Hasrat Sdn Bhd	2,000,000	0.40
26.	Justin Ong Seng Beng	2,000,000	0.40
27.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Too Boon Siong*	2,000,000	0.40
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For So Teng Onn (E-SS2)*	2,000,000	0.40
29.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Tian An*	1,975,000	0.40
30.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ong Wee Khiang*	1,900,000	0.38
	Total	348,264,499	69.65
	Shareholdings	500,000,000	

Online Version

The online version of the 2020 Annual Report can be viewed at https://bit.ly/2YA4Olq

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2. Run the QR Code Reader app and scan the QR Code
3. After scanning the QR Code you will be able to access the following documents:
   a. Annual Report 2020
   b. Notice of AGM
   c. Proxy Form
   d. Requisition Form

Proxy Form

No. of Shares Held : ____________

SEALINK INTERNATIONAL BERHAD
Registration No. 200701042948 (800981-X)

I/We ______________________________ NRIC No./Company No. ______________________

of ____

being *a member/members of **SEALINK INTERNATIONAL BERHAD** hereby appoint ______________________

______________________________ NRIC No. ______________________

of ____

or failing him/her, ______________________________ NRIC No. ______________________

of ____

or Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Thirteenth Annual General Meeting ("13th AGM") of Sealink International Berhad ("the Company") will be held at the Meeting Room, 1st Floor, Admin Block, Sealink Engineering and Slipway Sdn Bhd, Lot 816, Block 1, Kuala Baram Land District, 98100 Kuala Baram Miri, Sarawak, on Wednesday, 23 June 2021 at 11:00 a.m. and at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2021.		
2.	To re-elect Mr Eric Khoo Chuan Syn @ Khoo Chuan Syn as Director of the Company.		
3.	To re-elect Mr Toh Kian Sing as Director of the Company.		
4.	To appoint Messrs GRANT THORNTON MALAYSIA PLT as the Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.		
5.	Retention of Mr Wong Chie Bin as Independent Non-Executive Director.		
6.	Retention of Mr Toh Kian Sing as Independent Non-Executive Director.		
7.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

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

Dated this ______ day of ___________, 2021.

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. Only Depositors whose names appear in the General Meeting Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 June 2021 be regarded as Members and shall be entitled to attend, speak and vote at the 13th AGM.
2. A Member entitled to attend, speak and vote at the 13th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member of the Company is an exempt authorised nominee 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak, not less than 48 hours before the time set for this 13th AGM or any adjournment thereof.
6. As a precautionary measure against the spread of Covid-19, members are strongly encourage to appoint the Chairman of the meeting as their proxies to vote in their stead.
7. The Company will continue to monitor the Covid-19 pandemic situation closely and may adopt further procedure and measures at short notice as public health situation changes, members can check further update on the Company's website at www.asiasealink.com.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

SEALINK INTERNATIONAL BERHAD

Registration No. 200701042948 (800981-X)

Lot 1035, Block 4, MCLD
Piasau Industrial Area
98000 Miri, Sarawak

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Details of the Group

PLACES OF OPERATIONS / OFFICES

Headquarters

Lot 1035, Block 4, MCLD,
Piasau Industrial Area,
98000 Miri, Sarawak
Tel : 085-651 778
Fax : 085-652 480
Email: DL-Secretariat@asiasealink.com
Website: www.asiasealink.com

Other Places of Operations

Lot 816, Block 1,
Kuala Baram Land District,
98100 Kuala Baram Miri, Sarawak
Tel : 085- 605 767
Fax : 085- 605 428

Lot 1339, Jalan Cattleya 1,
MCLD, Krokop, 98000 Miri, Sarawak
Tel : 085-605 767
Fax : 085-605 428

545 Orchard Road #09-07,
Far East Shopping Centre,
238882 Singapore
Tel : +65 6737 7911
Fax : +65 6737 4889

Lot 20, Manmohan's Warehouse,
Jalan Patau Patau,
87000 Wilayah Persekutuan Labuan
Tel : 087-581 686
Fax : 087-582 686

Lot 18234 Ground Floor & First Floor,
Jalan Air Putih, Kampung Jaya,
24000 Chukai Kemaman,
Terengganu
Tel : 09-850 4012
Fax : 09-850 4013

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