SEALINK INTERNATIONAL BERHAD
(800981-X)

ANNUAL
REPORT
2017

SEALINK INTERNATIONAL BERHAD
(800981-X)

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 Optimization 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 Foh Choi
Non-Independent Executive Director
Managing Director

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

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

Datuk Sebastian Ting Chiew Yew
Independent-Non Executive Director

Toh Kian Sing
Independent-Non Executive Director

Wong Chie Bin
Independent-Non Executive Director

Audit Committee

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

Nominating Commitee

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

Remuneration Committee

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

Company Secretary

Yeo Puay Huang (LS 0000577)

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 : sealink@asiasealink.com
Website : www.asiasealink.com

Registrar

Securities Services (Holdings) Sdn Bhd (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

Ernst & Young (AF : 0039)
4th Floor, Unit 4.1, Lot 698
Wisma Yong Lung
Pelita Commercial Centre
98000 Miri, Sarawak
Tel : 085-423 881
Fax : 085-413 921

Principal Bankers

Hong Leong Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia) Bhd
Standard Chartered Saadiq Berhad
Malayan Banking Berhad
DBS Bank Ltd

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 800981-X

SINGAPORE

Chartering

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

LABUAN

Chartering

- Sealink Offshore (L) Ltd LL06872 — 100%
  - Sealink Resources (L) Ltd LL06873 — * 100%
  - Sealink Marine (L) Ltd LL06874 — * 100%
  - Sealink Antarabangsa Ltd LL07806 — 100%
  - Perkasa Asia Corporation Ltd LL07807 — 100%
  - Hanvoir (L) Ltd LL09810 — 100%

MALAYSIA

Chartering

- Sealink Sdn. Bhd. 20471-D — 100%
- Sutherfield Resources Sdn. Bhd. 467227-T — 100%
- Cergas Majusama Sdn. Bhd. 635714-U — 100%
- Midas Choice Sdn. Bhd. 646673-H — 100%
  - Sea Legend Shipping Sdn. Bhd. 703278-W — 100%
    - Mitra Angkasa Sdn. Bhd. 974404-T — 100%
    - Logistine Sdn. Bhd. 896190-T — 25%
- Euroedge Sdn. Bhd. 571944-T — 100%
- Sealink Marine Sdn. Bhd. 226309-A — 100%
- Godrimaju Sdn. Bhd. 535404-U — 100%
- Seabright Sdn. Bhd. 30204-K — 100%
- Sea Alpha Sdn. Bhd. 886816-V — ** 100%
- Sealink Pacific Sdn. Bhd. 191968-H — 100%
  - Bristal View Sdn. Bhd. 253385-T — 100%
- Era Sureway Sdn. Bhd. 687555-V — 45%
- Navitex Shipping Sdn. Bhd. 620404-K — ** 100%
- Sealink Management Sdn. Bhd. 250551-H — 100%
- Era Surplus Sdn. Bhd. 648806-D — 100%
  - Seasten Sdn. Bhd. 1054955-A — 49%

Shipbuilding and Repair

- Sealink Engineering and Slipway Sdn. Bhd. 653820-H — 100%
  - Baram Moulding Industries Sdn. Bhd. 200873-D — 100%
- Sealink Shipyard Sdn. Bhd. 195853-D — 100%
  - Aliran Saksama Sdn. Bhd. 473205-H — 100%

* Company struck-off as at 6 September 2017

** Company applied to strike-off on 28 December 2017

Notice of Annual General Meeting

NOTICE OF TENTH ANNUAL GENERAL MEETING ("10th 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 Tuesday, 22 May 2018 at 11:00 a.m. for the following purposes :

AS ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2017 together with the Report of the Auditors thereon.

2. To approve the payment of Directors' Fees amounting to RM277,830.00 per annum for Non-Executive Directors and RM39,690.00 per annum for Executive Directors for the financial year ending 31 December 2018. **(Resolution 1)**

3. To re-elect Mr Wong Chie Bin who shall retire in accordance with Article 89 of the Company's Articles of Association 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 Article 89 of the Company's Articles of Association and, being eligible, has offered himself for re-election. **(Resolution 3)**

5. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions :

6. Continuation in office as Independent Non-Executive Directors

   (i) "That subject to the passing of Resolution 2, approval be and is given to Mr Wong Chie Bin who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." **(Resolution 5)**

   (ii) "That subject to the passing of Resolution 3, approval be and is given to Mr Toh Kian Sing who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company." **(Resolution 6)**

7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016.

By order of the Board,

Yeo Puay Huang (f)
Company Secretary (LS 0000577)
Dated : 23 April 2018

Notice of Annual General Meeting (continued)

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 May 2018 be regarded as Members and shall be entitled to attend, speak and vote at the 10th AGM.

2. A Member entitled to attend, speak and vote at this 10th 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 authorized 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 authorized 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 authorized 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 authorized.

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 10th AGM or any adjournment thereof.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes

1. The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this Agenda item will not be put for voting.

2. Re-election of directors

   Mr Wong Chie Bin and Mr Toh Kian Sing shall retire in accordance with Article 89 of the Company's Articles of Association and, being eligible, have offered themselves for re-election.

   The profile of the directors who are standing for re-election are stated on pages 6 to 8 of the Annual Report 2017.

3. Continuation in office as Independent Non-Executive Directors

   The proposed Resolutions 5 and 6 are to seek shareholders' approval to retain Mr Wong Chie Bin and Mr Toh Kian Sing as Independent Non-Executive Directors. They have served the Company as Independent Non-Executive Directors since May 2008 for more than nine (9) 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 possess vast commercial experience and knowledge that complements the Company's board composition, and continue to provide valuable insights and contributions to the Board;

   - They have participated in board discussions and they are able to bring independent and objective judgements to the Board.

   The proposed Resolution 5 would also allow Mr Wong Chie Bin to serve as Chairman of the Audit Committee pursuant to the requirements of Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of Directors

Yong Foh Choi

Managing Director
Non-Independent Executive Director

Nationality/Age/Gender:
Malaysian/79/Male

Date of Appointment:
28 December 2007

Academic/Professional Qualification(s):
- Founding member of Bumi Armada Navigation Sdn Bhd (BANSB)
- Founder of Sealink Group of Companies
- Prominent businessman

Working Experience:
- Ventured SSB's business direction into chartering OSVs to the offshore oil and gas industry (1997-present)
- Formed Sealink Sdn Bhd (Company No. 20471-D) (SSB) to provide chartering services of marine vessels to non-oil and gas industries (1993-1997)
- Managing Director of Bumi Armada Navigation Sdn Bhd (BANSB) (1974-1993)
- Diversified Yong Foh Choi & Sons Enterprise Sdn Bhd (Company No. 20716-P) into property development, shipping and offshore logistics support services (Mid 1970s)
- Incorporated Yong Foh Choi & Sons Enterprise Sdn Bhd (Company No. 20716-P) to spearhead his own business interest in timber extraction, imports and exports (Early 1960s)

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:
   The father of Yong Kiam Sam, who is a Director and also the Chief Executive Officer (CEO) of Sealink International Berhad (SIB).
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 2017: NIL
4. The number of board meetings attended in the financial year: 6/6

Yong Kiam Sam

Chief Executive Officer cum Deputy Managing Director
Non-Independent Executive Director

Nationality/Age/Gender:
Malaysian/47/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, who is a Director 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 2017: Nil
4. The number of board meetings attended in the financial year: 6/6

Profile of Directors (continued)

Wong Chie Bin

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

Nationality/Age/Gender:
Malaysian/62/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, Crowe Horwath
- Over 30 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 2017: NIL
4. The number of board meetings attended in the financial year: 6/6

Toh Kian Sing

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

Nationality/Age/Gender:
Singaporean/53/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, China Maritime Arbitration Commission, 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 2017: NIL
4. The number of board meetings attended in the financial year: 5/6

Profile of Directors (continued)

Eric Khoo Chuan Syn @ Khoo Chuan Syn

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

Nationality/Age/Gender:
Malaysian/62/Male

Date of Appointment:
20 May 2008

Academic/Professional Qualification(s):
- Bachelor of Laws (LLB) Hons, University of Wolverhampton, England, United Kingdom

Working Experience:
- Practising Advocate and Solicitor, Khoo & Co (1982-present)
- Magistrate, Judicial Department (1979 – 1982)
- Barrister-at-Law, Gray's Inn, London, England (1979)

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 2017: Nil
4. The number of board meetings attended in the financial year: 5/6

Datuk Sebastian Ting Chiew Yew

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

Nationality/Age/Gender:
Malaysian/63/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

Working Experience:
- Commissioner for National Water Commission by the Minister of Energy Green Technology and Water Malaysia (May 2016 – present)
- 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)
- Barrister -at-law, Council of Legal Education Lincoln's Inn, London, England (1983)

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 2017: Nil
4. The number of board meetings attended in the financial year: 5/6

Profile of Key Senior Management

Lau Soo Moi

Group Director of the Subsidiaries of Sealink International Bhd

Nationality/Age/Gender:
Malaysian/63/Female

Date of Appointment:
4 June 2010

Academic/Professional Qualification(s):
- Bachelor of Science, London University, United Kingdom
- Diploma in Ship Management, National Sea Training Centre, United Kingdom (Distance Learning)

Working Experience:
- Company Director, Subsidiaries of Sealink International Berhad Group in the Marine Division (2010 – Present)
- General Manager, Sealink Sdn Bhd (2008-2010)
- Assistant General Manager, Sealink Sdn Bhd (2002 – 2008)
- Operations, Administration and Business Development Manager, Sealink Sdn Bhd (1994 – 2002)
- Administration Manager, Bumi Armada Navigation Sdn Bhd and Sealink Sdn Bhd (1985 –1994)
- Manager, Layang Layang Services Sdn Bhd , aviation branch (1981-Present)

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 2016:

   Save for a penalty imposed by Suruhanjaya Syarikat Malaysia (SSM) in December 2016 pertaining to the inadvertent non-submission of Audited Financial Statements by an associate Company amounting to RM4,000 which has since been paid in full, there are no other offences (other than traffic offences) within the past five years or had been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Yong Kiam Miaw

General Manager for Sealink Shipyard Sdn Bhd
Project Manager (Property Development) for Sealink Sdn Bhd

Nationality/Age/Gender:
Malaysian/51/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 2017: Nil

Profile of Key Senior Management (continued)

Capt. Bernard Anak Idit
HSE Manager Cum DPA

Nationality/Age/Gender:
Malaysian/49/Male

Date of Appointment:
2 May 2012

Academic/Professional Qualification(s):
- Master of Foreign Going Ships – (COC, Class 1) – Maritime Academy Malaysia (ALAM) (Degree in Nautical Science -World Maritime University/ALAM)
- Safety And Health Officer Certificate (NIOSH)
- He is also a Certified Safety and Health officer and has obtained his green book in 2008 from Department of Occupational Safety and Health (DOSH) Malaysia. Register SHO (DOSH)SHO-JKKP IS 127/438/2/4992
- Member of Institute Kelautan Malaysia (IKMAL)
- Member of National Institute of Occupational Safety and Health (NIOSH)

Working Experience:
- Throughout his sea career since 1990, he had clocked sea service of more than 15 years sailing to all parts of the world and served onboard various Merchant Ships.
- He decided to quit sailing in 2005 and worked in the Oil and Gas Company based in Miri. During his tenure as the HSE Manager, he has received a number of achievements and awards from charterers, authorities and professional affiliations.
- Borneo Occupational Safety and Health Practitioners' Society (Boshps) serving as vice chairman.

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 2017: Nil

Angelia Chong Pei Cheng
General Manager, Group Finance

Nationality/Age/Gender:
Malaysian/42/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 2017: 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 2017. It has been a challenging but optimistic year for the marine industry, which inevitably impacted our financial performance for the year but gives rise to confidence for the future.

On an encouraging note, the initiatives and strategies undertaken have benefited in reshaping and strengthening the Group, as well as put us in good stead in withstanding challenges. While the oil price and external environment factors are beyond our control, we are focusing on developing our strengths in order to meet challenges better.

MARKET OVERVIEW

The Malaysia oil and gas industry has a healthier outlook in 2018 with Brent crude oil price breaching the key psychological mark of USD60 per barrel (bbl). This is supported by robust oil consumption demand, which coupled with OPEC's adherence to production cuts and extension of the production cuts until end 2018 has led to steady global inventory drawdowns. This is a promising signal as far as market rebalancing is concerned and will continue to support a positive oil price movement hereon, as long as the supply side is capped by market participants.

Global capex budgets are expected to remain resilient in 2018 and accelerate in 2019 albeit from a low base as oil price averages to the USD65/bbl mark. Already, we are seeing signs of recovery along the value chain in 2018 for global offshore activities. Oil and gas service providers with regional or global footprint are well poised to capitalise on this trend.

The Organization of the Petroleum Exporting Countries ("OPEC") and non-OPEC oil producers agreed on 30 November 2017 in Vienna to extend the current agreement of cutting oil output. The decision was taken amid unprecedented unanimity between Saudi Arabia and Russia, two of the world's largest oil producers. The deal also places production caps for the first time on Nigeria and Libya, which were exempt from the cuts and this has resulted in an unexpected supply glut in the early part of 2017. Thus, fewer supply side surprises are expected from the OPEC and non-OPEC bloc in 2018. *(Source: DBS Group Research report 2018)*

World oil demand would grow faster than expected in 2018 because of a healthy world economy, adding a tailwind to the producer group's effort to remove a supply glut by cutting output. The global market is expected to return to balance only towards the end of 2018, no earlier than previously thought, as higher prices encourage the United States and other non-member producers to pump more. World oil demand is expected to rise by 1.59 million barrels per day (bpd) this year, an increase of 60,000 bpd from the previous forecast. *(Source: OPEC)*

Demand for Offshore Support Vessels (OSV's) is driven by production support, rig support and to some extent, offshore and subsea construction support. Continuous production support is by far the most important driver for OSV's, while rig support is the main driver for the Anchor Handling Tug Supply segment.

With oil price recovering, we believe that the demand for oil services will come back first for the shallow water segments, as these typically have a lower breakeven cost. This will be beneficial for the Group which has these vessel types.

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 2 work barges) with total value amounting to about RM1.4 billion. 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 is diversifying into the construction of harbor tugs and other non-oil and gas vessels.

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

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (continued)

Our ship operations are based in Miri, Sarawak with branch offices located in Labuan, Kemaman and Singapore. The shipping division has a fleet of thirty four (34) 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 rationalization and optimization of human resources where only critical positions are filled when the 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 minimize the risk of inventory obsolescence;
- Effective cash flow management.

Notwithstanding the challenges faced, the Group is always on the look-out for strategic alliances with business partners, especially those which niche expertise for better market reach, all with the view of enhancing shareholder value. On this premise, the Group entered into two joint venture agreements in November 2017 to have direct access and involvement with national and international oil majors and participate in their tendering exercises directly.

With the ongoing initiatives in rationalizing and optimizing costs and exposures, we believe the Group will be well poised and positioned to tide over the prevailing business challenges.

OVERVIEW OF FINANCIAL PERFORMANCE

Financial results

The Group's financial position has improved despite a contraction in earnings. Revenue for financial year ("FY") 2017 declined by RM48 million or by 38%, primarily due to reduced charter hire income. Nevertheless, loss net of tax has improved by more than 10% or RM7 million. This is in line with the ongoing initiatives in rationalizing and optimizing costs and exposures which have significantly reduced our cost of sales and other operating expenses & administrative expenses by RM42 million and RM22 million respectively. Finance costs have also reduced substantially, by more than 20%, from RM12.4 million to RM9.5 million as some loans have been cleared.

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

Liquidity and resources

Despite suffering a loss in FY2017, on a positive note, net cash flows from operating activities amounted to RM27 million. 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.

Borrowings reduced significantly to RM188 million from RM252 million in 2016, a drop of more than 25%. This speaks well on the viability of the Group's business despite the tough 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.

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 maximize 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 is also required by certain banks to maintain a gearing ratio of not exceeding a certain percentage varying between 100% and 200%. The Group's Company's strategy is to maintain gearing ratio of 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 55% in 2016 to 49% in 2017.

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 FY2017.

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.

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, Whistle-Blowing Policy, Code of Conduct for Directors and employees of the Group, Corporate Disclosure Policies and Procedures and Sustainability 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.

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

OUTLOOK AND PROSPECTS

Although market sentiments are still cautious, there is more optimism over prospects for the oil and gas industry in light of moderate oil price recovery trend. The Group will continue to manage costs and increase efficiency in this turbulent economic climate. Riding on our strong foundation, we are confident that the Group will achieve good results going forward.

Based on industry analyst reports, oil prices will hover around USD50 to USD60 per barrel in 2018 as crude prices have rallied on the extension of OPEC and non-OPEC members' production cuts, and the market could refocus on the revival of US shale gas production.

According to Kenanga Research, tendering activities have been on the rise and oil majors are reviewing projects suggesting that they are relatively more upbeat on the upstream sector following the stabilisation of oil prices.

Petronas' Activity Outlook for 2018-2020 also indicates most upstream sub-segments' activities in 2018 were revised higher compared to the previous report. Research indicates that the upward revision could be due to the delayed work orders last year being pushed to 2018 which may potentially lead to better contract flows and further provide order-book replenishment opportunities for the supporting sectors.

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 environment 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 will be well positioned to tide over the current business challenges.

With the Government lending stronger support to the maritime industry with the recent launch of the Malaysia Shipping Master plan, the country is set to become a self-sufficient and internationally competitive nation, that can benefit us along the maritime industry supply chain.

Barring any unforeseen circumstances or events, the Board is optimistic that demand for offshore marine support vessels will improve with further increased expenditure in offshore oil field development and maintenance work by the oil majors. The outlook seems to be improving in anticipation of a shipping recovery.

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 confidence and belief in the prospects of our Group. To our clients, business partners, associates and principals; for their continuous support 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 efforts 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. Let us maintain our commitment to steer towards greater heights in the future together.

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

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 : Toh Kian Sing (Independent Non-Executive Director)
: Eric Khoo Chuan Syn @ Khoo Chuan Syn (Independent Non-Executive Director)
: Datuk Sebastian Ting Chiew Yew (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 2017.

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

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 Directors, General Manager Group Finance, Head of Treasury / Corporate Compliance 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 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 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;
- 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;
- 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 audited annual 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 2017 tabled by the Risk Management Committee, which provided the top five (5) significant risks, control issues and summary of risk assessment;
- 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;

Audit Committee Report (continued)

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

- 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 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 dormant/inactive companies to be wound up/ struck off;
- reviewed the impairment of assets of the Group;
- reviewed the material bank reconciliations of the Group;
- reviewed the Group's trade receivables and trade payables and sought relevant explanations from Management to better understand how receivables and payables were managed;
- reviewed the Company's Corporate Governance Statement, Audit Committee Report, the Statement on Risk Management and Internal Control Statement and Statement on Corporate Social Responsibility, before recommending them for approval by the Board for inclusion in the 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 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, 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 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;
- 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 3 April 2018.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors (the "Board") is pleased to present the Statement on Risk Management and Internal Control (the "Statement"), which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2017 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

This is in line with Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which stipulates that a listed issuer must ensure that its Board of Directors issues a statement about the state of risk management and internal control of the listed issuer as a group and 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 the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets, including reviewing the adequacy and operating effectiveness of the system in meeting the Group's objectives.

The Board is assisted by the management in implementing the Board's policies and procedures on risk and control by identifying, evaluating and managing business risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent practices.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES AND PROCESSES

The key features and processes that have been established to ensure the adequacy and effectiveness of the Group's governance, risk management and internal control system are as follows:

1. Risk Management

The Board provides full support to implement the risk management framework and processes with an appropriate organizational structure and ensure that roles, responsibilities and accountabilities are clearly defined and communicated at all levels.

The Group has an ongoing risk management process which includes identifying, evaluating and managing of significant risks that may affect the achievement of Group objectives. Understanding the risks we face and managing them appropriately will enhance our ability to make better decisions, an improved performance to achieve objectives and subsequently assist in the creation, protection and maximization of value. This will also assist the Board and Management in maintaining a sound internal control system within the Group and safeguard shareholders' investment and the Group's assets.

Risk management is embedded in the Group's management system. The Management and all heads of department/ business units of the Group are involved in the identification and management of significant risks. It is the general duty and responsibility of all personnel of the Group to adhere to the framework and at all times be conscious of the risks related to their actions and decisions that may adversely affect the operations, reputation and assets of the Group. This includes carrying out jobs in a careful and conscientious manner that contributes to the high ethics and culture within the Group. The deliberations of risks and related mitigating activities are carried out at regular management meeting of the Group.

Statement on Risk Management and Internal Control (continued)

1. Risk Management (continued)

The Risk Management Committee (RMC) was established to provide risk oversight and assess risk management matters relating to the Group prudently. The critical risks were documented and deliberated at the Risk Management Committee (RMC) meeting for onward reporting to the Audit Committee and Board for notation, including any concerns that were raised for follow-up.

2. Organizational and reporting Structure

The Group has an established organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. Key duties are segregated amongst different personnel of major business divisions and key processes, such as shipbuilding and chartering operations, financial management and reporting, treasury, capital expenditure management, human resource management and information management. Segregation of duties amongst different personnel is in place such that no one personnel is involved in the entire business of the Group from requisition for goods or services, ordering from vendors, receiving or having custody of the goods or services, recording of transactions and approval of payments.

A process of hierarchical reporting is established via a structured organization chart, which provides for a documented and auditable trail of accountability in respect of decisions made and executed. During the financial year under review, management and operations meetings conducted by Senior Management which comprises the Chief Executive Officer, Director and divisional heads, were held to oversee the financial and operational performance of the Group, including the discussion of challenges faced in operations and action plans to address the concerns. The proceedings of such meetings were recorded by way of minutes which were tracked for follow-up action plans.

3. Group Limits of Authority

The Group has an established Group Limits of Authority ("GLOA") manual which sets out the authorization limits for the Group's management and staff and also those matters requiring Board approval to ensure accountability, segregation of duties and control over the Group's financial commitments. The GLOA manual is reviewed and updated from time to time to be aligned with business, operational and structural needs and changes.

4. Policies and Procedures

Policies and procedures to ensure compliance with risk management, internal controls and relevant laws and regulations are set out progressively in the standard operating procedures of the department or divisions. The Group has established internal policies and procedures covering key business units and operations including ISO certification for the Group's shipbuilding division that provides for an orderly processes and documentation system on its activities. These policies and procedures are reviewed and revised periodically to ensure its relevance to address the changing environment, operational requirement and changes of risk.

5. Audit

Internal and external Audit are outsourced to independent professional firms, which report directly to the Audit Committee.

Audit engagements are carried out based on the annual audit plan approved by the Audit Committee and take into consideration feedbacks from the Management. Internal Audit assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures and relevant laws and regulations and also, at times, benchmark against available best practices.

Statement on Risk Management and Internal Control (continued)

5. Audit (continued)

The areas covered by the Internal Audit Function for the financial year under review encompassed key processes such as financial and treasury management, fixed assets management, operations (covering purchasing, logistics, information management, inventory management, human resource management, safety and security, chartering and operations management), regulatory compliance and governance undertaken by significant companies in the Group involved in the shipbuilding and chartering operations.

There was no restriction placed upon the scope of the Internal Audit scope of work and representatives of the Internal Audit Function were allowed unrestricted access to the records and relevant personnel of the Group.

For any significant weaknesses or gaps identified in the governance processes, risk management processes and controls during the engagement, Internal Audit provides recommendations to Management to improve their design and effectiveness of controls where applicable. At the Audit Committee meetings where the reports of the Internal Audit findings were tabled, pertinent clarification were sought from Management, thus enabled the Audit Committee to assess on the adequacy and operating effectiveness of the Group's risk management and internal control system in meeting the corporate objectives. The Audit Committee in turn briefed the Board on any critical issues highlighted by the Internal Auditors, including remedial measures to be implemented by Management.

In addition, Internal Audit assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control processes for two (2) cycles to the Audit Committee based on the engagements carried out within the financial year ended 31 December 2017.

The costs incurred on the Internal Audit Function for the financial year under review amounted to approximately RM72,080.

The External Auditor's annual plan which comprises planned audit services (inclusive of the quarterly review on the quarterly financial results and other regulatory reporting requirements), recurring non-audit services and non-recurring non-audit services are tabled annually to the Audit Committee for deliberation and approval.

Assurance by the Chief Executive Officer and General Manager, Group Finance on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Chief Executive Officer and General Manager, Group Finance that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control system and that relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on observations raised by the Internal Auditors and External Auditors directly to the Audit Committee.

The Board is not aware of any significant weaknesses in the risk management and internal control system that has resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. Notwithstanding this, the Board, through Management, continues to take measures to strengthen the Group's risk management and internal control system from time to time based on recommendations of the Internal Audit Function as well as the External Auditors.

Statement on Risk Management and Internal Control (continued)

Review of Statement by the External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in 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* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

This Statement is issued in accordance with a resolution of the Board dated 3 April 2018.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Sealink International Berhad ("SIB") recognizes the importance of adopting high standards of corporate governance, not only to safeguard stakeholders' interests but also to enhance shareholder 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 2017. The detailed application by SIB for each practice as set out in the MCCG 2017 during the financial year 31 December 2017 ("FY 2017") is disclosed in the Corporate Governance Report ("CG Report").

BOARD OF DIRECTORS

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, also contains a formal schedule of matters reserved to the Board for deliberation and decision, for example discussion on strategic matters, so that the control and direction of the Company's businesses are in its hands.

The Board Charter is subject to periodic review to ensure it continues to be relevant, especially when there is a need to revise the clauses in tandem with changes in regulatory requirements which affect the Board's role. Briefings by the Company Secretary to the Board on regulatory changes is one of the sources to determine if the Charter needs to be revised. In line with the MCCG 2017 , the Company has uploaded the Board Charter on its website www.asiasealink.com.

Duties and Responsibilities of the Board

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

- review and adopt a strategic or business plan, as developed by Management, incorporating the development of risk policy, annual budgets and long-term business plans, taking into account the sustainability of the Company's business, with consideration given to the environmental, social and governance elements of the business;
- oversee the conduct and governance of the Group's businesses and evaluate whether or not they are being properly managed to achieve corporate objectives – this process is normally carried out at scheduled Board meetings with the proceedings and outcome thereof recorded;
- identify principal business risks faced by the Group, and ensure the implementation of appropriate internal controls and mitigating measures to manage such risks;
- succession planning - ensure that all candidates appointed to Senior Management and Board positions are of sufficient calibre and that there are processes to provide for the orderly succession of Senior Management and members of the Board. Positions of key personnel are normally discussed by Directors, via the Nominating Committee, whenever vacancies arise, in particular the positions of Board Chairman and female Director;
- oversee the development and implementation of a shareholder communication policy – apart from the usual engagement and communication with shareholders via the General Meetings and announcements uploaded in the Company's website, this process is augmented by a General Manager who oversees investor relations;

Corporate Governance Overview Statement (continued)

Duties and Responsibilities of the Board (continued)

- review the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a sound framework of reporting internal control and regulatory compliance issues; and
- oversee the Group's adherence to high standards of conduct and corporate behavior, including the Code of Ethics for Directors of the Company and Employee Handbook for employees of the Group.

Board Composition, Diversity

At the date of this Statement, the Board consists of six (6) members, comprising two (2) Executive Directors 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 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 specializations, 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 Managing Director and the Chief Executive Officer oversee 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 of the Executive Directors 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 three (3) Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee – the Executive Directors are invited to attend Board Committee meetings to provide relevant input and insights to the agenda items.

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 Six (6) 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.

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 the discussions. Whilst the Chief Executive Officer 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 judgment on interests, not only of the Company, but also of shareholders and stakeholders.

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 of the Independent Directors, namely Mr Wong Chie Bin and Mr Toh Kian Sing have served for a cumulative period exceeding nine (9) years.

Corporate Governance Overview Statement (continued)

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 decisions are 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.

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 meetings 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 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.

Corporate Governance Overview Statement (continued)

Board Meetings (continued)

There were Six (6) Board meetings held during the financial year ended 31 December 2017, with details of Directors' attendance set out below:

Name of Director	Attendance
Yong Foh Choi	6/6
Yong Kiam Sam	6/6
Wong Chie Bin	6/6
Toh Kian Sing	5/6
Eric Khoo Chuan Syn @ Khoo Chuan Syn	5/6
Datuk Sebastian Ting Chiew Yew	5/6

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.

BOARD OF COMMITTEES

The Board has established several Board Committee whose compositions and Terms of reference are in accordance with Bursa and the Best Practices prescribed by MCCG and specified in the Board Charter.

Audit Committee

The Audit Commitee, 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);
- Toh Kian Sing;
- Eric Khoo Chuan Syn @ Khoo Chuan Syn; and
- Datuk Sebastian Ting Chiew Yew.

Nominating Committee

The Nominating Committee, established by the Board with specific terms of reference, comprises the following Independent Non-Executive Directors as its members:

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

The Nominating Committee 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 Nominating Committee considers recommendation of candidate for directorship by shareholders or existing Directors. Based on its terms of reference, the Nominating Committee carries out the assessment process regardless of whether the candidate is for new appointment or re-appointment.

Corporate Governance Overview Statement (continued)

Nominating Committee (continued)

The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review and as at the date of this Statement, the Nominating Committee met twice (2 times), attended by all members. During the meetings, the Nominating Committee 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;
- discussed the search for a Board Chairman and female Director;
- 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 – Towards Boardroom Excellence 2nd 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 – Towards Boardroom Excellence 2nd 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 Nominating Committee, 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, 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:

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

The Remuneration Committee 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.

Corporate Governance Overview Statement (continued)

Remuneration Committee (continued)

During the financial year under review, the Board approved a Remuneration Policy, subject to annual review, to reward members of the Board and Senior Management. The Remuneration Committee recommends to the Board the remuneration of Executive Directors, largely based on their 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. During the financial year, the Committee met twice (2) attended by all members to deliberate and recommend for the Board's consideration on employees' basic remuneration (including bonuses), the remuneration and bonuses of Executive Directors and Directors' fees.

Details of Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2017 are as follows:

	Directors' Fee Company (RM)	Subsidiaries (RM)	Basic Salary (RM)	Benefits-in Kind (RM)	Total (RM)
Executive Director					
Yong Foh Choi	19,845	-	314,777	11,944	346,566
Yong Kiam Sam	19,845	-	579,570	7,000	606,415
Non-Executive Director					
Khoo Chuan Syn @ Khoo Chuan Syn	66,150	-	-	-	66,150
Toh Kian Sing	66,150	-	-	-	66,150
Wong Chie Bin	79,380	-	-	-	79,380
Datuk Sebastian Ting Chiew Yew	66,150	-	-	-	66,150

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 and designation	Training topics and duration
Yong Foh Choi – *Managing Director, Non-Independent Executive Director*	• Recent Amendments To The Listing Requirements Arising From Companies Act 2016 & Dealings In Listed Securities, Closed Period And Insider Trading
Yong Kiam Sam – *Chief Executive Officer cum Deputy Managing Director, Non-Independent Executive Director*	• BIMCO Shipterm Seminar • Seminar on Stacked rigs & Vessels' Reactivation Risks • Transfer Pricing Breakfast Seminar 2017 • Joint ABS-AMSA-MPA-USCG-Singapore (Operating in Australian, Singapore & US Waters) • 2017 Asian Offshore Support Journal

Corporate Governance Overview Statement (continued)

DIRECTORS' TRAINING AND EDUCATION (continued)

Name of Director and designation	Training topics and duration
Wong Chie Bin – *Audit Committee Chairman, Independent Non-Executive Director*	• Withholding Tax in Malaysia-Principles and Latest Developments • GST & Customs Health Check from Legal & Operational Perspective • Kursus Peningkatan Kualiti Audit Koperasi • Company Law 2016: Total Revamp with Huge Tax Planning Opportunities • New Public Rulings in 2016 and Guidelines in 2017 • National Tax Conference 2017 • Audit Quality Enhancement Programme for SMPs 2017 • Impact on Adoption of MFRS 9,15&16 Audit Issues Arising from recent changes • Case Study Workshop for Independent Directors • Internal Audit Function for Audit Committee Workshop • National Tax Seminar 2017 • Persidangan Juruaudit Koperasi 2017
Toh Kian Sing – *Remuneration Committee Chairman, Independent Non-Executive Director*	• Talk for Chinese clients on "International Trade Contract Performance and Dispute Handling" • Talk for Japanese firms on "Cultural Influence on Arbitration – A Singapore Perspective" • Talk for Angang Steel Company Limited on "International Trade Contract Performance and Dispute Settlements" • Participated in the Singapore Insolvency Conference organised by the Law Society of Singapore as one of the Facilitators. Title of Talk, "Restructuring & Insolvency in the Offshore Oil & Gas & Marine Sector" • Participated in the MLAANZ Annual Conference organised by the Maritime Law Association of Australia and New Zealand. Title of the Talk, "Admiralty: Singapore, New Zealand & Australia" • Talk for Chinese lawyers and clients in Chongqing, titled "Experiences and Lessons of Chinese Lawyers' Participation in International Arbitration" • Participated in a Seminar, "One Belt One Road" at Shengzhen
Eric Khoo Chuan Syn @ Khoo Chuan Syn - *Nominating Committee Chairman, Independent Non-Executive Director*	• Seminar Percukaian Kebangsaan 2017 • National Symposium On Islamic Banking And Finance 2018
Datuk Sebastian Ting Chiew Yew - *Independent Non-Executive Director*	• International ICT Infrastructure and Digital Economic Conference Sarawak • Parliamentarian Seminar • Parliamentary Affairs by the International Centre for Parliamentary Studies • The Art Of Debating And Questions arranged by The International Centre for Parliamentary Studies in United Kingdom

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 in order to enhance their skills and knowledge in the discharge of their stewardship role.

ACCOUNTABILITY AND AUDIT

Uphold integrity in financial reporting by the Company

It is the Board's commitment 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.

Corporate Governance Overview Statement (continued)

Audit Committee

The composition of the Audit Committee, including its roles and responsibilities enshrined in its terms of reference approved by the Board, are set out in the Audit Committee Report included in this Annual Report. One of the key responsibilities of the Audit Committee 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 annual statutory 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 Head of 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 Audit Committee 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 Audit Committee 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 Audit Committee, 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 Audit Committee 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.

Recognise and manage risks of the Group

The Board has established a Risk Management Committee 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 Audit Committee 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 Risk Management Committee, which is chaired by the Chief Executive Officer helmed by the Head of Marine Division, Head of Shipbuilding Division, Head of Group Finance and the Head of Corporate Compliance. The risk profile of the Group, following a review by the Risk Management Committee is tabled to the Audit Committee and questions, if any, are fielded by the Head of Compliance, who also acts as the Group's Risk Coordinator.

The internal audit function of the Group is outsourced to an independent professional firm, namely KPMG, 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 Audit Committee.

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

Corporate Governance Overview Statement (continued)

INTERGRITY IN CORPORATE REPORTING WITH STAKEHOLDERS

Strengthen relationship between the Company and its shareholders

Shareholder participation at general meeting

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, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting and will appoint a scrutineer to validate the votes cast at the AGM.

Communication and engagement with shareholders

The Board recognizes 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, and when necessary, the Annual and Extraordinary General Meetings and through the Group's website where shareholders can access pertinent information concerning the Group.

Code of Conduct

The Board recognises the importance of having in place a Code of Conduct, 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 Board has also adopted Whistle-Blowing Policies and Procedures, 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. To assess adherence to the Code of Conduct and Employee Handbook by Directors of the Company and employees in the Group respectively, the Company appointed a Compliance Officer who also doubles as a Risk Coordinator for the Group's risk management initiatives. The Code of Conduct has been uploaded onto the Company's website.

Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries 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 annual 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, etc., may be accessed.

This Statement is issued in accordance with a resolution of the Board dated 3 April 2018.

Corporate Governance Overview Statement (continued)

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 2017 amounted to RM55,000 and RM242,244 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 2017 amounted to RM51,000.

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 2017.

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 2017.

Recurrent related Party Transactions

The related party transactions are disclosed in page 94 of this annual report.

Sustainability Statement

Sealink International Berhad ("Company") presents its first Sustainability Statement published in line with Main Market Listing Requirements ("MMLR") of Bursa Securities in the Company's annual report for the financial year ended 31 December 2017 ("FYE 2017"). The Company will also comply with the detailed disclosure requirements in Practice Note 9 of the MMLR in the Company's annual report from FYE 2018 onwards. As such, no separate disclosure of the Corporate Social Responsibility Statement will be made from FYE 2017 onwards.

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 material to our business operations.

STAKEHOLDERS' ENGAGEMENT

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

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

ENVIRONMENT SUSTAINABILITY

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 The International Convention for the Prevention of Pollution from Ships (MARPOL). 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);
- anyone can '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.

Management is 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.

Sustainability Statement (continued)

SOCIAL SUSTAINABILITY

- **Community**
  Recognising the importance of the Community, the Group, during the financial year under review, has donated funds to those in need, namely, Miri Palliative Care Association and other deserving organizations. 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.

- **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 (OPITO) training and other relevant training.

- **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 committed to a 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 onboard ship by establishing and safeguarding all identified risks and promote safety conscious attitude among all the employees and also continuously improve their safety management skills through training, meetings, forums, discussions and talks.

The Group was proudly awarded by oil majors for two commendable achievements, ie, Carigali Hess, 2016 Safety Award For Excellence (S.A.F.E) for Platinum Category. We also reached another milestone as our team achieved Shell Malaysia 2 Years Goal Zero Days for year 2016.

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 Shipyard and vessels are also required to put on safety helmets and boots before venturing to the sites.

The Group has also organized an in-house Health, Safety and Environment (HSE) Day which covers awareness relating to hazards at the workplace, health talk and fire drills, which was conducted in collaboration with an oil major.

The Group has a Safety Officer, who is responsible for overseeing matters concerning the safety and health of employees. A Safety and Health Committee has also been established since 2005 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.

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.

Sustainability Statement (continued)

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 formalized in writing a Code of Conduct and an Employee Handbook that emphasizes, 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 whistle-blowing 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 that business is conducted above board at all times. 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 (CA) to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRs) and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the 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 judgments 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 CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Financial Statements and Reports

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

Results

	Group RM	Company RM
Loss net of tax	(49,729,630)	(1,303,670)
Loss attributable to:		
Owners of the Company	(49,729,630)	(1,303,670)

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

In the opinion of the Directors, the results of the 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.

Directors

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

Yong Foh Choi
Yong Kiam Sam
Wong Chie Bin
Eric Khoo Chuan Syn @ Khoo Chuan Syn
Toh Kian Sing
Datuk Sebastian Ting Chiew Yew

The information of Directors of subsidaries is available at the Company's registered office and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

Directors' Report (continued)

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares			
The Company:	**At 1 January 2017**	**Acquired**	**Sold**	**At 31 December 2017**
Direct interest				
Yong Foh Choi	45,716,800	-	-	45,716,800
Yong Kiam Sam	67,382,399	-	-	67,382,399
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	-	-	30,000
Wong Chie Bin	90,000	-	-	90,000
Datuk Sebastian Ting Chiew Yew	137,500	-	-	137,500
Deemed interest through holding company				
Yong Foh Choi	259,080,800	-	-	259,080,800
Yong Kiam Sam	259,080,800	-	-	259,080,800
Holding company:				
Direct interest				
Yong Foh Choi	1,237,500	-	(237,500)	1,000,000
Yong Kiam Sam	262,500	237,500	-	500,000

Yong Foh Choi and Yong Kiam Sam by virtue of their interest in shares in the Company are also deemed interested in shares of 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.

Indemnification of directors and officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or officer of the Company.

Other statutory information

a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

   ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (continued)

Other statutory information (continued)

b) At the date of this report, the Directors are not aware of any circumstances which would render:

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

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

   i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

f) In the opinion of the Directors:

   i) 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 or of the Company to meet their obligations when they fall due; and

   ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remunerations are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 April 2018

Yong Kiam Sam **Yong Foh Choi**

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, **Yong Kiam Sam** and **Yong Foh Choi**, being two of the Directors of **Sealink International Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 44 to 104 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 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 April 2018

Yong Kiam Sam

Yong Foh Choi

Statutory Declaration
Pursuant to Section 251(1)(B) of the Companies Act 2016

I, **Angelia Chong Pei Cheng**, being the Officer primarily responsible for the financial management of **Sealink International Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 104 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Angelia Chong Pei Cheng** at
Miri in the State of Sarawak on 3 April 2018.

Angelia Chong Pei Cheng (MIA 19359)

Before me,

Commissioner for Oaths
Puk LiLi @ Puk Lee Lin
License No: Q024

Independent Auditors' Report

to the Members of Sealink International Berhad – 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 statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 104.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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. 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.

Independent Auditors' Report (continued)

Recoverability of carrying amounts of vessels

In view of the depressed economic conditions in the offshore marine sector, the Group performed an assessment on the recoverable amount on the vessels stated at RM452,941,676 as at 31 December 2017 which represented 89.42% of the Group's total assets, to determine whether the carrying value of these vessels are recoverable.

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"). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

The Group considered each vessel as a cash-generating unit ("CGU"). Value in use is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount received in the event the vessel is sold on a willing buyer and a willing seller basis. The FV on the vessels was based on valuation by an independent valuer.

Based on the outcome of the impairment assessment, no impairment loss is recognised in the statements of profit or loss and other comprehensive income as the recoverable amount of the vessels are higher than the carrying amount.

The impairment assessment of the vessels is significant to our audit due to its magnitude and the use of significant estimates in determining the recoverable amount. We evaluated management's assessment of impairment indicators for vessels. Our audit procedures included considering the objectivity, independence and expertise of the external valuer and assessing the valuation model and significant estimates used by the external valuer, including comparisons with recent transactions involving other similar vessels. In addition, we evaluated the adequacy of the Group's disclosures regarding the impairment of these vessels as disclosed in Note 2.9, Note 3(b) and Note 13 to the financial statements.

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 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.

Independent Auditors' Report (continued)

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.

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.

Independent Auditors' Report (continued)

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

- 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 identify during our audit.

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

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/18 (J)
Chartered Accountant

Miri, Malaysia
3 April 2018

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	4	**75,184,805**	122,901,656	**2,498,822**	3,577,821
Cost of sales		**(85,623,770)**	(127,306,731)	**-**	-
Gross (loss)/profit		**(10,438,965)**	(4,405,075)	**2,498,822**	3,577,821
Other income	5	**4,641,228**	9,775,394	**221,363**	-
Administrative expenses		**(20,382,872)**	(26,200,700)	**(3,339,256)**	(4,320,355)
Other expenses		**(15,488,384)**	(31,517,841)	**-**	-
Operating loss		**(41,668,993)**	(52,348,222)	**(619,071)**	(742,534)
Finance income	6	**3,028,575**	2,695,583	**1,619,951**	1,085,684
Finance costs	7	**(9,523,990)**	(12,443,099)	**(2,304,550)**	(1,781,763)
Share of results of a joint venture		**(950,121)**	391,017	**-**	-
Share of results of an associate		**(1,021,652)**	(1,370,159)	**-**	-
Loss before tax	8	**(50,136,181)**	(63,074,880)	**(1,303,670)**	(1,438,613)
Income tax expense	11	**406,551**	6,419,511	**-**	144,551
Loss net of tax		**(49,729,630)**	(56,655,369)	**(1,303,670)**	(1,294,062)
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation, net of tax		**(19,588,334)**	11,487,102	**-**	-
Other comprehensive income for the year, net of tax		**(19,588,334)**	11,487,102	**-**	-
Total comprehensive income for the year, net of tax		**(69,317,964)**	(45,168,267)	**(1,303,670)**	(1,294,062)
Loss attributable to:					
Owners of the Company		**(49,729,630)**	(56,655,369)	**(1,303,670)**	(1,294,062)
Total comprehensive income attributable to:					
Owners of the Company		**(69,317,964)**	(45,168,267)	**(1,303,670)**	(1,294,062)
Loss per share attributable to owners of the Company (sen per share):					
Basic	12	**(9.95)**	(11.33)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Assets					
Non-current assets					
Property, plant and equipment	13	**506,551,704**	609,228,055	**2,207**	3,360
Land use rights	14	**10,656,694**	11,235,447	**-**	-
Investment in subsidiaries	15	**-**	-	**385,599,639**	385,469,639
Investment in an associate	16	**3,795,158**	4,724,774	**-**	-
Investment in a joint venture	17	**6,738,552**	7,539,563	**-**	-
Other receivables	19	**394,251**	4,991,935	**-**	-
		528,136,359	637,719,774	**385,601,846**	385,472,999
Current assets					
Inventories	18	**34,150,743**	49,864,589	**-**	-
Trade and other receivables	19	**38,925,700**	32,382,837	**67,719,849**	30,749,867
Other current assets	20	**539,746**	556,371	**-**	3,500
Investment securities	21	**64,641**	63,011	**-**	-
Tax recoverable		**827,407**	1,310,407	**38,360**	117,580
Cash and bank balances	22	**30,157,806**	42,336,149	**234,231**	1,723,946
		104,666,043	126,513,364	**67,992,440**	32,594,893
Total assets		**632,802,402**	764,233,138	**453,594,286**	418,067,892
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	**99,892,698**	131,316,796	**-**	6,140,000
Trade and other payables	24	**32,371,042**	29,738,536	**86,446,834**	41,531,770
Income tax payable		**1,119,023**	81,074	**-**	-
		133,382,763	161,136,406	**86,446,834**	47,671,770
Net current liabilities		**(28,716,720)**	(34,623,042)	**(18,454,394)**	(15,076,877)
Non-current liabilities					
Loans and borrowings	23	**87,844,931**	120,268,959	**-**	1,945,000
Deferred tax liabilities	25	**26,439,255**	28,374,356	**-**	-
		114,284,186	148,643,315	**-**	1,945,000
Total liabilities		**247,666,949**	309,779,721	**86,446,834**	49,616,770
Net assets		**385,135,453**	454,453,417	**367,147,452**	368,451,122
Equity attributable to owners of the Company					
Share capital	26	**329,086,883**	250,000,000	**329,086,883**	250,000,000
Share premium	26	**-**	79,086,883	**-**	79,086,883
Retained earnings		**3,600,758**	53,330,388	**38,060,569**	39,364,239
Other reserves	27	**52,447,812**	72,036,146	**-**	-
Total equity		**385,135,453**	454,453,417	**367,147,452**	368,451,122
Total equity and liabilities		**632,802,402**	764,233,138	**453,594,286**	418,067,892

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2017

		← Attributable to Equity Holders of the Company →				
2017 Group	**Note**	**Equity, total RM**	**Share capital RM**	**Share premium RM**	**Retained earnings RM**	**Foreign currency translation reserve RM**
Opening balance at 1 January 2017		454,453,417	250,000,000	79,086,883	53,330,388	72,036,146
Loss for the year		(49,729,630)	-	-	(49,729,630)	-
Other comprehensive income	27	(19,588,334)	-	-	-	(19,588,334)
Total comprehensive income		(69,317,964)	-	-	(49,729,630)	(19,588,334)
Transfer pursuant to Companies Act 2016 (Note 2.2(a))		-	79,086,883	(79,086,883)	-	-
Closing balance at 31 December 2017		**385,135,453**	**329,086,883**	**-**	**3,600,758**	**52,447,812**
2016 Group						
Opening balance at 1 January 2016		499,621,684	250,000,000	79,086,883	109,985,757	60,549,044
Loss for the year		(56,655,369)	-	-	(56,655,369)	-
Other comprehensive income	27	11,487,102	-	-	-	11,487,102
Total comprehensive income		(45,168,267)	-	-	(56,655,369)	11,487,102
Closing balance at 31 December 2016		454,453,417	250,000,000	79,086,883	53,330,388	72,036,146

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 December 2017 (continued)

	Equity, total RM	Share capital RM	Share premium RM	Retained earnings RM
2017				
Company				
Opening balance at 1 January 2017	368,451,122	250,000,000	79,086,883	39,364,239
Loss net of tax, representing total comprehensive income	(1,303,670)	-	-	(1,303,670)
Transfer pursuant to Companies Act 2016 (Note 2.2(a))	-	79,086,883	(79,086,883)	-
Closing balance at 31 December 2017	**367,147,452**	**329,086,883**	**-**	**38,060,569**
2016				
Company				
Opening balance at 1 January 2016	369,745,184	250,000,000	79,086,883	40,658,301
Loss net of tax, representing total comprehensive income	(1,294,062)	-	-	(1,294,062)
Closing balance at 31 December 2016	368,451,122	250,000,000	79,086,883	39,364,239

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Operating activities					
Loss before tax		**(50,136,181)**	(63,074,880)	**(1,303,670)**	(1,438,613)
Adjustments for:					
Finance income	6	**(3,028,575)**	(2,695,583)	**(1,619,951)**	(1,085,684)
Dividend income from investment securities	5	**(1,630)**	(1,658)	**-**	-
Amortisation of land use rights	14	**578,753**	578,765	**-**	-
Depreciation of property, plant and equipment	13	**43,327,337**	46,499,443	**1,153**	1,648
Impairment loss on amount due from a subsidiary	8	**-**	-	**29,418**	-
Impairment loss on trade and other receivables	8	**629,324**	89,998	**-**	-
Impairment loss on property, plant and equipment	8	**-**	30,487,178	**-**	-
Finance costs	7	**9,523,990**	12,443,099	**2,304,550**	1,781,763
Inventories written off	8	**106,648**	543,670	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	5,8	**13,411,305**	(44,999)	**-**	-
Gain on disposal of a joint venture	5	**(249,193)**	-	**-**	-
Property, plant and equipment written off	8	**31,473**	564,465	**-**	-
Reserve on consolidation	5	**-**	(1,011,604)	**-**	-
Reversal of deposit written off	5	**(186,000)**	-	**-**	-
Reversal of inventory written down	5,8	**(7,750)**	(1,269,538)	**-**	-
Reversal of impairment loss on trade receivables	5	**(36,000)**	(295,599)	**-**	-
Reversal of impairment on property, plant and equipment	5	**-**	(6,154,500)	**-**	-
Share of results of a joint venture		**950,121**	(391,017)	**-**	-
Share of results of an associate		**1,021,652**	1,370,159	**-**	-
Unrealised loss/(gain) on foreign exchange		**514,553**	1,049,676	**2,429**	(1,722)
Total adjustments		**66,586,008**	81,761,955	**717,599**	696,005
Operating cash flows before changes in working capital		**16,449,827**	18,687,075	**(586,071)**	(742,608)
Changes in working capital					
Decrease in inventories		**16,735,868**	36,987,378	**-**	-
(Increase)/Decrease in trade and other receivables		**(1,349,128)**	18,781,335	**22,710**	154,380
(Increase)/Decrease in other current assets		**(9,701)**	368,111	**3,500**	(3,500)
(Decrease)/Increase in trade and other payables		**(1,251,572)**	(16,519,731)	**407,203**	(108,599)
Net change in holding company balances		**4,000,000**	-	**4,000,000**	-
Net change in subsidiaries balances		**-**	-	**3,485,751**	39,668,210
Total changes in working capital		**18,125,467**	39,617,093	**7,919,164**	39,710,491

Statements of Cash Flows
for the financial year ended 31 December 2017 (continued)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from operations		**34,585,208**	58,304,168	**7,333,093**	38,967,883
Interest received		**3,028,575**	2,695,583	**1,619,951**	1,085,684
Interest paid		**(10,649,374)**	(14,223,837)	**(2,304,550)**	(1,781,763)
Income tax paid		**(407,452)**	(957,660)	**(10,030)**	(28,330)
Income tax refunded		**402,597**	464,235	**89,250**	-
Net cash flows from operating activities		**26,949,640**	46,282,489	**6,727,714**	38,243,474
Investing activities					
Acquisition of a subsidiary, net of cash	15	**-**	711,698	**-**	-
Purchase of property, plant and equipment		**(1,113,092)**	(770,836)	**-**	(2,069)
Proceeds from disposal of property, plant and equipment		**18,698,974**	45,000	**-**	-
Acquisition of additional shares in a subsidiary		**-**	-	**(130,000)**	-
Acquisition of redeemable convertible preference shares in subsidiaries		**-**	-	**-**	(31,500,000)
Acquisition of redeemable preference shares in a joint venture		**(656,000)**	-	**-**	-
Proceeds from disposal of redeemable preference shares in a joint venture		**-**	1,200,000	**-**	-
Proceeds from disposal of ordinary shares in a joint venture		**756,000**	-	**-**	-
Dividend received from a joint venture		**-**	577,961	**-**	-
Net cash flows from/(used in) investing activities		**17,685,882**	1,763,823	**(130,000)**	(31,502,069)
Financing activities					
Sales of investment securities		**-**	267,655	**-**	-
Proceeds of loans and borrowings		**27,730,918**	-	**-**	-
Repayments of loans and borrowings		**(78,350,147)**	(79,250,667)	**(8,085,000)**	(6,140,000)
Repayment of finance leases		**(58,249)**	(52,478)	**-**	-
Net movement in trade financing		**(8,200,000)**	(2,100,000)	**-**	-
Net movement in fixed deposit pledged		**6,434,452**	(357,132)	**-**	-
Net movement in cash at bank restricted in use		**771,269**	(851,033)	**-**	-
Net cash flows used in financing activities		**(51,671,757)**	(82,343,655)	**(8,085,000)**	(6,140,000)
Net (decrease)/increase in cash and cash equivalents		**(7,036,235)**	(34,297,343)	**(1,487,286)**	601,405
Effect of exchange rate changes on cash and cash equivalents		**(332,920)**	(209,681)	**(2,429)**	1,722
Cash and cash equivalents at 1 January		**(3,898,434)**	30,608,590	**1,723,946**	1,120,819
Cash and cash equivalents at 31 December	22	**(11,267,589)**	(3,898,434)	**234,231**	1,723,946

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
– 31 DECEMBER 2017

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 of the Company is located at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak.

The immediate and ultimate holding company of the Company is Sealink Holdings Sdn. Bhd., which is incorporated in Malaysia.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM").

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. The key changes of the New Act on the financial statements are disclosed in Note 2.2.

2.2 Changes in accounting policies and regulatory requirements

(a) Changes in regulatory requirements

Companies Act 2016 ("New Act")

Amongst the key changes introduced in the New Act which will affect the financial statements of the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium will become part of share capital

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017.

- Amendments to MFRS 107: Disclosure Initiatives
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRS Standards 2014 – 2016 Cycle: Amendments to MFRS 12: Disclosure of Interests in Other Entities – Clarification of the Scope of Disclosure Requirements in MFRS 12

The adoption of the above new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs did not have any effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	
(i) Amendments to MFRS 3: Business Combination	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(a) MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. During 2017, the Group and the Company have performed a detailed impact assessment of MFRS 9 on classification and measurement, and impairment. The Group and the Company do not have any hedge relationships. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and to the Company in 2018 when the Group and the Company adopt MFRS 9.

Based on the analysis of the Group's and the Company's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of MFRS 9 to the Group's and of the Company's financial statements as follows:

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

(a) MFRS 9 Financial Instruments (continued)

(i) Classification and measurement

The Group and the Company do not expect a significant impact on its financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group and the Company will apply the simplified approach and record lifetime expected losses on all trade receivables, while for other financial assets, the Group and the Company will apply the general approach in determining impairment amount. The Group and the Company have determined that no additional loss allowance is necessary.

(b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. An entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group and the Company have performed a preliminary impact assessment of adopting MFRS 15 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group and the Company adopts MFRS 15 in 2018.

The Group and the Company plan to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

Based on its assessment, the Directors do not expect that the application of MFRS 15 will result in significant impacts on the financial statements of the Group and of the Company other than additional disclosures to be provided.

(c) MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

(c) MFRS 16: Leases (continued)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in year 2018.

(d) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Group and on the Company as the Group and the Company are already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

(e) MFRS 128 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies MFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). In applying MFRS 9, an entity does not account for any losses of the associate, or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

(e) MFRS 128 Long-term Interests in Associates and Joint Ventures (continued)

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed. As the amendments eliminate ambiguity in the wording of the standard, the Directors of the Group and of the Company do not expect the amendments to have any impact on the Group's and the Company's financial statements.

(f) Annual Improvements to MFRS Standards 2014–2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

The amendments clarify that:

- an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at a later date on which:

  (i) the investment entity associate or joint venture is initially recognised;
  (ii) the associate or joint venture becomes an investment entity; and
  (iii) the investment entity associate or joint venture first becomes a parent.

(g) Annual Improvements to MFRS Standards 2015–2017 Cycle

The Annual Improvements to MFRS Standards 2015-2017 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

(i) Amendments to MFRS 3: Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

(g) Annual Improvements to MFRS Standards 2015–2017 Cycle (continued)

(ii) Amendments to MFRS 11: Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies these amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

(iii) Amendments to MFRS 112: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies these amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

(iv) Amendments to MFRS 123: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

(h) IC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:
- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

(i) Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by the Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries 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.

The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

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 will be recognised in profit or loss. However, if the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

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.

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.

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 fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has controlled.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.6 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	49 - 60 years
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 and machinery	10 years
Motor vehicles	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. 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 estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 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.

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.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.10 Investments in associates and joint ventures (continued)

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. 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 applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit and loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(b) Loans and receivables (continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Construction contracts

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.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.15 Inventories

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

Cost is determined using the weighted average and 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. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

2.16 Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.16 Financial liabilities (continued)

Other financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2.20 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Rendering of services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

b) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.21 Revenue (continued)

c) Construction contracts

Revenue from construction contracts is accounted for by percentage of completion method as described in Note 2.14.

d) Rental income

Rental income is recognised as the rental accrued unless collectability is in doubt.

e) Dividend income

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

f) Management fees

Management fees are recognised when services are rendered.

2.22 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

For Labuan trading activity, its profits would be subject to tax under Labuan Business Activity Tax 1990 under two options:

i) to be taxed at rate of 3% on audited profits; or
ii) upon election, to pay a flat tax of RM20,000.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.22 Income taxes (continued)

b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred in a purchase of assets or services is not recoverable the taxation authority, in which case the GST is recognised as part of the cost acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.23 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 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.

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 (continued)

2. Summary of significant accounting policies (continued)

2.27 Fair value measurements

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes to the Financial Statements (continued)

3. Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty

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

a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1.5 to 60 years. These are common life expectancies applied in the shipbuilding and ship chartering industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.32% (2016: 3.69%) variance in the Group's loss for the year.

b) Impairment of vessels

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on valuation performed by independent ship valuers, available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The Group performed a review of the recoverable amount of vessels with indicators of impairment and concluded that no impairment is required during the financial year (2016: RM30,487,178). A 5% difference in the fair value less cost to sale ("FVLCS") of vessels would result in increase/(decrease) in the Group's loss for the year as follows:

	2017 %	2016 %
Increase in FVLCS	**-**	(18.74)
Reduction in FVLCS	**-**	21.91

4. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Charter hire revenue	**53,318,084**	61,949,393	**-**	-
Sale of vessels	**19,350,000**	58,181,592	**-**	-
Contract services	**2,516,721**	2,602,671	**-**	-
Management fee	**-**	-	**2,498,822**	3,577,821
Rental income	**-**	168,000	**-**	-
	75,184,805	122,901,656	**2,498,822**	3,577,821

Notes to the Financial Statements (continued)

5. Other income

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Dividend income from investment securities	**1,630**	1,658	**-**	-
Gain on disposal of a joint venture	**249,193**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	44,999	**-**	-
Rental income	**458,000**	-	**-**	-
Reserve on consolidation	**-**	1,011,604	**-**	-
Reversal of inventory written down	**7,750**	-	**-**	-
Reversal of impairment on property, plant and equipment	**-**	6,154,500	**-**	-
Reversal of impairment loss on trade receivables (Note 19)	**36,000**	295,599	**-**	-
Reversal of deposit written off	**186,000**	-	**-**	-
Sundry income from ship operations	**3,702,655**	2,267,034	**221,363**	-
	4,641,228	9,775,394	**221,363**	-

6. Finance income

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest income from:				
- Current account	**59,489**	72,887	**13,804**	-
- Short term deposits	**428,575**	580,016	**-**	-
- Associate	**2,356,210**	1,895,830	**-**	-
- Subsidiaries	**-**	-	**1,606,147**	1,085,684
- Others	**184,301**	108,293	**-**	-
- Redeemable convertible preference shares interest from a joint venture	**-**	38,557	**-**	-
	3,028,575	2,695,583	**1,619,951**	1,085,684

7. Finance costs

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest expenses on:				
- Bank loans	**6,832,055**	7,959,199	**-**	-
- Bank overdrafts	**2,175,155**	2,280,276	**-**	-
- Islamic loans	**291,197**	702,202	**291,197**	702,202
- Loan from subsidiaries	**-**	-	**2,013,353**	1,079,561
- Obligations under finance leases	**4,807**	7,378	**-**	-
- Revolving credits	**2,642,794**	3,274,782	**-**	-
- Redeemable preference shares	**(1,296,634)**	-	**-**	-
Carried forward	**10,649,374**	14,223,837	**2,304,550**	1,781,763

Notes to the Financial Statements (continued)

7. Finance costs (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Brought forward	**10,649,374**	14,223,837	**2,304,550**	1,781,763
Less: Interest expenses capitalised in:				
- Vessels work-in-progress	**(674,090)**	(1,780,738)	**-**	-
- Completed vessel	**(451,294)**	-	**-**	-
	9,523,990	12,443,099	**2,304,550**	1,781,763

8. Loss before tax

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
The following items have been included in arriving at loss before tax:				
Employee benefits expense (Note 9)	**18,900,971**	21,035,193	**2,586,579**	3,620,486
Amortisation of land use rights (Note 14)	**578,753**	578,765	**-**	-
Auditors' remunerations				
- Current year	**242,244**	261,319	**55,000**	64,000
- Overprovision in previous years	**-**	(1,000)	**-**	-
Charter expenses	**966,576**	238,782	**-**	-
Depreciation of property, plant and equipment (Note 13)	**43,327,337**	46,499,443	**1,153**	1,648
Impairment loss on amount due from a subsidiary	**-**	-	**29,418**	-
Impairment loss on trade and other receivables	**629,324**	89,998	**-**	-
Impairment loss on property, plant and equipment (Note 13)	**-**	30,487,178	**-**	-
Inventories written off	**106,648**	543,670	**-**	-
Loss on disposal of property, plant and equipment	**13,411,305**	-	**-**	-
Net loss on foreign exchange	**485,425**	1,392,421	**5,280**	1,334
Non-executive Directors' fees	**303,230**	307,412	**277,830**	257,830
Rental of premises	**260,854**	296,546	**12,000**	12,000
Reversal of inventories written down	**-**	(1,269,538)	**-**	-
Property, plant and equipment written off	**31,473**	564,465	**-**	-

Notes to the Financial Statements (continued)

9. Employee benefits expense

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Salaries and wages	**16,913,525**	18,802,588	**2,301,743**	3,207,785
Social security contributions	**166,906**	183,517	**15,561**	31,371
Contributions to defined contribution plan	**1,708,173**	1,945,695	**269,275**	381,330
Other benefits	**112,367**	103,393	**-**	-
	18,900,971	21,035,193	**2,586,579**	3,620,486

Included in employee benefits expense of the Group and of the Company are the Executive Directors' remuneration amounting to RM934,038 (2016: RM1,034,365) and RM130,905 (2016: RM70,718) respectively as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Executive:				
Salaries and other emoluments	**819,509**	923,000	**84,637**	35,797
Fees	**39,690**	32,075	**39,690**	32,075
Defined contribution plan	**74,839**	79,290	**6,578**	2,846
Total Executive Directors' remuneration (excluding benefits-in-kind)	**934,038**	1,034,365	**130,905**	70,718
Estimated money value of benefits-in-kind	**18,943**	28,176	**18,943**	28,176
Total Executive Directors' remuneration (including benefits-in-kind)	**952,981**	1,062,541	**149,848**	98,894
Non-Executive:				
Fees	**277,830**	257,830	**277,830**	257,830
Total Directors' remuneration	**1,230,811**	1,320,371	**427,678**	356,724

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors 2017	Number of Directors 2016
Executive Directors:		
RM350,001 – RM400,000	**1**	-
RM400,001 – RM450,000	**-**	1
RM600,001 – RM650,000	**1**	-
RM650,001 – RM700,000	**-**	1
Non-Executive Directors:		
RM50,001 – RM100,000	**4**	4

Notes to the Financial Statements (continued)

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	**1,466,488**	268,821	**-**	-
Under/(Over)provision in respect of previous years	**61,979**	(607,855)	**-**	(144,551)
	1,528,467	(339,034)	**-**	(144,551)
Deferred income tax (Note 25):				
Reversal of temporary differences	**(2,457,013)**	(6,293,730)	**-**	-
Under/(Over)provision in respect of previous years	**521,912**	(155,665)	**-**	-
	(1,935,101)	(6,449,395)	**-**	-
Share of tax of a joint venture	**83**	368,918	**-**	-
Income tax expense recognised in profit or loss	**(406,551)**	(6,419,511)	**-**	(144,551)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Loss before tax	**(50,136,181)**	(63,074,880)	**(1,303,670)**	(1,438,613)
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	**(12,032,683)**	(15,137,971)	**(312,881)**	(345,267)
Adjustments:				
Non-deductible expenses	**11,269,333**	23,093,816	**312,604**	345,545
Income not subject to taxation	**(6,615,440)**	(14,860,613)	**-**	-
Deferred tax assets not recognised during the years	**6,624,999**	1,398,691	**-**	-
Reversal of deferred tax assets not recognised in previous years	**(426,545)**	(1,041)	**-**	(278)

Notes to the Financial Statements (continued)

11. Income tax expense (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Reversal of deferred tax liabilities not recognised in previous years	**277**	-	**277**	-
Effect of Group relief	**287,404**	(548,106)	**-**	-
Under/(Over)provision of deferred tax in previous years	**521,912**	(155,665)	**-**	-
Under/(Over)provision of income tax in previous years	**61,979**	(607,855)	**-**	(144,551)
Share of tax of a joint venture	**83**	368,918	**-**	-
Singapore statutory stepped income exemption	**(80,684)**	-	**-**	-
Tax incentive	**(17,186)**	-	**-**	-
Others	**-**	30,315	**-**	-
Income tax expense recognised in profit or loss	**(406,551)**	(6,419,511)	**-**	(144,551)

Current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable loss for the year.

The profit arising from the shipping operations of subsidiaries in Singapore is partial exempted from income tax.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

12. Loss per share

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

The following reflect the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	2017 RM	2016 RM
Loss net of tax attributable to owners of the Company	**(49,729,630)**	(56,655,369)
Number of ordinary shares in issue during the year	**500,000,000**	500,000,000

	2017 Sen	2016 Sen
Basic loss per share for loss for the year	**(9.95)**	(11.33)

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

Notes to the Financial Statements (continued)

13. Property, plant and equipment

Group	Land, buildings and wharf* RM	Vessels, vessel equipment and docking expenses RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost:							
At 1.1.2016	72,309,863	775,565,049	9,173,567	41,321,298	4,420,075	6,267,445	909,057,297
Acquisition of a subsidiary	-	12,898,224	-	-	-	-	12,898,224
Additions	264,690	412,065	55,798	38,283	-	-	770,836
Reclassification	-	(840)	840	-	-	-	-
Disposals	-	-	(62,400)	-	(214,146)	-	(276,546)
Written off	-	(2,231,881)	(619,065)	(841,578)	(23,350)	-	(3,715,874)
Exchange rate difference	-	19,295,303	14,489	-	-	-	19,309,792
At 31.12.2016 and 1.1.2017	72,574,553	805,937,920	8,563,229	40,518,003	4,182,579	6,267,445	938,043,729
Additions	-	218,767	51,214	3,990	-	853,521	1,127,492
Reclassification	-	-	3,747	(3,747)	-	-	-
Disposals	-	(37,662,589)	(50,801)	-	(244,740)	-	(37,958,130)
Written off	(1,365)	(37,584)	(29,814)	-	(2,580)	-	(71,343)
Exchange rate difference	-	(40,997,450)	(15,977)	-	-	-	(41,013,427)
At 31.12.2017	**72,573,188**	**727,459,064**	**8,521,598**	**40,518,246**	**3,935,259**	**7,120,966**	**860,128,321**

Notes to the Financial Statements (continued)

13. Property, plant and equipment (continued)

Group	Land, buildings and wharf* RM	Vessels, vessel equipment and docking expenses RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment loss:							
At 1.1.2016	22,276,816	181,107,104	6,972,667	32,621,258	4,066,951	3,820,724	250,865,520
Charge for the year (Note 8)	2,052,518	40,259,275	933,845	3,109,150	144,655	-	46,499,443
Reclassification	-	(721)	721	-	-	-	-
Disposals	-	-	(62,400)	-	(214,145)	-	(276,545)
Written off	-	(1,821,309)	(550,610)	(756,142)	(23,348)	-	(3,151,409)
Impairment loss (Note 8)	-	30,487,178	-	-	-	-	30,487,178
Exchange rate difference	-	4,377,354	14,133	-	-	-	4,391,487
At 31.12.2016 and 1.1.2017	24,329,334	254,408,881	7,308,356	34,974,266	3,974,113	3,820,724	328,815,674
Charge for the year (Note 8)	1,795,962	38,341,974	675,169	2,396,306	117,926	-	43,327,337
Reclassification	-	-	312	(312)	-	-	-
Disposals	-	(5,559,302)	(43,811)	-	(244,738)	-	(5,847,851)
Written off	(341)	(10,610)	(26,341)	-	(2,578)	-	(39,870)
Exchange rate difference	-	(12,663,555)	(15,118)	-	-	-	(12,678,673)
At 31.12.2017	**26,124,955**	**274,517,388**	**7,898,567**	**37,370,260**	**3,844,723**	**3,820,724**	**353,576,617**
Net carrying amount:							
At 31.12.2016	48,245,219	551,529,039	1,254,873	5,543,737	208,466	2,446,721	609,228,055
At 31.12.2017	**46,448,233**	**452,941,676**	**623,031**	**3,147,986**	**90,536**	**3,300,242**	**506,551,704**

Notes to the Financial Statements (continued)

13. Property, plant and equipment (continued)

*Land, buildings and wharf

Group	Leasehold land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost:				
At 1 January 2016	37,629,735	3,353,018	31,327,110	72,309,863
Additions	213,000	51,690	-	264,690
At 31 December 2016 and 1 January 2017	37,842,735	3,404,708	31,327,110	72,574,553
Written off	-	-	(1,365)	(1,365)
At 31 December 2017	**37,842,735**	**3,404,708**	**31,325,745**	**72,573,188**
Accumulated depreciation and impairment loss:				
At 1 January 2016	6,278,349	2,168,955	13,829,512	22,276,816
Charge for the year	649,427	197,173	1,205,918	2,052,518
At 31 December 2016 and 1 January 2017	6,927,776	2,366,128	15,035,430	24,329,334
Charge for the year	447,354	168,889	1,179,719	1,795,962
Written off	-	-	(341)	(341)
At 31 December 2017	**7,375,130**	**2,535,017**	**16,214,808**	**26,124,955**
Net carrying amount:				
At 31 December 2016	30,914,959	1,038,580	16,291,680	48,245,219
At 31 December 2017	**30,467,605**	**869,691**	**15,110,937**	**46,448,233**

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2016	7,390	6,981	14,371
Additions	-	2,069	2,069
At 31 December 2016, 1 January 2017 and 31 December 2017	7,390	9,050	16,440
Accumulated depreciation:			
At 1 January 2016	5,050	6,382	11,432
Charge for the year (Note 8)	739	909	1,648
At 31 December 2016 and 1 January 2017	5,789	7,291	13,080
Charge for the year (Note 8)	739	414	1,153
At 31 December 2017	**6,528**	**7,705**	**14,233**

Notes to the Financial Statements (continued)

13. Property, plant and equipment (continued)

Company	Signboard RM	Office equipment RM	Total RM
Net carrying amount:			
At 31 December 2016	1,601	1,759	3,360
At 31 December 2017	**862**	**1,345**	**2,207**

i) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost RM14,400 (2016: Nil) by means of finance leases. The cash outflows on acquisition of property, plant and equipment of the Group amounted to RM1,113,092 (2016: RM770,836).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

Group	Motor vehicles RM	Total RM
Net carrying amount		
At 31 December 2016	134,380	134,380
At 31 December 2017	**71,123**	**71,123**

ii) Assets pledged as security

In addition to assets held under finance leases, the Group's vessels with a carrying amount of RM260,819,892 (2016: RM444,246,242) are mortgaged to secure the Group's bank loans (Note 23). In 2016, the Group's plant and machinery with a carrying amount of RM5,739,826 mortgaged to secure the Group's bank loan (Note 23).

The Group's leasehold land with carrying amount of RM25,759,893 (2016: RM27,743,104) is mortgaged to secure the Group's bank loans (Note 23).

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 vessels to determine whether the carrying value of these vessels, which are in chartering segment, are recoverable. The review 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"). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

The Group considered each vessel as a cash-generating unit ("CGU"). However, they are grouped together for disclosure purposes. Value in use is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount received in the event the vessel is sold on a willing buyer and a willing seller basis

Notes to the Financial Statements (continued)

13. Property, plant and equipment (continued)

The Group has reviewed the carrying value of all the vessels owned by the Group and concluded that there is no impairment loss required for year 2017. In 2016, the Group had made an impairment charge of RM30.5 million. The impairment loss was recognised in the statement of profit or loss and other comprehensive income. FV of the vessels at RM258.1 million was determined using the market comparable method. The valuations had been performed by an independent valuer and were based on proprietary databases of prices of transactions for vessels of similar nature and condition. The FV is at Level 3 of the fair value hierarchy.

14. Land use rights

	Group	
	2017	**2016**
	RM	**RM**
Cost:		
At 1 January and 31 December	**16,686,200**	16,686,200
Accumulated amortisation:		
At 1 January	**5,450,753**	4,871,988
Amortisation for the year (Note 8)	**578,753**	578,765
At 31 December	**6,029,506**	5,450,753
Net carrying amount	**10,656,694**	11,235,447
Amount to be amortised:		
- Not later than one year	**578,753**	578,753
- Later than one year but not later than five years	**2,315,012**	2,315,012
- Later than five years	**7,762,929**	8,341,682

<u>Land use rights pledged as security</u>

Land use rights with an aggregate carrying value of RM8,585,914 (2016: RM7,035,915) are pledged as securities for bank borrowings as referred to in Note 23.

15. Investment in subsidiaries

	Company	
	2017	**2016**
	RM	**RM**
Unquoted shares, at cost:		
- Ordinary shares	**242,060,174**	241,930,174
- Redeemable convertible preference shares	**167,845,750**	167,845,750
	409,905,924	409,775,924
Impairment losses	**(24,306,285)**	(24,306,285)
	385,599,639	385,469,639

Notes to the Financial Statements (continued)

15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Percentage of equity held 2017 %	2016 %
Cergas Majusama Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	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
Navitex Shipping Sdn. Bhd. **	Malaysia	Inactive	**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
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and chartering of marine vessels	**100**	100
Sea Alpha Sdn. Bhd. **	Malaysia	Inactive	**100**	100
Seabright (Singapore) Private Limited*	Singapore	Ship owner	**100**	100
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of properties and investment holding	**100**	100

Notes to the Financial Statements (continued)

15. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Percentage of equity held 2017 %	2016 %
Subsidiary of Sealink Engineering And Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of property and investment holding	**100**	100
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Property holding	**100**	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	Ship owner and chartering of vessels	**100**	100
Subsidiaries of Sealink Offshore (L) Ltd.				
Sealink Resources (L) Ltd. #	Federal Territory of Labuan, Malaysia	Inactive	**100**	100
Sealink Marine (L) Ltd. #	Federal Territory of Labuan, Malaysia	Inactive	**100**	100
Sealink Antarabangsa Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessel	**100**	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessel	**100**	100
Hanvoir (L) Ltd.	Federal Territory of Labuan, Malaysia	Inactive	**100**	100

* Audited by a firm other than Ernst & Young.

** Pursuant to Section 550 of the Companies Act 2016, Sea Alpha Sdn. Bhd. and Navitex Shipping Sdn. Bhd. have applied for strike off from the Register on 28 December 2017.

Pursuant to Section 151(4) of the Labuan Companies Act 1990, Sealink Resources (L) Ltd. and Sealink Marine (L) Ltd. had on 6 September 2017 been struck off from the Register.

Notes to the Financial Statements (continued)

15. Investment in subsidiaries (continued)

Acquisition of a subsidiary

On 30 August 2016, Sea Legend Shipping Sdn Bhd, a subsidiary of Sealink International Berhad acquired by additional 499,999 ordinary shares and 2,500,000 redeemable preference shares in Mitra Angkasa Sdn. Bhd. for a total cash consideration of RM585,604. Consequently, Mitra Angkasa Sdn. Bhd. becomes a wholly-owned subsidiary.

The fair values of the identifiable assets and liabilities of subsidiary as at the date of acquisition were:

	Fair Value	
	2017 RM	**2016 RM**
Property, plant and equipment	-	14,573,905
Trade and other receivables	-	747,036
Inventories	-	50,549
Cash and bank balances	-	1,297,302
	-	16,668,792
Loans and borrowings	-	(6,903,000)
Trade and other payables	-	(6,571,376)
	-	(13,474,376)
Net identifiable assets	-	3,194,416
Less: Previously accounted for as a joint venture	-	(1,597,208)
Net identifiable assets acquired	-	1,597,208

	2017 RM	**2016 RM**
The effect of the acquisitions on cash flows is as follows:		
Total cost of the business combination	-	(585,604)
Less: Cash and cash equivalents of subsidiaries acquired	-	1,297,302
Net cash inflow on acquisitions	-	711,698

<u>Reserve arising on acquisition</u>

Group's interest in fair value of net identifiable assets	-	1,597,208
Reserve on acquisition	-	(1,011,604)
Cost of business combination	-	585,604

<u>Impact of acquisition in statements of profit or loss and other comprehensive income</u>

From the date of acquisition, Mitra Angkasa Sdn. Bhd. had contributed a net loss of RM434,915 to the Group's loss net of tax. If the combination had taken place at the beginning of the financial year, the Group's loss from continuing operations, net of tax would have been RM57,852,973 and revenue from continuing operations would have been RM124,202,462.

Notes to the Financial Statements (continued)

16. Investment in an associate

The Group's interest in the associate is accounted for using the equity method in the consolidated financial statements. Reconciliation with the carrying amount of the investment in consolidated financial statements is set out below:

	Group 2017 RM	Group 2016 RM
Unquoted shares, at cost	**3,500,000**	3,500,000
Share of post acquisition reserves	**295,158**	1,224,774
	3,795,158	4,724,774

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activity	Percentage of equity held 2017 %	Percentage of equity held 2016 %
Logistine Sdn. Bhd. *	Malaysia	Providing offshore support vessels, equipment and engineering consultation for oil and gas activities	**25**	25

* Audited by a firm other than Ernst & Young.

The summarised financial information of the associate not adjusted for the proportion of ownership interest held by the Company is as follows:

	2017 RM	2016 RM
Assets and liabilities:		
Non-current assets	**49,188,483**	51,591,775
Current assets	**4,205,434**	5,819,440
Total assets	**53,393,917**	57,411,215
Non-current liabilities	**(3,559,871)**	(15,411,718)
Current liabilities	**(23,744,782)**	(16,821,308)
Total liabilities	**(27,304,653)**	(32,233,026)
Results:		
Revenue	**298,480**	6,826,508
Loss for the year	**(4,086,609)**	(1,142,125)

Notes to the Financial Statements (continued)

17. Investment in a joint venture

The Group's interest in the joint venture is accounted for using the equity method in the consolidated financial statements. Reconciliation with the carrying amount of the investment in consolidated financial statements is set out below:

	Group 2017 RM	Group 2016 RM
Unquoted shares, at cost		
- Ordinary shares	**1,959,998**	2,799,998
- Redeemable preference shares	**5,556,004**	4,900,004
	7,516,002	7,700,002
Share of post acquisition reserves	**(777,450)**	(160,439)
	6,738,552	7,539,563

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activities	Percentage of equity held 2017 %	Percentage of equity held 2016 %
Joint venture of Era Surplus Sdn. Bhd.				
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	**49**	70

The summarised financial information of the joint venture not adjusted for the proportion of ownership interest held by the Company is as follows:

	2017 RM	2016 RM
Assets and liabilities:		
Non-current assets	**8,945,859**	9,753,646
Current assets	**2,398,482**	2,293,654
Total assets	**11,344,341**	12,047,300
Current liabilities	**(1,936,271)**	(1,119,371)
Total liabilities	**(1,936,271)**	(1,119,371)
Results:		
Revenue	**4,617,012**	4,046,492
(Loss)/Profit for the year	**(1,519,859)**	875,824

Notes to the Financial Statements (continued)

18. Inventories

	Group 2017 RM	Group 2016 RM
Cost		
Consumables	**1,588,846**	1,535,501
Machinery and equipment	**1,461,855**	1,574,095
Raw materials	**11,563,331**	12,462,764
Vessel parts and materials	**314,862**	317,577
Vessels work-in-progress	**-**	33,974,652
Completed vessel	**19,221,849**	-
	34,150,743	49,864,589

Included in completed vessel and vessels work-in-progress are:

	Group 2017 RM	Group 2016 RM
Interest expense	**451,294**	1,525,621

19. Trade and other receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
Trade receivables				
Third parties	**15,418,716**	16,212,724	**-**	-
Amount due from a joint venture	**1,729,767**	-	**-**	-
Less: Allowance for impairment of third parties	**(1,051,561)**	(497,443)	**-**	-
Trade receivables, net	**16,096,922**	15,715,281	**-**	-
Other receivables				
Refundable deposits	**725,806**	951,204	**2,000**	2,000
Other receivables				
- Others	**1,344,686**	1,153,361	**113,792**	136,502
- Subsidiaries	**-**	-	**840,671**	880,371
Amount due from an associate	**21,159,256**	14,994,012	**-**	-
Amount due from subsidiaries	**-**	-	**66,763,386**	29,730,994
Amount due from a joint venture	**135,184**	355,810	**-**	-
	23,364,932	17,454,387	**67,719,849**	30,749,867
Less: Allowance for impairment of other receivables	**(536,154)**	(786,831)	**-**	-
	22,828,778	16,667,556	**67,719,849**	30,749,867
	38,925,700	32,382,837	**67,719,849**	30,749,867
Non-current				
Other receivables				
Amount due from an associate	**394,251**	4,991,935	**-**	-
Total trade and other receivables	**39,319,951**	37,374,772	**67,719,849**	30,749,867
Add: Cash and bank balances (Note 22)	**30,157,806**	42,336,149	**234,231**	1,723,946
Total loans and receivables	**69,477,757**	79,710,921	**67,954,080**	32,473,813

Notes to the Financial Statements (continued)

19. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 day (2016: 30 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are partially secured.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017 **RM**	**2016** **RM**
Neither past due nor impaired	**4,529,299**	4,126,115
1 to 30 days past due not impaired	**4,731,831**	4,239,499
31 to 60 days past due not impaired	**2,416,869**	3,206,293
61 to 90 days past due not impaired	**1,931,696**	1,261,755
91 to 120 days past due not impaired	**742,697**	1,473,885
More than 121 days past due not impaired	**1,744,530**	1,407,734
	11,567,623	11,589,166
Impaired	**1,051,561**	497,443
	17,148,483	16,212,724

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM11,567,623 (2016: RM11,589,166) that are past due at the reporting date but not impaired.

The balances of receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 **RM**	**2016** **RM**
Total receivables	**1,051,561**	497,443
Less: Allowance for impairment	**(1,051,561)**	(497,443)
	-	-

Notes to the Financial Statements (continued)

19. Trade and other receivables (continued)

(a) Trade receivables (continued)

	Group 2017 RM	Group 2016 RM
Movement in allowance accounts:		
At 1 January	**497,443**	743,569
Charge for the year	**608,508**	49,473
Reversal of impairment losses (Note 5)	**(36,000)**	(295,599)
Written off	**(18,390)**	-
At 31 December	**1,051,561**	497,443

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments and there are doubts as to the recoverability. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

This amount is unsecured and is repayable on demand.

Included in the amount due from subsidiaries is an amount of RM62,458,053 (2016: RM16,809,530) which bears interest charge at 3.53% (2016: 3.52% - 5.40%) per annum.

(c) Amount due from an associate

This amount is unsecured and is repayable on demand.

Included in the amount due from an associate is an amount of RM4,991,935 (2016: RM12,747,063) which bears interest charge at 6.95% (2016: 6.95%) per annum and is fully repayable by 2019.

(d) Amount due from a joint venture

This amount is unsecured, non-interest bearing and is repayable on demand.

(e) Other receivables

This amount is unsecured, non-interest bearing and is repayable on demand.

20. Other current assets

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Prepayment for insurance	**195,147**	288,668	**-**	-
Other prepaid operating expenses	**344,599**	267,703	**-**	3,500
	539,746	556,371	**-**	3,500

Notes to the Financial Statements (continued)

21. Investment securities

	Group 2017 RM	Group 2016 RM
Wholesale money market fund quoted in Malaysia, at market value	**64,641**	63,011

22. Cash and bank balances

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash at banks and on hand	**17,974,007**	20,890,920	**234,231**	1,723,946
Short term deposits with licensed banks	**12,183,799**	21,445,229	**-**	-
Cash and bank balances	**30,157,806**	42,336,149	**234,231**	1,723,946

Deposits of the Group with licensed banks amounting to RM12,183,799 (2016: RM17,819,554) are pledged to banks for bank guarantees issued to third parties and for short term facilities granted by the banks to the Group.

Included in cash and bank balances is an amount of RM465,766 (2016: RM2,072,999) which is restricted in use as set by a bank in order to maintain the liquidity requirements.

The effective interest rates and the maturity of deposits of the Group as at the reporting date are as follows:

	Interest rate 2017 %	Interest rate 2016 %	Maturity 2017 Days	Maturity 2016 Days
Deposits with licensed banks	**2.90 - 3.10**	1.55 - 3.30	**15 - 365**	31 - 365

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash and bank balances	**30,157,806**	42,336,149	**234,231**	1,723,946
Bank overdrafts (Note 23)	**(28,775,830)**	(26,342,030)	**-**	-
	1,381,976	15,994,119	**234,231**	1,723,946
Cash at bank restricted in use	**(465,766)**	(2,072,999)	**-**	-
Short term deposits pledged as security	**(12,183,799)**	(17,819,554)	**-**	-
Cash and cash equivalents	**(11,267,589)**	(3,898,434)	**234,231**	1,723,946

Notes to the Financial Statements (continued)

23. Loans and borrowings

	Maturity	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current					
Secured:					
Bank overdrafts (Note 22)	On demand	**28,775,830**	26,342,030	**-**	-
Obligations under finance leases (Note 29(b))	2018	**44,336**	55,049	**-**	-
Revolving credits	2018	**46,000,000**	54,200,000	**-**	-
Islamic loans		**-**	6,140,000	**-**	6,140,000
Term loans	2018	**25,072,532**	44,579,717	**-**	-
		99,892,698	131,316,796	**-**	6,140,000
Non-current					
Secured:					
Obligations under finance leases (Note 29(b))	2019-2020	**41,223**	74,359	**-**	-
Islamic loans		-	1,945,000	**-**	1,945,000
Term loans	2019-2022	**87,803,708**	118,249,600	**-**	-
		87,844,931	120,268,959	**-**	1,945,000
Total loans and borrowings		**187,737,629**	251,585,755	**-**	8,085,000

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
On demand or within one year	**99,896,349**	131,316,796	**-**	6,140,000
Later than 1 year but not later than 2 years	**39,455,438**	72,337,873	**-**	1,945,000
Later than 2 years but not later than 5 years	**48,385,842**	47,931,086	**-**	-
	187,737,629	251,585,755	**-**	8,085,000

Bank overdrafts

Bank overdrafts were secured by charges over leasehold land and buildings of the Group, legal mortgage on vessel and fixed deposits pledged to the bank.

Obligations under finance leases

This obligation was secured by a charge over the leased assets (Note 13).

Revolving credits

Revolving credits are secured by corporate guarantee by the holding company, a charge over the Group's leasehold land and buildings, fixed deposits pledged to the bank, and a freehold land owned by a subsidiary.

Notes to the Financial Statements (continued)

23. Loans and borrowings (continued)

Islamic loans

Islamic loans are secured by corporate guarantee of three subsidiaries, fixed deposits in the name of the subsidiaries, and the subsidiaries' vessels.

Term loans

These loans are secured by legal charges over certain vessels, assignment of time charter proceeds and leasehold land and buildings of the Group, corporate guarantee by holding company and a charge over fixed deposits of the subsidiaries.

The effective interest rates at 31 December for loans and borrowings are as follows:

	Group		Company	
	2017 %	**2016 %**	**2017 %**	**2016 %**
Bank overdrafts	**7.15 - 8.29**	6.65 - 8.31	**-**	-
Obligations under finance leases	**4.55 - 4.81**	4.55 - 4.81	**-**	-
Term loans				
- Floating rates	**4.74 - 6.72**	2.72 - 6.72	**-**	-
Islamic loans	**-**	5.94	**-**	5.94
Revolving credits	**5.07 - 5.90**	5.07 - 5.90	**-**	-

24. Trade and other payables

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Current				
Trade payables				
Third parties	**8,323,812**	9,120,654	**-**	-
Other payables				
Accrued operating expenses	**6,813,428**	8,674,845	**527,390**	689,653
Deposits received	**91,000**	63,000	**-**	-
Other payables	**13,142,802**	11,850,037	**574,394**	4,928
Amount due to holding company	**4,000,000**	-	**4,000,000**	-
Amount to a related company	**-**	30,000	**-**	-
Amount due to subsidiaries	**-**	-	**81,345,050**	40,837,189
	24,047,230	20,617,882	**86,446,834**	41,531,770
Total trade and other payables	**32,371,042**	29,738,536	**86,446,834**	41,531,770
Add: Loans and borrowings (Note 23)	**187,737,629**	251,585,755	**-**	8,085,000
Total finance liabilities carried at amortised cost	**220,108,071**	281,324,291	**86,446,834**	49,616,770

Notes to the Financial Statements (continued)

24. Trade and other payables (continued)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2016: 30 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing. Included in other payables of the Group is an amount of RM10,066,543 (2016: RM10,247,230) due to companies in which certain Directors of the Group have substantial financial interests.

(c) Amount due to holding company

This amount is unsecured, non-interest bearing and is repayable on demand.

(d) Amount due to subsidiaries

This amount is unsecured and is repayable on demand.

Included in the amount due to subsidiaries is an amount of RM70,170,259 (2016: RM14,089,223) which bears interest at rates ranging from 3.53% to 5.71% (2016: 3.52% to 5.40%) per annum.

(e) Amount due to a related company

This amount is unsecured, non-interest bearing and is repayable on demand.

25. Deferred tax liabilities

Group	Property, plant and equipment RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2016	51,964,239	(10,119,849)	(7,020,639)	34,823,751
Recognised in profit or loss (Note 11)	(1,935,089)	(589,650)	(3,924,656)	(6,449,395)
At 31 December 2016 and 1 January 2017	50,029,150	(10,709,499)	(10,945,295)	28,374,356
Recognised in profit or loss (Note 11)	(1,089,192)	863,417	(1,709,326)	(1,935,101)
At 31 December 2017	**48,939,958**	**(9,846,082)**	**(12,654,621)**	**26,439,255**

Unrecognised tax losses and capital allowances

At the reporting date, the Group has unutilised tax losses and unabsorbed capital allowances of approximately RM40,719,376 and RM26,039,994 respectively (2016: RM33,937,661 and RM26,466,939) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

Unutilised tax losses and unabsorbed capital allowances

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements (continued)

26. Share capital and share premium

Issued and fully paid	Number of ordinary shares	Amount Share capital RM	Amount Share premium RM	Total RM
Group/Company				
Balance as at 1 January 2016, 31 December 2016 and 1 January 2017	500,000,000	250,000,000	79,086,883	329,086,883
Transfer from share premium account pursuant to the Companies Act 2016	-	79,086,883	(79,086,883)	-
Balance as at 31 December 2017	**500,000,000**	**329,086,883**	**-**	**329,086,883**

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

The Companies Act 2016 ("Act") which became effective on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium of RM79,086,883 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

27. Other reserves

Group	Foreign currency translation reserve RM	Total RM
At 1 January 2016	**60,549,044**	60,549,044
Other comprehensive income:		
Foreign currency translation	**11,487,102**	11,487,102
At 31 December 2016 and 1 January 2017	**72,036,146**	72,036,146
Other comprehensive income:		
Foreign currency translation	**(19,588,334)**	(19,588,334)
At 31 December 2017	**52,447,812**	52,447,812

Foreign currency translation reserve

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

Notes to the Financial Statements (continued)

28. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Transactions with holding company				
Loans from holding company	**-**	-	**4,000,000**	-
Transactions with subsidiaries				
Sundry income	**-**	-	**(5,067)**	-
Management fee	**-**	-	**(2,498,822)**	(3,577,821)
Interest income	**-**	-	**(1,606,147)**	(1,103,984)
Interest expense	**-**	-	**2,013,353**	1,079,561
Loans to subsidiaries	**-**	-	**5,082,242**	1,886,835
Transactions with a related company				
Rental expense	**120,000**	120,000	**12,000**	12,000
Transactions with companies in which certain Directors have substantial interests				
Rental expense	**94,644**	90,217	**-**	-
Hiring charges	**-**	210,000	**-**	-
Legal and professional fees	**60,564**	241,969	**-**	-
Sales of property, plant and equipment	**-**	(41,000)	**-**	-
Manpower supply	**(20,758)**	(7,481)	**-**	-
Transaction with a Director				
Rental expense	**-**	3,900	**-**	-

Related companies:

Related companies are companies within Sealink Holdings Sdn. Bhd. group.

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Short-term employee benefits	**4,469,620**	4,181,401	**2,706,188**	2,235,115
Defined contribution plan	**435,610**	378,253	**282,537**	233,469
	4,905,230	4,559,654	**2,988,725**	2,468,584

Notes to the Financial Statements (continued)

29. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2017	**2016**
	RM	**RM**
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	**126,968,720**	126,968,720

(b) Finance lease commitments

The Group has finance leases for certain items of motor vehicles (Note 13). These leases do not have terms of renewal, but had purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	**46,728**	59,856
Later than 1 year but not later than 2 years	**30,496**	41,928
Later than 2 years but not later than 5 years	**11,991**	36,087
Total minimum lease payments	**89,215**	137,871
Less: Amounts representing finance charges	**(3,656)**	(8,463)
Present value of minimum lease payments	**85,559**	129,408
Present value of payments:		
Not later than 1 year	**44,336**	55,049
Later than 1 year but not later than 2 years	**27,788**	39,536
Later than 2 years but not later than 5 years	**13,435**	34,823
Present value of minimum lease payments	**85,559**	129,408
Less: Amount due within 12 months (Note 23)	**(44,336)**	(55,049)
Amount due after 12 months (Note 23)	**41,223**	74,359

30. Fair value of financial instruments

(a) Fair values of financial instruments not carried at fair value

Set out below, is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

Notes to the Financial Statements (continued)

30. Fair value of financial instruments (continued)

(a) Fair values of financial instruments not carried at fair value (continued)

	Carrying amount		Fair value	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Group				
Financial liabilities:				
Non-current:				
Interest-bearing loans and borrowings				
- Obligations under finance leases	**41,223**	74,359	**41,165**	74,219

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	19
Trade and other payables	24
Loans and borrowings (current and non-current, except non-current fixed rates loans and borrowings)	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

Financial guarantees

The fair value of financial guarantees is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default

Notes to the Financial Statements (continued)

31. Fair value measurement

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
At 31 December 2017				
Assets measured at fair value:				
Wholesale money market fund	**64,641**	**-**	**-**	**64,641**
Liabilities for which fair values are disclosed: (Note 30(a))				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	**-**	**41,165**	**-**	**41,165**
At 31 December 2016				
Assets measured at fair value:				
Wholesale money market fund	63,011	-	-	63,011
Liabilities for which fair values are disclosed: (Note 30(a))				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	74,219	-	74,219

There have been no transfers between Level 1 and Level 2 during the financial year.

32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Notes to the Financial Statements (continued)

32. Financial risk management objectives and policies (continued)

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by the management. The audit committee of Sealink International Berhad provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantee given to banks for credit facilities granted to subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
Group			
At 31 December 2017			
Financial liabilities:			
Trade and other payables	**32,371,042**	**-**	**32,371,042**
Loans and borrowings	**106,488,906**	**93,862,579**	**200,351,485**
Total undiscounted financial liabilities	**138,859,948**	**93,862,579**	**232,722,527**

Notes to the Financial Statements (continued)

32. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	On demand or within one year RM	One to five years RM	Total RM
Group			
At 31 December 2016			
Financial liabilities:			
Trade and other payables	29,738,536	-	29,738,536
Loans and borrowings	138,650,730	123,502,211	262,152,941
Total undiscounted financial liabilities	168,389,266	123,502,211	291,891,477
Company			
At 31 December 2017			
Financial liabilities:			
Trade and other payables	**86,446,834**	**-**	**86,446,834**
Financial guarantee contracts*	**173,087,669**	**-**	**173,087,669**
Total undiscounted financial liabilities	**259,534,503**	**-**	**259,534,503**
At 31 December 2016			
Financial liabilities:			
Trade and other payables	41,531,770	-	41,531,770
Loans and borrowings	6,508,855	1,979,697	8,488,552
Financial guarantee contracts*	221,501,367	-	221,501,367
Total undiscounted financial liabilities	269,541,992	1,979,697	271,521,689

* Based on the maximum amount that can be called under the financial guarantee contracts.

(c) Interest rate risk

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

The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their loans and borrowings.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been lower/higher by 10 basis points with all other variables held constant, the Group's loss net of tax would have been RM160,013 (2016: RM191,107) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements (continued)

32. Financial risk management objectives and policies (continued)

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia (RM), Singapore Dollar (SGD) and United States Dollars (USD). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar (SGD), United States Dollars (USD), Australian Dollars (AUD) and Brunei Dollar (BND).

The Group uses forward currency contracts to minimise the exposures arising from sales after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The Group maintains a natural hedge, whenever possible, by borrowing or holding cash and cash equivalents denominated in foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the SGD, USD and BND against RM exchange rate, RM and USD against SGD exchange rate and SGD, RM and AUD against USD exchange rate with all other variables held constant.

	Group Loss net of tax		**Company Loss net of tax**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
SGD/RM - strengthen by 5%	**639,656**	(475,241)	**1,938**	1,983
SGD/RM - weaken by 5%	**(639,656)**	475,241	**(1,938)**	(1,983)
USD/RM - strengthen by 5%	**(1,123,819)**	(833,115)	**1,442**	1,600
USD/RM - weaken by 5%	**1,123,819**	833,115	**(1,442)**	(1,600)
BND/RM - strengthen by 5%	**(10,622)**	-	**-**	-
BND/RM - weaken by 5%	**10,622**	-	**-**	-
RM/SGD - strengthen by 5%	**(365,493)**	377,811	**-**	-
RM/SGD - weaken by 5%	**365,493**	(377,811)	**-**	-
USD/SGD - strengthen by 5%	**(2,699,466)**	1,208,782	**-**	-
USD/SGD - weaken by 5%	**2,699,466**	(1,208,782)	**-**	-
SGD/USD - strengthen by 5%	**(51,946)**	(69,473)	**-**	-
SGD/USD - weaken by 5%	**51,946**	69,473	**-**	-
RM/USD - strengthen by 5%	**(148,712)**	(589)	**-**	-
RM/USD - weaken by 5%	**148,712**	589	**-**	-
AUD/USD - strengthen by 5%	**-**	10,613	**-**	-
AUD/USD - weaken by 5%	**-**	(10,613)	**-**	-

Notes to the Financial Statements (continued)

33. 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 assets to reduce borrowings.

Management monitors capital based on the Group's and the Company's gearing ratio. The Group and the Company are also required by certain banks to maintain a gearing ratio of not exceeding certain percentage varying between 100% and 200%. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

The gearing ratio is calculated as total loans and borrowings divided by equity capital.

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Loans and borrowings	23	**187,737,629**	251,585,755	**-**	8,085,000
Total equity		**385,135,453**	454,453,417	**367,147,452**	368,451,122
Gearing ratio		**48.75%**	55.36%	**-**	2.19%

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

I. Shipbuilding

II. Chartering of vessels

III. Others consist of investment holding and letting of properties

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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. Group financing (including finance costs recognised in profit or loss) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements (continued)

34. Segment information (continued)

	Shipbuilding		Chartering		Others		Adjustments and eliminations			Per consolidated financial statements	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**	**Notes**	**2017 RM**	**2016 RM**
Revenue:											
External customers	**21,866,721**	60,784,263	**53,318,084**	62,117,393	**-**	-	**-**	-		**75,184,805**	122,901,656
Inter-segment	**3,525,610**	5,501,554	**14,130,404**	19,056,849	**2,576,822**	3,655,821	**(20,232,836)**	(28,214,224)	A	**-**	-
Total revenue	**25,392,331**	66,285,817	**67,448,488**	81,174,242	**2,576,822**	3,655,821	**(20,232,836)**	(28,214,224)		**75,184,805**	122,901,656
Results:											
Interest income	**6,160,588**	4,538,730	**4,431,508**	3,438,827	**3,309,981**	1,526,387	**(10,873,502)**	(6,808,361)		**3,028,575**	2,695,583
Depreciation and amortisation	**4,245,529**	5,417,964	**42,139,796**	44,340,780	**367,365**	327,970	**(2,846,600)**	(3,008,506)		**43,906,090**	47,078,208
Other non-cash expenses	**131,479**	(527,003)	**815,408**	30,409,406	-	910	**(179,442)**	532,460	B	**767,445**	30,415,773
Segment loss	**(1,381,385)**	(8,608,006)	**(47,892,764)**	(49,904,407)	**(3,291,309)**	(25,813,956)	**2,429,277**	21,251,489	C	**(50,136,181)**	(63,074,880)
Assets:											
Investment in an associate	**-**	-	**-**	-	**3,795,158**	4,724,774	**-**	-		**3,795,158**	4,724,774
Investment in a joint venture	**-**	-	**6,738,552**	-	**-**	7,539,563	**-**	-		**6,738,552**	7,539,563
Additions to non-current assets	**565,348**	42,486	**14,417,744**	36,772,554	**-**	215,069	**(13,870,000)**	(36,259,273)	D	**1,113,092**	770,836
Segment assets	**183,329,139**	201,538,827	**759,636,596**	843,723,259	**548,553,515**	492,012,444	**(858,716,848)**	(773,041,392)	E	**632,802,402**	764,233,138
Segment liabilities	**117,194,265**	133,433,313	**410,725,046**	405,075,208	**138,486,218**	108,382,530	**(418,738,580)**	(337,111,330)	F	**247,666,949**	309,779,721

Notes to the Financial Statements (continued)

34. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM	2016 RM
Inventories written off	8	**106,648**	543,670
Property, plant and equipment written off	8	**31,473**	564,465
Impairment loss on trade and other receivables	8	**629,324**	89,998
Impairment loss on property, plant and equipment	8	**-**	30,487,178
Reversal of inventories written off	8	**-**	(1,269,538)
		767,445	30,415,773

C The following items are added to/(deducted from) segment loss to arrive at "Loss before tax" presented in the Group's statements of profit or loss and other comprehensive income:

	2017 RM	2016 RM
Profit from inter-segment sales	**(6,811,474)**	(4,561,158)
Finance costs	**10,830,981**	6,740,030
Share of results of an associate	**(1,021,652)**	(1,370,159)
Share of results of a jointly controlled entity	**(950,121)**	391,017
Unallocated corporate expenses	**381,543**	20,051,759
	2,429,277	21,251,489

D Additions to non-current assets consist of:

Property, plant and equipment	**1,113,092**	770,836

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the Group's statements of financial position:

	2017 RM	2016 RM
Investment in subsidiaries	**(395,763,173)**	(395,633,175)
Investment in an associate	**295,158**	1,224,774
Investment in a joint venture	**(777,450)**	(160,439)
Inter-segment assets	**(462,471,383)**	(378,472,552)
	(858,716,848)	(773,041,392)

Notes to the Financial Statements (continued)

34. Segment information (continued)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the Group's statements of financial position:

	2017 RM	2016 RM
Deferred tax liabilities	**12,272,272**	10,924,871
Inter-segment liabilities	**(431,010,852)**	(348,036,201)
	(418,738,580)	(337,111,330)

Geographical information

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

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	**71,776,956**	52,993,771	**491,052,621**	563,494,137
Singapore	**3,407,849**	11,726,293	**26,155,777**	56,969,365
United Arab Emirates	**-**	58,181,592	**-**	-
	75,184,805	122,901,656	**517,208,398**	620,463,502

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

	2017 RM	2016 RM
Property, plant and equipment	**506,551,704**	609,228,055
Land use rights	**10,656,694**	11,235,447
	517,208,398	620,463,502

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 3 April 2018.

Landed Properties

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approximate Age of the Building (Years)	Tenure/Date of Expiry of Lease	Net Book Value as at 31.12.2017 (RM'000)
SEALINK SHIPYARD SDN BHD (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 years/ Lease term expires on 02.08. 2071	180
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	10	60 years/ Lease term expires on 27.02.2056	19,734
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	9	60 years/ Lease term expires on 31.12.2027	376
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	9	60 years/ Lease term expires on 24.02.2052	1,537
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	48	60 years/ Lease term expires on 31.12.2027	663
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 years/ Lease term expires on 07.04.2057	9,546
SEALINK SENDIRIAN BERHAD (20471-D)						
Lot 1340, Miri Concession Land District / [Lot 1340, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	Utilize as a shipyard with one (1) detached building (workshop and warehouse)	4,039	38	60 years/ Lease term expires on 31.12.2027	1,245

Landed Properties (continued)

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approximate Age of the Building (Years)	Tenure/Date of Expiry of Lease	Net Book Value as at 31.12.2017 (RM'000)
SEALINK SENDIRIAN BERHAD (20471-D)						
Lot 482, Block 4, Miri Concession Land District / [Lot 482, Block 4, Miri Concession Land District, 98009 Miri, Sarawak]	Vacant industrial land	N/A	19,441	N/A	60 years/ Lease term expires on 11.06.2036	6,305
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 years/ Lease term expires on 02. 10.2071	78
BARAM MOULDING INDUSTRIES SDN BHD (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 building	Used for three (3) detached buildings utilized as office, storage yard & lathe workshop	19,750	9	60 years/ Lease term expires on 17.07.2058	3,530
BRISTAL VIEW SDN BHD (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 years/ Lease term expires on 02.08.2865	570
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 years/ Lease term expires on 02.08.2865	1,814
ALIRAN SAKSAMA SDN BHD (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	8	60 years/ Lease term expires on 22.10.2067	2,001

Analysis of Shareholdings

as at 30 March 2018

Class of Equity Security

Issued and paid up capital	:	RM250,000,000.00 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	0.17	204	0.00
100 - 1,000	723	24.83	155,500	0.03
1,001 - 10,000	957	32.86	6,140,396	1.23
10,001 - 100,000	1,004	34.48	37,339,600	7.47
100,001 - 24,999,999 *	220	7.55	84,184,301	16.84
25,000,000 and above **	3	0.10	372,179,999	74.44
Total	**2,912**	**100.00**	**500,000,000**	**100.00**

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

Directors' Shareholdings

Name Of Directors	No. of Shares Direct	%	No. of Shares Indirect	%
1. Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	0.01	-	0.00
2. Datuk Sebastian Ting Chiew Yew	137,500	0.03	-	0.00
3. Toh Kian Sing	-	0.00	-	0.00
4. Wong Chie Bin	30,000	0.01	-	0.00
CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Wong Chie Bin (M73031)	-	0.00	60,000	0.01
5. Yong Foh Choi	45,716,800	9.14	326,463,199 [a]	65.29
6. Yong Kiam Sam	67,382,399	13.48	304,797,600 [b]	60.96
Total	**113,296,699**	**22.66**	**631,320,799**	**126.26**

Note :

(a) Deemed interest by virtue of his substantial shareholding in Sealink Holdings Sdn Bhd and his son, Yong Kiam Sam's shareholding in the Company

(b) Deemed interest by virtue of his father, Yong Foh Cho's substantial shareholding in Sealink Holdings Sdn Bhd and also his father's shareholding in the Company

Substantial Shareholders

Name	No. of Shares Direct	%	No. of Shares Indirect	%
Sealink Holdings Sdn. Bhd. (164959-P)	259,080,800	51.82	-	-
Yong Kiam Sam	67,382,399	13.48	304,797,600	60.96
Yong Foh Choi	45,716,800	9.14	326,463,199	65.29

Analysis of Shareholdings (continued)

Thirty (30) Largest Shareholders

No.	Name	Shareholdings	%
1.	Sealink Holdings Sdn. Bhd.	259,080,800	51.82
2.	Yong Kiam Sam	67,382,399	13.48
3.	Yong Foh Choi	45,716,800	9.14
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Kong Sing Nguong (M05)*	6,832,900	1.37
5.	Ting Hua Ping	3,392,500	0.68
6.	Yii Siew Sang	3,180,000	0.64
7.	Data Hasrat Sdn Bhd	2,000,000	0.40
8.	Lai Chun Lian	1,695,500	0.34
9.	Lee Chee Keong	1,314,900	0.26
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ting Hua Kuok (ET)*	1,247,000	0.25
11.	HSBC Nominees (Asing) Sdn Bhd	1,227,000	0.25
12.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Teh Poo Seng (M02)*	1,180,000	0.24
13.	Tan Cheow Ho	1,100,000	0.22
14.	Tengku AB Malek Bin Tengku Mohamed	1,100,000	0.22
15.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Tian An*	1,097,000	0.22
16.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chew Cheong Ber (M02)*	1,087,000	0.22
17.	Gan Lay Har	1,042,000	0.21
18.	Leasing Corporation Sdn Bhd	1,009,000	0.20
19.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Sin Huan Kwang (E-TWU)*	921,600	0.18
20.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Teh Poo Seng (CEB)*	900,000	0.18
21.	SP Jutajaya Sdn Bhd	873,100	0.17
22.	Lau Ka Tee	850,000	0.17
23.	Agrosegar Sdn Bhd	800,000	0.16
24.	Bahtera Offshore (M) Sdn Bhd	800,000	0.16
25.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Harold Tan Hong Lee*	750,000	0.15
26.	Ng Wan Wa	750,000	0.15
27.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Voon Fook Soon (E-PDG/JPN)*	736,000	0.15
28.	Lee Chee Kok	720,000	0.14
29.	Public Invest Nominees (Asing) Sdn Bhd *Exempt An For Phillip Securities Pte Ltd (CLIENTS)*	705,000	0.14
30.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Sing Nguong*	700,000	0.14
	Total	410,190,499	82.04
	Total Issued Shareholdings	500,000,000	

Form of Proxy

No. of Shares Held :	

SEALINK INTERNATIONAL BERHAD
(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 Tenth Annual General Meeting ("10th AGM") of the Company to be held on Tuesday, 22 May 2018 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 RM277,830.00 per annum for Non-Executive Directors and RM39,690.00 per annum for Executive Directors for the financial year ending 31 December 2018.		
2.	To re-elect Mr Wong Chie Bin as Director of the Company.		
3.	To re-elect Mr Toh Kian Sing as Director of the Company.		
4.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration.		
5.	Continuation in office of Mr Wong Chie Bin as Independent Non-Executive Director.		
6.	Continuation in office of Mr Toh Kian Sing as Independent Non-Executive Director.		

(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 May, 2018.

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 16 May 2018 be regarded as Members and shall be entitled to attend, speak and vote at the 10th AGM.
2. A Member 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 authorized 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 authorized 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 authorized 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 authorized.
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 10th AGM or any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
SEALINK INTERNATIONAL BERHAD (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

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

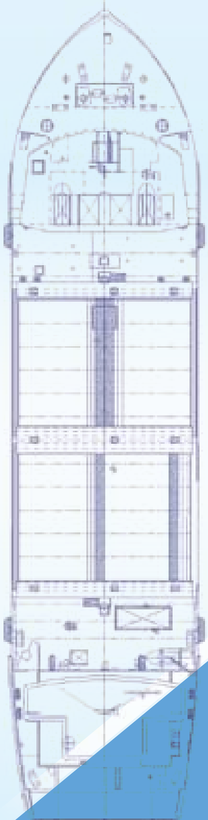
545 Orchard Road #09-07,
Far East Shopping Centre,
238882 Singapore
Tel : +65 6737 7911
Fax : +65 6737 4889

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

SEALINK INTERNATIONAL BERHAD
(800981-X)

SEALINK INTERNATIONAL BERHAD (800981-X)

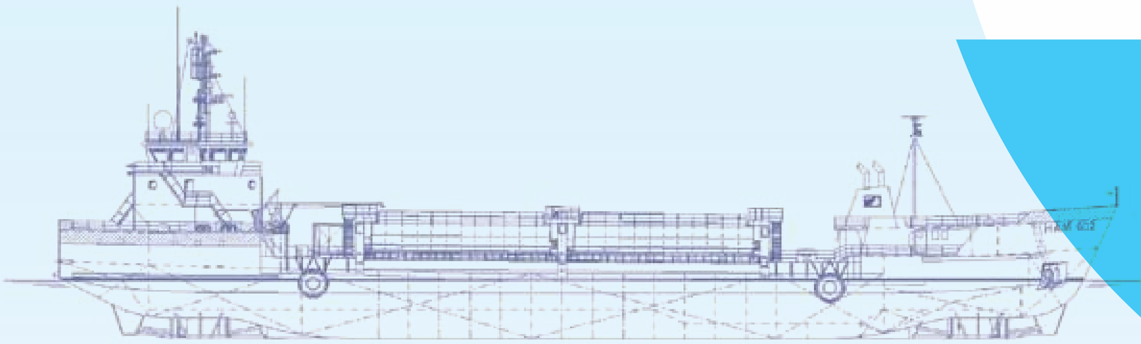


SEALINK INTERNATIONAL BERHAD
(800981-X)

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

Tel : 085-651 778
Fax : 085-652 480
Email : sealink@asiasealink.com

www.asiasealink.com



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