SEALINK INTERNATIONAL BERHAD

Registration No. 200701042948 (800981-X)

enhancing quality, delivering value.

Annual Report

2019

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

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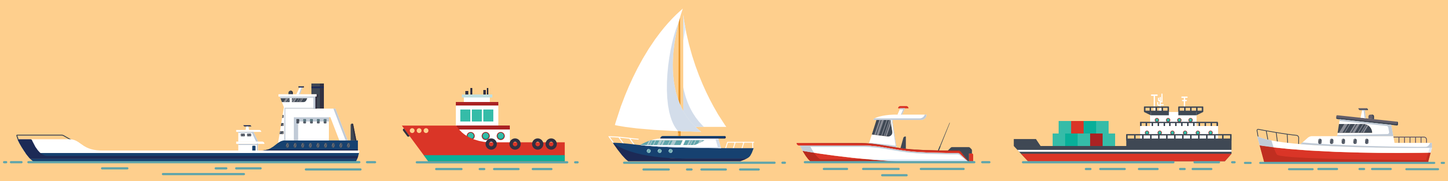

Corporate Information

Board Of Directors

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

Datuk Sebastian Ting Chiew Yew
Independent Non-Executive Director

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

Toh Kian Sing
Independent Non-Executive Director

Wong Chie Bin
Independent Non-Executive Director

Audit Committee

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

Nominating Commitee

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

Remuneration Committee

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

Risk Management Committee

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

Company Secretary

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

Registered Office and Corporate Office

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

Registrar

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

Auditors

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & 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 Bank Malaysia Berhad
Malayan Banking Berhad
DBS Bank Ltd
OCBC Al-Amin Bank Berhad

Stock Exchange Listings

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

Stock Code

5145

Stock Name

SEALINK

Group Structure

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

MALAYSIA

Shipbuilding and Repair

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

Chartering

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

LABUAN

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

SINGAPORE

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

Note:
* Companies in the process of winding up

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting ("12th 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 September 2020 at 11:00 a.m. for the following purposes :

AGENDA

AS ORDINARY BUSINESS

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2019 together with the Report of the Auditors thereon.

2. To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2020. **(Resolution 1)**

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

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

5. To appoint Auditors of the Company and to authorize the Directors to determine their remuneration. **(Resolution 4)**

   Notice of Nomination pursuant to Section 271(4) of the Companies Act 2016, a copy of which is annexed hereto and marked "Annexure A" in the Integrated Annual Report has been received by the Company for the nomination of Messrs GRANT THORNTON MALAYSIA PLT, who have given their consent to act, for appointment as auditors and of the intention to propose the following ordinary resolution:

   "**THAT**, Messrs GRANT THORNTON MALAYSIA PLT be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting **AND THAT** the Directors be authorised to fix their remuneration"

AS SPECIAL BUSINESS

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

6. **Ordinary Resolutions**

   Continuation in office as Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017

   (i) "That subject to the passing of Resolution 3, 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 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 ordinary business of which due notice shall have been given.

By order of the Board,

Yeo Puay Huang (f)
Company Secretary [SSM PC No. 202008000727 (LS0000577)]
Dated : 30 June 2020

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 15 September 2020 be regarded as Members and shall be entitled to attend, speak and vote at the 12th Annual General Meeting.

2. A Member entitled to attend, speak and vote at the 12th 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 12th AGM or any adjournment thereof.

6. Registration will start at 10:00 a.m. 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 September 2020.

7. As a precautionary measure against the spread of COVID-19, members are strongly encouraged to appoint either the Chairman of the Meeting or any one (1) of the Independent Directors as proxy to vote in his stead.

8. At the physical meeting, members are advised to observe the applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Securities Council, and other relevant authorities to curb the spread of COVID-19 are abided by; ensure a physical distance of at least one (1) meter between each meeting participant at all times; and all participants have to wear face masks.

9. The Company will continue to monitor the COVID-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.asiasealink.com.

Explanatory Notes to Ordinary and Special Business :

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

2. Ordinary Resolutions

Continuation in office as Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017

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 have possessed vast commercial experience and knowledge that complements the Company's board composition, and continue to provide valuable insights and contributions to the Board; and

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

Profile of Directors

Yong Kiam Sam

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

Nationality/Age/Gender:
Malaysian/49/Male

Date of Appointment:
28 December 2007

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

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

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

Other Public Companies: Nil

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

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer:
   He is the son of Yong Foh Choi, a substantial shareholder of Sealink International Berhad.

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

3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2019: Nil

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

Wong Chie Bin

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

Nationality/Age/Gender:
Malaysian/64/Male

Date of Appointment:
20 May 2008

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

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

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

Other Public Companies: Nil

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

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

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

3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2019: Nil

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

Profile of Directors (continued)

Toh Kian Sing

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

Nationality/Age/Gender:
Singaporean/55/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 2019: Nil
4. The number of board meetings attended in the financial year: 5/6

Eric Khoo Chuan Syn @ Khoo Chuan Syn

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

Nationality/Age/Gender:
Malaysian/64/Male

Date of Appointment:
20 May 2008

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

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

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

Other Public Companies: Nil

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

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2019: Nil
4. The number of board meetings attended in the financial year: 6/6

Datuk Sebastian Ting Chiew Yew

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

Nationality/Age/Gender:
Malaysian/65/Male

Date of Appointment:
20 August 2013

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

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

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

Other Public Companies: Nil

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

Additional Information
1. Any family relationship with any director and/or major shareholder of the listed issuer: Nil
2. Any conflict of interests with the listed issuer: Nil
3. Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2019: Nil
4. The number of board meetings attended in the financial year: 4/6

Profile of Key Senior Management

Yong Kiam Miaw
General Manager for Sealink Shipyard Sdn Bhd

Nationality/Age/Gender:
Malaysian/53/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 2019: Nil

Angelia Chong Pei Cheng
General Manager, Group Finance

Nationality/Age/Gender:
Malaysian/44/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 2019: 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 2019. It has been a challenging but optimistic year for the marine industry, which inevitably impacted our financial performance for the year and gives rise to confidence for the future.

On an encouraging note, the initiatives and strategies undertaken by the Group 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

Domestic oil and gas activities across the services value chain is expected to rise based on the activity outlook report released by Petroliam Nasional Bhd (Petronas) for the 2020-2022 period. The takeaways were mostly positive, as the upstream activity levels will stay mostly elevated from the surge in 2019. Most of the upstream value chains are anticipated to see the same levels as in 2019. More specifically, one of the biggest rise in activities would come from marine vessels, on the back of an increase in workflows in maintenance, construction and modification (MCM) activities which is expected to see a peak in man-hours for 2020 despite a strong year in 2019. It is expected to see a rise in demand for Anchor Handling Tug Supply (AHTS), Platform Supply Vessels (PSV), Straight Supply Vessels (SSV) and other forms of support vessels. Petronas increased the expected number of vessels by almost double, as required by the Malaysian upstream sector across the board for the three-year period comprising AHTS, PSVs and SSVs. Analysts are positive that Petronas' drilling and offshore support vessels (OSV) activities offshore Malaysia reflect a rise in asset utilisation across the board. OSV players will stand to gain the most from the improving domestic landscape. Increased utilisation for AHTS, PSVs & SSVs are not unexpected, for it runs in tangent with Petronas activity of production operations throughout Malaysian waters. (Kenanga Research)

The maritime industry, which sailed at low speed for last few years in order to survive and brave tough times, has picked up steam in 2019 while plans to revive the industry are waiting to be executed. The local oil and gas sector will get more push from the government this year amid rising exploration and production activities.

Global capex budgets are expected to accelerate further in 2020, albeit at a slow pace. We saw signs of recovery before the pandemic. However, some oil companies have announced plans to cut capex by up to 30% due to low demand caused by the outbreak of coronavirus (COVID-19). We believe that the demand for oil services will come back first for the shallow water segments when the recovery comes, as these typically have a lower breakeven cost. This will be beneficial for the Group which has these vessel types.

Oil prices have fallen more than 60% from their recent peak in early January 2020. An early recovery is possible given the fiscal stimulus currently being considered. Government efforts to mitigate the economic cost are evolving in response to the situation. Coordinated and government action is underway to mitigate negative health and economic impacts. (KPMG)

EIA forecasts Brent crude oil prices will average US$43/b (per barrel) in 2020, down from an average of $64/b during 2019. For 2020, EIA expects prices will average $37/b during the second quarter and then rise to $42/b during the second half of the year. EIA forecasts that Brent prices will rise to an average of $55/b in 2021, as declining global oil inventories put upward pressure on prices. (U.S. Energy Information Administration)

MARKET OVERVIEW (continued)

Petronas says it plans to continue with its domestic capital expenditure (capex) programme of RM26 billion to RM28 billion this year, despite the recent oil price slump and the outbreak of COVID-19. This is 10% more than the payout for last year. However, there are increasing risks of some projects being delayed due to the prolonged lockdowns implemented globally and in Malaysia, and further disruptions are anticipated to the global supply chain and service providers. Nevertheless, Petronas says it will strive to maintain its domestic capex programme.

The Economist is positive about the Malaysian economy owing to its strong fundamentals and the country's export potential, advanced industries, low inflation and interest rates and manageable unemployment rate. There are concerns over the strength of the ringgit and crude oil prices, but believe these will recover in time. (Bloomberg)

As for the local oil and gas support services players, in the event of a prolonged low oil price environment; MIDF Research said it is favourable towards companies that are involved in MCM services. This is due to the fact that Malaysia is an oil exporting nation and revenue from oil related income constituted 30.9% of the total Government revenue in 2019. To ensure stable revenue and cash flow, oil production must be sustained. Hence, MCM services will be carried out regardless of the oil price environment.

Nonetheless, the government has space to intervene further should the economic drag turn out to be more acute than it is currently projecting. Looking ahead, UOB does not rule out the possibility of the government giving more monetary support including cuts in the overnight policy rate and statutory reserve requirement given mounting risk from COVID-19 that has roiled the economy and global financial markets. UOB conservatively projects a 'U' shaped recovery where the COVID-19 may be contained by fourth quarter of 2020.

IMF says world economic output should recover in 2021 and welcomes extraordinary fiscal actions already taken by many countries to boost health systems and protect affected companies and workers, and steps taken by central banks to ease monetary policy.

AmBank Group Research says the impact from COVID-19 and oil price should taper by end of second quarter of 2020 and normalisation of both the global and domestic economy should take place in the second half of 2020.

The World Bank says the country is likely to recover in the fourth quarter of the year before bouncing back into smoother momentum in 2021.

DNV GL reveals that oil and gas leaders are optimistic that they will weather the storm, drawing on hard earned cost efficiencies from the past years. While the industry is experiencing persistent uncertainty, growing complexity, and new risks, we also see an industry taking bold decisions, building greater efficiencies and rising to long-term challenges as the world pivots towards a lower carbon energy future.

Against the backdrop of this fall in the oil price, the operations of the Group were invariably affected. The Group has seen oil prices at various price levels, on some occasions lower and other times, higher than at the current time. With the ongoing initiatives in rationalizing and optimizing costs and exposures, we believe the Group will be well positioned to tide over the prevailing business challenges, given the measures we have taken over the last few years.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

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

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

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

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 three (33) 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.

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

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

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

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

OVERVIEW OF FINANCIAL PERFORMANCE

Financial results

Supported by outcomes from strategic initiatives implemented in previous years, the Group's chartering revenue increased quarter on quarter which indicates signs of a gradual pick-up of its core activity of ship charter. The group's ship charter revenue has increased by 35% from RM45 million in 2018 to RM61 million in 2019 which is in line with higher utilisation of vessels and more contracts won.

The Group recorded loss before taxation of RM37 million in 2019 as compared to loss before taxation of RM23 million in 2018 mainly due to maintenance of shipyard facilities, special survey, impairment on trade and other receivables and reactivation cost of vessels incurred to prepare vessels for charter. Term loan interest has also reduced substantially, by about 26%, from RM5.8 million to RM4.3 million as some loans have been cleared.

Liquidity and resources

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

The group's borrowings reduced significantly from RM143 million in 2018 to RM111 million in 2019, a drop of about 22%. This speaks well on the viability of the Group's business despite the challenging conditions in which it operates. At the same time, with reduced gearing the Group will have a stronger balance sheet to take on additional financing to fund expansion when the industry turns around. By the end of Quarter 1 2020, we had settled the term loans for most of our vessels, henceforth, only two vessels are encumbered. This will improve the Group's cashflow and profitability.

In addition, the cashflows from operations have increased by more than double to RM21 million in the current year ended 31 December 2019 as compared to RM10 million in the preceding year ended 31 December 2018. This marked a significant improvement in our ability to generate cash compared to the prior year.

With an improvement in cash flow coupled with low gearing, the Group is well positioned to continue to grow and capture future business opportunities despite the challenges posed by the current environment.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to 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'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 39% in 2018 to 34% in 2019.

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 FY2019.

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. The website also provides, amongst others, information deemed pertinent for investors and the public, for example the Company's corporate announcements, financial results and historical chart of the Company's share prices.

OUTLOOK AND PROSPECTS

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

Local upstream activities are expected to stay elevated from high levels seen in 2019, as guided in Petronas' Activity Outlook for 2020-2022. Kenanga research has identified biggest winners to include marine vessel providers, benefiting from a huge surge in the number of anchor handling tugs supply (AHTS) vessels. Base activities in maintenance are projected to increase for both onshore and offshore in tandem with this outlook.

According to the research arm of Kenanga Investment Bank Berhad, contract flow started to show signs of a gradual pick-up for the past four to five quarters. The newer jobs came mostly from the upstream activities. Research also indicates that the upward revision in most upstream sub-segments' activities could be due to the delayed work orders last year being pushed to 2019 which may potentially lead to better contract flows and further provide order-book replenishment opportunities for the support sectors. The improved contract flow is, nonetheless, a positive sign, as a result of (i) under investments in the yesteryears, coupled with (ii) increased local activities, as guided by Petronas' latest activity outlook and increased upstream spending.

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 is well positioned to tide over the current business challenges.

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

OUTLOOK AND PROSPECTS (continued)

The outlook for the global shipping sector into 2020 will remain stable as higher expected earnings are counterbalanced by the US-China trade tensions and worldwide regulatory risks, says Moody's Investors Service. Based on AmBank research, with the outbreak of the coronavirus, it is likely to have some dampening impact on its economic performance in Malaysia. Nevertheless, with the current COVID-19 outbreak, analysts believe that its impact on Malaysia's economy would likely lead to moderate growth in the near term as the immediate weaker outlook is expected to be partially weathered by the potential uptick in domestic activities in the second half of 2020, mainly through a substantial contribution from government fiscal measures and the lagged impact of further monetary easing. The Government will come up with a more comprehensive and meaningful economic stimulus measures for companies and the economy.

With the Government lending stronger support to the maritime industry with the 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. The local oil and gas sector will get more push from the government this year amid rising exploration and production activities.

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

NOTE OF APPRECIATION

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

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

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

Thank you.

YONG KIAM SAM
Chief Executive Officer cum Managing Director

Audit Committee Report

1. COMPOSITION

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

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

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

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

The Audit Committee had five (5) meetings during the financial year ended 31 December 2019.

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

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

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

- reviewed 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 2019 tabled by 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;

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;
- review on the Group Cashflow estimates / Forecast for 2019;
- reviewed the Group's trade receivables and sought relevant explanations from Management to better understand how receivables were managed;
- reviewed the Banking Facility and sought relevant explanations from Management on how the facilities were managed;
- reviewed the Company's Corporate Governance Statement, Audit Committee Report, the Statement on Risk Management and Internal Control Statement, Sustainability Statement, and Directors' Responsibility Statement for the Audited Financial Statement before recommending them for approval by the Board for inclusion in this Annual Report; and
- reported to the Board on its activities and significant findings and results.

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

3. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to KPMG Management & Risk Consulting Sdn. Bhd (150059-H), an independent professional firm, which reported directly to the Audit Committee. Upon expiry and pending renewal of contract at the end of the financial year, the 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 28 May 2020.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Sealink International Berhad ("SIB") is pleased to present this statement outlining the nature and scope of the risk management and internal control system of the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2019 and up to the date of approval of this statement pursuant to paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board acknowledges and affirms the overall responsibility for maintaining a sound system of Group's risk management and internal control as well as reviewing the adequacy and operating effectiveness of the internal control system so as to safeguard all its shareholders interest and protecting the Group's assets.

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

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

RISK MANAGEMENT

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

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

KEY ELEMENTS OF INTERNAL CONTROL

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

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

KEY ELEMENTS OF INTERNAL CONTROL (continued)

The Chief Executive Officer cum Managing Director together with the divisional heads manages the day-to-day operation of the Group and addresses significant matters through management, operations, and site meeting held on a regular basis. In addition, meetings of Board and respective Board Committee are carried out on quarterly basis to review the performance of the Group, from financial and operational perspective. Business plans and strategies are proposed by top management for the Board's review and approval, after taking risk and responses into consideration.

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

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

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

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

INTERNAL AUDIT FUNCTION

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

The Audit Plan is approved by the Audit Committee and audit reports and the status of the audit plan are presented to the Audit Committee. During the financial year under review, two cycles of internal audit were carried out as follows:

(1) Operation Management (Chartering) and Inventory Management
(2) Fixed Asset Management and Procurement and payment

Based on their internal audit reviews, observations were presented by the Internal Auditors, together with Management's response and proposed action plans, to the Audit Committee for reviewing during the Audit Committee Meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agree action plan.

The costs incurred on the internal audit function for the financial year under review amounted to approximately RM78,000.

ASSURANCE FROM MANAGEMENT

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

REVIEW BY THE BOARD

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditor have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Bases on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required to be set out by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 28 May 2020.

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 shareholders' value and in building a sustainable business in the long run.

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

Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG 2017") for the financial year ended 31 December 2019. The detailed application by SIB for each practice as set out in the MCCG 2017 during the financial year 31 December 2019 ("FY 2019") is disclosed in the Corporate Governance Report ("CG Report").

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

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

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

PART 1 – BOARD RESPONSIBILITIES (continued)

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

Board Charter

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

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

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

Code of Conduct / Ethics

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

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

Whistle-Blowing Policies and Procedures

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

Sustainability of business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance aspects is considered. Accordingly, the Board has formalized the Company's sustainability policy during the financial year under review that addresses environment, social and governance elements in its strategic initiatives. The Sustainability Policy is available for reference on the Company's corporate website at www.asiasealink.com.

Corporate Governance Overview Statement (continued)

PART 2- BOARD COMPOSITION

Board Composition, Diversity

At the date of this Statement, the Board consists of five (5) members, comprising one (1) Executive Director and four (4) Independent Directors. This composition fulfills the requirements as set out under MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third 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 Chief Executive Officer cum Managing Director oversees the day-to-day operations of the Group's business. The Non-Executive Directors, which comprise exclusively Independent Directors, provide the relevant checks and balance by reviewing the Group's performance against budget and inquiring from the Executive Director as well as Senior Management personnel explanations, as needed, at scheduled Board and Audit Committee meetings. All the four (4) Independent Directors sit on the Four (4) Board Committees, namely the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee.

Reinforce Independence of the Board

The Board is in the midst of identifying a Director to helm the Board Chairman position since the demise of its former Chairman. At each meeting of the Board, the Directors appoint from amongst them a Director to chair the meeting. For the 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 discussion. Whilst the Chief Executive Officer cum Managing Director implements the Group's strategic initiatives, policies and decision adopted by the Board and oversees the operations and business development of the Group, the Independent Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders.

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

Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Directors. The definition on independence accords with the MMLR of Bursa Securities. At 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. The Nominating Committee have assessed both of them and thereby recommended that they continue in office as Independent Non-Executive Directors of the Company based on the following justifications:

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

Board Meetings and Supply of Information to the Board

Supply of, and access to, information

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

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

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

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

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

Board Meetings

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

Board Meetings (continued)

There were Six (6) Board meetings held during the financial year ended 31 December 2019, with details of Directors' attendance set out below:

Name of Director	Designation	Meeting Attendance
Yong Kiam Sam	*Chief Executive Officer cum Managing Director, Non-Independent Executive Director, Risk Management Committee Chairman*	6/6
Wong Chie Bin	*Audit Committee Chairman, Independent Non-Executive Director*	5/6
Toh Kian Sing	*Remuneration Committee Chairman, Independent Non-Executive Director*	5/6
Eric Khoo Chuan Syn @ Khoo Chuan Syn	*Nominating Committee Chairman, Independent Non-Executive Director*	6/6
Datuk Sebastian Ting Chiew Yew	*Independent Non-Executive Director*	4/6

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.

Directors' Training and Education

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

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

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

Name of Director	Training topics
Yong Kiam Sam	• Asian Offshore Support Journal Conference in Singapore
Wong Chie Bin	• Voluntary Disclosure: What Taxpayers Should Know • The Art of Taxation and Staying Relevant in Changing Times • National Tax Conference 2019 • Transfer Pricing Documentation on Related-Party Loan Transactions • Implementation of ISQC 1 • Learn to develop, build upon and/or appreciate the importance of the Capital Statement in tax audits • Malaysia Tax Budget 2020 • National Tax Seminar 2019

Directors' Training and Education (continued)

Name of Director and designation	Training topics
Toh Kian Sing	• 2019 Annual Survey and Letter of Credit Law Summit in Singapore organised by Institute of International Banking Law & Practice, Inc. • Maritime and Shipping Law Course for Legal and Industry Practitioners • SCMA 10th Anniversary Conference – The Race to Relevance
Eric Khoo Chuan Syn @ Khoo Chuan Syn	• Malaysia Tax Budget 2020
Datuk Sebastian Ting Chiew Yew	• 2nd Asia Leadership Forum Malaysia Exercising Leadership in the 21st Century: A Forum Of Powerful Ideas From Harvard University • Sarawak-Singapore Business Forum & Expo 2019 • 2019 SARAWAK INVESTMENT AND BUSINESS SUMMIT *"Sarawak – Gearing Up for Future Growth and Shared Prosperity"* (Panel Speaker) • Parliamentary Discourse 2019

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.

BOARD COMMITTEES

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

Nominating Committee

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

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

Nominating Committee (continued)

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.

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

Whilst there is a Board Diversity Policy, there is no specific policy therein on the diversity of its members in terms of gender, age or ethnicity or set a target to achieve a blend of these attributes. The Board believes that the Company should be appointing Directors who have the relevant skills, experience and time to contribute towards realising the Company's objectives. As such, in filling casual vacancies or appointing additional or re-appointing Directors, the Board, via the 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 exclusively Independent Non-Executive Directors as its members. The Remuneration Committee meets at least once a year. During the financial year under review and as at the date of this Statement, the Nominating Committee met twice (2 times), and details of attendance of meetings are as follows.

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

Remuneration Committee (continued)

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.

During the financial year under review, the Board had approved a Remuneration Policy. 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.

Details of Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2019 are as follows:

	Directors' Fee		Group Basic Salary	Group Benefits-in Kind	Total
	Company (RM)	Subsidiaries (RM)	(RM)	(RM)	(RM)
Executive Director					
Yong Kiam Sam	22,000	-	632,975	149,326	804,301
Non-Executive Director					
Eric Khoo Chuan Syn @ Khoo Chuan Syn	70,000	-	-	-	70,000
Toh Kian Sing	70,000	-	-	-	70,000
Wong Chie Bin	83,000	-	-	-	83,000
Datuk Sebastian Ting Chiew Yew	70,000	-	-	-	70,000

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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

PART 1 – AUDIT COMMITTEE

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

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

PART 1 – AUDIT COMMITTEE (continued)

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 General Manager, Group Finance before the Committee recommended the financial performance and reporting to the Board for approval to issue to regulators and/or shareholders.

The terms of reference of the 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.

PART II – RISK MANAGEMENT COMMITTEE

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

Name	Designation	Attendance
Yong Kiam Sam	Chairman	1/1
Datuk Sebastian Ting Chiew Yew	Member	0/1
Toh Kian Sing	Member	1/1
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Member	1/1
Wong Chie Bin	Member	1/1

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. The risk profile of the Group, following a review by the Risk Management Committee

PART II – RISK MANAGEMENT COMMITTEE (continued)

is tabled to the Audit Committee and questions, if any, are fielded by the General Manager, Group Finance, 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 Management & Risk Consulting Sdn. Bhd (150059-H), who undertakes regular reviews of the adequacy and operating effectiveness of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

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

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

PART 1 – COMMUNICATION WITH STAKEHOLDERS

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

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the 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 periodically review, set out, amongst others, the types of activities/transactions that require immediate announcement to the regulators, protocol on disclosure of information, spokesperson for the Group and procedures to be followed if issued by regulators with a notice on unusual market activities.

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

PART II – CONDUCT OF GENERAL MEETINGS

Notice of Annual General Meetings

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

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

Corporate Governance Overview Statement (continued)

Notice of Annual General Meetings (continued)

The Notice of 12th AGM of the Company will be sent to the Shareholders more than twenty-eight (28) days in advance to enable shareholders to make adequate preparation. Shareholders who are unable to attend personally are allowed to appoint proxy/proxies to attend, participate, speak and vote on their behalf at the 12th AGM, on 22 September 2020.

Poll Voting

The Board is mindful of the poll voting requirements under Paragraph 8.29A of the Listing Requirements of Bursa Securities. All the resolutions set out in the Notice of 12th AGM are voted by way of a poll. An independent scrutineer is appointed to validate the votes cast at the AGM.

The outcome of all resolutions tabled at the AGM will be announced to Bursa Securities on the same day of the meeting.

This Statement is issued in accordance with a resolution of the Board dated 28 May 2020.

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 2019 amounted to RM65,000 and RM273,326 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 2019 amounted to RM78,000.

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 2019.

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

ADDITIONAL COMPLIANCE INFORMATION (continued)

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 2019.

Recurrent related Party Transactions

The related party transactions are disclosed in pages 102 to 103 of this annual report.

Sustainability Statement

Sealink International Berhad ("Company") presents its Sustainability Statement published in line with Main Market Listing Requirements ("MMLR") of Bursa Securities in Company annual report for the financial year ended 31 December 2019 ("FYE 2019").

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

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

- to observe and comply with all relevant legislations, regulations and guidelines issued by regulators;
- to consider sustainability issues and integrate these considerations into our business decisions; and
- to promote and enable all employees to be aware of, and committed to, implementing sustainability activities taking into consideration the environment, social and governance factors.

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

STAKEHOLDERS' ENGAGEMENT

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

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

ENVIRONMENT SUSTAINABILITY

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

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

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

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

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

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

SOCIAL SUSTAINABILITY

1. Community

Recognising the importance of the Community has on its operations, the Group, during the financial year under review, has donated funds to those in need, namely, the Palliative Care Association of Miri, local patrol team and other deserving organisations. The Group also provides opportunities for undergraduate students to gain exposure on real projects through internship programs. The training provides the students personal growth and exposure to different job opportunities as part of our initiative of giving back to the local community.

2. Training and Development

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

Sustainability Statement (continued)

3. Safety and Health

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

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

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

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

The Group has also organized a HSE cum Team Building Day which covers various group activities including awareness relating to HSE and obstacle courses. In addition, our HSE has also arranged our HSE campaign 2019 with the theme 'Back To Basic', whereby we encouraged all personnel to participate in the hazard hunt activities at the workplace and also further enhance our proactive intervention culture (UCUX) submission for all office personnel to report on any unsafe act and unsafe condition. Our HSE team also regularly share safety videos on our intranet to enhance HSE awareness to all personnel.

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

ECONOMIC AND GOVERNANCE SUSTAINABILITY

We focus on building sustainable relationships with stakeholders and utilise our resources to contribute to economic growth and bring value to our stakeholders. The Board places great importance on corporate governance and believes in the correlation between good governance and performance. The Board has 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 the adequacy and integrity of the Group's internal control system and management systems. They guide and align with corporate initiatives the Group has implemented to address industry challenges and help us achieve operational excellence.

Directors' Responsibility Statement for the Audited Financial Statement

The Directors are required by the Companies Act 2016 (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 groups 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 present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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)/Profit net of tax	(36,693,585)	52,194,707
(Loss)/Profit attributable to:		
Owners of the Company	(36,693,585)	52,194,707

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.

Reserves and provisions

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

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 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 subsidiaries 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 31 to the financial statements.

Details of directors' remunerations are disclosed in Note 10 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			
	At 1 January 2019	Acquired	Sold	At 31 December 2019
The Company:				
Direct interest				
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

	Number of Ordinary Shares			
	At 1 January 2019	Acquired	Sold	At 10 October 2019
Deemed interest through holding company				
Yong Kiam Sam	259,080,800	-	(150,000,000)	109,080,800
Holding company:				
Direct interest				
Yong Kiam Sam	500,000	-	-	500,000

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

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

Indemnification of directors and officers

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

Other statutory information

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   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.

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 allowance 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 the 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 substantially affect the ability of the Group or of the Company to meet their obligations as and 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.

Holding company

Sealink Holdings Sdn. Bhd., a company incorporated in Malaysia, was formerly the holding company of the Company. It ceased to be the holding company of the Company during the financial year.

Events after the reporting period

Details of events after the reporting period are disclosed in Note 38 to the financial statements.

Directors' Report (continued)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 8 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 May 2020

Yong Kiam Sam **Wong Chie Bin**

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

We, **Yong Kiam Sam** and **Wong Chie Bin**, 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 47 to 116 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 2019 and of their financial performances and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 May 2020

Yong Kiam Sam

Wong Chie Bin

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 47 to 116 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 28 May 2020.

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 – 200701042928 (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 2019 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 47 to 116.

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 2019, 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 audit opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1.1 to the financial statements. This Note indicates that the Group incurred a gross loss of RM9,125,893 (2018: RM17,049,219) and a net loss of RM36,693,585 (2018: RM20,416,205) during the year ended 31 December 2019 and as at that date, the net current liabilities of the Group was RM40,907,087 (2018: RM32,619,449). This Note further indicates that the Group's and the Company's business operations have been impacted by the current depressed economic conditions in the offshore marine sector and subsequent to year end, may be impacted by the COVID-19 (Corona) virus pandemic. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on the success of future operations of the Group and of the Company, and the continuing support of their bankers, creditors and a major shareholder of the Company. The major shareholder has given an undertaking to provide adequate funding to the Group and to the Company as and when required for at least the next twelve months from the reporting date so as to enable the Group and the Company to meet their obligations as and when they fall due. Our opinion is not modified in respect of this matter.

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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group 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 of the vessels stated at RM367,855,848 as at 31 December 2019 which represented 72.86% 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") or 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 were 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 are significant to our audit due to its magnitude and the use of significant judgement in determining the recoverable amount. Our audit procedures included evaluating management assessment of impairment indicators for vessels. We also evaluated the competence, capabilities and objectivity of the external valuer and obtained an understanding of the valuation model used by him. We compared the valuation with recent transactions of the Group 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 2.17, Note 3(b) and Note 13 to the financial statements.

Impairment of investments in subsidiaries

The Company considered the internal and external indicators of impairment in relation to the investments in subsidiaries as at year end and noted that out of the total carrying amount of investments in subsidiaries of RM370,745,537, the aggregate carrying amount of investments of five subsidiaries with a total carrying amount of RM101,888,000 have indications that the carrying amounts may be impaired.

For investments that have indication of impairment, the Company performed an impairment assessment to determine the recoverable amounts of the respective investments. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

We identified the impairment assessment as an area of focus as the impairment assessment is complex and highly judgmental and the magnitude of the amount involved. It involves assessment of possible variations in the amounts and timing of future cash flows based on assumptions affected by future market and economic conditions. Judgement is also applied in determining an appropriate discount rate to determine the present value of future cash flows.

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

(i) We evaluated the competence, capabilities and objectivity of the external valuer used and obtained an understanding of the methodology and the valuation model used by the valuer;

(ii) We obtained an understanding of the methodology adopted by the management in estimating the value in use and evaluated the methodology applied;

(iii) We assessed the key assumptions used, focusing on projected revenue, profit margins, growth rates and terminal value, taking into consideration the current and expected future economic conditions. We compared the key assumptions against past actual outcomes;

Independent Auditors' Report (continued)

(iv) We assessed the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and

(v) We assessed the sensitivity of the cash flows to changes in the discount rates and key assumptions.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

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.

Independent Auditors' Report (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Company Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

KWAN BITT JING @ WINNIE KWAN
No. 03257/05/2022 J
Chartered Accountant

Miri, Malaysia
28 May 2020

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	4	**66,492,969**	69,787,790	**69,342,111**	1,936,087
Cost of sales		**(75,618,862)**	(86,837,009)	**-**	-
Gross (loss)/profit		**(9,125,893)**	(17,049,219)	**69,342,111**	1,936,087
Other income	5	**3,084,490**	24,440,053	**456,410**	48,016
Administrative expenses		**(19,374,739)**	(15,951,020)	**(2,559,611)**	(2,957,081)
Other expenses		**(5,287,555)**	(2,982,986)	**(14,590,486)**	(263,616)
Operating (loss)/profit		**(30,703,697)**	(11,543,172)	**52,648,424**	(1,236,594)
Finance income	6	**1,602,720**	1,975,027	**3,984,937**	3,829,331
Finance costs	7	**(7,905,275)**	(10,482,239)	**(4,438,654)**	(5,441,414)
Share of results of a joint venture		**154,018**	(298,958)	**-**	-
Share of results of an associate		**(606,228)**	(2,414,366)	**-**	-
(Loss)/Profit before tax	8	**(37,458,462)**	(22,763,708)	**52,194,707**	(2,848,677)
Income tax expense	11	**764,877**	2,347,503	**-**	-
(Loss)/Profit net of tax		**(36,693,585)**	(20,416,205)	**52,194,707**	(2,848,677)
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Foreign currency translation, net of tax		**(1,361,731)**	3,536,973	**-**	-
Other comprehensive income for the year, net of tax		**(1,361,731)**	3,536,973	**-**	-
Total comprehensive income for the year, net of tax		**(38,055,316)**	(16,879,232)	**52,194,707**	(2,848,677)
(Loss)/Profit attributable to:					
Owners of the Company		**(36,693,585)**	(20,416,205)	**52,194,707**	(2,848,677)
Total comprehensive income attributable to:					
Owners of the Company		**(38,055,316)**	(16,879,232)	**52,194,707**	(2,848,677)
Loss per share attributable to owners of the Company (sen per share):					
Basic	12	**(7.34)**	(4.08)		

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

Statements of Financial Position

As at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Non-current assets					
Property, plant and equipment	13	**420,864,269**	455,120,746	**4,799**	1,054
Land use rights	14	**-**	4,093,884	**-**	-
Investment in subsidiaries	15	**-**	-	**370,745,537**	385,336,023
Investment in an associate	16	**774,564**	1,380,792	**-**	-
Investment in a joint venture	17	**6,593,612**	6,439,594	**-**	-
Other receivables	19	**-**	13,541,559	**11,514,846**	-
		428,232,445	480,576,575	**382,265,182**	385,337,077
Current assets					
Inventories	18	**13,457,355**	15,294,684	**-**	-
Trade and other receivables	19	**53,428,991**	54,369,605	**94,465,108**	109,077,061
Other current assets	20	**780,953**	2,526,369	**-**	-
Investment securities	22	**68,164**	66,434	**-**	-
Income tax refundable		**443,749**	1,041,711	**61,430**	211,815
Cash and bank balances	23	**8,500,607**	28,775,982	**123,351**	8,553,076
		76,679,819	102,074,785	**94,649,889**	117,841,952
Total assets		**504,912,264**	582,651,360	**476,915,071**	503,179,029
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	**74,951,931**	87,212,295	**-**	-
Trade and other payables	25	**41,913,359**	46,682,455	**60,421,589**	138,880,254
Other current liabilities	26	**141,952**	583,392	**-**	-
Income tax payable		**579,664**	216,092	**-**	-
		117,586,906	134,694,234	**60,421,589**	138,880,254
Net current (liabilities)/assets		**(40,907,087)**	(32,619,449)	**34,228,300**	(21,038,302)
Non-current liabilities					
Loans and borrowings	24	**35,907,871**	56,198,028	**-**	-
Deferred tax liabilities	28	**21,216,582**	23,502,877	**-**	-
		57,124,453	79,700,905	**-**	-
Total liabilities		**174,711,359**	214,395,139	**60,421,589**	138,880,254
Net assets		**330,200,905**	368,256,221	**416,493,482**	364,298,775
Equity attributable to owners of the Company					
Share capital	29	**329,086,883**	329,086,883	**329,086,883**	329,086,883
(Accumulated losses)/ Retained earnings		**(53,509,032)**	(16,815,447)	**87,406,599**	35,211,892
Other reserves	30	**54,623,054**	55,984,785	**-**	-
Total equity		**330,200,905**	368,256,221	**416,493,482**	364,298,775
Total equity and liabilities		**504,912,264**	582,651,360	**476,915,071**	503,179,029

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 2019

2019 Group	Note	← Attributable to Equity Holders of the Company → Equity, total RM	Share capital RM	Accumulated losses RM	Foreign currency translation reserve RM
Opening balance at 1 January 2019		368,256,221	329,086,883	(16,815,447)	55,984,785
Loss for the year		(36,693,585)	-	(36,693,585)	-
Other comprehensive income	30	(1,361,731)	-	-	(1,361,731)
Total comprehensive income		(38,055,316)	-	(36,693,585)	(1,361,731)
Closing balance at 31 December 2019		**330,200,905**	**329,086,883**	**(53,509,032)**	**54,623,054**

2018 Group	Note	Equity, total RM	Share capital RM	Accumulated losses RM	Foreign currency translation reserve RM
Opening balance at 1 January 2018		385,135,453	329,086,883	3,600,758	52,447,812
Loss for the year		(20,416,205)	-	(20,416,205)	-
Other comprehensive income	30	3,536,973	-	-	3,536,973
Total comprehensive income		(16,879,232)	-	(20,416,205)	3,536,973
Closing balance at 31 December 2018		368,256,221	329,086,883	(16,815,447)	55,984,785

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 2019 (continued)

	Share Capital RM	Retained Earnings RM	Equity, Total RM
2019			
Company			
Opening balance at 1 January 2019	329,086,883	35,211,892	364,298,775
Profit net of tax, representing total comprehensive income	-	52,194,707	52,194,707
Closing balance at 31 December 2019	**329,086,883**	**87,406,599**	**416,493,482**
2018			
Company			
Opening balance at 1 January 2018	329,086,883	38,060,569	367,147,452
Loss net of tax, representing total comprehensive income	-	(2,848,677)	(2,848,677)
Closing balance at 31 December 2018	329,086,883	35,211,892	364,298,775

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 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Operating activities					
(Loss)/Profit before tax		**(37,458,462)**	(22,763,708)	**52,194,707**	(2,848,677)
Adjustments for:					
Finance income	6	**(1,602,720)**	(1,975,027)	**(3,984,937)**	(3,829,331)
Dividend income from subsidiaries	4	**-**	-	**(67,815,648)**	-
Amortisation of land use rights	14	**-**	507,427	**-**	-
Depreciation of property, plant and equipment	13	**38,044,095**	38,787,854	**925**	1,153
Impairment loss on investment in subsidiaries	8	**-**	-	**14,590,486**	-
Impairment loss on trade receivables	8	**2,516,916**	-	**-**	-
Impairment loss on other receivables	8	**2,595,735**	-	**-**	-
Finance costs	7	**7,905,275**	10,482,239	**4,438,654**	5,441,414
Inventories written off	8	**100,737**	63,938	**-**	-
Inventories written down	8	**69,646**	-	**-**	-
Gain on disposal of land use rights	5	**-**	(19,496,548)	**-**	-
Gain on disposal of property, plant and equipment	5	**(49)**	(682,581)	**-**	-
Property, plant and equipment written off	8	**20,109**	203,429	**-**	-
Reversal of inventory written down	5	**(436,929)**	(605,189)	**-**	-
Reversal of impairment loss on trade receivables	5	**(209,693)**	(437,090)	**-**	-
Share of results of a joint venture		**(154,018)**	298,958	**-**	-
Share of results of an associate		**606,228**	2,414,366	**-**	-
Unrealised loss/(gain) on foreign exchange		**1,194,211**	(958,215)	**151**	81
Loss on deregistration of subsidiaries	8	**-**	-	**-**	263,616
Total adjustments		**50,649,543**	28,603,561	**(52,770,369)**	1,876,933
Operating cash flows before changes in working capital		**13,191,081**	5,839,853	**(575,662)**	(971,744)
Changes in working capital					
Decrease in inventories		**2,104,166**	19,397,194	**-**	-
Decrease/(Increase) in trade and other receivables		**9,019,656**	(28,279,151)	**(93,800)**	113,792
Decrease/(Increase) in other current assets		**1,109,836**	(1,972,715)	**-**	-
Decrease in other current liabilities		**(441,440)**	-	**-**	-
Increase in trade and other payables		**2,466,390**	4,205,173	**427,580**	94,552
Net change in former holding company balances		**(6,900,736)**	-	**-**	-
Net change in holding company balances		**-**	10,914,630	**(6,002,295)**	10,016,189
Net change in subsidiaries balances		**-**	-	**(1,877,532)**	851,675
Total changes in working capital		**7,357,872**	4,265,131	**(7,546,047)**	11,076,208

Statements of Cash Flows
For the financial year ended 31 December 2019 (continued)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from/(used in) operations		**20,548,953**	10,104,984	**(8,121,709)**	10,104,464
Interest received		**1,602,720**	1,975,027	**3,984,937**	3,829,331
Interest paid		**(7,905,275)**	(10,482,239)	**(4,438,654)**	(5,441,414)
Income tax paid		**(1,554,263)**	(1,050,392)	**(61,430)**	(173,455)
Income tax refunded		**994,394**	133,582	**211,815**	-
Real property gain tax paid		**(15)**	(788,485)	**-**	-
Net cash flows from/(used in) operating activities		**13,686,514**	(107,523)	**(8,425,041)**	8,318,926
Investing activities					
Purchase of property, plant and equipment		**(349,443)**	(1,059,451)	**(4,670)**	-
Proceeds from disposal of property, plant and equipment		**50**	19,548,246	**-**	-
Proceeds from disposal of land use rights		**-**	25,551,931	**-**	-
Purchase of investment securities		**(1,730)**	(1,793)	**-**	-
Net cash flow (used in)/from investing activities		**(351,123)**	44,038,933	**(4,670)**	-
Financing activities					
Repayments of loans and borrowings		**(28,120,595)**	(29,896,045)	**-**	-
Repayment of obligations under finance lease		**-**	(79,559)	**-**	-
Payment of principal portion of lease liabilities		**(403,574)**	-	**-**	-
Net movement in trade financing		**(7,634,902)**	(1,200,518)	**-**	-
Net movement in short term deposits pledged		**588,738**	10,374,863	**-**	-
Net movement in short term deposits restricted in use		**(1,506,739)**	(203,485)	**-**	-
Net movement in cash at bank restricted in use		**-**	463,747	**-**	-
Net cash flows used in financing activities		**(37,077,072)**	(20,540,997)	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(23,741,681)**	23,390,413	**(8,429,711)**	8,318,926
Effect of exchange rate changes on cash and cash equivalents		**(273,137)**	130,231	**(14)**	(81)
Cash and cash equivalents at 1 January		**12,253,055**	(11,267,589)	**8,553,076**	234,231
Cash and cash equivalents at 31 December	23	**(11,761,763)**	12,253,055	**123,351**	8,553,076

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

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.

Sealink Holdings Sdn. Bhd., a company incorporated in Malaysia, was formerly the holding company of the Company. It ceased to be the holding company of the Company during the financial year.

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

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 ("IFRS") 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.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company.

2.1.1 Fundamental accounting concept

For the year ended 31 December 2019, the Group incurred a gross loss of RM9,125,893 (2018: RM17,049,219) and a net loss of RM36,693,585 (2018: RM20,416,205) and as at that date, the net current liabilities of the Group was RM40,907,087 (2018: RM32,619,449).

Given the current depressed economic conditions in the offshore marine section, the directors believe that their business will continue to be impacted for a period of time. Looking ahead, the Group anticipates increased uncertainties following the COVID-19 worldwide outbreak and market volatility. Although the government of several countries have put in placed certain measures to contain the outbreak and to reduce the economic impact of the outbreak on companies, the directors currently do not know the duration it will take for the outbreak to be fully contained and the extent of the success of those government's economic stimulus packages. The directors have taken various measures to streamline the Group's operations to enable the Group to ride through this period of uncertainties and have secured several contracts during this period and subsequent to year end. The ability of the Group and of the Company to continue as a going concern is dependent on the success of future operations of the Group and of the Company, and the continuing support of their bankers, creditors and the former holding company (which currently is a major shareholder of the Company). The major shareholder has given an undertaking to provide adequate funding to the Group and to the Company as and when required for at least the next twelve months from the reporting date so as to enable the Group and the Company to meet their obligations as and when they fall due.

At this moment, the directors do not have any reason to believe that the Group and the Company are not able to continue as a going concern.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies

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

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs and Annual Improvements (collectively referred to as "pronouncements"), which were effective for annual financial periods beginning on or after 1 January 2019 as set out below.

- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
  - (i) Amendments to MFRS 3: Business Combinations
  - (ii) Amendments to MFRS 11: Joint Arrangements
  - (iii) Amendments to MFRS 112: Income Taxes
  - (iv) Amendments to MFRS 123: Borrowing Costs
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 119: Employee Benefits - Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- MFRS 16: Leases
- IC Interpretation 23: Uncertainty over Income Tax Treatment

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company except as discussed below:

MFRS 16: Leases

MFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group or the Company is the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC 4 at the date of initial application.

The effect of adopting MFRS 16 to the statements of financial position of the Group as at 1 January 2019 are as follows:

Group	At 31 December 2018 RM	Effect of adoption of MFRS 16 RM	At 1 January 2019 RM
Non-current assets			
Property, plant and equipment	455,120,746	5,166,776	460,287,522
Land use rights	4,093,884	(4,093,884)	-
Impact to non-current assets	459,214,630	1,072,892	460,287,522

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

MFRS 16: Leases (continued)

Group	At 31 December 2018 RM	Effect of adoption of MFRS 16 RM	At 1 January 2019 RM
Current liabilities			
Loans and borrowings	(87,212,295)	(399,274)	(87,611,569)
Impact to current liabilities	(87,212,295)	(399,274)	(87,611,569)
Non-current liabilities			
Loans and borrowings	(56,198,028)	(673,618)	(56,871,646)
Impact to non-current liabilities	(56,198,028)	(673,618)	(56,871,646)

The initial application of the above has no material impact to the financial statements of the Company.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Please refer to Note 2.13 for the accounting policy on leases beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

(a) Leases previously classified as finance leases

The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use (“ROU”) assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117) and these finance leases which were previously presented as part of property, plant and equipment are now presented within ROU assets. Accordingly, the finance lease liabilities have also been reclassified to lease liabilities. The requirements of MFRS 16 were applied to these leases from 1 January 2019.

(b) Leases previously classified as operating leases

The Group recognised ROU assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the Group has opted for the ROU assets to be carried at an amount equal to the lease liabilities, adjusted by the amount of the prepaid lease payments. Subsequently, accrued operating lease liabilities have also been reclassified to lease liabilities.

The Group and the Company applied the following practical expedients permitted under the initial application of MFRS 16:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

MFRS 16: Leases (continued)

Based on the above, as at 1 January 2019:

- Right-of-use assets of RM1,072,892 for the Group were recognised and presented within property, plant and equipment. This includes the leased assets recognised previously under finance leases of RM14,400 for the Group were now classified as right-of-use assets.
- Land use rights of RM4,093,884 for the Group were reclassified to property, plant and equipment as right-of-use assets.
- Additional lease liabilities of RM1,072,892 (included in loans and borrowings) for the Group were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group 2019 RM
Operating lease commitments as at 31 December 2018	-
Weighted average incremental borrowing rate as at January 2019	5.00%
Discounted operating lease commitments as at 1 January 2019	-
Add:	
Commitments relating to leases previously classified as finance leases	6,000
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	1,072,892
Lease liabilities as at 1 January 2019	1,078,892

2.3 Pronouncements issued but not yet effective

The Standards and Interpretations (collectively referred to as pronouncements) that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These pronouncements are not expected to have any material impact to the financial statements of the Group and of the Company except as discussed below:

2. Summary of significant accounting policies (continued)

2.3 Pronouncements issued but not yet effective (continued)

(a) Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments were made to MFRS 101 Presentation of Financial Statements and MFRS 108 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

(b) Revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of MFRS in situations where no standard applies to a particular transaction or event.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

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.

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. Summary of significant accounting policies (continued)

2.5 Subsidiaries

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

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.

2.6 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.

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

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

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

2. Summary of significant accounting policies (continued)

2.7 Current versus non-current classification

Assets and liabilities are presented in the statements of financial position based on current and 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

All other liabilities are classified as non-current.

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

2.8 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, and non-financial assets such as investment properties, 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 ability 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 are 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

2. Summary of significant accounting policies (continued)

2.8 Fair value measurements (continued)

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.

2.9 Revenue

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group or the Company expects to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in its revenue arrangements.

(i) Construction contract and ship repair

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

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

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

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

(ii) Sales of goods and services

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

Contract balances

(i) Trade receivables

A receivable represents the Group's or the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

2. Summary of significant accounting policies (continued)

2.9 Revenue (continued)

(a) Revenue from contracts with customers (continued)

Contract balances (continued)

(ii) Contract assets

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

(iii) Contract liabilities

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

(b) Revenue from other sources

(i) Vessel charter fee and rental income

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

(ii) Dividend income

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

(iii) Management fees

Management fees are recognised when services are rendered.

(iv) Interest income

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

2.10 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 and to be taxed at rate of 3% on audited profits.

2. Summary of significant accounting policies (continued)

2.10 Taxes (continued)

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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward 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.

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 assets 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) Sales and Services Tax (“SST”)

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.11 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.

2. Summary of significant accounting policies (continued)

2.11 Foreign currency (continued)

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 is 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.

2.12 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 or to the Company and the cost of the item can be measured reliably.

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, such parts are recognised 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.

2. Summary of significant accounting policies (continued)

2.12 Property, plant and equipment (continued)

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

Buildings and wharf	10 - 50 years
Vessels	8 - 20 years
Vessel equipment	1.5 - 10 years
Dry docking cost	2.5 years
Equipment, furniture and fittings	1.5 - 10 years
Plant 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.

2.13 Leases

Current financial year

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

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group and the Company have included the right-of-use assets in property, plant and equipment.

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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

2. Summary of significant accounting policies (continued)

2.13 Leases (continued)

Current financial year (continued)

As a lessee (continued)

(a) Right-of-use assets (continued)

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

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

As a lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (continued)

2.13 Leases (continued)

Previous financial year

The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset (or assets) and the arrangement conveyed a right to use the asset (or assets), even if that asset was (or those assets are) not explicitly specified in an arrangement.

(a) As a lessee

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group and to the Company were classified as a finance lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between 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 were recognised in finance costs in the statement of profit or loss.

A leased asset was depreciated over the useful life of the asset. However, if there was no reasonable certainty that the Group and the Company would obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease was a lease other than a finance lease. Operating lease payments were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.14 Borrowing costs

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.

2.15 Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the practical expedient has been applied are measured at the transaction price determined under MFRS 15.

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

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

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(i) Financial assets (continued)

Derecognition (continued)

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

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2. Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

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

(iii) Offsetting of financial instruments

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

2.16 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. Summary of significant accounting policies (continued)

2.17 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, an estimate is made 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")).

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.

2.18 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.

2.19 Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.20 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.

2. Summary of significant accounting policies (continued)

2.20 Financial guarantee contracts (continued)

Financial guarantee contracts are measured initially at fair value. Subsequently, they are measured at higher of:

(a) The amount of the loss allowance; and

(b) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

2.21 Employee benefits

Defined contribution plans

The Company participates in the national pension scheme as defined by the laws of the country in which it has operations. The Company makes contributions to the Employees 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.

2.22 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company'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.

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) Depreciation, useful lives and residual values of vessels

The Group reviews the estimated useful lives and residual values of the vessels regularly in order to determine the amount of depreciation expense to be recorded for each financial year. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the vessels. Any changes in the economic useful lives and the residual values could impact the depreciation expense and consequently affect the Group's financial results. The economic useful lives and the residual values of the vessels are reviewed at each reporting date.

The residual values of the vessels for the purpose of calculating the annual depreciation expense for the financial year is estimated using the average scrap steel price per light displacement ton less estimated costs of disposals of a vessel.

As at 31 December 2019, the carrying amount of vessels was RM367,855,848 (2018: RM402,853,645) (Note 13).

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 and the Company performed a review of the recoverable amount of vessels with indicators of impairment and concluded that no impairment is required during the financial year.

(c) Investments in subsidiaries

The carrying amounts of the investments in subsidiaries of the Company as at 31 December 2019 was RM370,745,537 (2018: RM385,336,023). The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. In assessing whether there is any indication that its investments in subsidiaries may be impaired, the Company considers the external and internal sources of information. The Company estimated the recoverable amount of the investments in the subsidiaries based on the higher of the fair value less costs of disposal and the value in use.

4. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers	**5,139,448**	25,031,585	**-**	-
Revenue from other sources:				
Management fees	**-**	-	**1,526,463**	1,936,087
Dividend income from subsidiaries	**-**	-	**67,815,648**	-
Charter hire fees	**61,353,521**	44,756,205	-	-
	61,353,521	44,756,205	**69,342,111**	1,936,087
Total revenue	**66,492,969**	69,787,790	**69,342,111**	1,936,087

(a) Disaggregation of the Group's revenue from contracts with customers

	Group	
	2019 RM	2018 RM
Sale of vessels	**-**	21,991,135
Contract services	**5,139,448**	3,040,450
	5,139,448	25,031,585
Timing of revenue recognition:		
- at a point in time	**-**	21,991,135
- over time	**5,139,448**	3,040,450
	5,139,448	25,031,585

(b) Transaction prices allocated to the remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

	Group	
	2019 RM	2018 RM
Construction contracts		
- Within one year	**192,342**	829,138

(c) Contract balances

The following provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Group	
	2019 RM	2018 RM
Trade receivables, current (Note 19)	**29,109,777**	20,474,276
Contract assets (Note 21)	**117,433**	2,084,573
Contract liabilities (Note 26)	**(130,668)**	(583,392)

4. Revenue (continued)

(c) Contract balances (continued)

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

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

5. Other income

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Gain on disposal of property, plant and equipment	**49**	682,581	**-**	-
Gain on disposal of land use rights	**-**	19,496,548	**-**	-
Net gain on foreign exchange	**824,581**	1,235,536	**408,410**	-
Rental income	**108,000**	182,000	**-**	-
Reversal of inventories written down	**436,929**	605,189	**-**	-
Reversal of impairment loss on trade receivables (Note 35 (a))	**209,693**	437,090	**-**	-
Sundry income from ship operations	**1,505,238**	1,801,109	**48,000**	48,016
	3,084,490	24,440,053	**456,410**	48,016

6. Finance income

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Interest income from:				
- Current account	**96,810**	47,122	**36,021**	8,431
- Short term deposits	**53,400**	353,223	**-**	-
- Associate	**2,283**	985,844	**-**	-
- Subsidiaries	**-**	-	**3,948,916**	3,820,900
- Third parties	**103,556**	-	**-**	-
- Others	**1,346,671**	588,838	**-**	-
	1,602,720	1,975,027	**3,984,937**	3,829,331

Notes to the Financial Statements (continued)

7. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:				
- Bank loans	**4,308,404**	5,756,062	**-**	-
- Bank overdrafts	**1,301,426**	2,208,850	**-**	-
- Loan from subsidiaries	**-**	-	**4,438,654**	5,441,414
- Revolving credits	**2,252,718**	2,515,710	**-**	-
- Obligations under finance lease	**-**	1,617	**-**	-
- Lease liabilities (Note 24 and 27(c))	**42,727**	-	**-**	-
	7,905,275	10,482,239	**4,438,654**	5,441,414

8. (Loss)/Profit before tax

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
The following items have been included in arriving at (loss)/profit before tax:				
Employee benefits expense (Note 9)	**16,467,688**	16,743,091	**1,819,659**	2,125,098
Amortisation of land use rights (Note 14)	**-**	507,427	**-**	-
Auditors' remunerations				
- Current year	**246,150**	233,630	**69,000**	64,000
- (Over)/Underprovision in previous years	**-**	(5,312)	**-**	9,000
Charter expenses	**-**	283,662	**-**	-
Depreciation of property, plant and equipment (Note 13)	**38,044,095**	38,787,854	**925**	1,153
Impairment loss on investment in subsidiaries	**-**	-	**14,590,486**	-
Impairment loss on trade receivables (Note 35(a))	**2,516,916**	-	**-**	-
Impairment loss on other receivables (Note 35(a))	**2,595,735**	-	**-**	-
Inventories written off	**100,737**	63,938	**-**	-
Inventories written down	**69,646**	-	**-**	-
Lease expense (Note 27(c))	**120,115**	-	**-**	-
Loss on deregistration of subsidiaries	**-**	-	**-**	263,616
Net loss on foreign exchange	**-**	-	**-**	377
Non-executive directors' fees	**296,600**	301,030	**293,000**	277,830
Rental of premises	**96,000**	227,799	**12,000**	12,000
Property, plant and equipment written off	**20,109**	203,429	**-**	-

Notes to the Financial Statements (continued)

9. Employee benefits expense

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Salaries and wages	**14,643,181**	14,993,322	**1,607,689**	1,905,011
Social security contributions	**207,705**	209,340	**12,442**	14,071
Contributions to defined contribution plan	**1,461,395**	1,537,790	**199,528**	206,016
Other benefits	**155,407**	2,639	**-**	-
	16,467,688	16,743,091	**1,819,659**	2,125,098

Included in employee benefits expense of the Group and of the Company are the executive directors' remuneration amounting to RM960,642 (2018: RM913,568) and RM38,964 (2018: RM63,025) respectively as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**561,334**	515,223	**15,120**	32,039
Fees	**22,000**	28,114	**22,000**	28,114
Defined contribution plan	**71,641**	61,754	**1,844**	2,872
Total executive directors' remuneration (excluding benefits-in-kind)	**654,975**	605,091	**38,964**	63,025
Estimated money value of benefits-in-kind	**149,326**	20,125	**3,500**	20,125
Total executive directors' remuneration (including benefits-in-kind)	**804,301**	625,216	**42,464**	83,150
Non-Executive:				
Fees	**293,000**	277,830	**293,000**	277,830
	1,097,301	903,046	**335,464**	360,980
Directors of subsidiaries				
Salaries and other emoluments	**732,693**	444,579	**-**	-
Fees	**3,600**	23,200	**-**	-
Defined contribution plan	**8,839**	22,088	**-**	-
	745,132	489,867	**-**	-
Total directors' remuneration	**1,842,433**	1,392,913	**335,464**	360,980

10. Directors' remuneration (continued)

	Group				Company			
	Fees RM	Salaries and other emoluments RM	Benefits-in kind RM	Total RM	Fees RM	Salaries and other emoluments RM	Benefits-in kind RM	Total RM
2019								
Directors of the Company								
Executive directors:								
Yong Kiam Sam	22,000	632,975	149,326	804,301	22,000	16,964	3,500	42,464
Non-executive directors:								
Wong Chie Bin	83,000	-	-	83,000	83,000	-	-	83,000
Eric Khoo Chuan Syn @ Khoo Chuan Syn	70,000	-	-	70,000	70,000	-	-	70,000
Toh Kian Sing	70,000	-	-	70,000	70,000	-	-	70,000
Datuk Sebastian Ting Chiew Yew	70,000	-	-	70,000	70,000	-	-	70,000
	293,000	-	-	293,000	293,000	-	-	293,000
	315,000	632,975	149,326	1,097,301	315,000	16,964	3,500	335,464
Directors of subsidiaries								
Yong Foh Choi	-	305,667	-	305,667	-	-	-	-
Andrew Victor Nub Anak William Tanyuh	-	435,865	-	435,865	-	-	-	-
Ugan @ Ungan Anak Seli [1]	1,277	-	-	1,277	-	-	-	-
Edwin Engbat Anak Gara [2]	2,323	-	-	2,323	-	-	-	-
	3,600	741,532	-	745,132	-	-	-	-
Total directors' remuneration	**318,600**	**1,374,507**	**149,326**	**1,842,433**	**315,000**	**16,964**	**3,500**	**335,464**

[1] Resigned as the director of a subsidiary on 9.5.2019

[2] Appointed as the director of a subsidiary on 9.5.2019

10. Directors' remuneration (continued)

	Group				Company			
	Fees RM	Salaries and other emoluments RM	Benefits-in kind RM	Total RM	Fees RM	Salaries and other emoluments RM	Benefits-in kind RM	Total RM
2018								
Directors of the Company								
Executive directors:								
Yong Foh Choi [1]	8,269	29,169	13,125	50,563	8,269	29,169	13,125	50,563
Yong Kiam Sam	19,845	547,808	7,000	574,653	19,845	5,742	7,000	32,587
	28,114	576,977	20,125	625,216	28,114	34,911	20,125	83,150
Non-executive directors:								
Wong Chie Bin	79,380	-	-	79,380	79,380	-	-	79,380
Eric Khoo Chuan Syn @ Khoo Chuan Syn	66,150	-	-	66,150	66,150	-	-	66,150
Toh Kian Sing	66,150	-	-	66,150	66,150	-	-	66,150
Datuk Sebastian Ting Chiew Yew	66,150	-	-	66,150	66,150	-	-	66,150
	277,830	-	-	277,830	277,830	-	-	277,830
	305,944	576,977	20,125	903,046	305,944	34,911	20,125	360,980
Directors of subsidiaries								
Yong Foh Choi	-	308,477	-	308,477	-	-	-	-
Andrew Victor Nub Anak William Tanyuh	-	158,190	-	158,190	-	-	-	-
Ugan @ Ungan Anak Seli	4,200	-	-	4,200	-	-	-	-
Lau Soo Moi [2]	19,000	-	-	19,000	-	-	-	-
	23,200	466,667	-	489,867	-	-	-	-
Total directors' remuneration	329,144	1,043,644	20,125	1,392,913	305,944	34,911	20,125	360,980

[1] Retired as the director of the Company on 22.5.2018
[2] Resigned as the director of subsidiaries on 15.10.2018

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	**1,409,628**	547,975	**-**	-
Under/(Over)provision in respect of previous years	**111,775**	(747,585)	**-**	-
Real property gains tax	**15**	788,485	**-**	-
	1,521,418	588,875	**-**	-
Deferred income tax (Note 28):				
Reversal of temporary differences	**(2,208,746)**	(3,249,985)	**-**	-
(Over)/Underprovision in respect of previous years	**(77,549)**	313,607	**-**	-
	(2,286,295)	(2,936,378)	**-**	-
Income tax expense recognised in profit or loss	**(764,877)**	(2,347,503)	**-**	-

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
(Loss)/Profit before tax	**(37,458,462)**	(22,763,708)	**52,194,707**	(2,848,677)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**(8,990,031)**	(5,463,290)	**12,526,730**	(683,682)
Adjustments:				
Non-deductible expenses	**7,468,993**	6,602,097	**3,719,535**	683,405
Income not subject to tax	**(1,821,497)**	(6,859,673)	**(16,246,265)**	-
Deferred tax assets not recognised during the year	**2,434,887**	3,155,866	**-**	-
Reversal of deferred tax liabilities not recognised in previous years	**-**	277	**-**	277
(Over)/Underprovision of deferred tax in previous years	**(77,549)**	313,607	**-**	-
Under/(Over)provision of income tax in previous years	**111,775**	(747,585)	**-**	-
Real property gains tax	**15**	-	**-**	-
Share of results of an associate and a joint venture	**108,530**	651,198	**-**	-
Income tax expense recognised in profit or loss	**(764,877)**	(2,347,503)	**-**	-

11. Income tax expense (continued)

Current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable (loss)/ profit for the year.

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

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

The Group has unabsorbed tax losses and unabsorbed capital allowances available for carrying forward as follows:

	Group	
	2019 **RM**	**2018** **RM**
Unabsorbed tax losses	**93,409,854**	89,308,030
Unabsorbed capital allowances	**58,014,239**	50,570,937
	151,424,093	139,878,967

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

	Group	
	2019 **RM**	**2018** **RM**
Unutilised tax losses to be carried forward until		
- Year of assessment 2025	**86,850,629**	89,308,030
- Year of assessment 2026	**6,559,225**	-
	93,409,854	89,308,030

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:

	2019 **RM**	**2018** **RM**
Loss net of tax attributable to owners of the Company	**(36,693,585)**	(20,416,205)
Number of ordinary shares in issue during the year	**500,000,000**	500,000,000

	2019 **Sen**	**2018** **Sen**
Basic loss per share for loss for the year	**(7.34)**	(4.08)

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

13. Property, plant and equipment

Group	Subject to operating lease as a lessor	Other property, plant and equipment						
	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings, and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost:								
At 1.1.2018	717,944,963	9,514,101	72,573,188	8,521,598	40,518,246	3,935,259	7,120,966	860,128,321
Additions	-	811,550	-	209,257	-	-	38,644	1,059,451
Transfers	-	-	1,601,595	-	617,402	-	(2,218,997)	-
Disposals	(33,233,220)	(267,047)	-	(13,231)	(4,002,607)	(116,783)	(948,069)	(38,580,957)
Written off	-	(2,282,291)	-	(16,307)	-	-	(171,820)	(2,470,418)
Exchange rate difference	8,124,199	56,916	-	3,820	-	-	-	8,184,935
At 31.12.2018 and 1.1.2019	692,835,942	7,833,229	74,174,783	8,705,137	37,133,041	3,818,476	3,820,724	828,321,332
Effect of adoption of MFRS 16:								
- Reclassification	-	-	7,389,524	-	-	-	-	7,389,524
- Recognition (Note 2.2)	400,555	-	672,337	-	-	-	-	1,072,892
As restated (Note 2.2)	693,236,497	7,833,229	82,236,644	8,705,137	37,133,041	3,818,476	3,820,724	836,783,748
Additions	-	246,299	-	94,244	8,900	-	-	349,443
Reclassification	-	(11,369)	-	11,369	-	-	-	-
Disposals	-	-	-	-	-	(9,600)	-	(9,600)
Written off	-	(61,422)	-	(31,832)	-	(92,376)	-	(185,630)
Exchange rate difference	(3,847,827)	(27,654)	(859)	1,611	-	-	-	(3,874,729)
At 31.12.2019	**689,388,670**	**7,979,083**	**82,235,785**	**8,780,529**	**37,141,941**	**3,716,500**	**3,820,724**	**833,063,232**

13. Property, plant and equipment (continued)

Group	Subject to operating lease as a lessor	← Other property, plant and equipment →						
	Vessels RM	**Vessel equipment and docking expenses RM**	**Land, Buildings, and wharf* RM**	**Equipment, furniture and fittings RM**	**Plant and machinery RM**	**Motor vehicles RM**	**Capital work-in-progress RM**	**Total RM**
Accumulated depreciation:								
At 1.1.2018	269,100,361	5,417,027	26,124,955	7,898,567	37,370,260	3,844,723	3,820,724	353,576,617
Charge for the year (Note 8)	34,178,041	705,644	1,804,723	401,687	1,648,135	49,624	-	38,787,854
Disposals	(16,081,227)	(166,517)	-	(6,435)	(3,385,204)	(75,909)	-	(19,715,292)
Written off	-	(2,254,469)	-	(12,520)	-	-	-	(2,266,989)
Exchange rate difference	2,785,122	31,289	-	1,985	-	-	-	2,818,396
At 31.12.2018 and 1.1.2019	289,982,297	3,732,974	27,929,678	8,283,284	35,633,191	3,818,438	3,820,724	373,200,586
Effect of adoption of MFRS 16:								
- Reclassification	-	-	3,295,640		-	-	-	3,295,640
As restated (Note 2.2)	289,982,297	3,732,974	31,225,318	8,283,284	35,633,191	3,818,438	3,820,724	376,496,226
Reclassification	-	(853)	-	853	-	-	-	-
Charge for the year (Note 8)	33,696,113	538,828	2,260,421	217,287	1,331,446	-	-	38,044,095
Disposals	-	-	-	-	-	(9,599)	-	(9,599)
Written off	-	(56,905)	-	(16,241)	-	(92,375)	-	(165,521)
Exchange rate difference	(2,145,588)	(21,779)	(172)	1,301	-	-	-	(2,166,238)
At 31.12.2019	**321,532,822**	**4,192,265**	**33,485,567**	**8,486,484**	**36,964,637**	**3,716,464**	**3,820,724**	**412,198,963**
Net carrying amount:								
At 31.12.2018	402,853,645	4,100,255	46,245,105	421,853	1,499,850	38	-	455,120,746
At 31.12.2019	**367,855,848**	**3,786,818**	**48,750,218**	**294,045**	**177,304**	**36**	**-**	**420,864,269**

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 2018	37,842,735	3,404,708	31,325,745	72,573,188
Transfers	-	1,601,595	-	1,601,595
At 31 December 2018 and 1 January 2019	37,842,735	5,006,303	31,325,745	74,174,783
Effect of adoption of MFRS 16:				
- Reclassification	7,389,524	-	-	7,389,524
- Recognition	-	-	672,337	672,337
As restated	45,232,259	5,006,303	31,998,082	82,236,644
Exchange rate difference	-	-	(859)	(859)
At 31 December 2019	**45,232,259**	**5,006,303**	**31,997,223**	**82,235,785**
Accumulated depreciation:				
At 1 January 2018	7,375,130	2,535,017	16,214,808	26,124,955
Charge for the year	620,462	129,407	1,054,854	1,804,723
At 31 December 2018 and 1 January 2019	7,995,592	2,664,424	17,269,662	27,929,678
Effect of adoption of MFRS 16:				
- Reclassification	3,295,640	-	-	3,295,640
As restated	11,291,232	2,664,424	17,269,662	31,225,318
Charge for the year	877,668	274,806	1,107,947	2,260,421
Exchange rate difference	-	-	(172)	(172)
At 31 December 2019	**12,168,900**	**2,939,230**	**18,377,437**	**33,485,567**
Net carrying amount:				
At 31 December 2018	29,847,143	2,341,879	14,056,083	46,245,105
At 31 December 2019	**33,063,359**	**2,067,073**	**13,619,786**	**48,750,218**

Company	Signboard RM	Office equipment RM	Total RM
Cost:			
At 1 January 2018, 31 December 2018 and 1 January 2019	7,390	9,050	16,440
Additions	-	4,670	4,670
At 31 December 2019	**7,390**	**13,720**	**21,110**

13. Property, plant and equipment (continued)

Company	Signboard RM	Office equipment RM	Total RM
Accumulated depreciation:			
At 1 January 2018	6,528	7,705	14,233
Charge for the year (Note 8)	739	414	1,153
At 31 December 2018 and 1 January 2019	7,267	8,119	15,386
Charge for the year (Note 8)	122	803	925
At 31 December 2019	**7,389**	**8,922**	**16,311**
Net carrying amount:			
At 31 December 2018	123	931	1,054
At 31 December 2019	**1**	**4,798**	**4,799**

a) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27(a).

b) Assets pledged as security

The net carrying amount of property, plant and equipment pledged for loans and borrowings (Note 24) are as follows:

	Group 2019 RM	Group 2018 RM
Vessels	**191,112,378**	212,755,962
Leasehold land	**27,624,458**	26,678,179
	218,736,836	239,434,141

c) Leasehold land is analysed as:

	Group 2019 RM	Group 2018 RM
Freehold	**5,360,549**	5,360,549
Long term	**26,665,485**	23,345,538
Short term	**1,037,325**	1,141,056
	33,063,359	29,847,143

13. Property, plant and equipment (continued)

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.

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 years 2019 and 2018.

14. Land use rights

	Group	
	2019	**2018**
	RM	**RM**
Cost:		
At 1 January	**7,389,524**	16,686,200
Effect of adoption of MFRS 16:		
- Reclassification	**(7,389,524)**	-
Disposals	**-**	(9,296,676)
At 31 December	**-**	7,389,524
Accumulated amortisation:		
At 1 January	**3,295,640**	6,029,506
Effect of adoption of MFRS 16:		
- Reclassification	**(3,295,640)**	-
Amortisation for the year (Note 8)	**-**	507,427
Disposals	**-**	(3,241,293)
At 31 December	**-**	3,295,640
Net carrying amount	**-**	4,093,884
Amount to be amortised:		
- Not later than one year	**-**	258,178
- Later than one year but not later than five years	**-**	1,032,712
- Later than five years	**-**	2,802,994

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

In 2018, land use rights with an aggregate carrying value of RM2,072,334 were pledged as securities for bank borrowings as referred to in Note 24.

15. Investment in subsidiaries

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost:		
- Ordinary shares	**234,810,172**	234,810,172
- Redeemable convertible preference shares	**167,845,750**	167,845,750
	402,655,922	402,655,922
Impairment losses	**(31,910,385)**	(17,319,899)
	370,745,537	385,336,023

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

Based on the impairment tests performed, the carrying amounts of investments in certain subsidiaries were higher than their recoverable amounts, determined using fair value less costs of disposal, based on the net selling price expected to be received for similar assets. The recoverable amounts are categorised as level 3 of the fair value hierarchy. An impairment loss of RM14,590,486 (2018: Nil) was recognised and included in other operating expenses.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Percentage of equity held 2019 %	Percentage of equity held 2018 %
Cergas Majusama Sdn. Bhd. #	Malaysia	Inactive	**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
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

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 2019 %	2018 %
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
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
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	Chartering of marine vessels	**100**	100
Subsidiaries of Sealink Offshore (L) Ltd.				
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 PLT.
# Companies in the process of winding up

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	
	2019	**2018**
	RM	**RM**
Unquoted shares, at cost	**3,500,000**	3,500,000
Share of post acquisition reserves	**(2,725,436)**	(2,119,208)
	774,564	1,380,792

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activity	Percentage of equity held 2019 %	Percentage of equity held 2018 %
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 PLT.

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

	2019	**2018**
	RM	**RM**
Assets and liabilities:		
Non-current assets	**27,940,350**	29,789,631
Current assets	**1,658,382**	2,509,179
Total assets	**29,598,732**	32,298,810
Current liabilities	**(24,333,906)**	(24,863,844)
Total liabilities	**(24,333,906)**	(24,863,844)
Results:		
Revenue	**-**	-
Loss for the year	**(1,850,236)**	(3,632,454)

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 2019 RM	2018 RM
Unquoted shares, at cost		
- Ordinary shares	**1,959,998**	1,959,998
- Redeemable preference shares	**5,556,004**	5,556,004
	7,516,002	7,516,002
Share of post acquisition reserves	**(922,390)**	(1,076,408)
	6,593,612	6,439,594

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activities	Percentage of equity held 2019 %	2018 %
Joint venture of Era Surplus Sdn. Bhd.				
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	**49**	49

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

	2019 RM	2018 RM
Assets and liabilities:		
Non-current assets	**7,044,691**	7,995,275
Current assets	**5,689,889**	3,599,026
Total assets	**12,734,580**	11,594,301
Current liabilities	**(3,622,306)**	(2,796,350)
Total liabilities	**(3,622,306)**	(2,796,350)
Results:		
Revenue	**3,723,250**	3,946,610
Profit/(Loss) for the year	**314,323**	(610,119)

18. Inventories

	Group 2019 RM	Group 2018 RM
Cost		
Consumables	**1,837,659**	1,813,236
Machinery and equipment	**1,507,586**	1,507,586
Raw materials	**9,778,500**	11,684,174
Vessel parts and materials	**333,610**	289,688
	13,457,355	15,294,684

During the year, the amounts of inventories recognised as an expense in cost of sales of the Group was RM4,934,570 (2018: RM4,714,998).

19. Trade and other receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current				
Trade receivables				
Third parties	**29,863,763**	18,791,551	**-**	-
Amount due from a joint venture	**1,248,265**	1,377,753	**-**	-
Amount due from an associate	**920,185**	920,185	**-**	-
Less: Allowance for impairment				
- third parties	**(2,766,535)**	(615,213)	**-**	-
- associate	**(155,901)**	-	**-**	-
Trade receivables, net	**29,109,777**	20,474,276	**-**	-
Other receivables				
Refundable deposits	**689,956**	759,670	**2,000**	2,000
Other receivables				
- Others	**2,098,200**	2,040,803	**93,800**	-
- Subsidiaries	**-**	-	**662,071**	662,071
Finance lease receivable	**-**	8,004,322	**-**	-
Amounts due from an associate	**22,530,661**	22,685,753	**-**	-
Amounts due from subsidiaries	**-**	-	**93,707,237**	108,412,990
Amounts due from holding company	**-**	1,559	**-**	-
Amounts due from a joint venture	**2,132,286**	939,376	**-**	-
	27,451,103	34,431,483	**94,465,108**	109,077,061
Less: Allowance for impairment				
- third parties	**(536,154)**	(536,154)	**-**	-
- associate	**(2,595,735)**	-	**-**	-
Other receivables, net	**24,319,214**	33,895,329	**94,465,108**	109,077,061
	53,428,991	54,369,605	**94,465,108**	109,077,061

19. Trade and other receivables (continued)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Other receivables				
Finance lease receivable	**-**	13,541,559	**-**	-
Amounts due from a subsidiary	**-**	-	**11,514,846**	-
	-	13,541,559	**11,514,846**	-
Total trade and other receivables	**53,428,991**	67,911,164	**105,979,954**	109,077,061

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 day (2018: 30 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Information on exposure to credit risk and its expected credit loss are disclosed in Note 35(a).

(b) Amounts due from subsidiaries

These amounts are unsecured and receivable on demand.

Included in the amounts due from subsidiaries is an amount of RM100,134,742 (2018: RM102,684,071) which bears interest at rates ranging from 3.52% - 5.35% (2018: 3.43% - 5.62%) per annum.

(c) Amounts due from an associate

These amounts are unsecured and receivable on demand.

In 2018, included in the amount due from an associate of the Group was an amount of RM394,251 which bore interest charge at 6.95% per annum.

(d) Amounts due from a joint venture and holding company

These amounts are unsecured, non-interest bearing and receivable on demand.

(e) Other receivables

These amounts are unsecured, non-interest bearing and receivable on demand.

(f) Finance lease receivable

The Group was a lessor in connection with the leasing of a vessel, namely Harmoni Dua, which the Group provided to its customer the charter of the vessel with subsequent purchase. The Group recognised a receivable in the amount of the net investment in the lease. The lease payments made by the lessee were split into an interest component and a principal component using the effective interest method. The lease receivable was reduced by the principal received. The interest component of the payments was recognised as finance income in the profit or loss. On 20 March 2019, the lessee had exercised their option to purchase the vessel outright before end of charter period and fully settled the outstanding lease. The following table shows how the amount of the net investment in a finance lease was determined:

19. Trade and other receivables (continued)

(f) Finance lease receivable (continued)

	Group 2019 RM	Group 2018 RM
Minimum lease payments	-	21,545,881
Unearned finance income	-	(3,711,666)
Present value of the minimum lease payments	-	17,834,215

The following table presents the gross investment amounts and the present value of payable minimum lease payments:

	Group 2019 RM	Group 2018 RM
Minimum lease payments:		
Not later than 1 year	-	8,004,322
Later than 1 year but not later than 5 years	-	13,541,559
	-	21,545,881
Present value of minimum lease payments:		
Not later than 1 year	-	5,851,145
Later than 1 year but not later than 5 years	-	11,983,070
	-	17,834,215

In 2018, the discount rate implicit in the finance lease was 14.13% per annum.

20. Other current assets

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Prepayment for insurance	**211,054**	197,214	-	-
Other prepaid operating expenses	**258,500**	244,582	-	-
GST refundable	**193,966**	-	-	-
Contract assets for ship repair contracts (Note 21)	**117,433**	2,084,573	-	-
	780,953	2,526,369	-	-

21. Contract assets/(liabilities)

	Group 2019 RM	Group 2018 RM
At 1 January	**1,501,181**	-
Revenue recognised during the year	**4,819,399**	2,084,573
Progress billings during the year	**(6,333,815)**	(583,392)
At 31 December	**(13,235)**	1,501,181
Analysed as follows:		
Contract assets (Note 4(c) and Note 20)	**117,433**	2,084,573
Contract liabilities (Note 4(c) and Note 26)	**(130,668)**	(583,392)

22. Investment securities

	Group 2019 RM	Group 2018 RM
Wholesale money market fund quoted in Malaysia, at market value	**68,164**	66,434

23. Cash and bank balances

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash at banks and on hand	**5,436,529**	26,733,403	**123,351**	8,553,076
Short term deposits with licensed banks	**3,064,078**	2,042,579	**-**	-
Cash and bank balances	**8,500,607**	28,775,982	**123,351**	8,553,076

Short term deposits with licensed banks of the Group amounting to RM1,214,524 (2018: RM1,803,262) are pledged to banks for bank guarantees issued to third parties and for short term facilities granted by the banks to the Group.

In 2018, short term deposit with a licenced bank of the Group amounting to RM203,309 was pledged as security for the bank guarantee issued in favour of a third party.

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

	Interest rate		Maturity	
	2019 %	2018 %	2019 Days	2018 Days
Deposits with licensed banks	**2.90 – 3.50**	3.10 - 3.35	**30 - 365**	30 - 365

23. Cash and bank balances (continued)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	**8,500,607**	28,775,982	**123,351**	8,553,076
Bank overdrafts (Note 24)	**(17,331,948)**	(14,510,506)	**-**	-
	(8,831,341)	14,265,476	**123,351**	8,553,076
Short term deposits restricted in use	**-**	(203,309)	**-**	-
Short term deposits with maturity more than 3 months	**(1,715,898)**	(5,850)	**-**	-
Short term deposits pledged as security	**(1,214,524)**	(1,803,262)	**-**	-
Cash and cash equivalents	**(11,761,763)**	12,253,055	**123,351**	8,553,076

24. Loans and borrowings

	Maturity	Group 2019 RM	Group 2018 RM
Current			
Secured:			
Bank overdrafts (Note 23)	On demand	**17,331,948**	14,510,506
Obligations under finance lease (Note 32(c))	2020	**-**	4,800
Revolving credits	2020	**37,164,580**	44,799,482
Term loans	2020	**20,034,172**	27,897,507
Lease liabilities (Note 27)	2020	**1,600**	-
		74,532,300	87,212,295
Lease liabilities (Note 27)	2020	**419,631**	-
		74,951,931	87,212,295
Non-current			
Secured:			
Obligations under finance lease (Note 32(c))		-	1,200
Term loans	2021-2023	**35,654,680**	56,196,828
		35,654,680	56,198,028
Lease liabilities (Note 27)	2021-2023	**253,191**	-
		35,907,871	56,198,028
Total loans and borrowings		**110,859,802**	143,410,323

24. Loans and borrowings (continued)

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

	Group	
	2019 **RM**	**2018** **RM**
On demand or within one year	**74,951,931**	87,212,295
Later than 1 year but not later than 2 years	**15,293,897**	19,902,766
Later than 2 years but not later than 5 years	**20,613,974**	36,295,262
	110,859,802	143,410,323

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.

Revolving credits

Revolving credits are secured by corporate guarantee by the former 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.

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 former 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	
	2019 **%**	**2018** **%**
Bank overdrafts	**7.15 – 8.14**	7.40 – 7.54
Term loans		
- Fixed rate	**5.99 – 6.17**	5.99 – 6.17
- Floating rates	**6.14 – 6.18**	6.39 – 6.42
Revolving credits	**5.17 – 5.35**	5.33 – 5.62

A reconciliation of liabilities arising from financing activities excluding bank overdraft is as follows:

Group	**Term loans RM**	**Revolving credits RM**	**Lease liabilities RM**	**Total RM**
At 1 January 2019	84,094,335	44,799,482	6,000	128,899,817
Effect of adoption of MFRS 16:				
- Recognition (Note 2.2)	-	-	1,072,892	1,072,892
Accretion of interest (Note 7)	-	-	42,727	42,727
Payments	(28,120,595)	(7,634,902)	(446,301)	(36,201,798)
Exchange rate difference	(284,888)	-	(896)	(285,784)
At 31 December 2019	**55,688,852**	**37,164,580**	**674,422**	**93,527,854**

24. Loans and borrowings (continued)

Group	Term loans RM	Revolving credits RM	Obligations under finance lease RM	Total RM
At 1 January 2018	112,876,240	46,000,000	85,559	158,961,799
Payments	(29,896,045)	(1,200,518)	(79,559)	(31,176,122)
Exchange rate difference	1,114,140	-	-	1,114,140
At 31 December 2018	84,094,335	44,799,482	6,000	128,899,817

25. Trade and other payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables				
Third parties	**10,472,505**	8,375,634	**-**	-
Other payables				
Accrued operating expenses				
- Others	**10,477,514**	6,061,741	**533,459**	311,341
- Subsidiaries	**-**	-	**325,062**	325,062
Deposits received	**31,000**	59,000	**-**	-
Other payables	**12,918,446**	17,269,891	**765,395**	559,933
Amounts due to former holding company	**8,013,894**	-	**8,013,894**	-
Amounts due to holding company	**-**	14,916,189	**-**	14,016,189
Amounts due to subsidiaries	**-**	-	**50,783,779**	123,667,729
	31,440,854	38,306,821	**60,421,589**	138,880,254
Total trade and other payables	**41,913,359**	46,682,455	**60,421,589**	138,880,254

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2018: 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 RM9,170,235 (2018: RM9,695,770) due to companies in which certain directors of the Group have substantial financial interests.

(c) Amounts due to former holding company

These amounts are unsecured, non-interest bearing and repayable on demand.

25. Trade and other payables (continued)

(d) Amounts due to holding company

These amounts were unsecured, non-interest bearing and repayable on demand.

(e) Amounts due to subsidiaries

These amounts are unsecured and repayable on demand.

Included in the amounts due to subsidiaries of the Company is an amount of RM50,817,231 (2018: RM113,318,567) which bears interest at rates ranging from 3.52% to 5.70% (2018: 3.43% to 8.89%) per annum.

26. Other current liabilities

	Group	
	2019 RM	**2018 RM**
Contract liabilities (Note 21)	**130,668**	583,392
Service tax payable	**11,284**	-
	141,952	583,392

27. Leases

Group as a lessee

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

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

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

Group	Leasehold Land RM	Buildings RM	Vessels RM	Office equipment RM	Total RM
31 December 2019					
Cost					
At 1.1.2019	32,482,186	-	-	14,400	32,496,586
Effect of adoption of MFRS 16:					
- Reclassification	7,389,524	-	-	-	7,389,524
- Recognition (Note 2.2)	-	672,337	400,555	-	1,072,892
Exchange rate difference	-	(859)	-	-	(859)
At 31.12.2019	**39,871,710**	**671,478**	**400,555**	**14,400**	**40,958,143**

27. Leases (continued)

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment (continued)

Group	Leasehold Land RM	Buildings RM	Vessels RM	Office equipment RM	Total RM
31 December 2019					
Accumulated depreciation					
At 1.1.2019	7,995,592	-	-	2,520	7,998,112
Effect of adoption of MFRS 16:					
- Reclassification	3,295,640	-	-	-	3,295,640
Charge for the year	877,668	215,351	200,277	1,440	1,294,736
Exchange rate difference	-	(172)	-	-	(172)
At 31.12.2019	**12,168,900**	**215,179**	**200,277**	**3,960**	**12,588,316**
Net carrying amount	**27,702,810**	**456,299**	**200,278**	**10,440**	**28,369,827**

(b) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the year are disclosed in Note 24 and the maturity analysis of lease liabilities is disclosed in Note 35(b).

(c) Amounts recognised in profit or loss

	Group 2019 RM
Depreciation expense of right-of-use assets	1,294,736
Interest expense on lease liabilities (Note 7)	42,727
Lease expense not capitalised in lease liabilities:	
- Expense relating to short-term leases (included in cost of sales)	91,239
- Expense relating to short-term leases (included in administrative expenses)	12,084
- Expense relating to leases of low-value assets (included in administrative expenses)	16,792
Total (Note 8)	120,115
Variable lease payments	105,511
Total amount recognised in profit or loss	**1,563,089**

The Group had total cash outflows for leases of RM684,011 in 2019. The Group also had total non-cash additions to right-of-use assets and lease liabilities of RM1,072,892 in 2019.

The variable lease payments consist of yearly quit rents in relation to the leasehold land. The quit rent is subject to revision by the local authority.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

28. Deferred tax liabilities

Group	Property, plant and equipment RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Others RM	Total RM
At 1 January 2018	48,939,958	(8,681,913)	(13,818,790)	-	26,439,255
Recognised in profit or loss (Note 11)	(5,986,454)	(146,397)	3,308,704	(112,231)	(2,936,378)
At 31 December 2018 and 1 January 2019	42,953,504	(8,828,310)	(10,510,086)	(112,231)	23,502,877
Recognised in profit or loss (Note 11)	(2,623,845)	622,990	168,973	(454,413)	(2,286,295)
At 31 December 2019	**40,329,659**	**(8,205,320)**	**(10,341,113)**	**(566,644)**	**21,216,582**

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

	Group 2019 RM	Group 2018 RM
Unutilised tax losses	**59,221,026**	51,799,214
Unabsorbed capital allowances	**14,926,272**	12,859,878
Others	**6,084,189**	5,427,034
	80,231,487	70,086,126

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom.

29. Share capital

	Number of Ordinary Shares 2019	Number of Ordinary Shares 2018	Amount 2019 RM	Amount 2018 RM
Issued and fully paid				
Company				
Balance as at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**500,000,000**	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 regards to the Company's residual assets.

30. Other reserves

Group	Foreign currency translation reserve RM	Total RM
At 1 January 2018	52,447,812	52,447,812
Other comprehensive income:		
Foreign currency translation	3,536,973	3,536,973
At 31 December 2018 and 1 January 2019	55,984,785	55,984,785
Other comprehensive income:		
Foreign currency translation	(1,361,731)	(1,361,731)
At 31 December 2019	**54,623,054**	**54,623,054**

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.

31. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Transactions with former holding company				
Loans from former holding company	**-**	-	**-**	10,000,000
Transactions with subsidiaries				
Dividend income	**-**	-	**(67,815,648)**	-
Sundry income	**-**	-	**(48,000)**	(48,000)
Management fee	**-**	-	**(1,526,463)**	(1,936,087)
Interest income	**-**	-	**(3,948,916)**	(3,820,900)
Interest expenses	**-**	-	**4,438,654**	5,441,414
Loans from/(to) subsidiaries	**-**	-	**503,176**	(5,798,811)
Transactions with a related company				
Rental expenses	**120,000**	120,000	**12,000**	12,000

Notes to the Financial Statements (continued)

31. Related party transactions (continued)

(a) Sale and purchase of goods and services (continued)

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Transactions with companies in which certain directors have interests				
Charter hire income	**-**	(2,272,104)	**-**	-
Contract revenue	**(95,975)**	(42,909)	**-**	-
Sales of services	**(22,400)**	-	**-**	-
Sundry income	**(525,753)**	(442,135)	**-**	-
Interest income	**(2,283)**	(985,844)	**-**	-
Charter hire fee	**210,000**	210,000	**-**	-
Rental expense	**180,526**	65,544	**-**	-
Legal and professional fees	**35,090**	61,156	**-**	-

Related companies:

Related companies are companies within Sealink International Berhad group.

(b) Compensation of key management personnel

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Short-term employee benefits	**3,060,147**	3,292,616	**1,629,469**	1,731,541
Defined contribution plan	**233,382**	280,304	**154,746**	155,918
	3,293,529	3,572,920	**1,784,215**	1,887,459

32. Commitments

(a) Capital commitments

	Group 2019 RM	Group 2018 RM
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	**126,968,720**	126,968,720

(b) Non-cancellable operating lease commitments - Group as lessor

	Group 2019 RM	Group 2018 RM
Future minimum rentals receivables:		
Not later than 1 year	**25,634,525**	11,067,398
Later than 1 year and not later than 5 years	**19,120**	4,955,689
	25,653,645	16,023,087

Operating lease income represent lease arrangements with third parties for charter out of vessels.

32. Commitments (continued)

(c) Finance lease commitments

As at 31 December 2018, the Group leased its office equipment under finance lease (Note 13).

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

	Group 2018 RM
Minimum lease payments:	
Not later than 1 year	4,800
Later than 1 year but not later than 2 years	1,200
Total minimum lease payments	6,000
Less: Amounts representing finance charges	-
Present value of minimum lease payments	6,000
Present value of payments:	
Not later than 1 year	4,800
Later than 1 year but not later than 2 years	1,200
Present value of minimum lease payments	6,000
Less: Amount due within 12 months (Note 24)	(4,800)
Amount due after 12 months (Note 24)	1,200

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of MFRS 16. The impact of adoption is disclosed in Note 2.2.

33. Financial assets and financial liabilities

33.1 Financial assets

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial assets at fair value through profit or loss				
Investment securities	**68,164**	66,434	**-**	-
Debt instruments at amortised cost				
Trade and other receivables	**53,428,991**	67,911,164	**105,979,954**	109,077,061
Cash and bank balances	**8,500,607**	28,775,982	**123,351**	8,553,076
	61,929,598	96,687,146	**106,103,305**	117,630,137
Total financial assets	**61,997,762**	96,753,580	**106,103,305**	117,630,137

33. Financial assets and financial liabilities (continued)

33.2 Financial liabilities

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current interest-bearing loans and borrowings				
Bank overdrafts	**17,331,948**	14,510,506	**-**	-
Revolving credits	**37,164,580**	44,799,482	**-**	-
Term loans	**20,034,172**	27,897,507	**-**	-
Obligations under finance lease	**-**	4,800	**-**	-
Lease liabilities	**421,231**	-	**-**	-
	74,951,931	87,212,295	**-**	-
Non-current interest-bearing loans and borrowings				
Lease liabilities	**253,191**	-	**-**	-
Obligations under finance lease	**-**	1,200	**-**	-
Term loans	**35,654,680**	56,196,828	**-**	-
	35,907,871	56,198,028	**-**	-
Total interest-bearing loans and borrowings	**110,859,802**	143,410,323	**-**	-
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings				
Trade and other payables	**41,913,359**	46,682,455	**60,421,589**	138,880,254
Total financial liabilities at amortised cost	**152,773,161**	190,092,778	**60,421,589**	138,880,254

33.3 Fair value

(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:

	Carrying amount 2019 RM	Carrying amount 2018 RM	Fair value 2019 RM	Fair value 2018 RM
Group				
Financial liabilities:				
Non-current:				
Interest-bearing loans and borrowings				
- Fixed rate term loan	**24,873,563**	27,911,296	**24,262,300**	27,207,125

33. Financial assets and financial liabilities (continued)

33.3 Fair value (continued)

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

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	25
Loans and borrowings (current and non-current, except non-current fixed rates loans and borrowings)	24

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.

34. 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).

34. Fair value measurement (continued)

Fair value hierarchy (continued)

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:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2019				
Assets measured at fair value:				
Wholesale money market fund	**68,164**	**-**	**-**	**68,164**
Liabilities for which fair values are disclosed: (Note 33.3 (a))				
Interest-bearing loans and borrowings				
- Non-current fixed rate term loan	**-**	**24,262,300**	**-**	**24,262,300**
At 31 December 2018				
Assets measured at fair value:				
Wholesale money market fund	66,434	-	-	66,434
Liabilities for which fair values are disclosed: (Note 33.3 (a))				
Interest-bearing loans and borrowings				
- Non-current fixed rate term loan	-	27,207,125	-	27,207,125

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

35. 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.

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.

35. Financial risk management objectives and policies (continued)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position after deducting any impairment allowance.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an ongoing basis.

(i) Exposure to credit risk for trade receivables

Recognition and measurement of impairment loss under MFRS 9

The following table provides information about exposure to credit risk and expected credit loss for trade receivables of the Group as at 31 December 2019 and 31 December 2018:

Group	Gross carrying amount RM	Expected credit loss RM	Net balances RM
31 December 2019			
Current (not past due)	8,852,995	-	8,852,995
Past due:			
1-30 days	4,740,439	-	4,740,439
31-60 days	7,365,462	-	7,365,462
61-90 days	2,397,134	-	2,397,134
91-120 days	730,492	-	730,492
More than 121 days	2,820,575	-	2,820,575
	26,907,097	-	26,907,097
Credit impaired	5,125,116	(2,922,436)	2,202,680
	32,032,213	**(2,922,436)**	**29,109,777**

35. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

(i) Exposure to credit risk for trade receivables (continued)

Recognition and measurement of impairment loss under MFRS 9 (continued)

Group	Gross carrying amount RM	Expected credit loss RM	Net balances RM
31 December 2018			
Current (not past due)	3,894,945	-	3,894,945
Past due:			
1-30 days	4,348,139	-	4,348,139
31-60 days	2,655,658	-	2,655,658
61-90 days	1,231,939	-	1,231,939
91-120 days	996,254	-	996,254
More than 121 days	7,347,341	-	7,347,341
	20,474,276	-	20,474,276
Credit impaired	615,213	(615,213)	-
	21,089,489	(615,213)	20,474,276

The movement in allowance for expected credit losses ("ECL") during the year for the Group are shown below:

	Group 2019 RM	Group 2018 RM
At 1 January	**615,213**	1,051,561
Charge for the year (Note 8)	**2,516,916**	-
Reversal of impairment losses (Note 5)	**(209,693)**	(437,090)
Exchange rate difference	**-**	742
At 31 December	**2,922,436**	615,213

(ii) Other receivables that are impaired

Movement in allowance accounts:

	2019 RM	2018 RM
At 1 January	**536,154**	536,154
Charge for the year (Note 8)	**2,595,735**	-
At 31 December	**3,131,889**	536,154

35. Financial risk management objectives and policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. The former holding company (which currently is a major shareholder of the Company) had given an undertaking not to demand repayment of the amount owing to the major shareholder within the next twelve months from the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Total RM
Group			
At 31 December 2019			
Financial liabilities:			
Trade and other payables	41,913,359	-	41,913,359
Loans and borrowings (exclude lease liabilities)	79,058,708	38,797,148	117,855,856
Lease liabilities (Note 27)	421,231	253,191	674,422
Total undiscounted financial liabilities	**121,393,298**	**39,050,339**	**160,443,637**
At 31 December 2018			
Financial liabilities:			
Trade and other payables	46,682,455	-	46,682,455
Loans and borrowings	91,686,344	60,091,081	151,777,425
Total undiscounted financial liabilities	138,368,799	60,091,081	198,459,880
Company			
At 31 December 2019			
Financial liabilities:			
Trade and other payables	60,421,589	-	60,421,589
Financial guarantee contracts*	110,438,780	-	110,438,780
Total undiscounted financial liabilities	**170,860,369**	**-**	**170,860,369**

35. 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
Company			
At 31 December 2018			
Financial liabilities:			
Trade and other payables	138,880,254	-	138,880,254
Financial guarantee contracts*	143,758,918	-	143,758,918
Total undiscounted financial liabilities	282,639,172	-	282,639,172

* 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.

Sensitivity analysis for interest rate risk

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 RM67,623 (2018: RM128,511) 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.

(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) 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.

35. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

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 and RM against USD exchange rate with all other variables held constant.

	Group Loss net of tax		Company Profit net of tax	
	2019 RM	2018 RM	2019 RM	2018 RM
SGD/RM - strengthen by 5%	**(862,124)**	(416,641)	**(1,305)**	34
SGD/RM - weaken by 5%	**862,124**	416,641	**1,305**	(34)
USD/RM - strengthen by 5%	**(950,327)**	(930,649)	**56**	57
USD/RM - weaken by 5%	**950,327**	930,649	**(56)**	(57)
RM/SGD - strengthen by 5%	**(14,920)**	304,033	**-**	-
RM/SGD - weaken by 5%	**14,920**	(304,033)	**-**	-
USD/SGD - strengthen by 5%	**1,155,744**	2,758,936	**-**	-
USD/SGD - weaken by 5%	**(1,155,744)**	(2,758,936)	**-**	-
SGD/USD - strengthen by 5%	**230,980**	(342,448)	**-**	-
SGD/USD - weaken by 5%	**(230,980)**	342,448	**-**	-
RM/USD - strengthen by 5%	**(501,646)**	(652,255)	**-**	-
RM/USD - weaken by 5%	**501,646**	652,255	**-**	-

36. 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.

36. Capital management (continued)

	Note	Group 2019 RM	Group 2018 RM
Loans and borrowings	24	**110,859,802**	143,410,323
Total equity		**330,200,905**	368,256,221
Gearing ratio		**33.58%**	38.94%

37. 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, are 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.

37. Segment information (continued)

	Shipbuilding		Chartering		Others		Adjustments and eliminations			Per consolidated financial statements	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	Notes	2019 RM	2018 RM
Revenue:											
External customers	**5,139,448**	25,031,585	**61,353,521**	44,756,205	**-**	-	**-**	-		**66,492,969**	69,787,790
Inter-segment	**5,174,692**	4,382,404	**28,056,931**	18,313,521	**69,420,111**	2,196,087	**(102,651,734)**	(24,892,012)	A	**-**	-
Total revenue	**10,314,140**	29,413,989	**89,410,452**	63,069,726	**69,420,111**	2,196,087	**(102,651,734)**	(24,892,012)		**66,492,969**	69,787,790
Results:											
Interest income	**5,362,689**	5,786,627	**2,241,009**	3,290,096	**4,523,242**	5,046,996	**(10,524,220)**	(12,148,692)		**1,602,720**	1,975,027
Depreciation and amortisation	**3,380,148**	3,390,809	**36,848,423**	38,089,078	**327,214**	344,089	**(2,511,690)**	(2,528,695)		**38,044,095**	39,295,281
Other non-cash expenses	**328,659**	63,943	**4,974,484**	203,424	**-**	-	**-**	-	B	**5,303,143**	267,367
Segment loss	**(3,321,324)**	(1,601,682)	**(23,914,096)**	(20,455,553)	**51,407,195**	(3,319,306)	**(61,630,237)**	2,612,833	C	**(37,458,462)**	(22,763,708)
Assets:											
Investment in an associate	**-**	-	**-**	-	**774,564**	1,380,792	**-**	-		**774,564**	1,380,792
Investment in a joint venture	**-**	-	**6,593,612**	6,439,594	**-**	-	**-**	-		**6,593,612**	6,439,594
Additions to non-current assets	**1,178,422**	1,008,759	**14,559,044**	50,692	**20,430**	-	**(15,408,453)**	-	D	**349,443**	1,059,451
Segment assets	**114,759,705**	163,053,320	**608,679,966**	707,568,579	**540,681,498**	599,825,643	**(759,208,905)**	(887,796,182)	E	**504,912,264**	582,651,360
Segment liabilities	**73,620,589**	97,978,413	**333,448,540**	376,033,798	**108,393,207**	192,360,471	**(340,750,977)**	(451,977,543)	F	**174,711,359**	214,395,139

37. 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	2019 RM	2018 RM
Inventories written off	8	**100,737**	63,938
Inventories written down	8	**69,646**	-
Property, plant and equipment written off	8	**20,109**	203,429
Impairment loss on trade receivables	8	**2,516,916**	-
Impairment loss on other receivables	8	**2,595,735**	-
		5,303,143	267,367

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:

	2019 RM	2018 RM
Dividend from subsidiaries	**(77,828,589)**	-
Profit from inter-segment sales	**5,451,584**	(7,431,414)
Finance costs	**10,544,598**	12,148,952
Share of results of an associate	**(606,228)**	(2,414,366)
Share of results of a jointly controlled entity	**154,018**	(298,958)
Unallocated corporate expenses	**654,380**	608,619
	(61,630,237)	2,612,833

D Additions to non-current assets consist of:

	2019 RM	2018 RM
Property, plant and equipment	**349,443**	1,059,451

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:

	2019 RM	2018 RM
Investment in subsidiaries	**(380,909,066)**	(395,499,558)
Investment in an associate	**(2,725,436)**	(2,119,208)
Investment in a joint venture	**(922,390)**	(1,076,408)
Inter-segment assets	**(374,652,013)**	(489,101,008)
	(759,208,905)	(887,796,182)

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:

	2019 RM	2018 RM
Deferred tax liabilities	**9,563,120**	10,725,475
Inter-segment liabilities	**(350,314,097)**	(462,703,018)
	(340,750,977)	(451,977,543)

37. Segment information (continued)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	**62,910,434**	66,290,911	**413,454,601**	435,574,702
Singapore	**3,582,535**	3,496,879	**7,409,668**	23,639,928
	66,492,969	69,787,790	**420,864,269**	459,214,630

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

	2019 RM	2018 RM
Property, plant and equipment	**420,864,269**	455,120,746
Land use rights	**-**	4,093,884
	420,864,269	459,214,630

38. Events after the reporting period

Impact of COVID-19 Outbreak

On 11 March 2020, the World Health Organisation (WHO) has declared the outbreak of COVID-19 to be a global pandemic. The COVID-19 pandemic has significantly disrupted many business operations around the world. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy. The occurrence of the COVID-19 outbreak is not an adjusting post balance sheet event.

As a result of these events, the Group has performed an assessment and carefully considered the potential impact of COVID-19 on the Group's operations and financials, which include, amongst others, the demand for chartering of marine vessels, shipbuilding and ship repair. Up to the date of these financial statements, the Group has not seen any significant impact of COVID-19 outbreak on the Group's revenue, earnings, cash flow and financial condition. However, at this juncture, it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses.

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 assessment has been made based on the conditions existing at 31 December 2019 and did not take into consideration the impact of COVID-19 outbreak, which may have an impact on the assumptions on fair market values for the vessels applied in the property, plant and equipment impairment assessment in the next financial year.

The Group will continue to monitor the development of these events closely, and assess and react actively to its impacts on the Group's revenue, earnings, cash flow and financial condition.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 28 May 2020.

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 31.12.2019 (RM'000)
SEALINK SHIPYARD SDN BHD 199001004286 (195853-D)						
Lot 156, Block 5, Kuala Baram Land District / [Lot 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant agriculture land	N/A	8,050	N/A	60 years/ Lease term expires on 02.08.2071	172
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	12	60 years/ Lease term expires on 27.02.2056	20,535
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	11	60 years/ Lease term expires on 31.12.2027	299
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	11	60 years/ Lease term expires on 24.02.2052	1,452
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	50	60 years/ Lease term expires on 31.12.2027	527
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	9,081
SEALINK SDN BHD 197401003313 (20471-D)						
Lot 1340, Miri Concession Land District / [Lot 1340, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak]	Industrial land and building	Utilize as a shipyard with one (1) detached building (workshop and warehouse)	4,039	40	60 years/ Lease term expires on 31.12.2027	1,037

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 31.12.2019 (RM'000)
SEALINK SDN BHD 197401003313 (20471-D)						
Lot 8133, Block 1, Lambir Land District (formerly known as Lot 1802, Lambir Land District) [2/10th undivided right title share & interest] / [2 ½ Mile, Kilometre 4, Riam Road, Miri, Sarawak]	Vacant agriculture land	N/A	23,110	N/A	60 years/ Lease term expires on 02.10.2071	75
BARAM MOULDING INDUSTRIES SDN BHD 199001009301 (200873-D)						
Lot 323, Block 1, Kuala Baram Land District (formerly known as Provisional Lease Lot 2040, Kuala Baram Land District) / [Lot 323, Kuala Baram Industrial Estate, 98100 Miri, Sarawak]	Industrial land and buildings	Used for three (3) detached buildings utilized as office, storage yard & lathe workshop	19,750	11	60 years/ Lease term expires on 17.07.2058	3,357
BRISTAL VIEW SDN BHD 199201021881 (253385-T)						
Lot 8139, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) / [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant industrial land	N/A	9,841	N/A	999 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 199801017076 (473205-H)						
Lot 288, Block 1, Kuala Baram Land District / [Lot 288, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Industrial land and building	Two (2) blocks of workers quarters	19,647	10	60 years/ Lease term expires on 22.10.2067	1,921

Analysis of Shareholdings

As at 1 June 2020

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	6	0.19	301	0.00
100 - 1,000	776	24.80	185,599	0.04
1,001 - 10,000	1,132	36.18	7,138,100	1.43
10,001 - 100,000	1,007	32.18	35,844,800	7.17
100,001 - 24,999,999 *	203	6.49	136,969,301	27.39
25,000,000 and above **	5	0.16	319,861,899	63.97
Total	**3,129**	**100.00**	**500,000,000**	**100.00**

Remark : * less than 5% of issued holdings

: ** 5% and above of issued holdings

Directors' Shareholdings

No	Name Of Directors	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	0.01	-	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
	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Chie Bin (7000978)	-	0.00	60,000	0.01
5.	Yong Kiam Sam	67,382,399	13.48	154,797,600 *	30.96
	Total	**67,579,899**	**13.53**	**154,857,600**	**30.97**

Note :

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

Substantial Shareholders

No	Name	No. of Shares Direct	%	No. of Shares Indirect	%
1.	Dato' Awang Daud Bin Awang Putera	128,682,900	25.74	-	-
2.	Sealink Holdings Sdn. Bhd.	109,080,800	21.82	-	-
3.	Yong Kiam Sam	67,382,399	13.48	154,797,600	30.96
4.	Yong Foh Choi	45,716,800	9.14	176,463,199	35.30

Analysis of Shareholdings (continued)

Thirty (30) Largest Shareholders

No.	Name	Shareholdings	%
1.	Sealink Holdings Sdn Bhd	109,080,800	21.82
2.	Yong Kiam Sam	67,382,399	13.48
3.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Awang Daud Bin Awang Putera*	59,681,900	11.94
4.	Yong Foh Choi	45,716,800	9.14
5.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB For Awang Daud Bin Awang Putera (PB)*	38,000,000	7.60
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Awang Daud Bin Awang Putera (M05)*	16,001,000	3.20
7.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank For Awang Daud Bin Awang Putera (PBCL-0G0692)*	15,000,000	3.00
8.	Amanahraya Trustees Berhad *PMB Shariah Aggressive Fund*	10,567,400	2.11
9.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For How Bee Hua (E-SJA/BSY)*	5,433,100	1.09
10.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Noridah Binti Mohd Embi (NOR1992C)*	4,950,000	0.99
11.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Foo San*	4,000,000	0.80
12.	Yii Siew Sang	3,198,400	0.64
13.	Sahroi Bin Laari	3,170,000	0.63
14.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Islamic Trustee Berhad For PMB Shariah Mid-Cap Fund*	3,163,200	0.63
15.	Yek Nai Hwat	2,624,200	0.52
16.	Azam Bin Shahuddin	2,000,000	0.40
17.	Data Hasrat Sdn Bhd	2,000,000	0.40
18.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Private Wealth Management For Lee Foo San (PW-M00219) (632947)*	1,650,000	0.33
19.	Tham Kin Kiong	1,638,000	0.33
20.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lo Ga Lung (M05)*	1,566,900	0.31
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Foo San (6000116)*	1,519,000	0.30
22.	Chen Tsu Peh @ Chin Fui	1,500,000	0.30
23.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Tian An*	1,500,000	0.30
24.	Sharmiza Binti Shahruddin	1,500,000	0.30
25.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Mustakim Bin Mat Nun*	1,422,100	0.28
26.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Khairul Azizi Bin Ismail*	1,368,100	0.27
27.	CARTABAN Nominees (Asing) Sdn Bhd *Exempt An For Standard Chartered Bank Singapore Branch (SG PVB CL AC)*	1,323,100	0.26
28.	CARTABAN Nominees (Asing) Sdn Bhd *Exempt An For Barclays Capital Securities Ltd (SBL/PB)*	1,190,100	0.24
29.	Tengku AB Malek Bin Tengku Mohamed	1,100,000	0.22
30.	Hiew Chang Chun	950,000	0.19
	Total	410,196,499	82.04
	Shareholdings	500,000,000	

ANNEXURE A

Date : 12 June 2020

The Board of Directors
Sealink International Berhad
Lot 1035, Block 4, MCLD,
Piasau Industrial Area,
98000 Miri, Sarawak.

Dear Sirs

NOTICE OF NOMINATION OF MESSRS GRANT THORNTON MALAYSIA PLT AS AUDITOR

I, YONG FOH CHOI, being a substantial shareholder of Sealink International Berhad ("the Company"), hereby give notice pursuant to Section 271(4) of the Companies Act 2016 of my nomination of Messrs GRANT THORNTON MALAYSIA PLT as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young PLT and propose that the following resolution be tabled at the forthcoming Annual General Meeting:-

"THAT, Messrs GRANT THORNTON MALAYSIA PLT be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorized to fix their remuneration."

Yours faithfully,

YONG FOH CHOI
Substantial Shareholder

Online Version

The online version of the 2019 Annual Report can be viewed at https://bit.ly/2YA4Olq

QR Code Scanning Guidelines:

1. Download any equivalent "QR Code Reader" app on your smart phone
2. Run the QR Code Reader app and scan the QR Code
3. After scanning the QR Code you will be able to access the following documents:
   a. Annual Report 2019
   b. Notice of AGM
   c. Proxy Form
   d. Requisition Form

Proxy Form

No. of Shares Held :	

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

I/We ____NRIC No./Company No.________________________

of____

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

____NRIC No. ___________________________

of____

or failing him/her, ____NRIC No. ___________________________

of____

or Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Twelfth Annual General Meeting ("12th AGM") of the Company to 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 September 2020 at 11:00 a.m. and at any adjournment thereof for/against *the resolution(s) to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2020.		
2.	To re-elect Mr Yong Kiam Sam as Director of the Company.		
3.	To re-elect Mr Wong Chie Bin as Director of the Company.		
4.	To appoint Messrs GRANT THORNTON MALAYSIA PLT as the Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.		
5.	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 ___________, 2020.

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 15 September 2020 be regarded as Members and shall be entitled to attend, speak and vote at the 12th AGM.
2. A Member entitled to attend, speak and vote at the 12th 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 12th AGM or any adjournment thereof.
6. Registration will start at 10:00 a.m. 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 September 2020.
7. As a precautionary measure against the spread of COVID-19, members are strongly encouraged to appoint either the Chairman of the Meeting or any one (1) of the Independent Directors as proxy to vote in his stead.
8. At the physical meeting, members are advised to observe the applicable directives, safety and precautionary requirements as prescribed by the Government, the Ministry of Health, the Malaysian National Securities Council, and other relevant authorities to curb the spread of COVID-19 are abided by; ensure a physical distance of at least one (1) meter between each meeting participant at all times; and all participants have to wear face masks.
9. The Company will continue to monitor the COVID-19 pandemic situation closely and may adopt further procedures and measures at short notice as public health situation changes. Members can check further update on the Company's website at www.asiasealink.com.

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AFFIX
STAMP

The Company Secretary

SEALINK INTERNATIONAL BERHAD

Registration No. 200701042948 (800981-X)

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

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Details of the Group

PLACES OF OPERATIONS / OFFICES

Headquarters

Lot 1035, Block 4, MCLD
Piasau Industrial Area
98000 Miri, Sarawak
Tel : 085-651 778
Fax : 085-652 480

Other Places of Operations

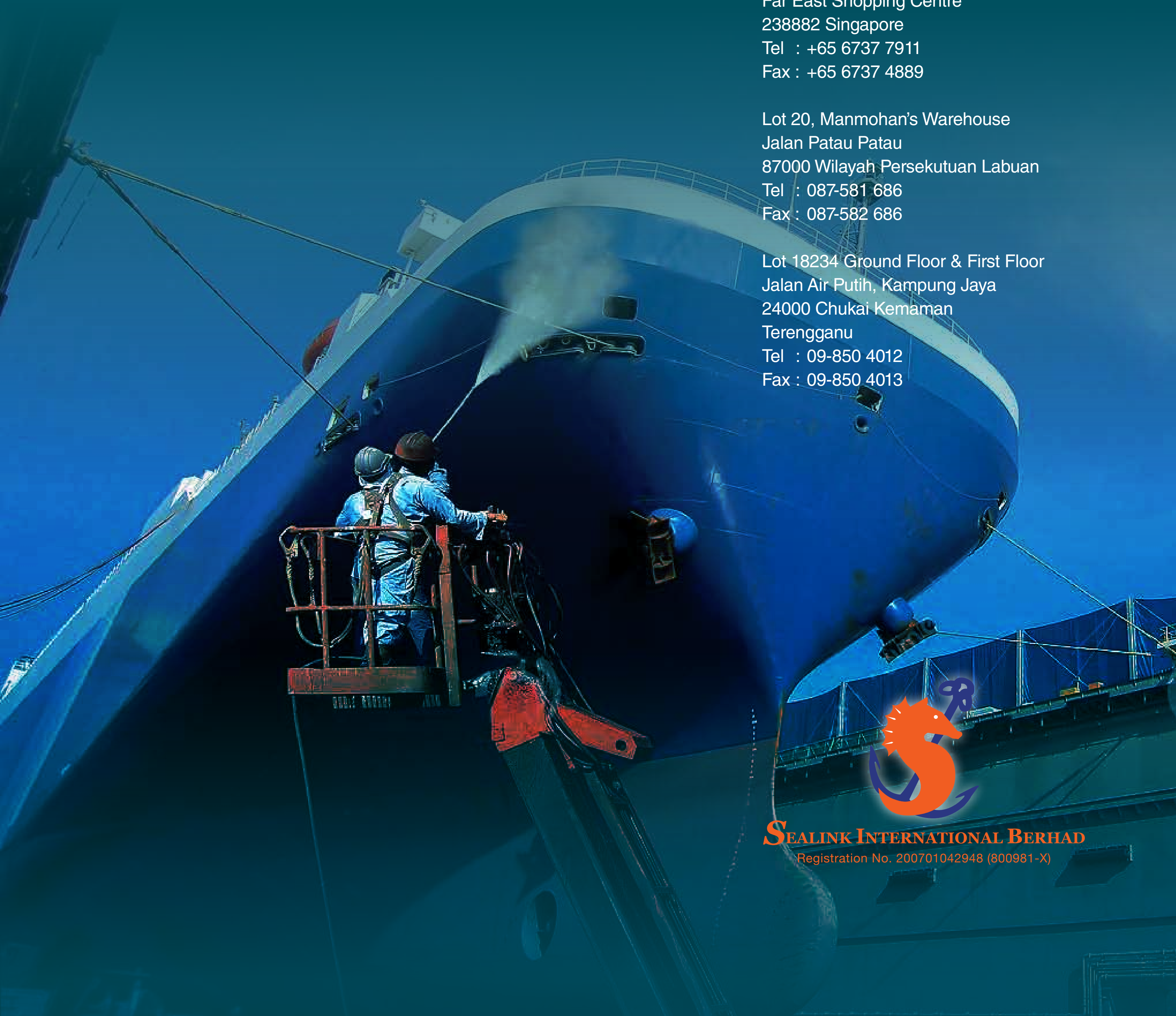
Lot 816, Block 1
Kuala Baram Land District
98100 Kuala Baram Miri, Sarawak
Tel : 085- 605 767
Fax : 085- 605 428

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

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

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

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



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www.asiasealink.com

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

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

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

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