SEALINK INTERNATIONAL BERHAD

Registration No. 200701042948 (800981-X)

2021 ANNUAL REPORT

The Sealink Group

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

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

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

We are listed on the Main Market of Bursa Malaysia.

Our Vision

- A Leading Integrated Service Provider for the Marine Industry

Our Mission

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

Our Goals

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

Our Values

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

Contents

Corporate Information

Board Of Directors

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

Datuk Sebastian Ting Chiew Yew
Independent Non-Executive Director

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

Toh Kian Sing
Independent Non-Executive Director

Wong Chie Bin
Independent Non-Executive Director

Audit Committee

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

Nominating Commitee

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

Remuneration Committee

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

Risk Management Committee

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

Company Secretary

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

Registered Office and Corporate Office

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

Registrar

Securities Services (Holdings) Sdn. Bhd.
Registration No. 197701005827 (36869-T)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

Auditors

Messrs. Grant Thornton Malaysia PLT
Registration No. 201906003682 (LLP0022494-LCA) & AF: 0737
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Tel : 03-2692 4022
Fax : 03-2691 5229

Principal Bankers

Hong Leong Bank Berhad
Registration No. 193401000023 (97141-X)
AmBank (M) Berhad
Registration No. 196901000166 (8515-D)
CIMB Bank Berhad
Registration No. 197201001799 (13491-P)
Malayan Banking Berhad
Registration No. 196001000142 (3813-K)
OCBC Al-Amin Bank Berhad
Registration No. 199401009721 (295400-W)
United Overseas Bank (Malaysia) Bhd
Registration No. 199301017069 (271809-K)
DBS Bank Ltd (196800306E)

Stock Exchange Listings

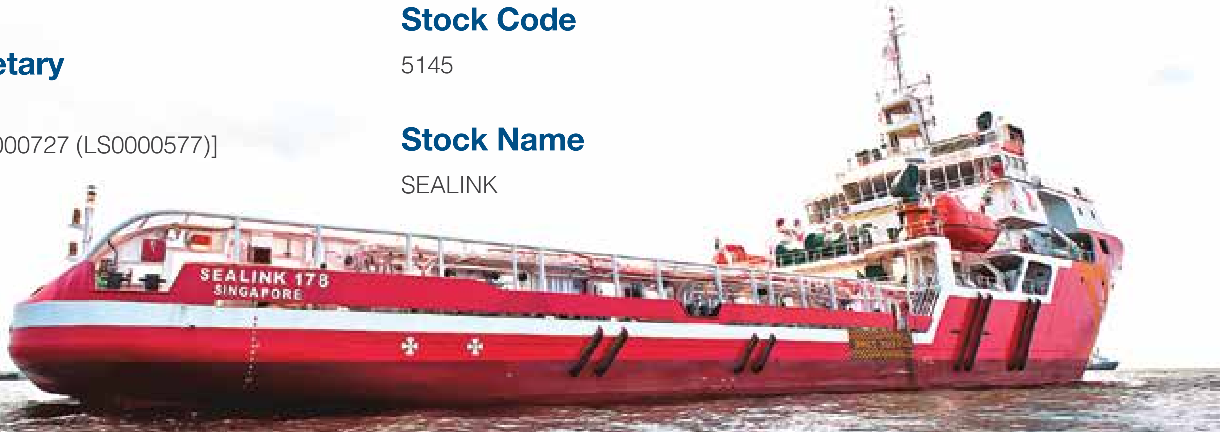
Listed on Main Market of Bursa Malaysia Securities Berhad on 29 July 2008

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%

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 Fourteenth Annual General Meeting ("14th 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, 31 May 2022 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 2021 together with the Report of the Auditors thereon.

2. Datuk Sebastian Ting Chiew Yew who shall retire by rotation pursuant to Clause 118 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, Datuk Sebastian Ting Chiew Yew shall retire from office upon the conclusion of the 14th AGM of the Company.

3. To re-elect Mr Wong Chie Bin who shall retire by rotation pursuant to Clause 118 of the Company's Constitution and, being eligible, has offered himself for re-election. **(Resolution 1)**

4. To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2022. **(Resolution 2)**

5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

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

6. **Retention of Independent Directors**

(i) "That subject to the passing of Resolution 1, Mr Wong Chie Bin who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 20 May 2008, be and is retained as an Independent Director of the Company." **(Resolution 4)**

(ii) "That Mr Toh Kian Sing who has served as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 23 May 2008, be and is hereby retained as an Independent Director of the Company." **(Resolution 5)**

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

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such persons whomsoever the Directors may in their discretion deem fit **(Resolution 6)**

Notice of Annual General Meeting (cont'd)

provided always the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to Bursa Malaysia's letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "General Mandate");

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

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

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

By order of the Board,

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

Dated : 29 April 2022

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 24 May 2022 be regarded as Members and shall be entitled to attend, speak and vote at the 14th AGM.
2. A Member entitled to attend, speak and vote at the 14th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak, not less than 48 hours before the time set for this 14th AGM or any adjournment thereof.
6. As a precautionary measure against the spread of Covid-19, members are strongly encouraged to appoint the Chairman of the meeting as their proxies to vote in their stead.
7. The Company will continue to monitor the Covid-19 situation closely and may adopt further procedure and measures at short notice as public health situation changes, members can check further update on the Company's website at www.asiasealink.com.

Notice of Annual General Meeting (cont'd)

Explanatory Note to Ordinary Business:

1. Agenda 1 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 will not be put forward for voting.

Explanatory Notes to Special Business:

2. Retention of Independent Directors

The proposed Resolutions 4 and 5 are to seek shareholders' approval through a two-tier voting process to retain both Mr Wong Chie Bin and Mr Toh Kian Sing who have served as Independent Directors for more than twelve (12) years. The Nominating Committee have assessed both of them and thereby recommended that they continue in office as Independent Directors of the Company based on the following justifications :

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

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

The Proposed Resolution 6, if passed, will give authority to the Directors of the Company to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to Bursa Malaysia's letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under paragraph 6.03 (1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "General Mandate");

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

The General Mandate granted by the shareholders at the 13th Annual General Meeting of the Company had not been utilised and hence no proceed was raised therefrom.

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

Profile of Directors

Yong Kiam Sam

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

Age/Gender: 51/Male

Appointed: 28 December 2007

Meeting Attendance: 5/5

Qualifications:
- 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 Entity/Entities:
  Director of Sealink International Berhad

- Other Public Company/Companies: Nil

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

Age/Gender: 67/Male

Appointed: 20 August 2013

Meeting Attendance: 4/5

Qualifications:
- 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, Creative Industry and Performing Arts in charge of Tourism by the Chief Minister of Sarawak (4 January 2022 – present)
- Appointed as an Assistant Minister of Tourism, Arts and Culture by the Chief Minister of Sarawak (22 August 2019)
- 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 Entity/Entities: Director of Sealink International Berhad

- Other Public Company/Companies: Nil

Profile of Directors (cont'd)

Wong Chie Bin

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

Age/Gender: 66/Male

Appointed: 20 May 2008

Meeting Attendance: 5/5

Qualifications:
- Member of Chartered Accountants Australia and New Zealand
- Fellow member of Chartered Tax Institute of Malaysia
- Member of Malaysian Institute of Accountants
- Bachelor Degree in Commerce, University of Otago, New Zealand

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

Present Directorship(s):
- Listed Entity/Entities:
  Director of Sealink International Berhad

- Other Public Company/Companies: Nil

Toh Kian Sing

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

Age/Gender: 57/Male

Appointed: 23 May 2008

Meeting Attendance: 5/5

Qualifications:
- Bachelor of Law, National University of Singapore
- Bachelor of Civil Law, University of Oxford

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

Present Directorship(s):
- Listed Entity/Entities:
  Director of Sealink International Berhad

- Other Public Company/Companies: Nil

Profile of Directors (cont'd)

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

Age/Gender: 66/Male

Appointed: 20 May 2008

Meeting Attendance: 5/5

Qualifications:
- 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 Entity/Entities:
  Director of Sealink International Berhad
- Other Public Company/Companies: Nil

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

1. Family relationship with any director and major shareholders

None of the Directors have any family relationship with any director and major shareholders, save for Yong Kiam Sam who is the son of Yong Foh Choi (a substantial shareholder of the Company).

2. Any conflict of interest with the Company

None of the Directors have any conflict of interest with the Company.

3. Convictions for offences

Other than traffic offences, none of the Directors have been convicted for any offences within the past 5 years.

Profile of Key Senior Management

Yong Kiam Miaw

General Manager for Sealink Shipyard Sdn. Bhd.

Age/Gender: 55/Male

Appointed: 1 September 2014

Qualifications:
- 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.

Angelia Chong Pei Cheng

General Manager, Group Finance

Age/Gender: 46/Female

Appointed: 1 April 2018

Qualifications:
- 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)

Flags indicate nationality:

Malaysian

Singaporean

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

1. Family relationship with any director and major shareholders

None of the Key Senior Management have any family relationship with any director and major shareholders, save for Yong Kiam Miaw who is the son of Yong Foh Choi and brother of Yong Kiam Sam.

2. Any conflict of interest with the Company

None of the Key Senior Management have any conflict of interest with the Company.

3. Convictions for offences

Other than traffic offences, none of the Key Senior Management have been convicted for any offences within the past 5 years.

4. Directorship in other Public Companies

None of the Key Senior Management hold any directorships in other public listed companies.

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 2021.

The COVID-19 pandemic has continued in 2021 and has had a global impact. At Sealink it has affected us operationally, resulting in a slowdown in our ship charters and shipyard. However, projects are coming onstream gradually albeit at a slow pace still. As compared to 2020, the Group sees itself emerging stronger than before as we embraced and overcame various difficulties. With the gradual roll-out of vaccines in 2021, there are positive signs in recent times that the global economy has begun to recover and the oil and gas sector downturn appears to be gradually bottoming-out. This is evident where despite the ongoing pandemic, our ship chartering division has benefitted from rising oil prices and increased demand for offshore support vessels. Utilisation rates for our vessels have also seen progressive improvement with the resumption of oil and gas activities.

While the oil price and external environment are factors beyond our control, the Group has been building a strong foundation for recovery following the initiatives and strategies we have undertaken which have reshaped and strengthened the Group, coupled with improving economic conditions and gradual recovery in the marine industry.

MARKET OVERVIEW

Petroliam Nasional Bhd (Petronas) expects a positive outlook for 2022 to 2024 on a recovery in crude oil prices as well as relaxation of Covid-19 standard operating procedures, based on Petronas' latest activity outlook report which provides information on activities within a three-year period from 2022 to 2024. As the world reopens and economic activities resume, the global economy is staging its most robust post-recession rebound with a speedy recovery seen across countries and sectors due to progress in vaccination against Covid-19. The pervasive roll-out of Covid-19 vaccines in 2021 provided support to the recovery of road transport fuel demand amid pent-up travelling demand. Based on the crude oil prices at US$50 to US$60 a barrel between 2022 and 2024, Petronas remains prudent and will continue to adopt a lower-for-longer approach for its crude oil price expectations until it is confident that the current price uptrend is sustainable. If oil prices recover for a sustainable period, Petronas expects a higher number of greenfield and brownfield projects to become commercially viable, provided that the cost is kept at a competitive level. Thus, activities for the OGSE (oil and gas services and equipment) sector may increase accordingly. The potential improvement in most of Petronas' key value chains in 2022-2024 is expected to lend support for a recovery in the local oil and gas services and equipment sector in 2022. The clear winners under the key value chains of Petronas activity outlook report are the Hook-Up and Commissioning (HUC), Offshore Maintenance, Construction and Modification (MCM) and Offshore Support Vessels (OSV) players and most of the value chains are expected to see improved activity levels in 2022, from 2021. This will be sufficient to help the local OGSE sector to recover in 2022. (Hong Leong Investment Bank)

2022 will be a year of improvement for our economy. The worst is over for Malaysia in line with the government's initiatives to protect Malaysians through massive Covid-19 vaccination, analysts say. The decision to do away with full lockdown is also lauded - paving the way for output to recover and growth to reach potential. Massive government efforts to boost output via job creation, various incentives and special initiatives will underpin a rebound in economic activity.

Crude oil prices are projected to stay at elevated levels for a number of reasons including the geopolitical impact of Russia's invasion of Ukraine which has triggered cascading sanctions, voluntary shunning of investments by international oil companies, substantive global supply chain disruptions and elevated risk premiums for commodities. Apart from voluntary corporate sanctions on Russia, supply shortfall risks are escalating with major oil-exporting nations unable to ramp up production to pre-pandemic levels due to chronic under-investment over the past five years amid investors' persistent energy transition-driven prerogatives. AmInvestment Bank Bhd has raised its Brent oil estimation to US$100-

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

MARKET OVERVIEW (cont'd)

US$110 per barrel for 2022. It is expected that selected segments in the value chain to be better positioned to benefit from higher oil prices and projects sanctioned by Petronas. Thus, the research house has maintained its overweight rating on the sector on the back of escalating crude oil prices and anticipation that rising global demand will catalyse faster order flows across the value chain. (AmInvestment Bank Bhd)

DBS Group Research expected Malaysia's economic recovery momentum in 2022 to be among the strongest within the Asian region. The country's growth prospects are stronger while its fiscal consolidation process is expected to be slower and more protracted than that of its regional peers. A slower fiscal consolidation process means that government financing needs are likely to stay elevated for longer. High vaccination rates and transition to endemic living should mean relatively lower risks of retightening of restrictions and by extension, limited downside risks to growth outlook, should more variants surface. As the economy continues to reopen, lending growth to the private sector would be expected to recover. DBS Group Research has revised up their average Brent crude oil forecast for 2022 to US$95-100 per barrel in their base case scenario. In a bear case scenario of direct sanctions on Russian crude and a lengthy conflict dragging on, their average Brent crude oil forecast for 2022 would be around US$110-115 per barrel.

Similarly, Maybank Investment Bank Research (Maybank Research) remains positive for the oil and gas sector. The drilling operations, requirement for mid-sized fabrication structures and plant turnaround operations would see increased activities this year. The ringgit is expected to be supported against the US dollar from around mid-2022 with support from resilient oil prices and domestic and global economic growth rebounds.

According to the Organisation of the Petroleum Exporting Countries (OPEC) in its latest monthly oil market report, world oil demand is projected to hit 100.8 million barrels per day in 2022, exceeding pre-pandemic levels. Steady economic developments are expected to support the partially delayed recovery in oil demand in various sectors.

Meanwhile, KAF Equities' research unit also maintains its overweight call on the oil and gas sector, and favours companies with exposure to the downstream businesses.

The government's push to reopen borders and avert another lockdown would aid in earnings recovery for this year. Many sectors saw a pick-up in earnings in the final quarter of 2021, spurred by the gradual reopening of the economy, resumption of more business activities, accommodative policies and improving vaccination rates. While Covid-19 cases have risen to record high as of late, hospitalisation and mortality rates were nowhere near as severe as they were last year. Going into 2022, what is key is if we can bring the business environment back to pre-pandemic levels. The overall sentiment in oil and gas stocks has improved on expectations global energy fundamentals would remain tight as demand continues to increase while a further escalation in the tension on the Russia-Ukraine border could pump up crude oil price further. Crude oil prices could reach US$120 per barrel if the political tensions between Russia and Ukraine intensify. Upstream exploration and production players will directly benefit from higher oil prices while other upstream services players ought to benefit from recovery in activities as oil companies are more inclined to ramp up their spending amidst a high oil price environment. Local oil and gas players with better earnings, proven track record, and recurring contracts should stand to benefit the most from the rising prices.

The outlook of the Malaysia's shipping sector for 2022 is favourable especially for container, dry bulk, tankers and OSV segments. The positive outlook of the sector for next year to several factors, ie, demand for containers, drybulk carriers, tankers and OSV segments is increasing despite concerns about the rapid spread of the Omicron coronavirus variant globally. The market is picking up even though there was a slight bump caused by the fear of Omicron variant, as the Omicron variant will have minimal impact on the shipping sector. As the supply of vessels is still low, this situation creates a shortage of vessels in the container, dry bulk, tankers and OSV segments. Hence, the rates will remain high, firm and strong this year. (Malaysia Shipowners' Association)

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

MARKET OVERVIEW (cont'd)

The Securities Commission Malaysia said the sustained economic recovery seen the world over as businesses normalise and borders reopen bodes well for the domestic capital markets going forward, as it boosts corporate earnings and sentiment but warned that external risks such as the ongoing conflict Russia-Ukraine conflict could upend current recovery expectations. For the moment, the direct impact to Malaysia is still manageable, given our minimal exposure to Ukraine and Russia.

Petronas has been underspending below its planned annual capex of RM40 billion in the past two years at only RM30.5 billion to RM33 billion in 2020-2021. It is likely that they could boost its capex spending to RM40 billion to RM50 billion this year, riding on stronger oil prices. Maintenance related players are likely to recover faster given that Petronas is not aggressively expanding greenfield projects but is instead focusing on low-hanging fruits to boost production. The potential award of the Safina project could benefit shipbuilders and offshore service vessel players. (RHB Research) Bank Negara Malaysia (BNM) has projected Malaysia's economy to grow by between 5.3% and 6.3% in 2022. This is slightly lower than the government's official forecast of a 5.5% to 6.5% growth in the nation's gross domestic product (GDP) for the year. For the Malaysian economy, the recovery is expected to gain momentum in 2022. This is underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand, the central bank said in its 2021 Economic and Monetary Review report. The expected recovery in private investment to 5.3% in 2022 from 2.6% a year earlier, reflects the resumption of existing projects and the start of new investment capital spending by businesses. Given the rapidly evolving macroeconomic environment, risks to the domestic growth projection remain tilted to the downside.

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

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 many vessels for shallow water operations. With the initiatives in rationalising and optimising costs and exposures taken over the last few years, we believe the Group will be well positioned to recover and expand in the coming years.

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

OVERVIEW OF THE GROUP’S BUSINESS AND OPERATIONS

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

Our shipyard is located in Kuala Baram, Miri, Sarawak and the workshop in Krokop Miri, Sarawak. Our shipyard delivered its first new build in 1999, 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 twenty five (25) vessels providing a broad range of services to the marine sector with the highest standards of safety and technology available in the industry.

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

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

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

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

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

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

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

OVERVIEW OF FINANCIAL PERFORMANCE

Financial results

The Group recorded a loss for the year of RM65.4 million in 2021 mainly due to impairment of RM21 million on aged vessels, RM7.5 million on amount due from associate and RM5.5 million on aged inventories. Excluding the abovementioned impairments, the Group did improve on the bottomline as compared to 2020 mainly due to higher vessel utilisation.

Finance cost had also reduced substantially, by about 13%, from RM5.6 million in 2020 to RM4.9 million in 2021 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.

We have reduced the group’s term loans significantly from RM44 million in 2020 to about RM28 million (approximately USD 6.7 million) in 2021, a reduction of about 36%. Presently, only one (1) vessel out of our charter fleet of twenty five (25) is encumbered. This speaks well of the viability of the Group’s business despite the challenging conditions in which it operates. At the same time, with reduced gearing the Group will have a stronger balance sheet to take on additional financing to fund expansion when opportunities arise. Despite the loss for the year, there is a surplus in the cashflow from operations amounting to RM5.9 million.

With the low gearing, the Group is well positioned to continue to capture any new 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 return capital to shareholders, obtain new financing facilities or dispose of assets to reduce borrowings. Management monitors capital based on the Group’s gearing ratio. The Group’s strategy is to maintain a gearing ratio not exceeding 100%. The gearing ratio is calculated as total loans and borrowings divided by equity capital. The ratio for the Group has improved from 33% in 2020 to 32% in 2021.

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 Companies Act 2016. Due to the aforesaid losses incurred, The Board does not recommend any dividend for the FY2021.

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

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 2021 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, Whistleblower Policy, Code of Conduct for Directors and employees of the Group, Corporate Disclosure Policies and Procedures, Sustainability Policy and Anti-Bribery & Corruption Policy that are useful for investors as well as potential investors to be apprised on how the Board views corporate governance and engagement with investors. The website also provides, amongst others, information deemed pertinent for investors and the public, for example the Company's corporate announcements, financial results and historical chart of the Company's share prices.

OUTLOOK AND PROSPECTS

The Group is positive about its long-term growth. Riding on our strong foundation, we are confident that the Group will achieve good results going forward.

Rising global oil prices amidst increasing Covid-19 vaccination rates and anticipated higher world economic growth rates in 2022 are brightening the outlook for Malaysia's oil and gas sector, say research analysts. As vaccination rates rise, the Covid-19 pandemic is expected to be better managed and economic activities and mobility will firmly return to pre-Covid-19 levels. Steady economic developments are expected to support the partially delayed recovery in oil demand in various sectors.

Based on Petronas Activity Outlook 2022-2024, as we enter the year 2022, the global economy is staging with multispeed recovery across countries and sectors. In 2021, lower actual number of vessels as activities were slowly recovering from the pandemic during the first half of the year. Majority of the drilling campaigns/projects were deferred to the following year. The outlook depicts consistent demand for vessels supporting production operation from year-to-year and this is an opportunity for local players and financiers to re-evaluate its position for investment as there is consistent demand for vessels supporting production operation.

The Group will continue its emphasis on its core activities of ship building, ship charter and ship repair. The Group's shipbuilding division will be looking towards building vessels which have a niche market as well as enhancing its docking (ship repair) facilities, whilst continuous efforts will be taken towards optimising capacity utilisation of the Group's vessels. The Group is also looking at building new vessels that are more energy efficient and environmental friendly, in line with tighter environmental regulations in the maritime industry. With the ongoing initiatives in sustainable cost rationalization and exposures, we believe the Group is well positioned to tide over the current business challenges.

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

OUTLOOK AND PROSPECTS (cont'd)

Presently the Group is looking at opportunities to diversify into sustainable investments as part of our responsible investment initiative. We have to be prepared for a drop in fossil fuel demand as consumer preference changes for cleaner and renewable energy. This pivot is necessary and inevitable, and we will be giving careful and due consideration into all factors of three factors of environment, social and corporate governance before embarking on the new initiatives. While we remain vigilant on the market outlook, we will continue to capitalise on our capabilities and reputation in vessel chartering business. Long term sustainability of the business has been our key priority. We will remain resilient in strengthening our core business and shall continue expanding strategically into new opportunities.

Moving forward, we are cautiously optimistic for the year to come as the macro-economy, consumer demand and energy prices continue to improve and create a favourable operating landscape for the Group. We continue to capitalise on our capabilities and reputation in vessel chartering business. Long term sustainability of the business has been our key priority. We will continue to prioritise the safety and well-being of our employees and allocate resources to manage the operational challenges brought about by the pandemic. We will also 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

COMPOSITION

The Audit Committee (the "AC"), 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

TERMS OF REFERENCE

The Terms of Reference of AC which laid down its duties and responsibilities are accessible via the Company via the Company's website at www.asiasealink.com.

MEETINGS AND ATTENDANCE

The AC held five (5) meetings during the financial year ended 31 December 2021. The details of attendance of the AC members are as follows:

Name	Attendance
Wong Chie Bin (Chairman)	5/5
Datuk Sebastian Ting Chiew Yew	4/5
Toh Kian Sing	5/5
Eric Khoo Chuan Syn @ Khoo Chuan Syn	5/5

The AC members were served with adequate notice of meeting by the AC Secretary, setting out the meeting agenda, relevant papers and reports, which were distributed well before the meeting to enable them to go through the matters to be deliberated at the meeting. Minutes of each AC Meetings were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. The AC chairman reported to Board on the proceedings of each AC Meeting. The AC may inspect the minutes of the AC at the registered office.

The Company Secretary is the Secretary of the AC. At the AC 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 AC on matters on the agenda that required their input.

Annually, the term of office and performance of the AC and each of its members are being assessed by the Nominating Committee prior to recommending to the Board for notation. During the financial year 2021, the Board is satisfied that the AC has discharged its function, duties and responsibilities in accordance with the Terms of Reference of the AC.

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

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

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

Audit Committee Report (cont'd)

1. **Financial Performance and Reporting**
   a) received the relevant business, financial and tax-related updates from management, including enquiring on management's plan and strategies;
   b) reviewed the quarterly and annual financial statements of the Group before recommending the same for the Board of Directors' approval, focusing on changes in accounting policies and practices, significant and unusual events, the going concern assumption and compliance with accounting standards and other legal requirements; and
   c) 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.

2. **External Auditor**
   a) reviewed with the External Auditors, Messrs. Grant Thornton Malaysia PLT [Registration No. 201906003682 (LLP0022494-LCA)(AF:0737)] ("GT") the Audit Plan Memorandum for the Financial Year ending 2021 ("APM2021") which outlined , among others the scope of work and the proposed fee for the statutory audit including review of consolidated financial statements and other information in Annual Report 2021 and review of Statement on Risk Management and Internal Control (SORMIC) and the same were recommended for the Board's approval;
   b) GT in its APM2021 also presented to the AC the names of its engagement teams, audit timeline, the areas of audit emphasis, key audit matters, summary of planned audit procedures and internal control system. The AC upon due deliberation approved the APM2021 for implementation in accordance with the audit timeline;
   c) reviewed with the External Auditors reports arising from the audit and any updates on new financial reporting standards issued by the Malaysian Accounting Standards Board;
   d) reviewed the draft Representation Letter to External Auditors and recommend them to the Board for approval;
   e) met with a representative of the External Auditors in the absence of Management to seek feedbacks from the external auditors on any difficulties encountered during the audit; and
   f) evaluated the performance of the External Auditors covering areas such as calibre, quality process, audit team, audit scope, audit communication, audit fees, independence and objectivity before recommending them to the Board to be considered for re-appointment at the Annual General Meeting.

3. **Internal Audit**
   a) reviewed and approved the Engagement Letter on the Provision of Internal Audit Services together with the Internal Audit Plan for the financial year ending 31 December 2021 ("Internal Audit Plan") from Internal Auditors, KPMG Management & Risk Consulting Sdn. Bhd. [Registration No. 198601000916 (150059-H)] ("KPMG MRC");
   b) KPMG MRC in its Engagement Letter also presented to the AC the engagement objectives, scope of work, engagement approach, the names of its engagement teams and engagement fees;
   c) reviewed with the Internal Auditor 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;
   d) reviewed with the Internal Auditor the Group's internal control system, its operation and selected key activities using a risk-based internal audit methodology, which is aligned with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors; and
   e) reviewed the report on risk assessment for the year 2021 tabled by Risk Management Committee, which provided the top five (5) significant risks, control issues and summary of risk assessment.

4. **Corporate Governance**
   a) reviewed the Company's Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, and Directors' Responsibility Statement for the Audited Financial Statement before recommending them for approval by the Board for inclusion in this Annual Report; and
   b) reported to the Board on its activities and significant findings and results.

Audit Committee Report (cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to KPMG MRC, an independent professional firm, which reported directly to the AC. Upon expiry and pending renewal of contract at the end of the financial year, the AC shall evaluate the performance of the outsourced internal audit service provider.

The primary responsibility of the internal audit function is to assist the AC in reviewing and assessing whether the Group's risk management and internal control system, its operation and selected key activities based on its Internal Audit Plan are adequate and operating effectiveness as well as provide recommendations to strengthen the Group's governance, risk management and internal control procedures.

Before the commencement of the internal audit review, an Internal Audit Plan is prepared which cover the direction and scope of the planned internal audit including assessment of policies and procedures in place in relation to the corporate governance arising from the revised Malaysian Code on Corporate Governance issued in April 2021, and operations and contract management are presented to the AC for their deliberation and approval.

Upon approval by the AC, the Internal Auditors carried out their engagement in accordance with the International Standard for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. In conducting their independent audit, Internal Auditors place emphasis on a risk-based internal audit methodology approach which forms an integral part of the Internal Audit Plan.

The key in solving lapses in internal control were as follows:

(i) disciplined execution of the Internal Audit Plan which included assessment of the compliance by the Company against the practices prescribed in the Malaysian Code on Corporate Governance including the key controls that were established by Management for the chartering division in relation to operations and contract management;

(ii) followed up on the status of Management's implementation of internal audit recommendations and action plans in preceding audit cycles;

(iii) consulted Management on any areas of concerned;

(iv) arranged for exit meeting with the respective process owners;

(v) submission of draft internal audit report together with follow up report to the Management for obtaining their comments on the recommendation and the corrective action plan; and

(vi) submission on final internal audit report to be presented to the AC.

As an additional function to the Group and part of the internal audit engagement, Internal Auditor also provides recommendations for the Management and Board consideration's to assist them in the 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 Internal Audit Plan. Further details of the internal audit function 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 14 April 2022.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Sealink International Berhad ("Company") 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 2021 and up to the date of approval of this statement pursuant to paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

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

The Board reviews the adequacy and operating effectiveness of the internal control system. In discharging its responsibilities, the Board is supported by Risk Management Committee ("RMC") and Audit Committee ("AC") to oversee the risk management and internal control system during the year under review up to the date of approval of this Statement.

The Board, through its RMC has established an ongoing process for identifying, evaluating, monitoring and managing the significant risk that may materially affect the achievement of its business objectives. In view of the limitation that are inherent in any system of risk management and internal control, the system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk that may impede the achievement of the Group's objectives. Therefore, the system of risk management and internal control can only provide reasonable assurance rather than absolute assurance against material misstatement, financial loss or fraudulent practices.

RISK MANAGEMENT

RMC is responsible to assist the Board to oversee the risk management matters relating to business and operations of the Group, review and assess the effectiveness of the controls and progress of actions plans taken to mitigate, monitor and manage overall risk exposure of the Group. Management is responsible to identify and assess the risk faced by the Group, and thereafter design, implement and monitor appropriate internal control policies and procedures to control and mitigate the risk. Management, in its on-going reviews and assessments of the risks being faced by the Group, identify key changes to the nature of the risks, as well as whether there are new potential risk, formulates a plan on addressing and mitigating there risks, including reporting to the AC and the Board in relations thereto.

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

INTERNAL CONTROL SYSTEM

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

- **Organisational and Reporting Structure**
  A clearly defined operating and organisation structure, lines of responsibilities and delegation of authority to ensure proper identification of accountabilities and segregation of duties has been established.

  Divisional heads of chartering and shipbuilding are responsible to assist the Chief Executive Officer cum Managing Director in day-to-day operation of the Group and addresses significant matters through management, operations, and site meeting held on a regular basis.

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

INTERNAL CONTROL SYSTEM (CONT'D)

- **Board Committees**
  Board Committees, namely Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC") have been established to assist the Board in the discharge of its duties and responsibilities, 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.

  In addition, meetings of Board and respective Board Committees are carried out on quarterly basis to review the performance of the Group, from financial and operational perspectives.

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

  Further details on the activities of Board Committees are set out in the Corporate Governance Overview Statement in this Annual Report.

- **Group Limits of Authority ("GLOA")**
  The GLOA manual provides a sound framework of authority and accountability within the Group, which facilitates sound and timely corporate decision making at the appropriate level in the Group's hierarchy.

  The GLOA is updated as and when there are changes in the operational needs, business environment or regulatory requirement.

- **Policies and Procedures**
  Duly documented internal policies, guidelines, procedures and manuals are updated as and when there are changes, in response to changes in the operational needs, business environment or regulatory requirement, as well as to guide employees in their day-to-day work.

  Our policies and standard operating procedures are reviewed by respective Board Committees and approved by the Board. In case of non-compliance, recommendations for corrective actions are highlighted to the management, the AC and also to the Board through the internal audit reports. Management is responsible to ensure that corrective actions are executed within the determined time frame.

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

- **Human Resource Policy**
  Comprehensive guidelines on the human resources 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 training thereafter) in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Whistleblower Policy**
  The Group is committed to transparency, integrity and accountability in the conducts of its business and affairs. The Whistleblower Policy has been put in place and to provide clarity of oversight of the whistleblowing process, protection and the confidentiality provided to whistleblowers. The policy sets out a structured channel for employees in the Group, stakeholders and general public to raise genuine concerns on malpractices and misconduct within the Group at the earliest opportunity without fear of reprisal or detrimental action, for remedial actions.

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

- **Anti-Bribery and Corruption Policy ("ABC Policy")**
  The Group has adopted a zero tolerance approach against all forms of bribery and corruption in carrying out its daily operations. This policy serves to provide guidance to all Directors, employees, and business associates of the Group, which aims to prevent, detect and respond to bribery and corruption, and ensure complying with all applicable laws, which include compliance with Malaysia Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.

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

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

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the AC, is outsourced to KPMG Management & Risk Consulting Sdn. Bhd. [Registration No. 198601000916 (150059-H)] ("KPMG MRC"). The Engagement Executive Director is Encik Mohd Khaidzir Shahari with the Internal Audit, Risk and Compliance Services ("IARCS") practices of KPMG MRC, will provide overall direction for the Engagement and be responsible for all stages of the work therein. Encik Mohd Khaidzir is a Professional Member and Certified Internal Auditor (The Institute of Internal Auditors Incorporated), a Chartered Accountant (Malaysia Institute of Accountants), a Certified Global Management Accountant, and has a qualification from the Chartered Institute of Management Accountants. He is also currently a Board of Governors for the Institute of Internal Auditors Malaysia ("IIAM") and is the Chairman of IIAM's Research and Technical Advisory Committee.

There were total of four (4) personnel deployed by KPMG MRC for the internal audit work for the Company for financial year ended 31 December 2021. The said personnel, 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.

KPMG MRC assisted the Board in assessing the adequacy and operating effectiveness of the Group's risk management, and internal control system as established by Management, its operation and selected key activities based on an agreed scope of work as outlined in an risk-based Internal Audit Plan tabled to, and approved by the AC during the financial year. KMPG MRC is allowed for an unrestricted access to all the records of the Group and the Company which are deemed necessary for the performance of its function and relevant personnel of the Group.

The AC reviews with KPMG MRC 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. The key summary activities of the internal audit functions during the financial under review are as set out in the Audit Committee Report section of this annual report.

The cost incurred on the outsourced internal audit function for the financial year ended 31 December 2021 were RM60,000 excluding Sales and Service Tax and out of pocket expenses.

ASSURANCE FROM MANAGEMENT

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

REVIEW BY THE BOARD

The Board is committed towards operating and maintaining a sound system of internal control and recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control as well as continue review, add on or update the controls in line with the changes in environments in which the Group operates in. Therefore, the Group's internal control systems can only provide reasonable, but not absolute, assurance against material misstatement or financial loss or fraud.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion the Annual Report for the financial year ended 31 December 2021, in compliance with paragraph 15.23 of the MMLR in accordance with Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that cause them to believe that this intended to be included in the Annual Report is not prepared, in all material respects, in accordance with disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement is issued in accordance with a resolution of the Board dated 14 April 2022.

Corporate Governance Overview Statement

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

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

Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board to provide an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") for the financial year ended 31 December 2021. The detailed application by the Company for each practice as set out in the MCCG 2021 during the financial year 31 December 2021 ("FY 2021") is disclosed in the Corporate Governance Report ("CG Report"). A copy of the CG Report can be accessed at our Company's website at www.asiasealink.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

1.1 Board roles and responsibilities

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

- Together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental 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;
- Ensure there is a sound framework for internal controls and risk management;
- Understand 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;
- Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- Ensure that the company has in place procedures to enable effective communication with stakeholders;
- Ensure that all its Directors are able to understand the Financial Statements and form a view on the information presented;
- Ensure the integrity of the Group's financial and non-financial reporting;
- Ensure highest standard of ethical conduct, integrity and accountability in all business activities and operations and this including adopting a zero tolerance policy towards any form of bribery and corruption;
- Ensure the governance of sustainability in the Group which includes setting the Group's sustainability strategies, business plan, priorities and targets;

Corporate Governance Overview Statement (cont'd)

1.1 Board roles and responsibilities (cont'd)

- 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 Chief Executive Officer, 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;
- 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; and
- Approve the appointment of external auditors and their related audit fees.

1.2 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, 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 to ensure that they are relevant and updated with other related policies of regulatory requirements. 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.

1.3 The Chairman

The Company has yet to appoint a Board Chairman since the demise of its former Chairman. The Company is still looking for a suitable candidate to be appointed as the Chairman of the Board in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration of the character, gender, experience, integrity, competence and time commitment.

1.4 Chairman and Executive Directors ("ED")

The roles of the Chairman and EDs are separate with a clear distinction of responsibilities between them to provide effective leadership of the Board and the Group. The Chairman of the Board is responsible for the leadership and effective running of the Board, whereas the EDs who lead the management of the Group, has overall responsibility for the business and day-to day management of the Company and the implementation of the Board's policies and decisions.

1.5 Qualified and competent Company Secretary

The Board is supported by a qualified and competent Company Secretary. The Company Secretary, Madam Yeo Puay Huang is a person qualified to act as a Company Secretary under Section 235(2) (b) of the Companies Act 2016 and holds the practicing license issued by Companies Commission of Malaysia. She has over 40 years of experiences in corporate secretarial practices. She is also the Secretary for all Board Committees.

The Company Secretary plays an advisory role in supporting the Board and Board Committees in advising on its roles and responsibilities, governance matters and ensuring the Company complies with its own Constitution and all the law and regulations prescribed by the Companies Act 2016 and MMLR of Bursa Securities.

The Company Secretary constantly keeps abreast of the evolving regulatory changes and developments in Corporate Governance through attendance at relevant conferences and training programmes.

Corporate Governance Overview Statement (cont'd)

1.5 Qualified and competent Company Secretary (cont'd)

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary, who is qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence to Board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board. The Company Secretary attends all Board and Board Committees 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.

1.6 Access to information and advice

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 Committees papers to all Directors prior to the Board and Board Committees meetings respectively to give effect to Board and Board Committees members to make decisions and to deal with matters arising from such meetings, is observed. Board and Board Committees 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 Committees meetings. All Directors have access to Company's 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.

1.7 Board Charter

The Board Charter, which serves as a reference point for the Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision, for example discussion on strategic matters, so that the control and direction of the Company's businesses are in its hands.

The Board Charter together with the Terms of Reference of the Board Committees was last reviewed, revised and adopted by the Board on 22 February 2022 to align with the relevant best practices recommended under the MCCG2021 issued by the Securities Commission. Amendments and updates are made from time to time in accordance with the need of the Company to ensure its effectiveness and consistency with the Board's objective and corporate vision as well as to be in line with changes to statutory and regulatory requirement.

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

Corporate Governance Overview Statement (cont'd)

1.8 Code of Conduct / Ethics

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

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

1.9 Whistleblower Policy

The Board has also adopted the Whistleblower Policy which outlines 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 and to enable prompt corrective actions and measures to resolve them effectively.

All disclosure shall be made to the Chairman of AC and the disclosure can be made in writing, orally, via electronic mail ("email") or short messaging system. Upon making a disclosure in good faith, based on the reasonable ground and in accordance with procedures set out therein the Whistleblower Policy, the whistleblower shall be protected from reprisal within the Group as a direct consequences of his/her disclosure and the identity will be protected.

The Whistleblower Policy was last reviewed, revised and adopted by the Board on 22 February 2022. The Whistleblower Policy shall be reviewed, as needed and maybe amended from time to time, as deemed necessary by the Board, to ensure its relevance and effectiveness in keeping with the Group's business environment, administrative or operational needs.

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

1.10 Anti-Bribery & Corruption Policy

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

The Group has adopted a zero tolerance approach against all forms of bribery and corruption and takes strong stance against such act by implementing the Anti-Bribery and Corruption Policy ("ABC Policy"), which was first formulated and adopted by the Board on 30 June 2020 and then was last reviewed, revised and adopted by the Board on 17 May 2021. This is in line with the amendment to Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020.

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

1.11 Sustainability Policy

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. The Company strives to achieve sustainable long-term balance between meeting its business goals and compliance to relevant environmental and related legislation as well as ensuring a safe and healthy working environment. Accordingly, the Board has formalised the Company's sustainability policy during the financial year under review that addresses environment, social and governance elements in its strategic initiatives.

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

Corporate Governance Overview Statement (cont'd)

PART 2 - BOARD COMPOSITION

2.1 Composition of the Board

At the date of this Statement, the Board consists of five (5) members, comprising of one (1) Executive Director and four (4) Independent Directors. This composition fulfills the requirements as set out under MMLR of Bursa Securities, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report.

Based on an assessment of its skills matrix, the Board is of the view that the Directors, with their different background and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; legal; and marketing and operations, which are considered adequate for the Group's needs.

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

2.2 Reinforce Independence of the Board

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

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

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

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

- They have fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities;

Corporate Governance Overview Statement (cont'd)

2.2 Reinforce Independence of the Board (cont'd)

- 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.

The Board took note of the recommendation of the MCCG2021 on the tenure of an Independent Director for a term of not exceeding nine (9) years. The Board believes that though Mr Wong Chie Bin and Mr Toh Kian Sing have served the Company as Independent Non-Executive Directors for exceeding twelve (12) years at the forthcoming AGM, they have retained independence character and judgment and have not formed association with Management (or others) that might compromise their ability to exercise independent judgment or act in the best interests of the Group.

The NC thereby recommended that they continue in office as Independent Non-Executive Directors of the Company until the conclusion of the next AGM while looking for suitable candidates and seek shareholder's approval at the 14th AGM through a two-tier voting process.

2.3 Diversity

The Board encourage a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Board had on 22 February 2022, reviewed and adopted the Diversity Policy where the Board will endeavour to increase female representation on the Board if there is suitable candidates available. The Board shall at any point to have at least one female representation on the Board.

The Board had also on 22 February 2022 reviewed and adopted Gender Diversity Policy to improve its gender diversity in both Board and Senior Management levels.

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

Paragraph 15.02(1)(b) of the MMLR of Bursa Securities requires at least one (1) female director on board on or after 1 June 2023. The Board will evaluate suitable candidates for gender diversity on the Board. The selection process via the NC will be exercised with due care and careful assessment will be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Board has set a target to appoint one female Director on or after 1 June 2023.

2.4 Board Commitment

(i) 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 in between scheduled 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 AC briefs the Directors at each Board meeting the salient matters deliberated by the AC 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 distributed to all Directors on a timely basis for review and thereafter for confirmation by the Chairman at the next meeting.

Corporate Governance Overview Statement (cont'd)

(i) Board Meetings (cont'd)

There were five (5) Board meetings held during the financial year ended 31 December 2021, 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,	5/5
Wong Chie Bin	Independent Non-Executive Director	5/5
Toh Kian Sing	Independent Non-Executive Director	5/5
Eric Khoo Chuan Syn @ Khoo Chuan Syn	Independent Non-Executive Director	5/5
Datuk Sebastian Ting Chiew Yew	Independent Non-Executive Director	4/5

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities.

(ii) 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	• Digital transformations using data management to unlock efficiency in marine chains • From digital shipyard to digital shipyard – Unifying data silos to create actionable insight • Marine Log – Trends in vessel design and offshore wind maritime supply • HFW Community Events – between the devil and the deep blue sea • KPMG-Section 17A MACC Act 2009 (Amended 2018): A new Horizon in Malaysia Corporate Accountability (Webinar) • Philippines shipbuilding and boating industries • Offshore wind - marine asset finance & investment opportunities • DNV – Turmoil & Transformation • Marine Money – Financing offshore & wind assets • Asia School Of Business Malaysia – Dawn Raid: Don't be caught unprepared

Corporate Governance Overview Statement (cont'd)

(ii) Directors' Training and Education (cont'd)

Name of Director	Training topics
Wong Chie Bin	• CITM -Private Trusts: Key Legal, Administrative And Tax Considerations • KPMG-Section 17A MACC Act 2009 (Amended 2018): A new Horizon in Malaysia Corporate Accountability (Webinar) • MIA-Impact on Audit Reporting of Covid-19 and MCO Restrictions (Webinar) • MIA-Audit Completion Stage and Auditing Disclosures with Special Emphasis on COVID-19 Audit Procedures and Disclosures (Webinar) • MIA- The Auditor's Response to Assessed Risks (Webinar) • MIA-Integrated Estate Planning for Business Owners (Webinar) • CTIM-Tax Compliance and IRB's Perspective • LHDN-National Tax Seminar 2021 • CITM-2022 Budget Seminar • BNM- AMLA Compliance Conference 2021
Toh Kian Sing	• KPMG- Section 17A MACC Act 2009 (Amended 2018): A new Horizon in Malaysia Corporate Accountability (Webinar) • 2021 Annual Survey and Letter of Credit Law Summit in Singapore organized by Institute of International Banking Law & Practice, Inc. • Module 9: Maritime Conflict of Laws organized by Singapore Academy of Law • ADM YIR Lecture organized by Supreme Court
Eric Khoo Chuan Syn @ Khoo Chuan Syn	• KPMG-Section 17A MACC Act 2009 (Amended 2018): A new Horizon in Malaysia Corporate Accountability (Webinar) • Budget 2022: Key Tax Changes Affecting Business and Companies
Datuk Sebastian Ting Chiew Yew	• KPMG-Section 17A MACC Act 2009 (Amended 2018): A new Horizon in Malaysia Corporate Accountability (Webinar)

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

2.5 Nominating Committee

The key objective of the NC is to oversee the selection and assessment process of Directors of the Board, ensuring that nominations to Board and Board Committee seats are fair and transparent having regard to the competence, experience, character, integrity and time commitment of the nominees.

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

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

Corporate Governance Overview Statement (cont'd)

2.5 Nominating Committee (cont'd)

The NC is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director. Where considered appropriate, the NC considers recommendation of candidate for directorship by shareholders or existing Directors. Based on its terms of reference, the NC carries out the assessment process regardless of whether the candidate is for new appointment or re-appointment. The final decision on the appointment of a candidate recommended by the NC rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director.

The NC carried out the following activities within its terms of reference and reported the outcome to the Board:

- reviewed and discussed the revised Board Diversity Policy;
- reviewed training undertaken by Directors as well as those training that are available for Directors for the ensuing year;
- discussed the search for a Board Chairman and Female Director;
- reviewed and discussed the Gender Diversity Policy;
- review the Board's succession plans;
- 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 – 4th 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 AGM. In assessing whether or not to recommend retiring Directors for re-appointment or re-election by shareholders, the NC took into consideration pertinent evaluation criteria provided in the relevant exhibits of Corporate Governance Guide – 4th Edition.

As such, in filling casual vacancies or appointing additional or re-appointing Directors, the Board, via the NC, assesses the competency, skills, experience, character, time commitment, integrity and other qualities of the candidates in relation to the needs of the Group.

2.6 Re-election of Directors

During the year under review, the Board with the recommendation of NC, endorsed the re-election of directors who are subject to retirement in accordance with the provisions of the Company's Constitution.

The following Directors are due for retirement and are eligible for re-election pursuant to the Company's Constitution:

1. Datuk Sebastian Ting Chiew Yew, and
2. Mr Wong Chie Bin.

Save for Datuk Sebastian Ting Chiew Yew who has indicated of his intention not to seek re-election at the forthcoming AGM, Mr Wong Chie Bin has indicated his willingness to seek re-election at the forthcoming AGM of the Company to be held on 31 May 2022.

Corporate Governance Overview Statement (cont'd)

2.6 Re-election of Directors (cont'd)

Prior to recommending the re-election of the Directors, the NC reviewed the individual directors' performance based on the results of the Directors' Evaluation Form for Financial Year 2021 ("FY2021"). The NC is of the opinion that the Directors have discharged their duties effectively and have provided valuable contribution to the leadership of the Group.

2.7 Annual Evaluation

For the financial year ended 31 December 2021, an annual assessment of the Board, Board Committees and contribution of each individual director is carried out by the NC, with the assistance of the Company Secretary, taking the form of comprehensive evaluation questionnaires which provide the NC with an opportunity to score their opinion on a series of questions in relation to inter alia the execution and performance of the Board as a whole and the Board Committees, and to comment on procedure or any relevant maters.

The evaluation of the Board covers factors such as mix and composition of the Board, quality of decision making, timeliness of the Board papers, internal controls, conduct of Board meetings and interactions with the Management.

The criteria adopted for the board's performance evaluation includes board mix and composition, directors' training, independence, quality of information, board proceedings and board's roles and responsibilities. Annual board review was conducted by the NC to assess and evaluate the board effectiveness based on the above criteria during the financial year.

In addition, peer review of the knowledge and skill sets of fellow Directors is required to be performed by the NC based on evaluation criteria established, which includes integrity, professionalism, knowledge, performance and participation during Board meetings, contribution and board relationship. Peer review of Directors was conducted by the NC during the financial year.

As for the performance evaluation of Board Committees, the NC assessed the performance of the AC, NC and RC based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes committees' composition, contribution to the Board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes. Review of the performance of the Board Committees was conducted by the NC during the financial year.

Based on the above assessments, the NC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and have performed competently and effectively. All assessments and evaluations carried out by the NC in the discharge of all its functions were properly documented.

The NC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors.

The NC carries out evaluation of Board effectiveness in the areas of Board mix and composition, quality of information and decision making, boardroom activities, Board meetings interactions with the management, Board's roles and responsibilities. The evaluation process involved self-review assessment, where Directors will assess their own performance.

Based on the assessment conducted for the FY2021, the Board and the NC are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members. The assessment and evaluation are properly documented.

Corporate Governance Overview Statement (cont'd)

PART 3 – REMUNERATION

3.1 Remuneration Committee

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

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

The RC is entrusted by the Board to:

- establish a formal and transparent procedure for setting a policy on remuneration of Executive Directors and Senior Management and for fixing the remuneration packages of all Directors and Senior Management of the Group which takes into account the demands, complexities and performance of the Company as well as skills and experience required; and
- ensure that the levels of remuneration of Directors and Senior Management are commensurate with the qualifications, roles, responsibilities and that such levels of remuneration are sufficient to attract and retain the Directors and Senior Management but not excessive.

3.2 Remuneration Policy and Procedures

The Remuneration Policy and Procedures was last reviewed, revised and adopted on 22 February 2022, to facilitate the RC to review, consider and recommend to the Board for decision on the Directors' remuneration. The RC recommends to the Board the remuneration of Executive Director, largely based on his performance and also the Group's performance. In the case of Independent Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Independent Directors concerned. In all instances, the deliberations are conducted with the Directors concerned abstaining from discussions on their individual remuneration.

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

3.3 Remuneration of Directors

Details of Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2021 are as follows:

	Directors' Fee		Group Basic Salary	Group Benefits-in Kind	
	Company (RM)	Subsidiaries (RM)	(RM)	(RM)	Total (RM)
Executive Director					
Yong Kiam Sam	22,000	-	565,634	210,362	797,996
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

Corporate Governance Overview Statement (cont'd)

3.4 Remuneration Senior Management

The Company notes the need for transparency in the disclosure of its Key Senior Management remuneration, the Company is of the opinion that the disclosure of remuneration details may not be in the best interest of the Company, given the competitive landscape for key personnel with requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company. Excessive remuneration payout are not made to Senior Management personnels in any instance.

The disclosure of the remuneration of the top Senior Management of the Company is currently made on aggregate basis in the employee benefits expense note to the accounts and is available on page 106 of the Annual Report 2021.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT COMMITTEE

The Board through the AC endeavors to provide a clear, balanced and meaningful assessment of the Group's financial performance and prospects, through the audited financial statements and quarterly financial reports, and corporate announcements on significant developments affecting the Group in accordance with the MMLR of Bursa Securities.

The Board through the AC is also responsible to ensure that audited financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. The statements of Directors' responsibility in respect of the audited financial statements is presented in the Section of Directors' Responsibility Statement on Financial Statements in this Annual Report.

The Board is assisted by the AC in overseeing the Group's financial reporting process and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations.

The AC is relied upon by the Board to, amongst others, provide advice in the area of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The AC is chaired by an Independent Non-Executive Director and majority of the members of the AC are financially literate. A full AC Report detailing its composition, and a summary of activities and work during the financial year are set out in Audit Committee Report in this Annual Report.

Currently, none of the members of AC were former key audit partner. The AC has in place a policy that requires a former key partner to observe a cooling-off period of at least three (3) years before being appointed as a member of AC. The Policy had been codified in the Terms of Reference of AC.

The Board maintains a transparent and professional relationship with the External Auditors through AC. The AC invites External Auditors to attend its meeting at least twice a year to discuss their audit plan and audit progress update on the Group's financial statements. The External Auditors would share with the AC on any significant issues on the audited financial statements and regulatory updates. In addition, the AC will also have a private meeting with the External Auditors without the presence of the executive management team to enable exchange view on issue requiring attention.

Corporate Governance Overview Statement (cont'd)

PART 1 – AUDIT COMMITTEE (cont'd)

The AC is empowered by the Board to review any matters concerning the appointment, re-appointment, resignations and dismissal of the External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Board had on 22 February 2022 reviewed and adopted the Policies and Procedures to assess the suitability, objectivity and independence of external auditors. The said Policy aims to outline the guidelines and procedures for AC to review, assess and monitor the performance, suitability and independence of the External Auditors.

As part of the AC's review processes, the AC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the AC's assessment of Messrs. Grant Thornton Malaysia PLT [Registration No. 201906003682 (LLP0022494-LCA)(AF:0737)], the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for the financial year ended 2021. In view thereof, the Board has recommended the reappointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

PART II – RISK MANAGEMENT COMMITTEE

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

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

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

Further details of the internal audit function are provided in the Statement on Risk Management and Internal Control and is available on page 23 of the Annual Report 2021.

Corporate Governance Overview Statement (cont'd)

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

PART 1 – COMMUNICATION WITH STAKEHOLDERS

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

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

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

PART II – CONDUCT OF GENERAL MEETINGS

The Board always encourage the shareholders to attend the Company's General Meetings, particularly the AGM, which is the principal forum for direct interaction and dialogue between the shareholders, the Board and the Management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. The Board will ensure that all the Board Members, Management Team, External Auditors and Company Secretary are present to respond shareholders queries during the AGM and any other general meetings. At the last AGM, all the Directors, Company Secretary and External Auditors have attended.

In line with the Practice 13.1 of the MCCG 2021, the Notice of 13th AGM was circulated at least twenty-eight (28) days before the date of meeting to shareholders and was published in a national daily newspaper which had given Shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Items of special business included in the Notice of AGM was accompanied by an explanation of the proposed resolution.

All the resolutions set out in the Notice of 13th AGM were put to vote by way of a poll and the votes casted were validated by Messrs. Commercial Quest Sdn. Bhd. [Registration No. 199401025328 (311007-M)], an independent scrutineer appointed by the Company. The outcome of all resolutions tabled at the 13th AGM were announced to Bursa Securities on 17 September 2021 being the date of 13th AGM.

The Notice of forthcoming 14th AGM of the Company which is scheduled to be held on 31 May 2022 will be sent to shareholders at least twenty-eight (28) days before the date of 14th AGM as well. Shareholders who are unable to attend personally are allowed to appoint proxy/proxies to attend, participate, speak and vote on their behalf at the 14th AGM.

This Statement is issued in accordance with a resolution of the Board dated 14 April 2022.

Corporate Governance Overview Statement (cont'd)

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 and Non-Audit Fees
The amount of audit and non-audit fees paid and payable to external auditors by the Company and the Group for the financial year ended 31 December 2021 are as follows:

Details of Fee	Group (RM)	Company (RM)
Audit Fee	170,000	39,000
Non-Audit Fee	5,000	5,000

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 2021.

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

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

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

Profit Forecast Variance
There was no profit forecast issued in respect of the financial result ended 31 December 2021.

Recurrent related Party Transactions
The related party transactions are disclosed in pages 106 to 107 of this Annual Report.

Sustainability Statement

Sealink International Berhad ("Sealink" or the "Company") presents its Sustainability Statement published in line with Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad in Company's Annual Report for the financial year ended 31 December 2021 ("FYE 2021").

The Board of Directors ("Board") of Sealink and its subsidiaries ("Group") is pleased to present 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 economically, environmentally and socially conducive for a sustainable long-term future and that are substantial to our business operations.

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

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

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 the respective stakeholder groups, as indicated in the table below:

Stakeholders	Engagement Methods	Frequency	Initiatives
Shareholders	• Annual reports • Annual general meeting • Quarterly reports • Company website	Annual Annual Quarterly Ongoing	• Timely financial reporting and updates • Business management and governance
Government and Regulators	• Participate in training programmes organised by Government bodies and Regulators • Inspection / Inquiries by authorities	As and when required / invited As and when required	Compliance with regulations, laws and by-laws
Clients (Customers)	• Company website • Meetings and discussions • System Audit - HSSE	Ongoing Ongoing As and when required	• Safety and health • Sustaining long-term relationship
Financiers	• Institutional briefings, presentations or conference calls • Annual Report • Bursa announcements • Quarterly financial announcement	As and when required Annual As and when required Quarterly	• Business performance and updates • Financial position • Long-term relationship development • Procurement of banking facilities at competitive rates

Sustainability Statement (cont'd)

STAKEHOLDERS' ENGAGEMENT (cont'd)

Stakeholders	Engagement Methods	Frequency	Initiatives
Employees	• Education and training programmes • Employee handbook • Whistleblowing policy • Health and safety notices and updates • Meetings • Annual performance appraisal	Ongoing Ongoing Ongoing Ongoing Ongoing Annual	• Workplace safety and health • Career development and training opportunities • Remuneration and benefits • Work-life balance • Staff recreation
Community	• Donations • Annual Report • Company website • Company advertisements	Ongoing Annual Ongoing As and when required	• Promoting social and environmental well-being • Job opportunities

SUSTAINABILITY ASSESSMENT

We integrate environmental and social considerations along with good governance in all that we do. We are committed to identifying, managing and minimising adverse environmental impact of our business operations through our sustainability initiatives that contribute towards a better future for all.

1. Economic and Governance

1.1 Supply Chain Engagement

Responsible and sustainable procurement of goods and services is important to us. In order to contribute to the local economy, we always strive to source for materials and services from local suppliers, contractors and sub-contractors, where possible. Procuring from suppliers local to the operations are advantageous as they are able to deliver within a shorter lead time and at a lower cost. We believe that collaboration with sustainable and responsible suppliers, contractors and sub-contractors is in the best interests of our planet in mind too.

We maintain a healthy and long-term relationship with our suppliers, contractors and sub-contractors. The unprecedented COVID-19 pandemic has resulted in various challenges to the business environment globally. We took several precautions to minimise business disruption and supply chain challenges such as keeping optimum level of stocks for critical spares.

1.2 Corporate Governance and Regulatory Compliance

We have established policies, procedures and guidelines in order to comply with the best practices of good governance guided by the latest Malaysian Code on Corporate Governance 2021 ("MCCG2021") and Main Market Listing requirement of Bursa Malaysia Securities Berhad and Companies Act 2016, Malaysia throughout our operations.

We focus on building sustainable relationship with stakeholders and utilise our resources to economic growth and bring value to our stakeholders. The Board places great importance on corporate governance and believes in the correlation between good governance and performance. The Board has formalised in writing a Code of Conduct and an Employee Handbook that emphasises, amongst others, zero tolerance for unethical practices. The Group conducts business in an honest and ethical way to protect all our stakeholders. The Code of Conduct,

Sustainability Statement (cont'd)

1. Economic and Governance (cont'd)

1.2 Corporate Governance and Regulatory Compliance (cont'd)

which applies also to Directors, and the Group's Whistleblower Policy 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.

Our policies, procedures and guidelines are subjected to regular review and have been communicated to all employees via various communication channels amongst others, Company's website and intranet, Employee Handbook, internal memo and internal trainings. We endeavour to observe high standards of transparency, accountability and integrity. We believe that good corporate governance will help achieve long-term success and sustainable growth as well as to ensure trust amongst shareholders and stakeholders.

Details of the Group's corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in this Annual Report and which is also available on the Company's website at www.asiasealink.com.

2. Environmental

We are committed to identifying, managing and minimising adverse environmental impact of our business operations by ensuring our operations and services are safe for our stakeholders whilst contributing towards reducing the intensity of greenhouse gas emissions and minimising pollution to the environment.

Our Health, Safety and Environment ("HSE") Department is responsible for creating awareness and promote good working practices amongst employees to ensure we comply with environmental legislation regarding safety in the workplace.

Health and Safety has become our top priority particularly during this pandemic outbreak. The relevant regulatory authority has set stringent Standard Operating Procedures ("SOP") related to health and safety protocol as preconditions for business resumption which we have complied accordingly. The Group's Covid-19 SOP has been shared to all employees for strict adherence and compliance.

2.1 Energy management

We are committed to reducing our energy consumption with the objectives of resource conservation, climate protection and cost savings. The Group's energy consumption comprises a mix of direct and indirect sources of energy. Our direct sources of energy consumption comprises of gases and diesel, while the indirect source of energy consumption is electricity. The major activities in our shipbuilding division include cutting, moulding and welding, which collectively contribute to the bulk of the energy consumed by the Group. Additionally, the chartering division purchases a substantial amount of Marine Gas Oil ("MGO") for the bunkering of vessels.

We constantly ensure that our buildings and equipment are energy-efficient to reduce our environmental footprint. We had switched from the conventional fluorescent light to light-emitting diodes ("LED") lamps, where possible, in the office. Furthermore, we encourage employees to switch off all office lights and air conditioning during lunch break and non-office hours, and other electrical appliances in the office and pantry whenever they are not required, to avoid wastage. We have purchased energy saver electrical products such as inverter air conditioner and refrigerator. In addition, we only buy asbestos free products and where possible we purchase biodegradable and oxone protection products.

Sustainability Statement (cont'd)

2. Environmental (cont'd)

2.2 Air Quality

According to World Health Organization ("WHO"), air pollution is one of the biggest environmental threats to human health, contributing to a millions of premature deaths each year globally. Improving air quality can enhance climate change mitigation efforts, while reducing emissions will in turn improve air quality.

The Group is conscious of reducing the emission of sulphur dioxide into the atmosphere by its vessels. Our chartering division provides time charters and bareboat charters and the Group does not track the sulphur dioxide emitted from our vessels as the charterers are responsible for supplying the vessels with bunkers.

Nonetheless, the Group has taken additional measures to ensure that our vessels use MGO, which has a lower amount of sulphur content. Our Charter Party Agreement ("CPA") only allows the charterer to use fuel oil with sulphur content not exceeding the maximum limit as stipulated by ISO 8217 1996 – Fuel Standard for marine distillate fuels and the relevant provisions of the International Convention for the Prevention of Pollution from Ship ("MARPOL"). A certification of quality of the MGO must be provided to the Chief Engineer during bunkering for verification and recording purposes. Additionally, samples of the MGO used are retained. Should any claim arise in respect of the quality of the fuel supplied, the samples shall then be analysed by a qualified and independent laboratory.

2.3 Paper usage

Our 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. Biodegradable materials are being utilised throughout the Group's operations. As part of the Group's commitment to uphold and safeguard the environment lens, the Group continues to ensure strict management of hazardous waste.

One of our approaches to waste management is to avoid unnecessary paper consumption. We are minimising the usage of paper by encouraging reduced printing and photocopying and emphasising on paperless and electronic mode. In addition to this, the practise of double-sided printing or usage of recycling papers are encouraged.

2.4 Effluents and Waste

Marine pollution is contributed by a combination of chemicals and trash, being discharged, washed or blown into the ocean. This pollution results in damage to the environment, to the health of all organisms, and to economic structures worldwide. Ocean destruction is evident and it has caused irreversible damage to the marine ecosystem. In our effort to preserve the marine ecosystem, our shipbuilding's port of discharge is situated in an area that is far away from marine life. Further, the Group continue to strengthen its water conservation efforts by adopting a strict policy on the planned discharge of oily water from our vessels.

As required by MARPOL, any oil or oily mixture discharge into the sea must be processed through an oil filtering equipment and the oil content must not exceed 15 parts per million ("ppm"). These oily waters must not be discharged in special areas due to oceanographical and ecological reasons.

An Oily Water Separator ("OWS") is used to discharge water collected in the Engine Room bilges from water leakages. Before water is being discharged, the OWS ensures that the oil content of the effluent without dilution does not exceed 15 ppm.

We also have a procedure in place to ensure proper handling and disposal of waste generated from vessels and in accordance with The International Convention for the Prevention of Pollution from Ships (MARPOL) Annex I & V and Environmental Quality Act (EQA) 1974.

Sustainability Statement (cont'd)

3. Social

3.1 Covid-19 Health and Safety Measures

For Covid-19 preventive and safety, measures have been put in place, such as daily screening of employees' body temperature before entrance to office, visitors, suppliers and contractors' self-declaration, physical social distancing of at least one (1) meter distance, daily cleaning and regular disinfection of defined areas in the office. We also have taken initiative to solidify our commitment to the safety and health of employees in combating the effects of Covid-19 pandemic, for example, continuous supply of face masks to all employees, providing self-test kit to employees as and when necessary, placing of hand sanitisers at strategic locations, conducting regular sanitisation and enable remote work. We support the Malaysian Government's call for our people to get vaccinated. All our employees have completed their second dose of Covid-19 vaccination.

3.2 Donations

One of our most meaningful ways of giving back to the society is donating medical equipments and necessary supplies to our local hospital. During the financial year under review, we have contributed eight (8) units of Kangaroo enteral feeding pump & comen syringe pump and ten sets of double fowler patient bed with mattress to the Miri General Hospital. We have also contributed six (6) units of Edan handheld pulse oximeter to Pejabat Kesihatan Miri. We hope our donations can assist in handling the Covid-19 patients and other patients more effectively.

3.3 Employee Training and Development

We believe in nurturing our employees to raise our employees' learning and development capacity, yielding a capable and more agile workforce. To support this belief, we provide on-the-job trainings whenever possible and also source for external training courses. The training programmes enable our employees to stay relevant and adapt to various changes in the professional requirements in relation to their roles and responsibilities. We trust that the personal growth of the employees would lead to improved organisational performance and help in achieving long-term business growth and sustainability.

We have established a formal policy to promote career management and training and uses mechanism such as an event/conference/training requisition form and encourages training feedback from participants. Promoting an open feedback culture helps the Human Resources Department ("HRD") to understand employees' career progression needs. The respective Head of Department will review the training needs of their employees and to recommend the relevant training courses for the employees to enhance their knowledge and skills. During the Covid-19 pandemic, we have accelerated the adoption of digital learning to maintain the work-related skills and keeping employees safe.

All employees undergo on-the-job training in the course of their job. This helps to not only train junior employees in their job, but concurrently develops the leadership skills in senior employees or managers.

3.4 Health, Safety and Environment

We are committed to provide a safer and healthier environment for employees (ship crews and shore staff) and minimise any preventable accidents and health hazards that may occur at business premises or during on board ships. Our vision is 'Goal Zero Incident' work environment and our aspiration is to be a 'value creating partner' to our clients (customers), shareholder and communities where we work and live. To achieve our vision, we have put in place our Health, Safety, Security and Environment ("HSSE") Policy which has been endorsed by top management and communicated to all staff through various platforms, such as the Company's intranet and newsletters, to instil the importance of safety and to promote safety awareness at the workplace. We are committed to a HSSE policy whereby we manage HSSE matters as a critical business activity, pursue the goal of 'no harm to people

Sustainability Statement (cont'd)

3. Social (cont'd)

3.4 Health, Safety and Environment (cont'd)

and protect the environment'. With reference with our HSSE management practices, we continuously comply with our Safety Management System (SMS) as well as to close any gaps in the work or safety procedures in line with the Class requirements and other safety best practices to ensure we comply with the standard of our Offshore Vessel Management and Self-Assessment (OVMSA) Level 2 which was audited by Brunei Shell Petroleum (BSP).

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

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

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

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 employees and also continuously improving their safety management skills through trainings, meetings, forum, discussion and talks.

Our 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.

Each employee is responsible for adhering to the prescribed safety rules and acts and raising any concerns that may represent a potential threat to health and safety. The Group's operations personnel as well as contract workers in the vicinity must be aware of the health and safety risks while carrying out their work. All employees are responsible for reporting incidents, near-incidents, safety breaches and threats. The Group has formalised the You See You Act (UCUX) programme, which allow employees to lodge reports through UCUX eForm. As part of our commitment to continuous improvement, the Group ensures that employees are given training on the health and safety standards.

We have appointed a Safety Officer, who is responsible for overseeing matters concerning safety and health of employees and a Safety and Health Committee ("Committee") has been established. The Committee is responsible for improving the HSSE condition and help employees and management to solve any HSSE issues. The Committee is led by Chief Executive Officer cum Managing Director as a Chairman together with management and employee representatives have meets quarterly to review results, assess goals and performance, and resolve its related issues.

Sustainability Statement (cont'd)

3. Social (cont'd)

3.4 Health, Safety and Environment (cont'd)

In addition, there is proactive engagement with client in developing and implementing safety initiatives at worksites as well as providing stewardship and support to meet regulatory safety standard. HSE Department is also taking joint effort with Operations Department to minimise any findings for Petronas Pre-hire Inspection (PHI), Shell Pre-mob Inspection (PMI), Offshore Vessel Inspection Database (OVID) inspection and ensure on time close out of all observations or findings to obtain the green status.

Due to the Covid-19 pandemic, our annual HSE campaign for the year under review was conducted as follows:

- HSE Safety Campaign 2021 – HSE Quiz Competition 2.0 for ship crew and shore staff
- Proactive Intervention Campaign 2021 – reward or incentive for ship crew and shore staff that have achieved Key Performance Indicator (KPI) of UCUX of 14 submission per year.

We are pleased to announce that we have achieved 2,807 days of Loss Time Injury (LTI) free / Goal Zero Days and 19.7 million man-hours since the last LTI, and has given incentives to ship crew and shore staff for their commendable effort.

Recognising the importance of HSE as one of the Group's business strategy, a copy of HSSE 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.

This Statement is issued in accordance with a resolution of the Board dated 14 April 2022.

Directors' Responsibility Statement for the Audited Financial Statement

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), and the requirements of the Act in Malaysia.

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

In preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2021, the Directors have ensured that, appropriate and relevant accounting policies were adopted and consistently applied, reasonable and prudent estimates were exercised and a going concern basis was adopted.

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

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

This Statement is issued in accordance with a resolution of the Board dated 14 April 2022.

Financial Statements and Reports

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

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

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

Financial results

	Group RM	Company RM
Net loss for the financial year	(65,369,312)	(107,997,982)
Net loss attributable to:		
Owners of the Company	(65,369,312)	

Dividends

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

Reserves and provisions

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

Directors

The Directors who held office during the financial year and up to the date of this report are:

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

* also Director of the subsidiaries

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

Yong Foh Choi

Directors' Report (cont'd)

Directors' interests

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors at the end of the financial year are as follows:

	Number of Ordinary Shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
The Company:				
Direct interest				
Yong Kiam Sam	67,382,399	-	-	67,382,399
Wong Chie Bin	90,000	-	-	90,000
Eric Khoo Chuan Syn @ Khoo Chuan Syn	30,000	-	-	30,000
Datuk Sebastian Ting Chiew Yew	137,500	-	-	137,500
Deemed interest				
Yong Kiam Sam #	109,080,800	-	-	109,080,800

	Number of Ordinary Shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Direct interest in the shares of Sealink Holdings Sdn. Bhd.				
Yong Kiam Sam	500,000	-	-	500,000

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

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

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

Directors' benefits

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

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

Issue of shares and debentures

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

Directors' Report (cont'd)

Indemnity and insurance for Directors and Officers

The Group maintained a Directors and Officers liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Group. The total amount of insurance premium effected for any Directors and Officers of the Group during the financial year was RM66,000. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Other statutory information

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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

In the opinion of the Directors:

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

Directors' Report (cont'd)

Significant events during the financial year and after the reporting date

Significant events during the financial year and after the reporting date is disclosed in Note 34 to the Financial Statements.

Auditors

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

The Company has agreed to indemnify the auditors, Grant Thornton Malaysia PLT to the extent permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2021.

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

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

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

14 April 2022

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 58 to 119 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 2021 and of their financial performance and cash flows for the financial year then ended.

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

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

14 April 2022

Statutory Declaration

I, **Angelia Chong Pei Cheng**, being the Officer primarily responsible for the financial management of **Sealink International Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 119 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Miri in the State of)
Sarawak this day of)
14 April 2022)

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

Before me:

Commissioner for Oaths
Wong Chung Heng (Q090)

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sealink International Berhad, which comprise the statements of financial position as at 31 December 2021, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 58 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Material uncertainty related to going concern

We draw attention to Note 2 to the Financial Statements which indicates that the Group and the Company had incurred net loss of RM65,369,312 and RM107,997,982 respectively during the financial year and as of that date, the total current liabilities of the Group and of the Company exceeded their total current assets by RM68,578,990 and RM8,873,944 respectively. This note also indicates that the COVID-19 outbreak has brought uncertainties to offshore marine sector. These events or conditions indicate the existence of a material uncertainty which may cast doubt about the Group's and the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on the success of future operations of the Group and of the Company and the continue financial support from their bankers and a major corporate shareholder. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

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

Key audit matters (cont'd)

Group

Impairment of vessels

The risk –

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

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

Our response –

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

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

Company

Impairment of investment in subsidiaries and amount due from subsidiaries

The risk –

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

Our response –

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

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

Independent Auditors’ Report (cont'd)

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

Information other than the Financial Statements and Auditors’ Report Thereon

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

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

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

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

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 (cont'd)

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

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

We also (cont'd):

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the Financial Statements.

Independent Auditors’ Report (cont'd)

Other Matter

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

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

LIM SOO SIM
(NO: 03335/11/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
14 April 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**330,246,906**	374,123,447	**2,415**	3,452
Investment in subsidiaries	6	**-**	-	**259,943,368**	342,461,615
Investment in an associate	7	**-**	-	**-**	-
Investment in a joint venture	8	**1,895,412**	1,520,696	**467,859**	467,859
Amount due from subsidiaries	6	**-**	-	**76,055,111**	31,411,243
Amount due from a joint venture	8	**5,429,276**	7,403,564	**-**	-
Fixed deposits with licensed banks	9	**988,761**	974,050	**-**	-
Total non-current assets		**338,560,355**	384,021,757	**336,468,753**	374,344,169
Current assets					
Inventories	10	**5,413,508**	11,136,536	**-**	-
Contract assets	21	**702,163**	32,320	**-**	-
Contract costs	11	**125,052**	195,281	**-**	-
Trade receivables	12	**3,293,406**	6,364,452	**-**	-
Other receivables	13	**1,776,776**	4,104,313	**700,983**	680,489
Amount due from subsidiaries	6	**-**	-	**55,921,224**	128,545,609
Amount due from an associate	7	**-**	18,986,219	**-**	-
Amount due from a joint venture	8	**5,490,115**	6,571,595	**-**	-
Tax recoverable		**770,278**	868,962	**76,430**	16,736
Fixed deposits with licensed banks	9	**271,496**	1,153,671	**-**	-
Cash and bank balances		**2,482,362**	3,176,847	**71,330**	177,985
Total current assets		**20,325,156**	52,590,196	**56,769,967**	129,420,819
Asset held for sale	14	**577,113**	577,113	**-**	-
Total assets		**359,462,624**	437,189,066	**393,238,720**	503,764,988
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	15	**329,086,883**	329,086,883	**329,086,883**	329,086,883
(Accumulated losses)/ retained earnings		**(159,698,081)**	(94,328,769)	**(15,557,074)**	92,440,908
Foreign currency translation reserve		**57,908,698**	52,792,248	**-**	-
Total equity		**227,297,500**	287,550,362	**313,529,809**	421,527,791

Statements of Financial Position
As at 31 December 2021 (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
LIABILITIES					
Non-current liabilities					
Borrowings	16	**17,692,112**	25,776,098	**-**	-
Lease liabilities	17	**8,936**	186,949	**-**	-
Deferred tax liabilities	18	**11,494,930**	16,147,726	**-**	-
Other payables	19	**14,065,000**	-	**14,065,000**	-
Total non-current liabilities		**43,260,978**	42,110,773	**14,065,000**	-
Current liabilities					
Trade payables	20	**7,881,174**	6,104,946	**-**	-
Other payables	19	**24,705,177**	31,901,827	**7,914,486**	14,069,535
Contract liabilities	21	**50,882**	94,269	**-**	-
Amount due to subsidiaries	6	**-**	-	**57,729,425**	68,167,662
Borrowings	16	**56,151,492**	69,098,973	**-**	-
Lease liabilities	17	**20,033**	198,566	**-**	-
Tax payable		**95,388**	129,350	**-**	-
Total current liabilities		**88,904,146**	107,527,931	**65,643,911**	82,237,197
Total liabilities		**132,165,124**	149,638,704	**79,708,911**	82,237,197
Total equity and liabilities		**359,462,624**	437,189,066	**393,238,720**	503,764,988

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	21	**37,955,057**	49,923,123	**1,275,500**	37,275,971
Cost of sales		**(57,771,204)**	(70,004,456)	**-**	-
Gross (loss)/ profit		**(19,816,147)**	(20,081,333)	**1,275,500**	37,275,971
Other income	22	**7,187,815**	9,924,038	**1,472,820**	488,740
Financial assets:					
- Impairment loss	23	**(7,507,254)**	(3,329,229)	**(24,427,561)**	-
- Reversal of previously recognised impairment loss	23	**957,310**	1,055,502	**-**	-
Non-financial assets:					
- Impairment loss	23	**(21,351,312)**	(457,459)	**(82,518,247)**	(27,244,235)
Administrative expenses		**(19,426,621)**	(20,982,080)	**(2,410,877)**	(6,163,037)
Other operating expenses		**(5,592,546)**	(5,761,978)	**-**	(11,828)
Operating (loss)/profit		**(65,548,755)**	(39,632,539)	**(106,608,365)**	4,345,611
Finance income	24	**467,727**	701,232	**2,501,943**	2,995,364
Finance costs	25	**(4,925,610)**	(5,642,370)	**(3,936,254)**	(2,261,972)
Share of gain of a joint venture		**374,716**	1,104,634	**-**	-
Share of loss of an associate		**-**	(774,564)	**-**	-
(Loss)/Profit before tax	26	**(69,631,922)**	(44,243,607)	**(108,042,676)**	5,079,003
Tax income/(expense)	27	**4,262,610**	3,423,870	**44,694**	(44,694)
(Loss)/Profit for the financial year		**(65,369,312)**	(40,819,737)	**(107,997,982)**	5,034,309
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss					
-Exchange translation differences		**5,116,450**	(1,830,806)	**-**	-
Total comprehensive (loss)/income for the financial year		**(60,252,862)**	(42,650,543)	**(107,997,982)**	5,034,309
(Loss)/Profit for financial year attributable to:					
Owners of the Company		**(65,369,312)**	(40,819,737)	**(107,997,982)**	5,034,309
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(60,252,862)**	(42,650,543)	**(107,997,982)**	5,034,309
Earnings per share					
Basic loss per share attributable to owners of the Company (sen)	28	**(13.07)**	(8.16)	**-**	-

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

Statements of Changes in Equity

For the financial year ended 31 December 2021

	Share capital RM	(Accumulated losses)/ retained earnings RM	Foreign currency translation reserve RM	Total equity RM
Group				
Balance at 1 January 2020	329,086,883	(53,509,032)	54,623,054	330,200,905
Loss for the financial year	-	(40,819,737)	-	(40,819,737)
Other comprehensive loss for the financial year	-	-	(1,830,806)	(1,830,806)
Total comprehensive loss for the financial year	-	(40,819,737)	(1,830,806)	(42,650,543)
Balance at 31 December 2020	329,086,883	(94,328,769)	52,792,248	287,550,362
Loss for the financial year	-	(65,369,312)	-	(65,369,312)
Other comprehensive income for the financial year	-	-	5,116,450	5,116,450
Total comprehensive loss for the financial year	-	(65,369,312)	5,116,450	(60,252,862)
Balance at 31 December 2021	**329,086,883**	**(159,698,081)**	**57,908,698**	**227,297,500**
Company				
Balance at 1 January 2020	329,086,883	87,406,599	-	416,493,482
Total comprehensive income for the financial year	-	5,034,309	-	5,034,309
Balance at 31 December 2020	329,086,883	92,440,908	-	421,527,791
Total comprehensive loss for the financial year	-	(107,997,982)	-	(107,997,982)
Balance at 31 December 2021	**329,086,883**	**(15,557,074)**	**-**	**313,529,809**

Statements of Cash Flows

For the financial year ended 31 December 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
OPERATING ACTIVITIES				
(Loss)/profit before tax	(69,631,922)	(44,243,607)	(108,042,676)	5,079,003
Adjustments for:				
Depreciation of property, plant and equipment	37,401,913	37,874,392	1,037	1,347
Deposit written off	-	12,960	-	-
Dividend income from subsidiaries	-	-	-	(35,880,000)
Gain on disposal of property, plant and equipment	(2,870,050)	(1,676,658)	-	-
Gain on termination of lease contract	(46,850)	(2,604)	-	-
Gain on bargain purchase	-	(2,729,972)	-	-
Interest expenses	4,925,610	5,642,370	2,446,507	2,261,972
Interest income	(467,727)	(701,232)	(2,501,943)	(2,995,364)
Impairment loss on financial assets:-			-	
- Trade receivables	-	2,162,600	-	-
- Amount due from subsidiaries	-	-	24,427,561	-
- Amount due from an associate	7,507,254	1,166,629	-	-
Impairment loss on non-financial assets:-				
- Investment in subsidiaries	-	-	82,518,247	27,244,235
- Property, plant and equipment	21,351,312	475,459	-	-
Inventories written off	-	42,779	-	-
Inventories written down	5,504,257	-	-	-
Loss on derecognised of a subsidiary	-	3,370,711	-	11,828
Loss on remeasurement of a joint venture	-	2,128,597	-	-
Property, plant and equipments written off	64,685	5,425	-	-
Reversal of inventories written down	(337,033)	-	-	-
Reversal of impairment loss on financial assets:-				
- Trade receivables	(597,228)	(1,055,502)	-	-
- Amount due from an associate	(360,082)	-		
Share of results of an associate	-	774,564	-	-
Share of results of a joint venture	(374,716)	(1,104,634)	-	-
Unrealised (gain)/loss on foreign exchange	(1,600,348)	2,938,513	(1,201,093)	3,705,127
Unwinding discount on amount due from subsidiaries	-	-	1,489,747	-
Operating cash flows before working capital changes	469,075	5,080,790	(862,613)	(571,852)
Changes in working capital:				
Inventories	557,540	2,128,501	-	-
Contract balances	(715,721)	48,714	-	-
Contract costs	70,229	(103,759)	-	-
Receivables	9,143,767	13,911,752	(20,494)	77,382
Payables	39,271	(4,888,193)	468,826	431,725
Joint venture	1,089,782	(3,383,536)	-	-
Cash flows generated from/(used in) operations	10,653,943	12,794,269	(414,281)	(62,745)

Statements of Cash Flows
For the financial year ended 31 December 2021 (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
OPERATING ACTIVITIES (CONT'D)					
Cash flows generated from/ (used in) operations (cont'd)		**10,653,943**	12,794,269	**(414,281)**	(62,745)
Interest received		**467,727**	701,232	**2,501,943**	2,995,364
Interest paid		**(4,925,610)**	(5,642,370)	**(1,810,382)**	(2,261,972)
Tax refund		**307,287**	70	**-**	-
Tax paid		**(632,751)**	(1,142,072)	**(15,000)**	-
Net cash flows from operations		**5,870,596**	6,711,129	**262,280**	670,647
INVESTING ACTIVITIES					
Proceed from disposal of property, plant and equipment		**6,552,993**	4,928,887	**-**	-
Proceed from disposal of a subsidiary		**-**	-	**-**	560,000
Purchase of property, plant and equipment	**A**	**(129,323)**	(220,013)	**-**	-
Net cash outflows from derecognition of a subsidiary		**-**	(3,034,286)	**-**	-
Acquisition of a subsidiary, net cash acquired		**-**	43,746	**-**	-
Repayment from/(Advances to) subsidiaries		**-**	-	**4,222,576**	(59,560,813)
Repayment from:-					
- Associates		**169,411**	-	**-**	-
- Joint venture		**1,965,986**	1,125,475	**-**	-
Net cash flows from/(used in) investing activities		**8,559,067**	2,843,809	**4,222,576**	(59,000,813)
FINANCING ACTIVITIES					
Uplift/(placement) of fixed deposits		**167,464**	(138,987)	**-**	-
Payment of lease liabilities		**(321,778)**	(181,958)	**-**	-
Payment of borrowings		**(23,005,322)**	(15,062,658)	**-**	-
(Advances to)/Repayment from subsidiaries		**-**	-	**(11,396,571)**	54,384,824
Advances from corporate shareholder		**6,805,000**	4,000,000	**6,805,000**	4,000,000
Net cash flows (used in)/from financing activities		**(16,354,636)**	(11,383,603)	**(4,591,571)**	58,384,824
CASH AND CASH EQUIVALENTS					
Net changes		**(1,924,973)**	(1,828,665)	**(106,715)**	54,658
Effect of exchange rate changes on cash and cash equivalents		**13,391**	(3,412)	**60**	(24)
At beginning of the financial year		**(13,593,840)**	(11,761,763)	**177,985**	123,351
At end of the financial year	**B**	**(15,505,422)**	(13,593,840)	**71,330**	177,985

Statements of Cash Flows
For the financial year ended 31 December 2021 (cont'd)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total acquisition cost	**11,976,102**	220,013	**-**	-
Less: Offset with amount due from an associate	**(11,669,636)**	-	**-**	-
Less: Additions of right-of-use assets with lease liabilities	**(177,143)**	-	**-**	-
Total cash acquisition	**129,323**	220,013	**-**	-

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	**2,482,362**	3,176,847	**71,330**	177,985
Fixed deposits with licensed banks	**1,260,257**	2,127,721	**-**	-
Bank overdraft	**(17,987,784)**	(17,470,687)	**-**	-
	(14,245,165)	(12,166,119)	**71,330**	177,985
Less:				
Fixed deposits pledged with licensed banks	**(1,260,257)**	(1,427,721)	**-**	-
	(15,505,422)	(13,593,840)	**71,330**	177,985

C. TOTAL CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in net cash flows from operating activities:				
Expenses relating to short-term leases	**112,773**	123,464	**14,400**	12,000
Expenses relating to leases of low-value assets	**-**	13,240	**-**	-
Included in net cash flows from financing activities:				
Payment of lease liabilities	**321,778**	181,958	**-**	-
Payment of interest of lease liabilities	**81,712**	21,036	**-**	-
	516,263	339,698	**14,400**	12,000

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

Notes to the Financial Statements

For the financial year ended 31 December 2021

1. Corporate information

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 April 2022.

2. Fundamental accounting concept

As at 31 December 2021, the Group's and the Company's total current liabilities exceed their total current assets by RM68,578,990 and RM8,873,944 respectively and during the financial year, the Group and the Company incurred net loss of RM65,369,312 and RM107,997,982 respectively. These events or conditions indicate material uncertainty exists that may cast doubt on the Group's and the Company's ability to continue as a going concern. The emergence of the COVID-19 outbreak since early 2020 has shrunk demand for oil and gas industry which consequently affected the demand for offshore marine sector. However, taking the scenarios where the pandemic-inducted restrictions to be gradually lifted by 2022, which would enable the economic activities to resume. The Directors have taken various measures to streamline the Group's operations and will continue to actively monitor and manage its funds to enable the Group to maintain safety and quality services and remain competitive. Amongst others, the Group has increase bidding opportunities and secured several chartering contracts and disposed certain vessels subsequent to the financial year end.

The financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which depends on the continuing financial support from the bankers and a major corporate shareholder and attaining future profitable operations. The major corporate shareholder has agreed to provide continuing financial support for the Company to meet its liabilities as and when they fall due.

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

3. Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

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

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

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

3.3 Functional and presentation currency

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

3.4 Adoption of amendments/improvements to MFRSs

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

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

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

3.5 Standards issued but not yet effective

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

Amendments to MFRS effective 1 April 2021:

Amendments to MFRS 16*	Covid-19-Related Rent Concession beyond 30 June 2021

Amendments to MFRSs effective 1 January 2022:

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

MFRS and amendments to MFRS effective 1 January 2023:

Amendments to MFRS 4*#	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17 and Amendments to MFRS 17*#	Insurance Contracts and Amendments to MFRS 17 Insurance Contract
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS (effective date deferred indefinitely):

Amendments to MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company's operation

\# Not applicable to the Group's operation

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

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

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

3.6 Significant accounting estimates and judgements

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

3.6.1 Estimation uncertainty

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

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 60 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 December 2021, management assesses that the useful lives represent the expected utility of the assets to the Group and to the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting in the adjustment to the Group's and to the Company's assets.

Impairment of non-financial assets

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

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

Provision for expected credit losses ("ECLs") of receivables and contract assets

The Group and the Company calculates ECLs for receivables and contract assets based on the Group's and of the Company's historical observed default rates, adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

Notes to the Financial Statements (cont'd)

3. Basis of preparation (cont'd)

3.6 Significant accounting estimates and judgements (cont'd)

3.6.1 Estimation uncertainty (cont'd)

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to social preference and economical changes which may cause selling prices to change rapidly and the Group's result to change.

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

Leases – Estimating the incremental borrowing rate

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

Income taxes and deferred tax liabilities

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

Deferred tax assets

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

4. Summary of significant accounting policies

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

Notes to the Financial Statements (cont'd)

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

4.1 Consolidation

4.1.1 Subsidiaries

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

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

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

4.1.2 Basis of consolidation

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

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

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

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

4.1.3 Business combinations and goodwill

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

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

Notes to the Financial Statements (cont'd)

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

4.1 Consolidation (cont'd)

4.1.3 Business combinations and goodwill (cont'd)

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

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

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

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

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

4.1.4 Loss of control

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

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

4.1.5 Investments in associates and joint ventures

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

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

Notes to the Financial Statements (cont'd)

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

4.1 Consolidation (cont'd)

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

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

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

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

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

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

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

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

4.2 Property, plant and equipment

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

Notes to the Financial Statements (cont'd)

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

4.2 Property, plant and equipment (cont'd)

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

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

The principal annual depreciation rates used are as follows:

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

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

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

4.3 Financial instruments

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

4.3.1 Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price as disclosed in Note 32.1(a) to the Financial Statements.

Notes to the Financial Statements (cont'd)

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

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

Notes to the Financial Statements (cont'd)

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

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Derecognition

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

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

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

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

Impairment

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

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

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

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

Notes to the Financial Statements (cont'd)

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

4.3 Financial instruments (cont'd)

4.3.1 Financial assets (cont'd)

Impairment (cont'd)

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

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

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

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

4.3.2 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

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

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

Notes to the Financial Statements (cont'd)

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

4.3 Financial instruments (cont'd)

4.3.2 Financial liabilities (cont'd)

Derecognition

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

4.3.3 Offsetting of financial instruments

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

4.4 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

Notes to the Financial Statements (cont'd)

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

4.5 Non-current asset held for sale

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

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

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

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

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

4.6 Leases

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

4.6.1 As a lessee

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

4.6.1.1 Right of use assets

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

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

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

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

Notes to the Financial Statements (cont'd)

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

4.6 Leases (cont'd)

4.6.1 As a lessee (cont'd)

4.6.1.2 Lease liabilities

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

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

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

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

4.6.2 As a lessor

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

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

4.7 Inventories

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

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

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

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

Notes to the Financial Statements (cont'd)

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

4.8 Cash and cash equivalents

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

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

4.9 Equity instruments

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

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

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

4.10 Revenue

4.10.1 Revenue from contract with customers

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

(i) Construction contract and ship repair

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

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

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

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

(ii) Sales of services

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

Notes to the Financial Statements (cont'd)

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

4.10 Revenue (cont'd)

4.10.1 Revenue from contract with customers (cont'd)

4.10.1.1 Contract balances

(i) Contract assets

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

(ii) Contract liabilities

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

4.10.2 Revenue from other sources

(i) Vessel charter and berthing fees

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

(ii) Interest income

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

(iii) Management fee

Management fees are recognised when services are rendered.

(iv) Dividend income

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

4.11 Contract costs

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

4.12 Employee benefits

4.12.1 Short term employee benefits

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

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

Notes to the Financial Statements (cont'd)

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

4.12 Employee benefits (cont'd)

4.12.2 Defined contribution plans

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

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

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

4.13 Tax expense

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

4.13.1 Current tax

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

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

4.13.2 Deferred tax

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

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

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

4.14 Foreign currency transactions and balances

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

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

Notes to the Financial Statements (cont'd)

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

4.14 Foreign currency transactions and balances (cont'd)

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

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

4.14.1 Foreign operations

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

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

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

4.15 Borrowing costs

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

4.16 Provisions

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

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

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

Notes to the Financial Statements (cont'd)

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

4.17 Operating segment

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

4.18 Earnings per ordinary share

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

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

4.19 Contingencies

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

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

Notes to the Financial Statements (cont'd)

5. Property, plant and equipment

Group	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings, and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2020	688,724,043	7,979,083	82,235,785	7,654,911	38,932,186	3,716,500	3,820,724	833,063,232
Acquisition of a subsidiary	11,000,000	142,936	-	-	-	-	-	11,142,936
Derecognition of a subsidiary	(12,592,946)	(12,614)	-	(22,365)	-	-	-	(12,627,925)
Additions	-	162,922	-	46,675	10,416	-	-	220,013
Termination of lease contract	-	-	(154,817)	-	-	-	-	(154,817)
Disposals	(5,239,461)	(385,907)	-	(11,690)	-	(564,300)	-	(6,201,358)
Written off	-	(90,151)	-	-	-	(575,735)	-	(665,886)
Exchange rate difference	(3,843,822)	(46,947)	(547)	2,897	-	-	-	(3,888,419)
At 31 December 2020	678,047,814	7,749,322	82,080,421	7,670,428	38,942,602	2,576,465	3,820,724	820,887,776
Additions	11,669,636	48,805	177,143	55,971	-	24,547	-	11,976,102
Termination of lease contract	(400,555)	-	(464,792)	-	-	-	-	(865,347)
Disposals	(7,017,381)	-	-	(32,871)	-	(237,259)	-	(7,287,511)
Written off	-	-	-	-	(283,198)	(68,500)	-	(351,698)
Exchange rate difference	11,855,537	94,042	1,065	13,207	-	(323)	-	11,963,528
At 31 December 2021	**694,155,051**	**7,892,169**	**81,793,837**	**7,706,735**	**38,659,404**	**2,294,930**	**3,820,724**	**836,322,850**
Accumulated depreciation								
At 1 January 2020	296,276,082	4,192,265	31,129,138	7,246,346	36,237,271	3,716,464	3,820,724	382,618,290
Acquisition of a subsidiary	4,134,751	42,709	-	-	-	-	-	4,177,460
Derecognition of a subsidiary	(2,003,579)	(1,598)	-	(4,443)	-	-	-	(2,009,620)
Termination of lease contract	-	-	(51,606)	-	-	-	-	(51,606)
Charge for the financial year	34,518,860	313,253	2,133,085	135,067	774,127	-	-	37,874,392
Disposals	(2,208,067)	(175,605)	-	(1,158)	-	(564,299)	-	(2,949,129)
Written off	-	(84,729)	-	-	-	(575,732)	-	(660,461)
Exchange rate difference	(1,742,210)	(42,444)	(470)	(498)	-	-	-	(1,785,622)
At 31 December 2020	328,975,837	4,243,851	33,210,147	7,375,314	37,011,398	2,576,433	3,820,724	417,213,704

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

Group (cont'd)	Vessels RM	Vessel equipment and docking expenses RM	Land, Buildings, and wharf* RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation (cont'd)								
At 31 December 2020 (con'd)	328,975,837	4,243,851	33,210,147	7,375,314	37,011,398	2,576,433	3,820,724	417,213,704
Termination of lease contract	(400,555)	-	(298,982)	-	-	-	-	(699,537)
Charge for the financial year	34,227,378	271,771	2,125,117	106,222	667,745	3,680	-	37,401,913
Disposals	(3,337,838)	-	-	(29,473)	-	(237,257)	-	(3,604,568)
Written off	-	-	-	-	(218,514)	(68,499)	-	(287,013)
Exchange rate difference	4,086,432	66,659	346	11,459	-	(48)	-	4,164,848
At 31 December 2021	**363,551,254**	**4,582,281**	**35,036,628**	**7,463,522**	**37,460,629**	**2,274,309**	**3,820,724**	**454,189,347**
Accumulated impairment								
At 1 January 2020	27,224,244	-	2,356,429	-	-	-	-	29,580,673
Impairment for the financial year	475,459	-	-	-	-	-	-	475,459
Exchange rate difference	(505,507)	-	-	-	-	-	-	(505,507)
At 31 December 2020	27,194,196	-	2,356,429	-	-	-	-	29,550,625
Impairment for the financial year	21,310,831	30,969	-	-	9,512	-	-	21,351,312
Exchange rate difference	984,660	-	-	-	-	-	-	984,660
At 31 December 2021	**49,489,687**	**30,969**	**2,356,429**	**-**	**9,512**	**-**	**-**	**51,886,597**
Net carrying amount								
At 31 December 2021	**281,114,110**	**3,278,919**	**44,400,780**	**243,213**	**1,189,263**	**20,621**	**-**	**330,246,906**
At 31 December 2020	321,877,781	3,505,471	46,513,845	295,114	1,931,204	32	-	374,123,447

Notes to the Financial Statements (cont'd)

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

*Land, buildings and wharf

Group	Land RM	Workshop and renovation RM	Wharf, yard and buildings RM	Total RM
Cost				
At 1 January 2020	45,232,259	5,006,303	31,997,223	82,235,785
Termination of lease contract	-	-	(154,817)	(154,817)
Exchange rate difference	-	-	(547)	(547)
At 31 December 2020	45,232,259	5,006,303	31,841,859	82,080,421
Addition	-	-	177,143	177,143
Termination of lease contract	(10,691)	-	(454,101)	(464,792)
Exchange rate difference	-	-	1,065	1,065
At 31 December 2021	**45,221,568**	**5,006,303**	**31,565,966**	**81,793,837**
Accumulated depreciation				
At 1 January 2020	12,168,900	2,939,230	16,021,008	31,129,138
Termination of lease contract	-	-	(51,606)	(51,606)
Charge for the financial year	877,668	267,796	987,621	2,133,085
Exchange rate difference	-	-	(470)	(470)
At 31 December 2020	13,046,568	3,207,026	16,956,553	33,210,147
Termination of lease contract	(2,354)	-	(296,628)	(298,982)
Charge for the financial year	782,884	262,268	1,079,965	2,125,117
Exchange rate difference	-	-	346	346
At 31 December 2021	**13,827,098**	**3,469,294**	**17,740,236**	**35,036,628**
Accumulated impairment				
At 1 January 2020/ 31 December 2020/ 31 December 2021	-	-	2,356,429	2,356,429
Net carrying amount				
At 31 December 2021	**31,394,470**	**1,537,009**	**11,469,301**	**44,400,780**
At 31 December 2020	32,185,691	1,799,277	12,528,877	46,513,845

Notes to the Financial Statements (cont'd)

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

Company	Signboard RM	Office equipment RM	Total RM
Cost			
At 1 January 2020/ 31 December 2020/ 31 December 2021	7,390	13,720	21,110
Accumulated depreciation			
At 1 January 2020	7,389	8,922	16,311
Charge for the financial year	-	1,347	1,347
At 31 December 2020	7,389	10,269	17,658
Charge for the financial year	-	1,037	1,037
At 31 December 2021	**7,389**	**11,306**	**18,695**
Net carrying amount			
At 31 December 2021	**1**	**2,414**	**2,415**
At 31 December 2020	1	3,451	3,452

Details of lands are analysed as follow:

	Group 2021 RM	Group 2020 RM
Freehold land	**5,360,549**	5,360,549
Long term leasehold land	**25,204,062**	25,891,550
Short term leasehold land	**829,859**	933,592
	31,394,470	32,185,691

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

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

Based on the impairment test performed, the carrying amount of certain vessels, vessel equipment and docking expenses and plant and machinery were higher than their recoverable amounts, determined using FV, based on the net selling price expected to be received for similar assets. An impairment loss of RM21,351,312 (2020: RM457,459) was recognised and included in impairment loss on non-financial assets.

Notes to the Financial Statements (cont'd)

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

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

	Group	
	2021 RM	**2020 RM**
Vessels	**149,966,552**	156,690,737
Freehold land	**2,596,928**	2,596,928
Leasehold land	**23,776,732**	24,566,510
	176,340,212	183,854,175

6. Subsidiaries

6.1 Investment in subsidiaries

	Company	
	2021 RM	**2020 RM**
Unquoted shares, at cost:		
- Ordinary shares	**228,463,172**	228,463,172
- Redeemable convertible preference shares	**167,845,750**	167,845,750
	396,308,922	396,308,922
Less: Impairment losses		
At beginning of financial year	**(53,847,307)**	(31,910,385)
Recognised	**(82,518,247)**	(27,244,235)
Written off	**-**	5,307,313
At end of financial year	**(136,365,554)**	(53,847,307)
	259,943,368	342,461,615

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

Based on the impairment tests peformed, the carrying amounts of investments in certain subsidiaries were higher than their recoverable amounts, determined using fair value less costs of disposal, based on the net selling price expected to be received for similar assets. An impairment loss of RM82,518,247 (2020: RM27,244,235) was recognised and included in impairment loss on non-financial assets.

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.1 Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective equity interest 2021 %	2020 %
Cergas Majusama Sdn. Bhd. #	Malaysia	Inactive	**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
Sutherfield Resources Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Sealink Shipyard Sdn. Bhd.	Malaysia	Shipbuilding	**100**	100
Sea-Good Pte Ltd. *	Singapore	Chartering of marine vessels	**100**	100
Seabright (Singapore) Private Limited *	Singapore	Vessel owner	**100**	100
Sealink Offshore (L) Ltd.	Federal Territory of Labuan, Malaysia	Investment holding and chartering of marine vessels	**100**	100
Subsidiary of Era Surplus Sdn. Bhd.				
Seasten Sdn. Bhd.	Malaysia	Vessel owner and operator	**100**	100
Subsidiary of Midas Choice Sdn. Bhd.				
Sea Legend Shipping Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Subsidiary of Sea Legend Shipping Sdn. Bhd.				
Mitra Angkasa Sdn. Bhd.	Malaysia	Chartering of marine vessels	**100**	100
Subsidiary of Sealink Engineering and Slipway Sdn. Bhd.				
Baram Moulding Industries Sdn. Bhd.	Malaysia	Letting of properties	**100**	100
Subsidiary of Sealink Pacific Sdn. Bhd.				
Bristal View Sdn. Bhd.	Malaysia	Property holding	**100**	100
Subsidiary of Sealink Shipyard Sdn. Bhd.				
Aliran Saksama Sdn. Bhd.	Malaysia	Letting of properties	**100**	100
Subsidiaries of Sealink Offshore (L) Ltd				
Sealink Antarabangsa Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	**100**	100
Perkasa Asia Corporation Ltd.	Federal Territory of Labuan, Malaysia	Chartering of marine vessels	**100**	100
Hanvoir (L) Ltd. @	Federal Territory of Labuan, Malaysia	Inactive	**-**	100

* Audited by a firm other than Grant Thornton Malaysia PLT
\# Companies that are in the process of winding up
@ Company has been struck off

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.2 Amount due from/to subsidiaries

	Company 2021 RM	Company 2020 RM
Non-current		
Amount due from subsidiaries	**94,734,227**	31,411,243
Less: Allowance for expected credit losses		
At beginning of financial year	**-**	-
Recognised	**(18,679,116)**	-
At end of financial year	**(18,679,116)**	-
	76,055,111	31,411,243
Current		
Amount due from subsidiaries	**61,669,669**	128,545,609
Less: Allowance for expected credit losses		
At beginning of financial year	**-**	-
Recognised	**(5,748,445)**	-
At end of financial year	**(5,748,445)**	-
	55,921,224	128,545,609
Current		
Amount due to subsidiaries	**57,729,425**	68,167,662

Amount due from subsidiaries is non-trade in nature, unsecured, non-interest bearing and receivable on demand except for an amount of RM99,362,909 (2020: RM101,978,783) which bears interest rate at 1.89% (2020: 2.21%) per annum.

Amount due to subsidiaries is non-trade in nature, unsecured, non-interest bearing and payable on demand except for an amount of RM44,067,761 (2020: RM48,725,385) which bears interest rate at 1.89% (2020: 2.21%) per annum.

6.3 Changes in group structure

(i) Acquisition of a subsidiary

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

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.3 Changes in group structure (cont'd)

(i) Acquisition of a subsidiary (cont'd)

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

	2020 RM
Property, plant and equipment	6,965,476
Trade receivables	5,721,001
Other receivables	85,466
Cash and bank balances	43,746
Trade payables	(139,183)
Other payables	(3,380,256)
Tax payable	(78,266)
Total identifiable assets and liabilities	9,217,984
Less: Bargain purchase	(2,729,972)
Total deemed purchase consideration	6,488,012
Less: cost of investment in a joint venture	(7,516,002)
Add: Post acquisition reserves	870,593
Add: Loss on remeasurement	2,128,597
Purchase consideration	1,971,200
Less: Settled by way of capitalisation of trade receivable	(1,971,200)
Add: Cash and cash equivalents acquired	43,746
Acquisition of a subsidiary, net cash acquired	43,746

(ii) Derecognition of a subsidiary

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

Notes to the Financial Statements (cont'd)

6. Subsidiaries (cont'd)

6.3 Changes in group structure (cont'd)

(ii) Derecognition of a subsidiary (cont'd)

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

	2020 RM
Property, plant and equipment	10,618,305
Inventories	56,790
Trade receivables	7,264,501
Other receivables	134,184
Fixed deposit with a licensed bank	1,709,852
Cash and bank balances	3,594,286
Trade payables	(1,386,782)
Other payables	(7,799,242)
Tax payable	(785,058)
Deferred tax liabilities	(671,719)
Amount due to inter-companies	(8,336,547)
Net assets	4,398,570
Investment in joint venture	(467,859)
Loss on derecognition	(3,370,711)
Proceeds from derecognition	560,000
Less: Cash and cash equivalents derecognition	(3,594,286)
Net cash outflows from derecognition	(3,034,286)

7. Associate

7.1 Investment in an associate

	Group 2021 RM	 2020 RM
Unquoted shares, at cost	**3,500,000**	3,500,000
Share of post-acquisition reserves	**(3,500,000)**	(3,500,000)
	-	-

Notes to the Financial Statements (cont'd)

7. Associate (cont'd)

7.1 Investment in an associate (cont'd)

Details of the associate is as follows:

Name of associate	Principal place of business	Principal activities	Effective equity interest 2021 %	2020 %
Sea Legend Shipping Sdn. Bhd.				
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 Grant Thornton Malaysia PLT

^ Management account is not available for disclosure purposes and certain subsidiaries are taking legal actions against the associate for the amount owing to the Group

7.2 Amount due from an associate

	Group 2021 RM	2020 RM
Trade	**-**	920,185
Less: Allowance for expected credit losses		
At beginning of financial year	**(155,901)**	(155,901)
Reversal	**155,901**	-
At end of financial year	**-**	(155,901)
	-	764,284
Non-trade	**11,065,437**	21,984,299
Less: Allowance for expected credit losses		
At beginning of financial year	**(3,762,364)**	(2,595,735)
Recognised	**(7,507,254)**	(1,166,629)
Reversal	**204,181**	-
At end of financial year	**(11,065,437)**	(3,762,364)
	-	18,221,935
Amount due from an associate, net	**-**	18,986,219

The impairment loss on amount due from an associate were reversed during the financial year as a result of receipts.

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

Notes to the Financial Statements (cont'd)

8. Joint venture

8.1 Investment in a joint venture

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost:				
- Ordinary shares	**467,859**	467,859	**467,859**	467,859
Share of post-acquisition reserves	**1,427,553**	1,052,837	**-**	-
	1,895,412	1,520,696	**467,859**	467,859

Details of the joint venture are as follows:

Name of joint ventures	Principal place of business	Principal activity	Effective equity interest 2021 %	Effective equity interest 2020 %
Era Sureway Sdn. Bhd.	Malaysia	Chartering of marine vessels	**45**	45

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

	2021 RM	2020 RM
Financial position as at 31 December		
Non-current assets	**10,858,345**	11,258,629
Current assets	**11,500,747**	7,784,285
Non-current liabilities	**(6,257,047)**	(8,028,970)
Current liabilities	**(11,890,017)**	(7,634,619)
Summary of financial performance for the financial year ended 31 December		
Net profit/total comprehensive income for the financial year	**832,703**	48,579
Included in net profit/total comprehensive income:		
Revenue	**25,248,894**	25,393,021
Depreciation and amortisation	**(890,284)**	(816,783)
Interest income	**29,635**	50,028
Interest expense	**(599,964)**	(726,179)
Tax expense	**(439,448)**	(223,157)

Notes to the Financial Statements (cont'd)

8. Joint venture (cont'd)

8.2 Amount due from a joint venture

	Group	
	2021 RM	2020 RM
Non-current		
- Non-trade	**5,429,276**	7,403,564
Current		
- Trade	**3,507,525**	4,597,307
- Non-trade	**1,982,590**	1,974,288
	5,490,115	6,571,595
	10,919,391	13,975,159

Amount due from a joint venture is unsecured, non-interest bearing and receivable on demand except for amount due from a joint venture amounting to RM7,403,564 (2020: RM9,377,852) which is unsecured and has fixed term of repayment at effective interest rate charged at 6.95% (2020: 5.99%) per annum.

9. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group amounting to RM1,260,257 (2020: RM1,427,721) are pledged to the banks for bank guarantee issued on behalf of the Group to third party for business purposes.

The Group effective interest rates of fixed deposits range from 1.50% to 1.85% (2020: 1.50% to 2.60%) with maturity period range from 30 to 365 days (2020: 30 to 365 days) respectively.

10. Inventories

	Group	
	2021 RM	2020 RM
Parts, materials and consumables	**5,071,027**	9,634,821
Machinery and equipment	**342,481**	1,501,715
	5,413,508	11,136,536
Recognised in profit or loss:		
Inventories recognised as cost of sales	**7,975,667**	6,212,221
Inventories written off	**-**	42,779
Inventories written down	**5,504,257**	-
Reversal of inventories written down	**(337,033)**	-

Notes to the Financial Statements (cont'd)

11. Contract costs

	Group 2021 RM	Group 2020 RM
Current		
- Repair and maintenance works	**125,052**	195,281

12. Trade receivables

	Group 2021 RM	Group 2020 RM
Trade receivables	**6,918,365**	10,586,639
Less: Allowance for expected credit losses		
At beginning of financial year	**(4,222,187)**	(2,766,535)
Recognised	**-**	(2,162,600)
Acquisition of a subsidiary	**-**	(348,554)
Reversal	**597,228**	1,055,502
At end of financial year	**(3,624,959)**	(4,222,187)
	3,293,406	6,364,452

Trade receivables are non-interest bearing and generally on 30 to 60 days (2020: 30 to 60 days) terms.

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

13. Other receivables

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-trade receivables	**1,288,350**	3,610,207	**698,583**	678,489
Less: Allowance for expected credit losses				
At beginning/end of financial year	**(181,205)**	(181,205)	**-**	-
	1,107,145	3,429,002	**698,583**	678,489
Refundable deposits	**301,405**	320,750	**2,400**	2,000
Prepayments	**368,226**	354,561	**-**	-
	1,776,776	4,104,313	**700,983**	680,489

Notes to the Financial Statements (cont'd)

14. Asset held for sale

	Group 2021 RM	Group 2020 RM
Condominium	**577,113**	577,113

The management is still actively looking for potential buyer by engaging third party sales agent.

15. Share capital

	Group and Company Number of Shares 2021 units	Number of Shares 2020 units	Amount 2021 RM	Amount 2020 RM
Issued and fully paid with no par value				
At 1 January/31 December	**500,000,000**	500,000,000	**329,086,883**	329,086,883

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

16. Borrowings

	Group 2021 RM	Group 2020 RM
Secured:		
Non-current:		
Term loans	**17,692,112**	25,776,098
Current:		
Bank overdraft	**17,987,784**	17,470,687
Revolving credits	**28,014,580**	33,514,580
Term loans	**10,149,128**	18,113,706
	56,151,492	69,098,973
	73,843,604	94,875,071

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

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

Notes to the Financial Statements (cont'd)

16. Borrowings (cont'd)

The effective interest rates of borrowings are as follows:

	Group 2021 %	Group 2020 %
Bank overdraft	**4.10 – 7.14**	4.10 – 7.14
Revolving credits	**3.43 – 4.16**	3.41 – 4.13
Term loans	**5.99 – 6.17**	5.99 – 6.17

17. Right-of-use assets and lease liabilities

As a lessee

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

17.1 Right-of-use assets

Group	Leasehold Land RM	Buildings RM	Vessels RM	Office equipment RM	Total RM
Cost					
At 1 January 2020	39,871,710	671,478	400,555	14,400	40,958,143
Termination of lease contract	-	(154,817)	-	-	(154,817)
Exchange rate difference	-	(547)	-	-	(547)
At 31 December 2020	39,871,710	516,114	400,555	14,400	40,802,779
Addition	-	177,143	-	-	177,143
Termination of lease contract	(10,691)	(454,101)	(400,555)	-	(865,347)
Exchange rate difference	-	1,065	-	-	1,065
At 31 December 2021	**39,861,019**	**240,221**	**-**	**14,400**	**40,115,640**
Accumulated depreciation					
At 1 January 2020	12,168,900	215,179	200,277	3,960	12,588,316
Charge for the year	877,668	163,824	200,278	1,440	1,243,210
Termination of lease contract	-	(51,606)	-	-	(51,606)
Exchange rate difference	-	(470)	-	-	(470)
At 31 December 2020	13,046,568	326,927	400,555	5,400	13,779,450
Charge for the year	782,884	182,324	-	1,440	966,648
Termination of lease contract	(2,354)	(296,628)	(400,555)	-	(699,537)
Exchange rate difference	-	346	-	-	346
At 31 December 2021	**13,827,098**	**212,969**	**-**	**6,840**	**14,046,907**
Net carrying amount					
At 31 December 2021	**26,033,921**	**27,252**	**-**	**7,560**	**26,068,733**
At 31 December 2020	26,825,142	189,187	-	9,000	27,023,329

Notes to the Financial Statements (cont'd)

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

17.2 Lease liabilities

	Group 2021 RM	Group 2020 RM
Current		
- less than 1 year	**20,033**	198,566
Non-current		
- more than 1 year but less than 5 years	**8,936**	186,949
	28,969	385,515

The lease liabilities bear interest at rate of 5% (2020: 5%) per annum.

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

	Group 2021 RM	Group 2020 RM
At beginning of financial year	**385,515**	674,422
Addition	**177,143**	-
Accretion of interest	**81,712**	21,036
Termination of lease contract	**(212,660)**	(105,815)
Payments	**(403,490)**	(202,994)
Exchange rate differences	**749**	(1,134)
At end of financial year	**28,969**	385,515

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Depreciation of right-of-use assets	**966,648**	1,243,210	**-**	-
Interest expense on lease liabilities	**81,712**	21,036	**-**	-
Gain on termination of lease contract	**(46,850)**	(2,604)	**-**	-
Expense relating to short-term leases	**112,773**	123,464	**14,400**	12,000
Expense relating to leases of low-value assets	**-**	13,240	**-**	-

18. Deferred tax liabilities

	Group 2021 RM	Group 2020 RM
At beginning of financial year	**16,147,726**	21,216,582
Recognised in profit or loss	**(4,652,796)**	(4,397,137)
Derecognition of a subsidiary	**-**	(671,719)
At end of financial year	**11,494,930**	16,147,726

Notes to the Financial Statements (cont'd)

18. Deferred tax liabilities (cont'd)

The component and movement of deferred tax liabilities and assets prior to offsetting are as follows:-

	Property, plant and equipment RM	Unutilised capital allowances RM	Unabsorbed tax losses RM	Others RM	Total RM
At 1 January 2020	22,504,946	(296,853)	(424,867)	(566,644)	21,216,582
Derecognised of a subsidiary	(671,719)	-	-	-	(671,719)
Recognised in profit or loss	(2,020,590)	(2,037,910)	(219,814)	(118,823)	(4,397,137)
At 31 December 2020	19,812,637	(2,334,763)	(644,681)	(685,467)	16,147,726
Recognised in profit or loss	(1,818,312)	(2,610,950)	(325,619)	102,085	(4,652,796)
At 31 December 2021	**17,994,325**	**(4,945,713)**	**(970,300)**	**(583,382)**	**11,494,930**

19. Other payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Non-trade payables	**14,065,000**	-	**14,065,000**	-
Current				
Non-trade payables	**18,154,624**	24,186,300	**6,316,857**	13,223,373
Accruals	**6,537,724**	7,707,427	**1,597,629**	846,162
Deposits received	**5,200**	5,200	**-**	-
Service tax payable	**7,629**	2,900	**-**	-
	24,705,177	31,901,827	**7,914,486**	14,069,535
	38,770,177	31,901,827	**21,979,486**	14,069,535

Included in non-trade payables of the Group is an amount of RM9,066,330 (2020: RM9,287,990) due to companies in which certain Directors of the Company have substantial financial interests and it is unsecured, interest free and repayable on demand.

Included in non-trade payables of the Group and of the Company is an amount of RM18,818,894 (2020: RM12,013,894) due to a corporate shareholder with interest bearing at 4.50% (2020: Nil) and payable within the tenor of 36 months (2020: Nil).

20. Trade payables

Group

Trade payables are non-interest bearing with normal credit term granted range from 30 to 90 days (2020: 30 to 90 days) term.

Notes to the Financial Statements (cont'd)

21. Revenue

21.1 Type of revenue

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue from other sources				
Charter hire fees	**33,961,110**	46,736,759	**-**	-
Berthing fees	**4,400**	65,290	**-**	-
Dividend income	**-**	-	**-**	35,880,000
Management fees	**-**	-	**1,275,500**	1,395,971
	33,965,510	46,802,049	**1,275,500**	37,275,971
Revenue from contract with customers				
Ship repair income	**698,609**	1,276,702	**-**	-
Vessels sundry income	**2,795,928**	1,786,944	**-**	-
Sale of services	**495,010**	57,428	**-**	-
	3,989,547	3,121,074	**-**	-
	37,955,057	49,923,123	**1,275,500**	37,275,971
Timing of recognition				
Satisfied at a point in time	**1,117,787**	1,844,372	**-**	-
Satisfied over time	**2,871,760**	1,276,702	**-**	-
	3,989,547	3,121,074	**-**	-

21.2 Contract balances

	Group 2021 RM	Group 2020 RM
At beginning of the year	**(61,949)**	(13,235)
Revenue recognised during the year	**1,149,622**	1,276,702
Progress billing issued during the year	**(436,392)**	(1,325,416)
At end of the year	**651,281**	(61,949)
Analysed as follows:		
- Contract assets	**702,163**	32,320
- Contract liabilities	**(50,882)**	(94,269)
	651,281	(61,949)

Contract assets primarily relate to the Group's right to consideration for work completed on ship repair contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 (2020: 30) days and payment is expected within 90 (2020: 90) days.

Notes to the Financial Statements (cont'd)

21. Revenue (cont'd)

21.2 Contract balances (cont'd)

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 (2020: 90) days.

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

	Group	
	2021 RM	**2020 RM**
Contract revenue within one year	**125,052**	188,529

22. Other income

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Gain on bargain purchase	**-**	2,729,972	**-**	-
Gain on disposal of property, plant and equipment	**2,870,050**	1,676,658	**-**	-
Gain on foreign exchange:				
- Realised	**928,484**	3,596,635	**223,727**	440,740
- Unrealised	**1,600,348**	-	**1,201,093**	-
Gain on termination of lease contract	**46,850**	2,604	**-**	-
Maintenance income	**54,821**	-	**-**	-
Reversal of inventories written down	**337,033**	-	**-**	-
Rental income	**129,600**	108,000	**-**	-
Ship manager fee	**-**	147,097	**-**	-
Sundry income from ship operations	**-**	631,168	**48,000**	48,000
Sundry income	**1,220,629**	1,031,904	**-**	-
	7,187,815	9,924,038	**1,472,820**	488,740

23. Net impairment loss on financial assets and non-financial assets

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Financial assets				
Impairment loss on:-				
- Trade receivables	**-**	(2,162,600)	**-**	-
- Amount due from an associate	**(7,507,254)**	(1,166,629)	**-**	-
- Amount due from subsidiaries	**-**	-	**(24,427,561)**	-
	(7,507,254)	(3,329,229)	**(24,427,561)**	-

Notes to the Financial Statements (cont'd)

23. Net impairment loss on financial assets and non-financial assets (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets (cont'd)				
Reversal of impairment loss on:-				
- Trade receivables	**597,228**	1,055,502	**-**	-
- Amount due from an associate	**360,082**	-	**-**	-
	957,310	1,055,502	**-**	-
Non-financial assets				
Impairment loss on:-				
- Property, plant and equipment	**(21,351,312)**	(457,459)	**-**	-
- Investment in subsidiaries	**-**	-	**(82,518,247)**	(27,244,235)
	(21,351,312)	(457,459)	**(82,518,247)**	(27,244,235)

24. Finance income

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from:				
- Current account	**3,078**	19,120	**1,843**	2,232
- Short term deposits	**20,684**	32,136	**-**	-
- Third parties	**-**	1,065	**-**	-
- Joint venture	**443,965**	345,890	**-**	-
- Others	**-**	303,021	**-**	-
- Subsidiaries	**-**	-	**2,500,100**	2,993,132
	467,727	701,232	**2,501,943**	2,995,364

25. Finance costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on:				
- Term loans	**1,968,711**	2,883,140	**-**	-
- Bank overdraft	**1,085,585**	1,205,827	**-**	-
- Revolving credits	**1,153,477**	1,532,367	**-**	-
- Lease liabilities	**81,712**	21,036	**-**	-
- Subsidiaries	**-**	-	**1,810,382**	2,261,972
- Corporate shareholder	**636,125**	-	**636,125**	-
- Unwinding discounts	**-**	-	**1,489,747**	-
	4,925,610	5,642,370	**3,936,254**	2,261,972

Notes to the Financial Statements (cont'd)

26. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- Statutory audit	**170,000**	170,000	**39,000**	39,000
- Non-statutory audit	**5,000**	5,000	**5,000**	5,000
- Other external statutory audit	**36,819**	33,961	**-**	-

27. Tax (income)/expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
- Current year	**435,009**	929,624	**-**	44,694
- (Over)/under provision in prior year	**(44,823)**	43,643	**(44,694)**	-
	390,186	973,267	**(44,694)**	44,694
Deferred tax:				
- Current year	**(3,592,068)**	(4,133,109)	**-**	-
- Over provision in prior year	**(1,060,728)**	(264,028)	**-**	-
	(4,652,796)	(4,397,137)	**-**	-
Total tax (income)/expense	**(4,262,610)**	(3,423,870)	**(44,694)**	44,694

Malaysian income tax is calculated at the statutory rate of 24% (2020: 24%) of the estimated taxable profits for the financial year.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/profit before tax	**(69,631,922)**	(44,243,607)	**(108,042,676)**	5,079,003
Tax at statutory tax rate of 24%	**(16,711,661)**	(10,618,466)	**(25,930,242)**	1,218,961
Tax effect in respect of:				
Expenses not deductible for tax purposes	**12,372,985**	5,360,957	**26,218,504**	7,492,834
Income not subject to tax	**(711,370)**	(987,461)	**(288,262)**	(8,611,200)
Movement of deferred tax assets not recognised	**1,982,919**	3,120,702	**-**	(55,901)
Under/(over)provision in prior year				
- current tax	**(44,823)**	43,643	**(44,694)**	-
- deferred tax	**(1,060,728)**	(264,028)	**-**	-
Share of results of an associate and a joint venture	**(89,932)**	(79,217)	**-**	-
Total tax (income)/ expenses	**(4,262,610)**	(3,423,870)	**(44,694)**	44,694

Notes to the Financial Statements (cont'd)

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unabsorbed tax losses	**61,673,518**	57,193,721	**363,103**	636,223
Unabsorbed capital allowances	**8,977,199**	5,208,000	**-**	-
	70,650,717	62,401,721	**363,103**	636,223

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

The unrecognised unabsorbed tax losses and unutilised capital allowances of the Group and of the Company can be carried forward to offset against future taxable profit respectively.

The expiry terms of the unabsorbed tax losses of the Group and of the Company as of 31 December 2018 and thereafter has been extended from 7 years to 10 years, the unabsorbed tax losses will now be available for carry forward for a period of 10 (2020: 7) consecutive years. Upon expiry of the 10 (2020: 7) years, the unabsorbed tax losses will be disregarded.

The expiry terms of the unabsorbed tax losses are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
- Year of assessment 2025	**-**	43,515,014	**-**	-
- Year of assessment 2026	**-**	7,664,471	**-**	-
- Year of assessment 2027	**-**	6,014,236	**-**	636,223
- Year of assessment 2028	**43,515,014**	-	**-**	-
- Year of assessment 2029	**7,664,471**	-	**-**	-
- Year of assessment 2030	**6,014,236**	-	**363,103**	-
- Year of assessment 2031	**4,479,797**	-	**-**	-
	61,673,518	57,193,721	**363,103**	636,223

28. Loss per share

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

	Group	
	2021 RM	2020 RM
Net loss for the financial year attributable to ordinary equity holders of the Company	**(65,369,312)**	(40,819,737)
Weighted average number of ordinary shares in issue	**500,000,000**	500,000,000
Basic loss per share (sen)	**(13.07)**	(8.16)

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

Notes to the Financial Statements (cont'd)

29. Employee benefits expense

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Salaries, wages and other emoluments	**12,854,593**	13,747,899	**1,518,362**	1,616,051
Social security contributions	**159,442**	359,130	**9,581**	10,472
Defined contribution plan	**1,345,375**	1,289,392	**181,042**	192,822
Other benefits	**10,529**	7,363	**-**	-
	14,369,939	15,403,784	**1,708,985**	1,819,345

Included in abovementioned is the Directors' remuneration as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Directors of the Company				
Executive				
Salaries, wages and other emoluments	**560,563**	559,357	**6,083**	7,785
Fees	**22,000**	22,000	**22,000**	22,000
Defined contribution plan	**60,758**	63,841	**720**	924
Benefits-in-kind	**146,264**	146,264	**-**	-
	789,585	791,462	**28,803**	30,709
Non-executive				
Fees	**293,000**	293,000	**293,000**	293,000
	1,082,585	1,084,462	**321,803**	323,709
Director of subsidiaries				
Salaries and other emoluments	**296,990**	296,400	**-**	-
Fees	**-**	-	**-**	-
Defined contribution plan	**2,260**	2,849	**-**	-
Benefits-in-kind	**-**	600	**-**	-
	299,250	299,849	**-**	-
Total Directors' remuneration	**1,381,835**	1,384,311	**321,803**	323,709

30. Related party disclosures

30.1 Related party transactions

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

Notes to the Financial Statements (cont'd)

30. Related party disclosures (cont'd)

30.1 Related party transactions (cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Transactions with subsidiaries				
- Dividend income	**-**	-	**-**	(35,880,000)
- Management fee	**-**	-	**(1,275,500)**	(1,395,971)
- Interest income	**-**	-	**(2,500,100)**	(2,993,132)
- Interest expenses	**-**	-	**1,810,382**	2,261,972
- Sundry income	**-**	-	**-**	(24,000)
Transaction with a related company				
- Rental expenses	**129,600**	120,000	14,400	12,000
Transactions with companies in which certain Directors have interest				
- Charter hire fee	**246,000**	210,000	**-**	-
- Rental expenses	**-**	253,664	**-**	-
- Legal and professional fees	**354**	41,296	**-**	-
Transactions with a joint venture				
- Accounting fee	**48,000**	24,000	**-**	-
- Administrative expenses	**-**	4,022	**-**	-
- Berthing fees	**4,400**	39,600	**-**	-
- Charter hire fees	**4,643,379**	4,421,934	**-**	-
- Ship management fee	**278,250**	79,500	**-**	-
- Repair and maintenance	**36,846**	19,305	**-**	-
- Rental expenses	**10,800**	6,000	**-**	-
- Demobilisation fees	**315,000**	58,500	**-**	-
- Interest expenses	**588,869**	345,890	**-**	-
Transaction with corporate shareholder				
- Interest expense	**636,125**	-	**636,125**	-

30.2 Related party balances

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6, 7, 8 and 19 to the Financial Statements.

30.3 Compensation of key management personnel

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and other emoluments	**2,821,388**	3,035,331	**2,440,619**	1,345,123
Defined contribution plan	**273,110**	268,520	**263,654**	157,818
	3,094,498	3,303,851	**2,704,273**	1,502,941

Notes to the Financial Statements (cont'd)

31. Operating segment

Business segment

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

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

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

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

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

Group	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
2021						
External revenue		**37,072,660**	**882,397**	**-**	**-**	**37,955,057**
Inter segment revenue	(i)	**9,342,066**	**4,246,449**	**1,353,500**	**(14,942,015)**	**-**
Total revenue		**46,414,726**	**5,128,846**	**1,353,500**	**(14,942,015)**	**37,955,057**
Depreciation of property, plant and equipment		**(36,905,246)**	**(2,395,127)**	**(327,221)**	**2,225,681**	**(37,401,913)**
Interest expense		**(6,070,427)**	**(2,330,863)**	**(4,363,733)**	**7,839,413**	**(4,925,610)**
Interest income		**949,676**	**1,873,867**	**2,681,670**	**(5,037,486)**	**467,727**
Share of gain of a joint venture		**-**	**-**	**374,716**	**-**	**374,716**
Tax income/(expenses)		**4,477,868**	**(239,826)**	**24,568**	**-**	**4,262,610**
Other non-cash (expenses)/ income	(ii)	**(27,821,508)**	**(4,865,552)**	**1,201,093**	**-**	**(31,485,967)**
Net (loss)/profit for the financial year	(iii)	**(59,213,672)**	**(9,322,151)**	**(108,222,684)**	**111,389,195**	**(65,369,312)**
Additions to non-current assets:						
- Property, plant and equipment		**11,964,855**	**11,247**	**-**	**-**	**11,976,102**
Investment in a joint venture		**1,895,412**	**-**	**-**	**-**	**1,895,412**
Segment assets	(iv)	**348,547,633**	**86,953,073**	**392,219,129**	**(468,257,211)**	**359,462,624**
Segment liabilities	(v)	**211,024,303**	**60,796,193**	**76,424,195**	**(216,079,567)**	**132,165,124**

Notes to the Financial Statements (cont'd)

31. Operating segment (cont'd)

Business segment (cont'd)

Group	Note	Chartering RM	Shipbuilding RM	Others RM	Elimination RM	Consolidated RM
2020						
External revenue		48,523,703	1,399,420	-	-	49,923,123
Inter segment revenue	(i)	16,541,368	4,893,454	37,353,971	(58,788,793)	-
Total revenue		65,065,071	6,292,874	37,353,971	(58,788,793)	49,923,123
Depreciation of property, plant and equipment		(36,933,142)	(2,717,952)	(327,529)	2,104,231	(37,874,392)
Interest expense		(6,655,746)	(2,866,178)	(2,959,825)	6,839,379	(5,642,370)
Interest income		1,768,411	2,378,256	3,401,123	(6,846,558)	701,232
Share of loss of an associate		-	-	(774,564)	-	(774,564)
Share of gain of a joint venture		1,104,634	-	-	-	1,104,634
Tax income/(expenses)		3,757,161	(267,046)	(66,245)	-	3,423,870
Other non-cash expenses	(ii)	(771,434)	(649,753)	(7,094,408)	-	(8,515,595)
Net (loss)/profit for the financial year	(iii)	(28,269,350)	(5,618,734)	3,424,201	(10,355,854)	(40,819,737)
Additions to non-current assets:						
- Property, plant and equipment		27,070,149	14,364	-	(26,864,500)	220,013
Investment in a joint venture		1,520,696	-	-	-	1,520,696
Segment assets	(iv)	393,456,742	105,087,823	503,388,886	(564,744,385)	437,189,066
Segment liabilities	(v)	226,500,971	69,608,794	81,772,876	(228,243,937)	149,638,704

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

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

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

	2021 RM	2020 RM
Deposits written off	**-**	(12,960)
Gain on termination of lease contract	**46,850**	2,604
Gain on bargain purchase	**-**	2,729,972
Impairment loss on:		
- trade receivables	**-**	(2,162,600)
- amount due from an associates	**(7,507,254)**	(1,166,629)
- property, plant and equipment	**(21,351,312)**	(475,459)
Inventories written off	**-**	(42,779)
Inventories written down	**(5,504,257)**	-
Loss on derecognition of a subsidiary	**-**	(3,370,711)
Loss on remeasurement of a joint venture	**-**	(2,128,597)
Property, plant and equipment written off	**(64,685)**	(5,425)
Reversal of impairment loss on:		
- trade receivables	**597,228**	1,055,502
- amount due from an associates	**360,082**	-
Reversal of inventories written down	**337,033**	-
Unrealised gain/(loss) on foreign exchange	**1,600,348**	(2,938,513)
	(31,485,967)	(8,515,595)

Notes to the Financial Statements (cont'd)

31. Operating segment (cont'd)

Business segment (cont'd)

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

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

	2021 RM	2020 RM
Dividend from subsidiaries	**-**	(35,880,000)
Profit from inter-segment sales	**(1,529,073)**	(4,450,329)
Impairment loss in investment in subsidiaries	**82,518,247**	27,244,235
Impairment loss in amount due from subsidiaries	**24,427,561**	-
Unallocated corporate expenses	**3,170,533**	2,753,543
Finance costs/(income)	**2,801,927**	(23,303)
	111,389,195	(10,355,854)

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

	2021 RM	2020 RM
Investment in subsidiaries	**(249,499,893)**	(335,940,398)
Amount due from inter-companies	**(216,067,667)**	(225,562,061)
Inter-segment assets	**(2,689,651)**	(3,241,926)
	(468,257,211)	(564,744,385)

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

	2021 RM	2020 RM
Amount due to inter-companies	**(216,085,339)**	(225,665,484)
Inter-segment liabilities	**5,772**	(2,578,453)
	(216,079,567)	(228,243,937)

Notes to the Financial Statements (cont'd)

31. Operating segment (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	**35,469,863**	46,483,107	**327,730,483**	370,016,158
Singapore	**2,047,061**	3,440,016	**2,516,423**	4,107,289
Vietnam	**438,133**	-	**-**	-
	37,955,057	49,923,123	**330,246,906**	374,123,447

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

	2021 RM	2020 RM
Property, plant and equipment	**330,246,906**	374,123,447

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue that generated from chartering segment:

	2021 RM	2020 RM
Customer A	**8,428,606**	10,300,345
Customer B	**4,428,918**	-

32. Financial instruments

32.1 Financial risk management

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

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(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 and the Company's exposure to credit risk arises primarily from receivables and contract assets. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments except for those impairment has been provided.

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

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

As at the reporting date, the Group and the Company have concentration of credit risk of which 38% (2020: 57%) of trade receivables are owing by one (2020: two) customers.

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

Trade receivables and contract assets

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

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

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

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

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(a) Credit risk (cont'd)

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

Trade receivables and contract assets (cont'd)

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

Group	**Gross carrying amount RM**	**Expected credit loss RM**	**Net balances RM**
2021			
Not past due	**1,125,052**	**-**	**1,125,052**
Past due 1 to 30 days	**1,112,316**	**-**	**1,112,316**
Past due 31 to 60 days	**949,697**	**-**	**949,697**
Past due 61 to 90 days	**106,341**	**-**	**106,341**
Credit impaired	**3,624,959**	**(3,624,959)**	**-**
	6,918,365	**(3,624,959)**	**3,293,406**
Contract assets	**702,163**	**-**	**702,163**
2020			
Not past due	1,222,397	-	1,222,397
Past due 1 to 30 days	1,781,389	-	1,781,389
Past due 31 to 60 days	1,286,545	-	1,286,545
Past due 61 to 90 days	429,514	-	429,514
Past due 91 to 120 days	698,172	-	698,172
Past due more than 120 days	946,435	-	946,435
Credit impaired	4,222,187	(4,222,187)	-
	10,586,639	(4,222,187)	6,364,452
Contract assets	32,320	-	32,320

Other receivables

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

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(a) Credit risk (cont'd)

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

Intercompany balances

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

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

As at the reporting date, there were no indication that the intercompany balances are not recoverable other than those disclosed in Notes 6 and 7 to the Financial Statements.

Cash and cash equivalents

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

Financial guarantee

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

The maximum exposure to credit risk is RM73,843,604 (2020: RM94,875,071), represented by the outstanding borrowings of the subsidiaries as at the reporting date.

(b) Liquidity risk

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

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

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(b) Liquidity risk (cont'd)

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

			Current	← Non-current	→
	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 to 5 years	More than 5 years
Group	RM	RM	RM	RM	RM
2021					
Secured:					
Borrowings	**73,843,604**	**76,252,910**	**57,468,202**	**18,784,708**	**-**
Unsecured:					
Trade payables	**7,881,174**	**7,881,174**	**7,881,174**	**-**	**-**
Other payables	**38,762,548**	**40,504,722**	**25,428,082**	**15,076,640**	**-**
Lease liabilities	**28,969**	**31,154**	**21,747**	**9,407**	**-**
Total	**120,516,295**	**124,669,960**	**90,799,205**	**33,870,755**	**-**
2020					
Secured:					
Borrowings	94,875,071	96,978,048	70,219,927	26,758,121	-
Unsecured:					
Trade payables	6,104,946	6,104,946	6,104,946	-	-
Other payables	31,898,927	31,898,927	31,898,927	-	-
Lease liabilities	385,515	496,343	226,976	269,367	-
Total	133,264,459	135,478,264	108,450,776	27,027,488	-
Company					
2021					
Unsecured:					
Other payables	**21,979,486**	**23,721,660**	**8,648,820**	**15,072,840**	**-**
Amount due to subsidiaries	**57,729,425**	**57,729,425**	**57,729,425**	**-**	**-**
Total	**79,708,911**	**81,451,085**	**66,378,245**	**15,072,840**	**-**
2020					
Unsecured:					
Other payables	14,069,535	14,069,535	14,069,535	-	-
Amount due to subsidiaries	68,167,662	68,167,662	68,167,662	-	-
Total	82,237,197	82,237,197	82,237,197	-	-

The above amounts reflected the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying value of the liabilities at the end of the financial year.

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(b) Liquidity risk (cont'd)

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

	2021 RM	2020 RM
Company		
Financial guarantee*	**76,252,910**	96,978,048

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

(c) Interest rate risk

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

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

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

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

Group	2021 RM	2020 RM
Fixed rate instruments:		
Financial assets		
- Fixed deposits with licensed banks	**1,260,257**	2,127,721
- Amount due from joint venture	**7,403,564**	9,377,852
Financial liabilities		
- Lease liabilities	**(28,969)**	(385,515)
- Other payables	**(18,818,894)**	-
	(10,184,042)	11,120,058
Floating rate instrument:		
Financial liability		
- Borrowings	**(73,843,604)**	(94,875,071)

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(c) Interest rate risk (cont'd)

	2021 RM	2020 RM
Company		
Floating rate instruments:		
Financial asset		
- Amount due from subsidiaries	**99,362,909**	101,978,783
Financial liabilities		
- Amount due to corporate shareholder	**(18,818,894)**	-
- Amount due to subsidiaries	**(44,067,761)**	(48,725,385)
	36,476,254	53,253,398

Cash flow sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

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

	Increase/(Decrease) Net loss for the financial year		Increase/(Decrease) Net equity for the financial year	
	RM +0.5%	RM -0.5%	RM +0.5%	RM -0.5%
Group				
Floating rate instruments				
2021	**369,218**	**(369,218)**	**(369,218)**	**369,218**
2020	474,375	(474,375)	(474,375)	474,375

	Increase/(Decrease) Net (loss)/profit for the financial year		Increase/(Decrease) Net equity for the financial year	
	RM +0.5%	RM -0.5%	RM +0.5%	RM -0.5%
Company				
Floating rate instruments				
2021	**(182,381)**	**182,381**	**182,381**	**(182,381)**
2020	266,267	(266,267)	266,267	(266,267)

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.1 Financial risk management (cont'd)

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

(d) Foreign currency risk

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

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

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

	2021 Denominated in		2020 Denominated in	
	USD RM	**SGD RM**	**USD RM**	**SGD RM**
Cash and bank balances	**285,448**	**3,662**	672,780	21,953
Trade receivables	**1,168,079**	**-**	221,081	-
Other receivables	**-**	**-**	4,559	-
Trade payables	**(300,588)**	**(21,159)**	(162,420)	-
Other payables	**-**	**(9,010,636)**	-	(8,877,169)
	1,152,939	**(9,028,133)**	736,000	(8,855,216)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's loss and equity for the financial year to a +/-5% (2020: +/-5%) change in the SGD and USD exchange rates at the end of reporting period against the respective functional currency of the companies within the Group, with all variables held constant.

	Increase/(Decrease) Net loss for the financial year		Increase/(Decrease) Net equity for the financial year	
	2021 RM +5%	**2020 RM -5%**	**2021 RM +5%**	**2020 RM -5%**
USD/RM				
- Strengthened	**(57,647)**	(36,800)	**57,647**	36,800
- Weakened	**57,647**	36,800	**(57,647)**	(36,800)
SGD/RM				
- Strengthened	**451,407**	442,761	**(451,407)**	(442,761)
- Weakened	**(451,407)**	(442,761)	**451,407**	442,761

Notes to the Financial Statements (cont'd)

32. Financial instruments (cont'd)

32.2 Fair value of financial instruments

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

32.3 Fair value hierarchy

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

33. Capital management

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

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

34. Significant event during the financial year and after the reporting date

Coronavirus ("COVID-19") implications

The World Health Organisation declared the 2019 Novel Coronavirus Disease ("COVID-19") outbreak as a pandemic on 11 March 2020. The Government of Malaysia imposed various Movement Control Order ("MCO") since 18 March 2020 and ease the travel restrictions on 1 April 2022.

During the financial year ended 31 December 2021, the Group continues to be affected by the unprecedented disruptions caused by the COVID-19 pandemic. The Group carried out an impairment review on the assets with indication of impairment in view of the COVID-19 pandemic had on the business activities since the previous financial year. As a result, the Group recorded impairment losses in the property, plant and equipment and investment in subsidiaries which disclosed in Notes 5 and 6 to the Financial Statements respectively.

However, taking the scenarios where the pandemic-inducted restrictions to be gradually lifted by 2022, which would enable the economic activities to resume. The Directors have taken various measures to streamline the Group's operations and actively monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations to maintain safety and quality services and remain competitive in the marine offshore industry.

Landed Properties

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approxi-mate Age of the Building (Years)	Tenure (Years)	Date of Lease Expires	Net Book Value as at 31.12.2021 (RM)
SEALINK SHIPYARD SDN. BHD. 199001004286 (195853-D)							
Lot 156, Block 5, Kuala Baram Land District / [Lot 156, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant agriculture land	N/A	8,050	N/A	60	02.08.2071	165,160
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	14	60	27.02.2056	18,314,534
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	13	60	31.12.2027	224,634
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	13	60	24.02.2052	1,366,491
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	52	60	31.12.2027	391,000
Lot 372, Block 1, Kuala Baram Land District / [Lot 372, Kuala Baram Industrial Estate, 98100 Kuala Baram, Miri, Sarawak]	Vacant industrial land	N/A	123,780	N/A	60	07.04.2057	8,615,555
SEALINK SDN. BHD. 197401003313 (20471-D)							
Lot 1340, Miri Concession Land District / [Lot 1340, Jalan Cattleya 1, Krokop / Piasau Industrial Estate, 98000 Miri, Sarawak] **#**	Industrial land and building	Utilise as a shipyard with one (1) detached building (workshop and warehouse)	4,039	42	60	31.12.2027	829,859

Landed Properties (continued)

Land Identification / Postal Address	Description of Property	Usage	Area more or less (sq m)	Approximate Age of the Building (Years)	Tenure (Years)	Date of Lease Expires	Net Book Value as at 31.12.2021 (RM)
SEALINK SDN. BHD. 197401003313 (20471-D)							
Lot 8133, Block 1, Lambir Land District (formerly known as Lot 1802, Lambir Land District) [2/10th undivided right title share & interest] / [2 ½ Mile, Kilometre 4, Riam Road, Miri, Sarawak]	Vacant agriculture land	N/A	23,110	N/A	60	02.10.2071	72,251
BARAM MOULDING INDUSTRIES SDN. BHD. 199001009301 (200873-D)							
Lot 323, Block 1, Kuala Baram Land District (formerly known as Provisional Lease Lot 2040, Kuala Baram Land District) / [Lot 323, Kuala Baram Industrial Estate, 98100 Miri, Sarawak]	Industrial land and buildings	Used for three (3) detached buildings utilised as office, storage yard & lathe workshop	19,750	13	60	17.07.2058	3,183,309
BRISTAL VIEW SDN. BHD. 199201021881 (253385-T)							
Lot 8139, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) / [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant industrial land	N/A	9,841	N/A	999	02.08.2865	542,155
Lot 12039, District of Labuan, Wilayah Persekutuan (Formerly known as Country Lease 205316669) / [Jalan Rancha-Rancha Lama, Kampung Rancha-Rancha, 87000 Labuan, Wilayah Persekutuan, Labuan]	Vacant industrial land	N/A	31,330	N/A	999	02.08.2865	2,054,774
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	12	60	22.10.2067	1,840,071

Note:- **#** Extension of term of the title to the said land for another 60 years from the date of issue of title.

Analysis of Shareholdings

As at 01 April 2022

Class of Equity Security

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

Distribution of Shareholdings

	No. of Holders	%	No. of Holdings	%
1 - 99	5	0.10	217	0.00
100 - 1,000	913	17.92	249,496	0.05
1,001 - 10,000	1,772	34.78	11,501,187	2.30
10,001 - 100,000	1,999	39.23	75,171,500	15.03
100,001 - 24,999,999 *	403	7.91	190,897,601	38.18
25,000,000 and above **	3	0.06	222,179,999	44.44
Total	**5,095**	**100.00**	**500,000,000**	**100.00**

Remark : * less than 5% of issued holdings

: ** 5% and above of issued holdings

Directors' Shareholdings

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

Note :

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

Substantial Shareholders

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

Analysis of Shareholdings (continued)

Thirty (30) Largest Shareholders

No.	Name	Shareholdings	%
1.	Sealink Holdings Sdn. Bhd.	109,080,800	21.82
2.	Yong Kiam Sam	67,382,399	13.48
3.	Yong Foh Choi	45,716,800	9.14
4.	Nor Iskandar Naini Bin Hanifah	15,801,600	3.16
5.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yeoh Poh Choo*	5,880,000	1.18
6.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Azrui Nizam Bin Itam*	4,821,000	0.96
7.	Jee Tai Chew	4,200,000	0.84
8.	Shahrul Hafiz Bin Mohd Sharif	4,200,000	0.84
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yeoh Poh Choo*	4,100,000	0.82
10.	Yii Siew Sang	3,700,000	0.74
11.	Aria Putera Bin Ismail	3,130,500	0.63
12.	Abang Muhammad Fahkrie Bin Abang Arbie	3,119,300	0.62
13.	Lo Ling	2,940,600	0.59
14.	Toh Pik Chai	2,716,100	0.54
15.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lee Tian An*	2,700,000	0.54
16.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Mohamad Daud Bin Mohd Yusoff (E-TAI)*	2,699,300	0.54
17.	Alex Chai Khin Hee	2,674,000	0.53
18.	Ting Hua Ping	2,342,100	0.47
19.	Data Hasrat Sdn. Bhd.	2,000,000	0.40
20.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For How Bee Hua (E-SJA/BSY)*	1,800,000	0.36
21.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Ng Boon Way (E-SPI/JTA)*	1,550,700	0.31
22.	HLIB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yeoh Poh Choo*	1,500,000	0.30
23.	Abu Bakar Bin Uzir	1,440,000	0.29
24.	Hiew Chang Chun	1,380,000	0.28
25.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Ong Teng Chai (J Bendahara-CL)*	1,219,900	0.24
26.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Wong Siong Sing (E-BTL)*	1,200,000	0.24
27.	Siam Teck Sing	1,124,400	0.22
28.	Tengku Ab Malek Bin Tengku Mohamed	1,100,000	0.22
29.	Muhammad Nurudin Bin Mohd Yusof	1,080,000	0.22
30.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Shai Pah Long (E-TSA)*	1,075,200	0.22
	Total	303,674,699	60.73
	Shareholdings	500,000,000	

Online Version

The online version of the 2021 Annual Report can be viewed at http://www.asiasealink.com/ar/2021.

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 2021
    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 Fourteenth Annual General Meeting ("14th AGM") of Sealink International Berhad ("the Company") which 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, 31 May 2022 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 re-elect Mr Wong Chie Bin who shall retire by rotation pursuant to Clause 118 of the Company's Constitution and, being eligible, has offered himself for re-election.		
2.	To approve the payment of Directors' Fees amounting to RM315,000.00 for the financial year ending 31 December 2022.		
3.	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.		
4.	Retention of Mr Wong Chie Bin as Independent Non-Executive Director.		
5.	Retention of Mr Toh Kian Sing as Independent Non-Executive Director.		
6.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

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

Dated this ______ day of May, 2022.

____
Signature of Shareholder(s)/Common Seal

NOTES:

1. Only Depositors whose names appear in the General Meeting Record of Depositors as at 24 May 2022 be regarded as Members and shall be entitled to attend, speak and vote at the 14th AGM.
2. A Member entitled to attend, speak and vote at the 14th AGM may appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 1035, Block 4, MCLD, Piasau Industrial Area, 98000 Miri, Sarawak, not less than 48 hours before the time set for this 14th AGM or any adjournment thereof.
6. As a precautionary measure against the spread of Covid-19, members are strongly encouraged to appoint the Chairman of the meeting as their proxies to vote in their stead.
7. The Company will continue to monitor the Covid-19 situation closely and may adopt further procedure and measures at short notice as public health situation changes, members can check further update on the Company's website at www.asiasealink.com.

Fold this flap for sealing

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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
Email: DL-Secretariat@asiasealink.com
Website: www.asiasealink.com

Other Places of Operations

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

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

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

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

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

SEALINK
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