

# *RISING ABOVE*

INTEGRATED ANNUAL REPORT **2022**



*"the shipping people"*

**E.A. TECHNIQUE (M) BERHAD**  
199301001779 (256516-VV)







# Inside THIS REPORT

## 29<sup>th</sup>

### ANNUAL GENERAL MEETING

#### WHERE

OMNIA 1 & 2  
Opero Hotel  
No. 2, Jalan Southkey 1/2  
Kota Southkey  
80150 Johor Bahru  
Malaysia

#### TIME

Tuesday, 20 June 2023  
at 12.00pm

### RATIONALE

As we set our direction and explore new potentials, E.A. Technique remains optimistic to seize opportunities in the horizon as the business landscape is now more favourable. We are geared towards next growth cycles with solid fundamentals, reputation, firmer financial position and exuding a culture of excellence.

The theme for the year 2022 "Rising Above" highlights our determination and dedication to rise above all challenges while being firmly focused on our future. The visual illustration on the cover visual portrays the vessel's rudder guiding the organisation towards new profitable paths while the water level gauge indicates our commitment in matters governing ESG, attaining global reach, possessing technological advancements, professional expertise and innovative core businesses.

Our organisation will continuously remain resolute and on course into new horizons of sustainability growth.



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For more information visit our website at:

**WWW.EATECHNIQUE.COM.MY**



# CORPORATE PROFILE

**E.A. TECHNIQUE (M) BERHAD ("E.A. TECHNIQUE") WAS INCORPORATED IN MALAYSIA ON 18 JANUARY 1993 UNDER THE COMPANIES ACT 1965 AS A PRIVATE LIMITED COMPANY AS E.A. TECHNIQUE (M) SDN. BHD. IT WAS LISTED ON THE MAIN MARKET OF BURSA MALAYSIA ON 11 DECEMBER 2014.**

## OUR VISION

To be the locally preferred service provider of **MARINE SERVICES** with a Global Vision

E.A. Technique (M) Berhad is a local marine company that owns and operates marine vessels where our business is focused on marine transportation and offshore storage of oil & gas ("O&G"), and provision of port marine services.

The Company is involved in the charter of various types of tankers for the transportation and offshore storage of oil & gas, charter of marine tug vessels for the provision of port marine services and charter of Offshore Support Vessels ("OSV") in the form of fast crew boats to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.

As at 31 March 2023, the Company owns a total fleet of twenty nine (29) marine vessels in our portfolio, which comprises two (2) product tankers, two (2) Floating Storage & Offloading Unit ("FSU/FSO"), nine (9) OSVs and sixteen (16) marine vessels.

To strengthen our position in shipping and maritime industry, we also ventured into shipbuilding, ship repair and minor fabrication in 2007 through our subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"), which operates on a 20 acres land in Hutan Melintang, Perak. JSE has been awarded as "Outstanding Ship Builder" by Ministry of Transport in 2018 and has also been shortlisted as the top ten best shipyards in Malaysia for the Petronas offshore Safina Project.

Libra Perflex Precision Sdn Bhd as our wholly owned subsidiary is providing tugboats for the operations of Petronas Floating LNG (L) Ltd ("PFLNG").

## OUR MISSION

A local shipping company focuses and exemplifies attributes of:



**Safety**



**Security Culture**



**Quality**



**Environment**



# CORE BUSINESSES

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## MARINE TRANSPORTATION AND OFFSHORE STORAGE OF OIL & GAS

Our product tankers are used to transport refined petroleum products from oil refineries to end-users or to another refinery for further processing known as Clean Petroleum Products ("CPP") e.g., kerosene (jet fuel), diesel and petrol (RON95 & RON97) and also Dirty Petroleum Products ("DPP") such as fuel oil and crude oil.

FSU/FSO are typically used to support production platforms as an offshore Oil & Gas storage facility at brown fields.

We also operate Offshore Supply Vessels ("OSV"), namely fast crew boats, which are primarily used to transport personnel/light cargoes between shore and platform, platform and platform and other offshore facilities.



## PROVISION OF PORT MARINE SERVICES

We are also engaged in the provision of port marine services for petrochemical and bulk & containerized ports in Malaysia.

The types of port marine services that we provide at the ports include, among others:

- Towing services comprising towing, pushing or maneuvering vessels; and
- Mooring services which involve securing a marine vessel to specially constructed fixtures such as piers, quays, wharfs, jetties, anchor buoys and mooring buoys.

We also provide dockside mooring services where we have mooring personnel to secure vessels to floating structures and fixtures at the wharf.



## MARINE ENGINEERING SERVICES

Our marine engineering services are more focused to the shipbuilding and ship repair activities.

Our shipbuilding and ship repair activities serve as an internal supporting arm to our marine vessels.

- Shipbuilding: Some of the shipbuilding activities that we carry out include construction of hull and structure, installation of machinery, equipment and instruments, and various embedded systems on the deck of the vessel, painting, and coating, as well as testing and commissioning.
- Ship repair: Our ship repair utilizes the same facilities, equipment and skill set as shipbuilding. Our repair works involves inspection, replacement, modification, removal, installation, and cleaning.

We also undertake the minor fabrication of steel structures in our shipyard. The steel structures that we fabricate are mainly for marine vessels for example skids and piping systems.



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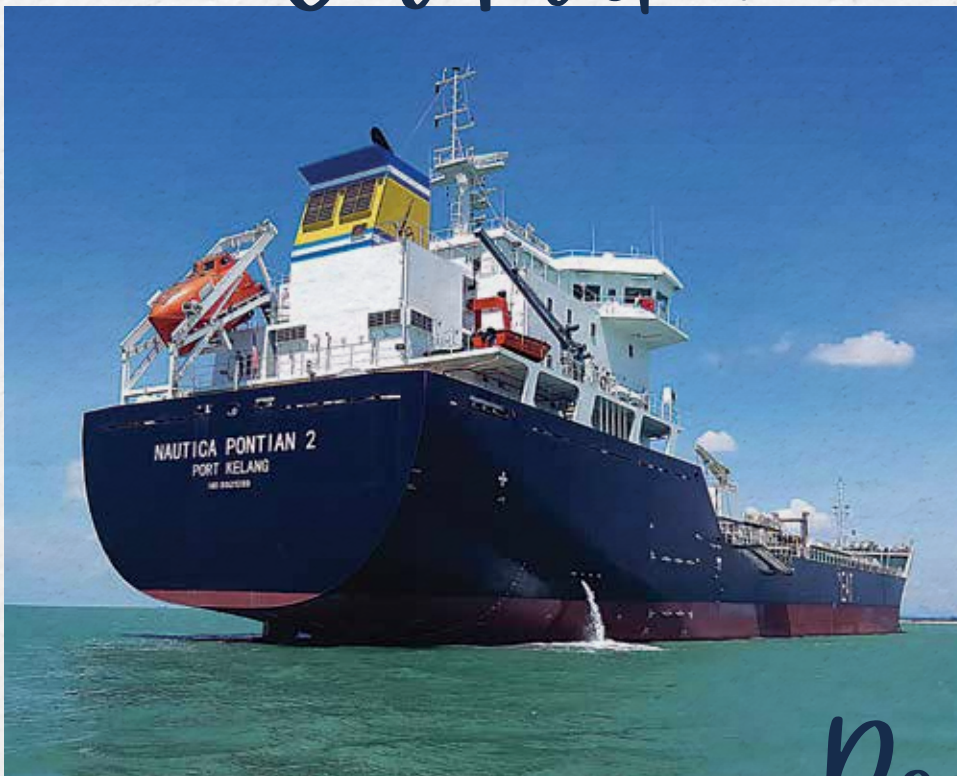
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# OUR FLEET

## Oil Tanker



- M.T. NAUTICA KLUANG 2
- M.T. NAUTICA PONTIAN 2

## Port Operations

- M.V. NAUTICA TG. PUTERI I
- M.V. NAUTICA TG. PUTERI XI
- M.V. NAUTICA TG. PUTERI XII
- M.V. NAUTICA TG. PUTERI XV
- M.V. NAUTICA TG. PUTERI XVI
- M.V. NAUTICA TG. PUTERI XVII
- M.V. NAUTICA TG. PUTERI XVIII
- M.V. NAUTICA TG. PUTERI XIX
- M.V. NAUTICA TG. PUTERI XX
- M.V. NAUTICA TG. PUTERI XXI
- M.V. NAUTICA TG. PUTERI XXII
- M.V. NAUTICA TG. PUTERI XXIV
- M.V. NAUTICA TG. PUTERI XXV
- M.V. NAUTICA TG. PUTERI XXVI
- M.V. NAUTICA TG. PUTERI XXXVIII
- AMAL II





# Offshore Support Vessel (OSV)

- M.V. NAUTICA TG. PUTERI XXX
- M.V. NAUTICA GAMBIR
- M.V. NAUTICA LANGSAT
- M.V. NAUTICA AIR HITAM
- M.V. NAUTICA TG. PUTERI XXIII
- M.V. NAUTICA TG. PUTERI XXVII
- M.V. NAUTICA TG. PUTERI XXVIII
- M.V. NAUTICA TG. PUTERI XXIX
- M.V. NAUTICA TG. PUTERI XXXVII



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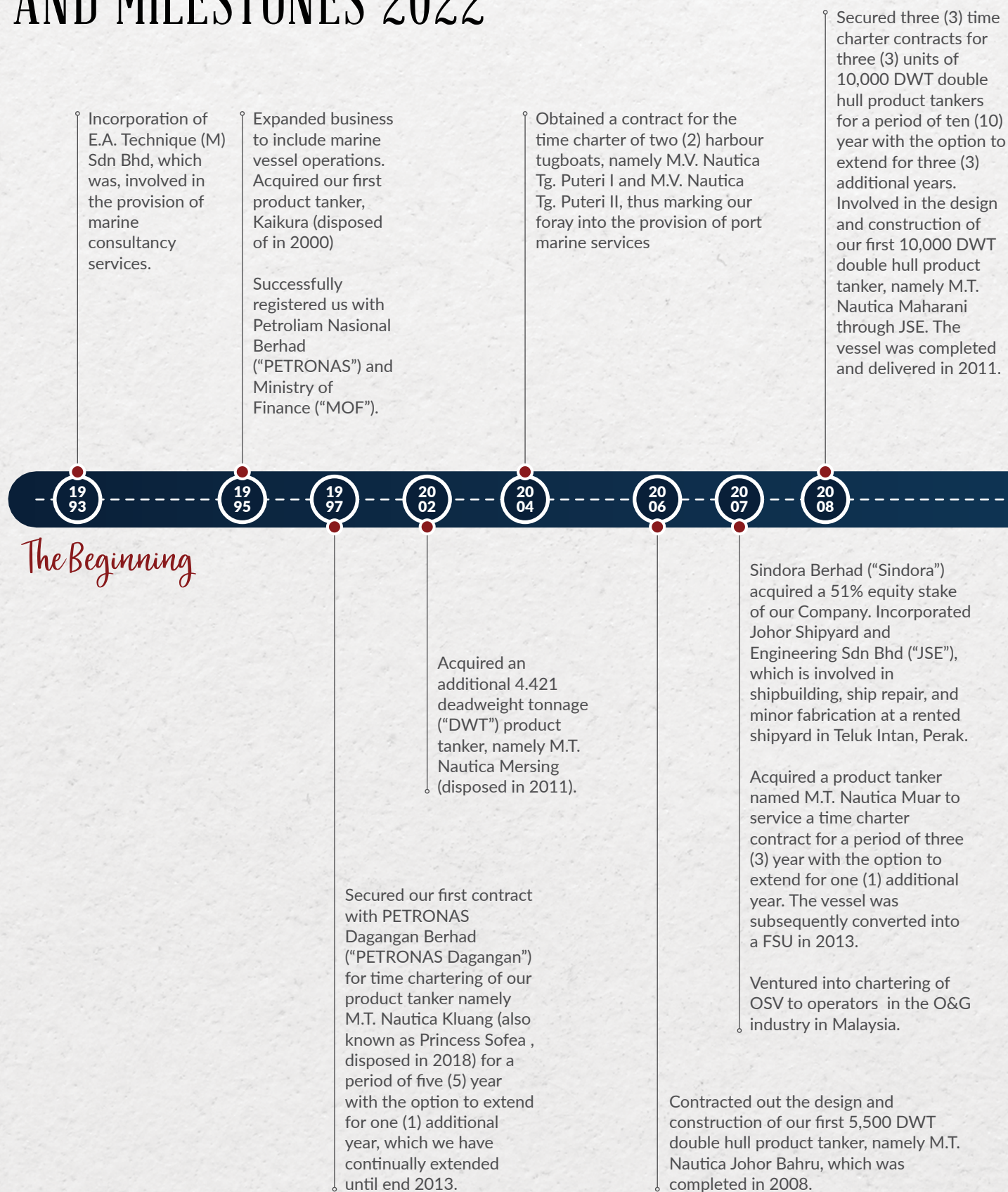
# Floating Storage Unit / Offloading (FSU/FSO)

- FSU NAUTICA MUAR
- M.T. FOIS NAUTICA TEMBIKAI



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# KEY ACHIEVEMENTS AND MILESTONES 2022





JSE rented a 10-acre site at Hutan Melintang, Perak as the new location for our shipyard operations. Construction on the new shipyard, which is able to accommodate vessels up to, 10,000 DWT commenced in June 2013 and was completed in October 2013.

Secured a time charter contract for our FSU. The contract commenced in 2013.

Obtained a three (3) year contract for four (4) marine vessels for the provision at port marine services for the Sungai Udang LEKAS Regasification Project. Three (3) out of four (4) of the vessels are chartered in from third parties.

Secured a three (3) year time charter contract for one (1) of our harbour tugboats.

Secured a three (3) year contract for time charter of two (2) pressurized LPG tankers.

Awarded a four (4) year contract with option to extend for an additional two (2) years from Vestigo Petroleum Sdn Bhd for the operations of an FSO to service the Tembikai marginal oilfields.

Acquired an oil tanker to be converted to a Floating Storage and Offloading ("FSO") unit to service the Tembikai marginal oilfields, namely M.T. FOIS Nautica Tembikai.

Awarded an eighteen (18) month contract with the option to extend for an additional sixty (60) month via a back-to-back time charter party agreement with Libra Perflex Precision Sdn Bhd for the provision of tugboat services for the operation of a new floating gas liquefaction facility located offshore Sarawak.

Received Letter of Award for the Provision of Engineering Procurement Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") Facility Full Field Development ("FFD") Project, North Malay Basin valued at USD 191.8 million.

Awarded a contract in December 2016 for a Fast Crew Boat with ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") for the provision of one (1) 25 knots FCB to support EMEPMI crew change operations. The vessel "Nautica Tg. Puteri XXX" was delivered in January 2017 and hired for a primary period of seven (7) months with two (2) extension options of one (1) month each exercisable by EMEPMI.

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Secured a time charter contract for four (4) tugboats comprising two (2) utility boats and two (2) harbour tugboats, which were subsequently completed in 2011 and 2012 respectively.

We entered into the Subscription and Share Purchase Agreement ("SSPA") to acquire and subscribe an aggregate of approximately 29.9% equity stake in Orkim Sdn Bhd ("Orkim") and subsequently exercised our option to acquire an additional 1.1% in Orkim in 2011.

Secured contract for the provision of port marine services incorporating mooring services, crew and time charter of two (2) mooring boats, namely M.V. Nautica Tg. Puteri VII and M.V. Nautica Tg. Puteri VIII for an O&G terminal in Malacca.

Secured a one (1) year contract for the time charter of a pressurized LPG tanker. For the contract, we chartered a 3,728 DWT LPG tanker from an external party.

Obtained a ten (10) year contract with an option for a two (2) year extension to construct and operate six (6) new harbour tugboats for Northport. During the interim two (2) years construction period, three (3) of our vessels with three (3) chartered in vessels from third parties are currently servicing the contract.

We disposed our entire equity stake in Orkim in April 2013.

Secured a five (5) year bareboat charter contract with Classic Marine Sdn Bhd for the provision of one (1) unit fast support vessel. Signing of contract for the provision of Engineering, Procurement, Construction, Installation and Commissioning ("EPCIC") of a Floating Storage and Offloading ("FSO") facility for Full Field Development ("FFD") project, North Malay Basin. Delivery of M.T. FOIS Nautica Tembikai to Tembikai marginal oilfield for four (4) year contract with option to extend for an additional two (2) years.

Secured contract for provision and operation of two (2) units of 40 tonnes bollard pull harbour tugboats for Kertih Port Sdn Bhd and provision of harbour tugboat cum support vessel for Petronas Penapisan (Terengganu) Sdn Bhd.

Awarded contract for the provision and operation of two (2) units 60 tonnes bollard pull harbour tugboats, one (1) unit 40 tonnes bollard pull harbour tugboats and one (1) unit multipurpose mooring boat by Sungai Udang Port Sdn Bhd.



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- Awarded contract for the provision of one (1) unit 60 tonnes bollard pull harbour tug by Berkat Petroleum Sdn Bhd.
- Secured a short-term contract with EnQuest Petroleum Production Malaysia Ltd for the provision of replacement of one (1) unit fast crew boat (FCB).
- Awarded contract by ExxonMobil Exploration and Production Malaysia Inc. and EnQuest Petroleum Production Malaysia Ltd for provision and operation of two (2) units fast crew boat (FCB) 25 knots 60 pax.
- Awarded contract by Petronas Carigali Sdn Bhd ("PCSB") and EnQuest Petroleum Production Malaysia Ltd for provision and operation of one (1) unit fast crew boat (FCB) 25 knots 70 pax.
- Delivery of M.V. Nautica Gambir and M.V. Nautica Langsat to serve contract with ExxonMobil Exploration & Production Malaysia (EMEPMI), PETRONAS Carigali and EnQuest Petroleum.
- Awarded a short-term contract by KMZ Energy Sdn Bhd for the provision of replacement of FCB to service PCSB.
- Awarded contract by PETRONAS for the supply and operation of two (2) units of harbour tugs for Kertih Port Sdn Bhd and one (1) unit of harbour tug for PETRONAS Penapisan (Terengganu) Sdn Bhd.
- Secured contract for the provision and operation of one (1) unit of 40 tonne harbour tug, one (1) unit of mooring boat and one (1) unit of 60 tonne harbour tug for Sg. Udang Port Sdn Bhd.
- Secured contract for the provision and operation of one (1) unit of 60 tonne harbour tug No. 2 for Sg. Udang Port Sdn Bhd, RGT.

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- Awarded with three (3) contract agreements in 2017, which these contracts were signed with Bintulu Port Sdn Bhd and ExxonMobil Exploration & Production Malaysia Inc. ("EMEPMI")
- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – MSD/MOB/002/2017
- Hire of one (1) unit 60 tonnes bollard pull tugboat complete with crew for Bintulu Port Sdn Bhd on a call out basis – BHB-5/2/2017
- Provision of one (1) 25 knots FCB to support EMEPMI crew change operations.
- Awarded contract by PETRONAS for the supply and operation of two (2) units of 40 tonnes bollard pull harbor tugs for Kertih Port Sdn Bhd and one (1) unit of harbour tug cum support vessel for PETRONAS Penapisan (Terengganu) Sdn Bhd. The Contract duration will be for a primary period of Five (5) years with Two (2) years extension options on annual basis (5+1+1) upon expiry thereof.
- Awarded contract for the provision and operation of one (1) unit of 40 tonnes bollard pull harbour tug, one (1) unit of multipurpose mooring boat and two (2) units of 60 tonnes bollard pull harbour tug for Sungai Udang Port Sdn Bhd ("SUPSB") regasification terminal ("RGT"). The Contract duration will be as follows:  
  
For a primary period of two (2) years, effective 1 January 2019 until 31 December 2020 :  
  
i. One (1) unit of 40 Tonnes Bollard Pull Harbour Tug -  
ii. One (1) unit of Multipurpose Mooring Boat  
iii. One (1) unit of 60 Tonnes Bollard Pull Harbour Tug No.1  
  
For a primary period of six (6) months, effective 1 January 2019 until 30 June 2019 :  
  
iv. One (1) unit of 60 Tonnes Bollard Pull Harbour Tug No.2
- Awarded contract with Petco Trading Labuan Company Limited ("PTLCL") for the provision of long-term time charter coastal vessel services of three (3) units of 9,000 DWT size vessel. The contract duration will be for a primary period of five (5) years with five (5) extension options of one (1) year each upon expiry.
- Awarded contract for Provision of Temporary Storage Tanker ("TST") including Station Keeping and Flexible Riser Tie in for Sepat Derisk and Early Production System ("DEPS") Project. The Contract duration will be for a primary period of twelve (12) months with extension options of six (6) months from expiry date and a further six (6) months.
- Awarded contract by Sungai Udang Port Sdn Bhd vide Letter of Award dated 20 June 2019 for the Provision and Operation of One (1) unit 60 Tonnes Bollard Pull Harbour Tug No.2 for Sungai Udang Port Sdn Bhd ("SUPSB") Regasification Terminal ("RGT"). E.A. Technique is using third party vessel Kejora 57 to serve the contract. The Contract duration will be for a primary period of 1 year and 6 months with an extension option of 1 year.
- Awarded contract by Naka Bayu Sdn Bhd vide Letter of Award dated 1 August 2019 for the Provision for One (1) unit of Harbour Tug. The Contract duration will be for a primary period of 1 year with an extension option of 1 year + 1 year based on vessel performance.



- ## Journey Continue

2022

- E.A. Technique (M) Berhad | Integrated Annual Report 2022



# 5-YEARS FINANCIAL HIGHLIGHTS

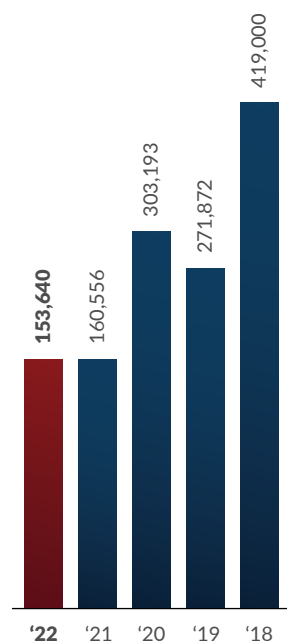
FOR YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	<b>153,640</b>	160,556	303,193	271,872	419,000
Gross Profit	<b>24,947</b>	26,464	4,077	76,938	135,829
Gross Profit Margin	<b>16.24%</b>	16.48%	1.34%	28.30%	32.42%
<b>EBITDA</b>	<b>44,968</b>	40,740	115,766	144,458	188,772
EBITDA Margin	<b>29.27%</b>	25.37%	38.18%	53.13%	45.05%
<b>Profit/ (Loss) Before Taxation</b>	<b>8,977</b>	(149,533)	(118,616)	32,680	90,361
PBT/ (LBT) Margin	<b>5.84%</b>	-93.13%	-39.12%	12.02%	21.57%
<b>Profit/ (Loss) After Taxation</b>	<b>20,043</b>	(150,645)	(105,536)	36,396	74,233
Net EPS	<b>3.78</b>	(28.40)	(19.89)	7.22	14.73
Current ratio	<b>0.29</b>	0.25	0.26	0.18	0.18
Gearing Ratio <sup>(1)</sup>	<b>3.05</b>	12.12	1.31	1.18	1.70

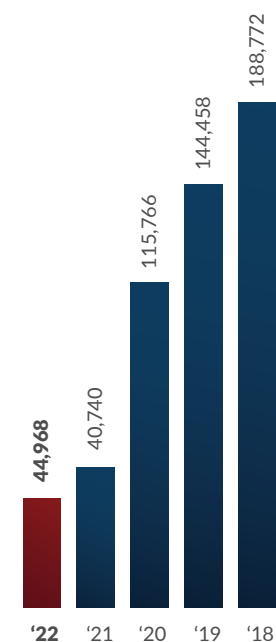
Notes:

(1) Calculated based on the total borrowings minus the corresponding cash and bank balances and short term deposits divided by the total shareholders' equity.

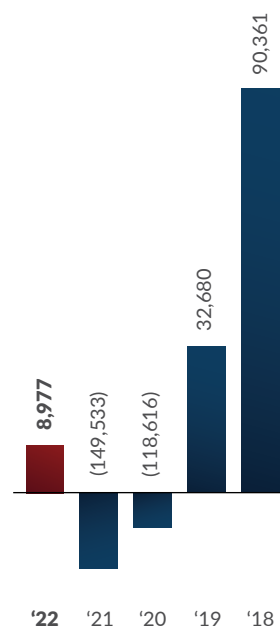
**REVENUE**  
(RM' 000)



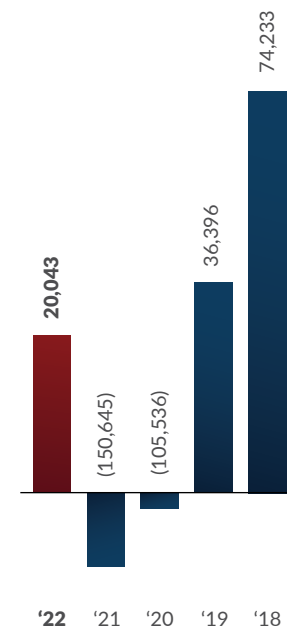
**EBITDA**  
(RM' 000)



**PROFIT/(LOSS)  
BEFORE TAXATION**  
(RM' 000)

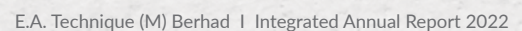


**PROFIT/(LOSS)  
AFTER TAXATION**  
(RM' 000)





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# CORPORATE INFORMATION

## BOARD OF Directors

①

**Dato' Mohd Redza Shah Abdul Wahid**  
Independent Non-Executive  
Chairman

②

**Datuk Mohd Nasir Ali**  
Independent  
Non-Executive  
Director

### SECRETARIES

**Nuraliza A. Rahman** (MAICSA 7067934)  
**Sabarudin Harun** (MIA 30423)

Telephone : 607-8611611  
Facsimile : 607-8611701  
Email: nuraliza@jcorp.com.my  
sabarudin@johorplantations.com

### REGISTERED OFFICE

Level 11, Menara KOMTAR  
Johor Bahru City Centre  
80000 Johor Bahru  
Johor Darul Takzim

Telephone : 607-8611611  
Facsimile : 607-8611701

### CORPORATE OFFICE

Setiawangsa Business Suites  
Unit C-3A-3A  
No. 2 Jalan Setiawangsa 11  
Taman Setiawangsa  
54200 Kuala Lumpur, Malaysia

Telephone : 603-4252 5422  
Facsimile : 603-4252 2163

### NORTHPORT, PELABUHAN KLANG OFFICE

Bangunan Marine  
Jalan Pelabuhan Utara  
Pelabuhan Utara  
42000 Pelabuhan Klang  
Selangor Darul Ehsan

Telephone : 016-923 7515  
Email : rais.hakim@eatechnique.com.my

### SG. UDANG, MELAKA PORT OFFICE

Oasis Marine Enterprise  
Lot 1255, Batu 9 1/4, Pantai Kundor  
76400 Tanjong Keling  
Melaka Bandar Bersejarah

Telephone : 012-730 5224  
Email : khairulnizam@eatechnique.com.my

### KERTIH PORT, TERENGGANU OFFICE

Bangunan Pentadbiran  
Kertih Port Sdn Bhd  
Lot 3633 Kawasan Bukit Tengah, KM105  
Jalan Kuantan – Kuala Terengganu  
24300 Kertih, Kemaman  
Terengganu Darul Iman

Telephone : 012-502 9224  
Email : nurhayat@eatechnique.com.my

### KOTA KINABALU PORT, SABAH OFFICE

Lot 16.2, Lorong Lintas Plaza 2  
Lintas Plaza  
88300 Kota Kinabalu  
Sabah. Negeri Dibawah Bayu

Telephone : 012-390 7224  
Email : azaman@eatechnique.com.my

### SUBSIDIARY OFFICE

Johor Shipyard And Engineering Sdn Bhd  
Lot PT8436-A, Mukim Hutan Melintang  
36400 Daerah Hilir Perak  
Perak Darul Ridzuan

Telephone : 605-641 2514  
Facsimile : 605-641 3679  
Email : wan@johorshipyard.com.my

### SHARE REGISTRAR

Larkin Sentral Property Berhad  
Lot S8, Podium 1, Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim

Telephone : 607-2972521  
Facsimile : 607-2233275

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Main Market)  
Listed since: 11 December 2014  
Sector: Trading/Services  
Stock name : EATECH  
Stock code : 5259

### PRINCIPAL BANKERS

RHB Bank Berhad  
Malayan Banking Berhad  
Bank Pembangunan Malaysia Berhad  
AmBank (M) Berhad  
Affin Bank Berhad  
Malaysian Industrial Development  
Finance Berhad



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<b>Rozan Mohd Sa'at</b> Independent Non-Executive Director	<b>Abdul Azmin Abdul Halim</b> Independent Non-Executive Director	<b>Aziah Ahmad</b> Non-Independent Non-Executive Director	<b>Ir. Dr Mohd Shahreen Zainooreen Madros</b> Independent Non-Executive Director

## AUDITORS

KPMG  
Level 10, KPMG Tower, 8,  
First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor.

Telephone : 603-7721 3388  
Facsimile : 603-7721 3399  
website : www.kpmg.com

## AUDIT COMMITTEE

### CHAIRMAN

**Datuk Mohd Nasir Ali**  
Independent  
Non-Executive Director

### MEMBER

**Abdul Azmin Abdul Halim**  
Independent  
Non-Executive Director

**Aziah Ahmad**  
Non-Independent  
Non-Executive Director

## REMUNERATION COMMITTEE

### CHAIRMAN

**Dato' Mohd Redza Shah  
Abdul Wahid**  
Independent  
Non-Executive Director

## MEMBER

**Datuk Mohd Nasir Ali**  
Independent  
Non-Executive Director

**Rozan Mohd Sa'at**  
Independent  
Non-Executive Director

## NOMINATION COMMITTEE

### CHAIRMAN

**Dato' Mohd Redza Shah  
Abdul Wahid**  
Independent  
Non-Executive Director

### MEMBER

**Abdul Azmin Abdul Halim**  
Independent  
Non-Executive Director

**Rozan Mohd Sa'at**  
Independent  
Non-Executive Director

## TENDER BOARD COMMITTEE

### CHAIRMAN

**Abdul Azmin Abdul Halim**  
Independent  
Non-Executive Director

## MEMBER

**Aziah Ahmad**  
Non-Independent  
Non-Executive Director

**Ir. Dr Mohd Shahreen  
Zainooreen Madros**  
Independent  
Non-Executive Director

## RISK AND GOVERNANCE COMMITTEE

### CHAIRMAN

**Ir. Dr Mohd Shahreen  
Zainooreen Madros**  
Independent  
Non-Executive Director

### MEMBER

**Rozan Mohd Sa'at**  
Independent  
Non-Executive Director

**Datuk Mohd Nasir Ali**  
Independent  
Non-Executive Director



**WEBSITE**  
[www.eatechnique.com.my](http://www.eatechnique.com.my)



## BOARD OF DIRECTORS

**From left**

**Abdul Azmin Abdul Halim** Independent Non-Executive Director • **Aziah Ahmad** Non-Independent Non-Executive Director  
 • **Ir. Dr Mohd Shahreen Zainooreen Madros** Independent Non-Executive Director • **Rozan Mohd Sa'at** Independent Non-Executive Director





*From left*

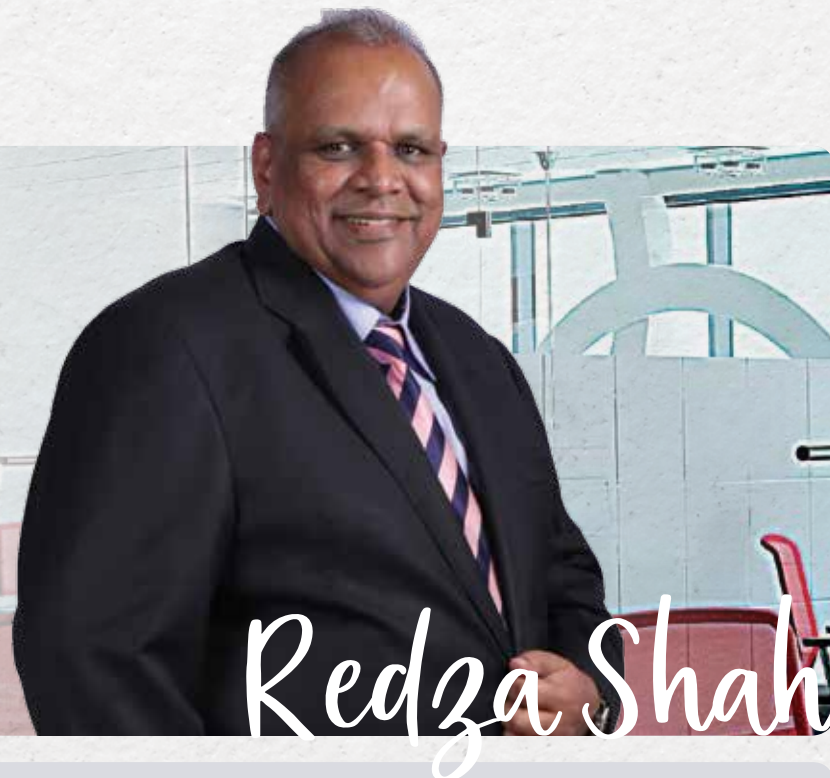
**Dato' Mohd Redza Shah Abdul Wahid** Independent Non-Executive Chairman • **Datuk Mohd Nasir Ali** Independent Non-Executive Director



# BOARD OF DIRECTORS PROFILE

## DATO' MOHD REDZA SHAH ABDUL WAHID

Independent,  
Non-Executive Chairman



Redza Shah

### Nationality

Malaysian

### Gender

Male

### Age

60 years old

### Date Appointed To Board

14 February 2020

### No. Of Meetings Attended In The Financial Year

8/8

### Qualification:

- Bachelor of Science in Economic (Industry and Trade), London School of Economics, University of London
- Master of Science of Economics (International Banking and Finance), University of Wales, Cardiff
- Associate Chartered Accountant (ACA), Institute of Chartered Accountant in England and Wales (ICAEW)
- Member of Institute of Chartered Accountant in England And Wales
- Chartered Bankers, Asian Institute of Chartered Bankers
- Sustainability Leadership in Business Sustainability Management, University of Cambridge (Online Course)

### Working Experience And Occupation:

- Chief Financial Officer, Silterra Malaysia Berhad (2000 - 2002)
- Group Chief Executive Officer, Tradewinds Corporation Berhad (2002 - 2005)
- Acting Chief Executive Officer, Tradewinds (M) Berhad (2004 - 2005)
- Chief Operating Officer, Drb-Hicom Berhad (2005 - 2008)
- Chief Executive Officer, Bank Muamalat Malaysia Berhad (2008 - 2019)

### Details Of Any Board Committee Involved:

- Board Nomination Committee
- Board Remuneration Committee

### Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:

#### Listed Issuer

- Al-Aqar Healthcare REIT
- Al-Salam REIT
- KPJ Healthcare Berhad

#### Non-Listed Public Companies

- Waqaf An-Nur Corporation Berhad

### Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:

No

### Any Conflicts Of Interest With The Listed Issuer:

No

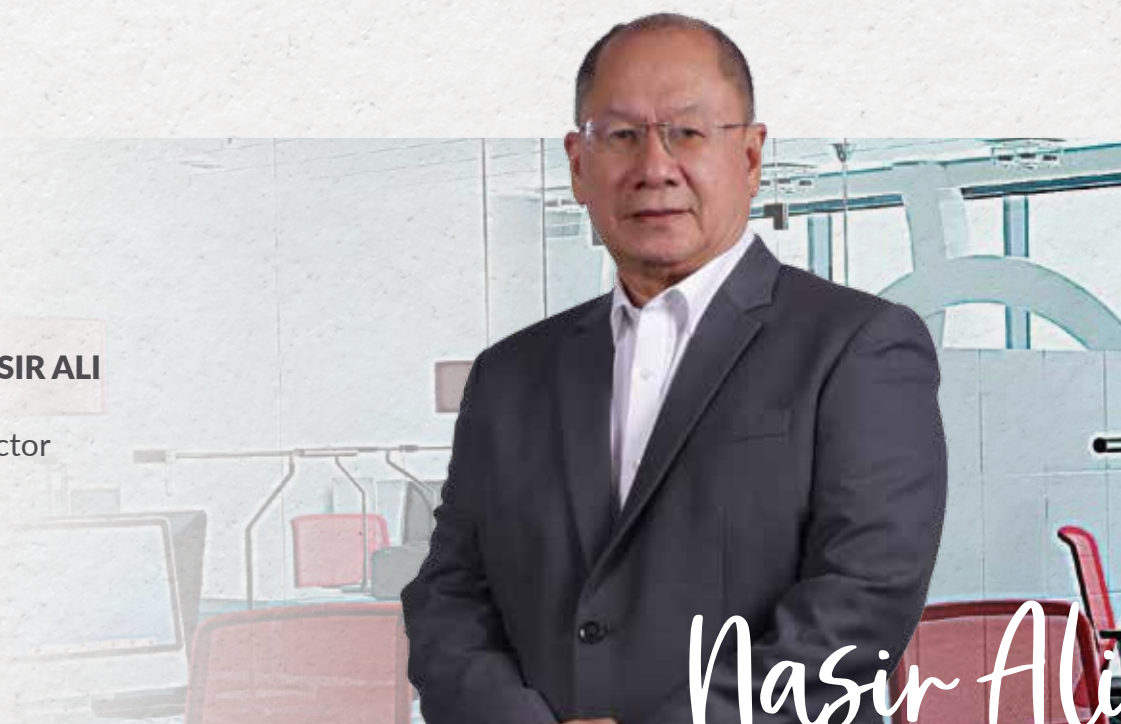
### List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:

No



## DATUK MOHD NASIR ALI

Independent  
Non-Executive Director



**Nationality**  
Malaysian

**Gender**  
Male

**Age**  
65 years old

**Date Appointed  
To Board**  
17 October 2014

**No. Of Meetings  
Attended In The  
Financial Year**  
8/8

### Qualification:

- Bachelor of Economics (Honours) Degree, University of Malaya (1980)
- Master of Science (Finance), University of Strathclyde, United Kingdom (1988)

### Working Experience And Occupation:

- Senior Financial and Marketing Analyst (1982)
- Investment Manager, BBMB Unit Trust Management Berhad (1988)
- General Manager of Dealing & Research Department, Mayban Securities Sdn Bhd (1991 - 1995)
- Chief Executive Officer, Kuala Lumpur City Securities Sdn Bhd (1996 - 2000)
- Group Executive Director, Utusan Melayu (Malaysia) Berhad (2000 - 2014)

### Details Of Any Board Committee Involved:

- Board Audit Committee
- Board Remuneration Committee
- Board Risk & Governance Committee

### Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:

#### Listed Issuer

- Damansara Holding Berhad
- ICapital Biz Berhad

#### Non-Listed Public Companies

- MIDF Amanah Investment Bank Berhad
- Goodyear (Malaysia) Berhad
- Gold Li Berhad
- Malaysia Shareholder Watch Group Berhad

### Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:

No

### Any Conflicts Of Interest With The Listed Issuer:

No

### List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:

No



**ABDUL AZMIN ABDUL HALIM**

Independent,  
Non-Executive Director

**Nationality**

Malaysian

**Gender**

Male

**Age**

68 years old

**Date Appointed To Board**

15 April 2014

**No. Of Meetings Attended In The Financial Year**

8/8

**Qualification:**

- Diploma in Banking Studies, Mara Institute of Technology (1974)
- Bachelor of Science Degree, Syracuse University, United States (1976)
- Master of Business Administration, Central Michigan University (1978)

**Working Experience And Occupation:**

- Management Executive, Accounts Department, Esso Production Malaysia Inc. (1978 - 1981)
- Cost Accountant, Motorola Malaysia (1981)
- Management Executive, Petronas (1981 - 1989)
- Manager, Commercial Department, Petronas Gas Sdn Bhd (1989 - 1994)
- Senior Manager, Contracts and Procurement Department, Petronas Carigali (1994 - 2002)
- Senior Manager, Tenders and Contracts Division, Petronas (2002 - 2008)

**Details Of Any Board Committee Involved:**

- Board Audit Committee
- Board Nomination Committee
- Tender Board Committee

**Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:**

No

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**

No

**Any Conflicts Of Interest With The Listed Issuer:**

No

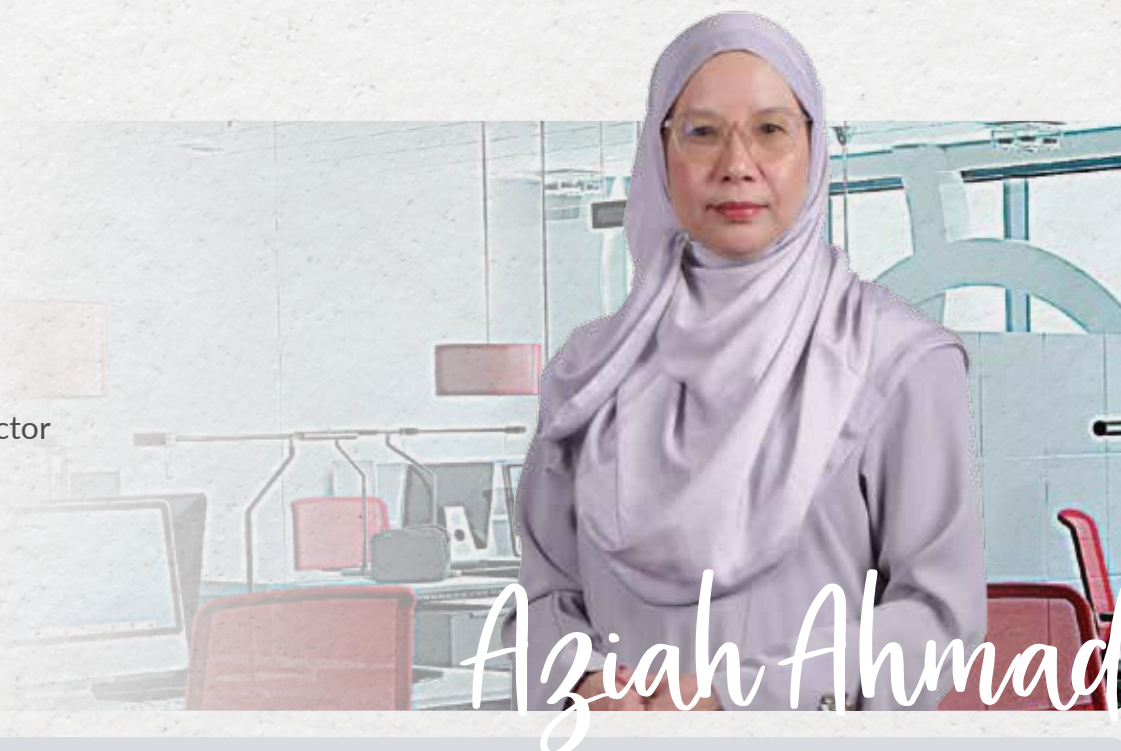
**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:**

No



## AZIAH AHMAD

Non-Independent,  
Non-Executive Director



**Nationality**  
Malaysian

**Gender**  
Female

**Age**  
55 years old

**Date Appointed To Board**  
2 October 2017

**No. Of Meetings Attended In The Financial Year**  
8/8

### Qualification:

- Bachelor of Commerce, Majoring in Accountancy, University of Wollongong, New South Wales, Australia (1989)

### Working Experience And Occupation:

- Audit Assistant, Coopers & Lybrand (1989)
- Senior Manager, Pelangi Berhad (2006)
- Deputy General Manager, PNB Commercial Sdn Bhd (2009)
- Acting Chief Financial Officer, PNB Commercial Sdn Bhd (2011)
- General Manager, Johor Corporation (2014)
- Chief Financial Officer, Damansara Assets Sdn Bhd (2015)
- General Manager, Johor Corporation (2016)
- Head Of Group Financing Monitoring And Advisory, Johor Corporation (2016 – 2019)
- Chief Financial Officer, Kulim (Malaysia) Berhad (2020 – Present)

### Details Of Any Board Committee Involved:

- Board Audit Committee
- Tender Board Committee

### Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:

#### Non-Listed Public Companies

- Sindora Berhad

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**  
No

**Any Conflicts Of Interest With The Listed Issuer:**  
No

**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:**  
No



**ROZAN MOHD SA'AT**

Independent,  
Non-Executive Director



Rozan Sa'at

**Nationality**

Malaysian

**Gender**

Male

**Age**

62 years old

**Date Appointed To Board**

1 January 2007

**No. Of Meetings Attended In The Financial Year**

8/8

**Qualification:**

- Bachelor of Economics (Honours) Majoring in Statistics, University Kebangsaan Malaysia (1982)

**Working Experience And Occupation:**

- Administrative Officer, Corporate Planning & Research Department, Johor Corporation (1983)
- Operations Manager, SERGAM (1986)
- Administrative Officer, Corporate Communications Department, Johor Corporation (1987 - 1988)
- Executive Director, Several Subsidiaries in Johor Corporation Group (1988 - 1993)
- General Manager, Tourism Division, Johor Corporation (1994)
- Chief Executive, Tourism Division, Johor Corporation (1996)
- General Manager, Business Development, Johor Corporation (1999)
- Senior General Manager, Business Development, Johor Corporation (2000 - 2002)
- Managing Director, Sindora Berhad (2002)
- Managing Director, PIJ Holdings Sdn Bhd (2014)

**Details Of Any Board Committee Involved:**

- Board Nomination Committee
- Board Remuneration Committee
- Board Risk & Governance Committee

**Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:**

No

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**

No

**Any Conflicts Of Interest With The Listed Issuer:**

No

**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year, If Any:**

No



## IR. DR. MOHD SHAHREEN ZAINOOREEN MADROS

Independent  
Non-Executive Director



**Nationality**  
Malaysian

**Gender**  
Male

**Age**  
59 years old

**Date Appointed  
To Board**  
1 October 2019

**No. Of Meetings  
Attended In The  
Financial Year**  
8/8

### Qualifications

- 1st Class Honours Degree in Civil Engineering, University of London (1986)
- Doctorate in Structural Engineering, University of Cambridge (1989)
- Registered Professional Engineer Member, The Board of Engineers, Malaysia

### Working Experience and Occupation:

- Serving in Various Capacity in The Oil and Gas Industry (20 years)
- Lecturer in Engineering Faculty, Universiti Kebangsaan Malaysia
- Serving in Various Capacity in The Government Agencies (10 years)
- Represented Malaysia in Many International Trade Missions
- Involved in Various Industry Dialogue Working with The Ministry of International Trade and Industry
- Involved as An Exco Member of The Malaysian Oil & Gas Services Council (MOGSC)
- Chief Executive Officer, MATRADE (2017 - February 2019)
- Certified Coach, Malaysian Institute of Management (MIM)
- Pro- Temp Committee, IAC Malaysia
- Adjunct Professor With A Local University

### Details of Any Board Committee Involved

- Board Risk & Governance Committee
- Tender Board Committee

### Other Directorship In Public Companies and Listed Issuers

#### Listed Issuer

- Velesto Energy Berhad

### Family relationship with any director and/ or major shareholder of the Company

No

### Conflict of interests with the Company

No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

No



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# COMPANY SECRETARIES

## SABARUDIN HARUN

Company Secretary

### Nationality

Malaysian

### Gender

Male

### Age

44 years old

### Date Of Appointment

15 January 2015



## NURALIZA A. RAHMAN

Company Secretary

### Nationality

Malaysian

### Gender

Female

### Age

51 years old

### Date Of Appointment

15 January 2015









**From left**

**RINI ZUNNURNI MOHD JAHAYA** Manager, HR (Office & Crew), Administration & Information Technology • **SAIFUL NIZAM ISMAIL** Manager, Fleet Technical • **ILYANA BUSTAN** Manager, Procurement & Contract Management • **NORWAHIDA JAAFAR** Manager, Group Reporting & Corporate Services • **ABU HUSSEIN MOHAMED** Senior Manager, Fleet & Operations • **CHE ZAL AZILAH CHE OMAR** Senior Manager, Finance Operations • **NEW KOK HO** General Manager





**From left**

**NASRUL ASNI MUHAMMAD DAIN** Chief Executive Officer • **MARIAM PUAN** Chief Financial Officer • **CAPT. MOHD NIZAM MOHD HUSSAIN** Head, QHSSE • **REBACCA SOON KUAY YING** Manager, Internal Audit, Risk Management & Governance • **AHMAD FAREZ SUHAIMI** Manager, Port Operation • **FARRAH RADZIAH ABDUL HAK** Manager, Commercial



# KEY MANAGEMENT PROFILE

**Nationality**  
Malaysian

**Gender**  
Male

**Age**  
53 years old

**Date Of Appointment**  
21 March 2022



**Nationality**  
Malaysian

**Gender**  
Female

**Age**  
57 years old

**Date Of Appointment**  
1 January 2022



## NASRUL ASNI MUHAMMAD DAIN Chief Executive Officer

### Qualification:

- BSc. (Hons) in Accounting & Finance, University of Wales, Cardiff, UK
- Certified Credit Professional, Institut Bank Bank Malaysia

### Working Experience And Occupation:

- 1996 to 1998: Corporate Loan Officer, Kewangan Industri Berhad
- 1999 to 2000: Senior Executive, Bank Industri (M) Berhad
- 2001 to 2004: Assistant Manager, Group Special Assets Division, Bank Industri (M) Berhad
- 2005 to 2006: Manager, Rehabilitation Department & Acting Head of Department, Bank Industri (M) Berhad
- 2007 to 2009: Head, Shipping Department, OCBC Bank Malaysia
- 2009 to 2022: Head / Senior Vice President, RHB Bank Berhad
- 2022 to Present: Chief Executive Officer, E.A. Technique (M) Berhad

**Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:**  
No

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**  
No

**Any Conflicts Of Interest With The Listed Issuer:**  
No

**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year If Any:**  
No

## MARIAM PUAN Chief Financial Officer

### Qualification:

- Fellow of the Association of Chartered Certified Accountants
- Members of the Malaysian Institute of Accountants

### Working Experience And Occupation:

- 1989 to 1990: Trainee Accountant, Bashir Bhatti Accounting Services (Birmingham, UK)
- 1990 to 1995: Serving in various capacity in Sime Engineering Sdn Bhd
- 1995 to 2018: Serving in various capacity in subsidiary companies within DRB HICOM Group
- 2018 to 2021: Deputy Chief Financial Officer, Prasarana Malaysia Berhad
- 2022 to Present: Chief Financial Officer, E.A. Technique (M) Berhad

**Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:**  
No

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**  
No

**Any Conflicts Of Interest With The Listed Issuer:**  
No

**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year If Any:**  
No



**Nationality**  
Malaysian

**Gender**  
Male

**Age**  
53 years old

**Date Of Appointment**  
1 June 2017



### NEW KOK HO

General Manager / Executive Director

#### Qualification:

- Bachelor of Engineering, Marine Technology, Universiti Teknologi Malaysia
- Board of Engineers, Malaysia
- Members of The Institute Engineers, Malaysia
- Members of institute of Management, Malaysia

#### Working Experience And Occupation:

- 1994 to 2000: Senior Services Engineer (Project), Syarikat Ong Yik Lin Sdn Bhd
- 2000 to 2003: Property Manager, Metrojaya Berhad
- 2003 to 2008: Project Manager, Sumber Samudra Sdn Bhd
- 2008 to 2014: Project Manager, Johor Shipyard and Engineering Sdn Bhd
- 2014 to 2017: General Manager, Johor Shipyard and Engineering Sdn Bhd
- 2017 to Present: Executive Director, Johor Shipyard and Engineering Sdn Bhd
- 2022 to Present: Seconded as General Manager, E.A. Technique (M) Berhad

**Other Directorship In Public Companies And Listed Issuers. If Yes, List And Details:**

No

**Any Family Relationship With Any Director And Or Major Shareholder Of The Listed Issuer:**

No

**Any Conflicts Of Interest With The Listed Issuer:**

No

**List Of Convictions For Offences Within The Past 5 Years And Particulars Of Any Public Sanction Or Penalty Imposed By The Relevant Regulatory Bodies During The Financial Year If Any:**

No



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# CHAIRMAN'S STATEMENT

*Dear  
Shareholders,*

It is an honour to present our Annual Report 2022, and I am privileged to announce that E.A. Technique has turned the corner, and moved from negative to positive territory this year. And thus, the theme of the Annual Report: Rising Above.











Operationally, the Company targeted higher vessel utilisation rates, and vessels were monitored closely to achieve this. Meanwhile, our debt restructuring strategy released funds for more structured maintenance works to be carried on the Company's vessels to make them more efficient.

With rising oil prices, the prospects for marine operations brightened, and we focused on building our order book. There were fewer established players in the marketplace, but new companies were making an entry given the bright prospects in the horizon.

The Company pursued the extension of existing contracts that were due for renewal or expiry, while exploring the option of securing long term charters at

stable rates for current or new vessels. To mitigate operational risks, a strategic decision was made to focus only on time charters and bare boats that provide steady, stable revenue. While spot charters with their higher margins help improve cash flow, they also carry higher risks.

During the year 2022, the Company had secured two (2) PFLNG contracts for five vessels, three (3) fast crew boat contracts and two (2) contracts for one tugboat and one mooring boat. For FY2022, the Group's order book as of 31 December 2022 stands at RM299.6 million with an extension period worth an additional RM333.8 million.

#### Order Book (RM)

# 633.4 million

As of 31 December 2022  
(Including optional period)

#### Vessel Utilisation Rate

# 77.2%

As of 31 December 2022





## REGULARISATION PLAN

E.A. Technique was classified a PN17 company on 25 February 2022. Since then, the Company has been in close engagement with appointed advisers to formulate a workable regularisation plan to be submitted to the appropriate regulatory authorities within 12 months.

On 9 February 2023, the Company sought an extension of time up to 24 August 2023, to submit its regularisation plan. On 13 March 2023 and 11 April 2023, the Company had announced its proposed regularisation plan. Based on our performance in the past two quarters, we are confident that we can achieve the two consecutive quarters of profit to uplift us from the PN17 status upon completion of the proposed regularisation plan.

## OUTLOOK

With the improved market sentiment in the shipping industry, the outlook for the marine transportation has brightened. E.A. Technique has experienced a resurgence in demand for tankers due to the better market.

Since the turnaround plan, the Company has made continuous improvements an integral part of its business – encompassing the management and operations. The Company is in better financial position than it was in the past three years, and with a profitable FY2022, it poised to deliver good returns to investors in the not-too-distant future.

## IN APPRECIATION

On behalf of the Board of Directors, I wish to thank loyal shareholders for their unwavering support of the Company's turnaround efforts, which enabled us to be stable financially. My fellow board members too, made enormous contributions, sharing their insights to assist E.A. Technique.

We also wish to express our appreciation to the federal and state governments, regulatory authorities, partners and supply chain vendors for their support. And to our creditors for their faith in us.

Last but not least, a special thank you to all E.A. Technique management and employees who remained resolute and committed to recalibrating the Company, so that it gets ready to Rise Above..

Thank you

**Dato' Mohd Redza Shah Abdul Wahid**  
Chairman





# MANAGEMENT DISCUSSION AND ANALYSIS

“  
This has been a year of recovery for the world, country and E.A. Technique (M) Berhad (“E.A. Technique”), after the tumultuous Covid-19 pandemic. At E.A. Technique, we have spent the past 12 months nursing ourselves back to better financial health and operational fitness. The regularisation plan to exit the Company’s PN17 status is in progress while debt restructuring efforts are set to improve the Company’s liquidity and financial stability.

I am pleased to announce that the Company is in better shape end FY2022 than it was in the previous financial year, which were marked by increasing profit after tax. In FY2021, we recorded a loss after tax of RM150.6 million. In FY2022, we reversed this trend by recording a profit after tax of RM20.0 million, a growth more than 100%.

”



## OPERATING LANDSCAPE

The recovery of the global economy after the Covid-19 pandemic was undermined by post-pandemic supply chain disruptions and the Russia-Ukraine military conflict. This caused inflationary pressures that caused prices to escalate and affected demand and consumption.

According to Bank Negara, the Malaysian economy expanded by 8.7% (2021: 3.1%). All economic sectors registered growth in the fourth quarter of 2022. The services sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business services activities. Headline inflation averaged higher at 3.3% in 2022 (2021: 2.5%), having peaked at 4.7% in August 2022 and moderating thereafter, albeit remaining elevated.

The economy was also boosted by crude oil prices that continued to climb higher during the year. However, due to recession fears in some major economies as well as

the economic slowdown in China, oil prices dipped below USD100 per barrel in September 2022. This was countered by OPEC and allies cutting production starting November 2022 until end of 2023. Oil prices stood at USD80.92 per barrel by the end of December 2022. China's easing of its COVID-19 Zero Policy in December 2022 also helped to support oil prices.

Heavy investments made in recent years such as the Pengerang Integrated Complex and new Integrated Aroma Ingredients Complex are starting to bear fruit and bolster the downstream capabilities of the country. PETRONAS has successfully ventured into specialty chemicals and has higher refining capacity to balance Malaysia's gasoline supply and demand. In addition, PETRONAS is now better positioned to undertake a lot more blending of oil to meet demand for low-sulphur oil from shippers following the new fuel regulations by the International Maritime Organization.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of liquefied natural

Group Revenue  
(RM)

153.6  
million

2021: RM160.6 Million



gas ("LNG") per annum. In 2022, the value of exports of LNG from Malaysia amounted to RM67.99 billion. With key LNG assets such as the PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world's largest LNG production facilities at a single location, Malaysia is expected to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

While the market held a lot of promise, there was caution among businesses because of geopolitical tensions, economic uncertainty and rising costs.

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## STRATEGIC GOALS

01  
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03  
**04**  
05  
06**Strategic Goal #1: Business Revenue Enhancement**

- To improve vessel utilization so as to achieve higher returns on the Company's investments
- To provide quality customer service for contracts for repeat business as well as build brand equity
- To improve Daily Charter Rate ("DCR") with better terms and conditions for existing contracts
- To diversify the Company's contract portfolio through right balancing of vessels – tankers, FSUs, OSVs and tugboats – and between oil & gas and non-oil and gas customers

2

**Strategic Goal #2: Cost Reduction Programme**

- To adhere to a strict regimen of scheduled and preventive maintenance to contain costs arising from controllable expenditure
- To minimize the practice of outsourcing off hire and substitution vessels from third parties
- To strengthen technical and operational foundation through improved communication, planning, reporting and monitoring, financial management and inventory & data digitalisation
- To add in strategic procurement initiatives through effective contract management, suppliers' optimisation and collaboration with market players

3

**Strategic Goal #3: Liquidity Preservation**

- To ensure the timely disposal of aging vessels that are no longer cost-efficient and seek buyers quickly; the falling age profile of the fleet can be used to retain existing customers and entice new ones
- To maintain a strong and productive relationship with existing financial institutions and trade creditors and enjoy their goodwill at all times
- To pursue a corporate placement exercise to raise funds
- To initiate refinancing program for potential business expansion and fleet renewal program
- To complete Scheme of Arrangement with scheme creditors
- To initiate the regularisation plan to restore E.A. Technique to its former listing status on Bursa Malaysia

4

**Strategic Goal #4: Reinvigorating the Organisation Culture**

- To embark on an organizational culture journey defined by positive values, continuous innovation and an ecosystem of equal opportunities in all aspects of professional development and remuneration.

## CORPORATE PRIORITIES FY2022

## ► Proposed Regularisation Plan

Since E.A. Technique was classified a PN17 company on 25 February 2022, we have been focusing our efforts on the formulation of a proposed Regularisation Plan to be submitted to either Bursa Securities or Securities Commission for approval within 12 months and to complete the implementation of the plan within the time frame set by Bursa Securities Commission.

Upon the successful implementation of this Plan, the Company is confident that it should be able to meet the criteria under the Listing Requirements to allow it to be uplifted from its PN17 status.

The Company had on 13 March 2023 and 11 April 2023, announced the requisite announcement on the Proposed Regularisation Plan which includes a proposed shares issuance to raise a total of RM60.0 million as requisite funds for the Scheme of Arrangement ("SOA") and payment to scheme creditors.

The proposed Regularisation Plan serves to regularize the financial condition of the Group in order to address and uplift the PN17 status of the Company. The management believes that upon completion of the Proposed Regularisation Plan, the Group will be able to meet the criteria to uplift itself from being classified as a PN17 entity. The management believes that this will also bode well for the Group as it will be able to provide confidence to its various stakeholders such as its shareholders, clients, financiers and employees of the Group moving forward.





## ► Creditors' Scheme of Arrangement (SOA)

On 5 December 2022, the Company had at a Creditors' Court Convened Meeting, obtained the approval of the SOA by the requisite majority in value of the creditors present and voting. On 4 January 2023, the Company has obtained the order from the High Court of Malaya pursuant to section 366 of the Act to sanction the SOA. On 12 January 2023, the SOA had become effective following the lodgement of the office copy of the order with the Companies Commission of Malaysia.

Notwithstanding the completion of the SOA that is dependent on the fulfilment of the settlement amount to the scheme creditors, the Company is confident that it should be able to raise sufficient funding through the Asset Disposal Program and the Proposed Shares Issuance for the said settlement. Upon completion of the SOA, the Company should have a strengthened balance sheet from the elimination of the accumulated losses as a result of the one-off gain from the waiver of debts owed to scheme creditors.

## ► Asset Disposal Program

To raise funds, the Group decided to dispose its aging vessels whilst maintaining younger vessels. Accordingly, the Group identified five divestment vessels to raise a portion of the funding required for the settlement of its scheme creditors under the SOA.

The Asset Disposal Program entails the divestment of ageing assets and vessels which no longer in contracts, namely, Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi, Nautica Maharani and Nautica Muar.

As at end FY2022, the divestment of Nautica Batu Pahat, Nautica Renggam, Nautica Kota Tinggi and Nautica Maharani have been completed.

E. A. Technique has received an offer for Nautica Muar, the remaining divestment vessel, and is in the midst of negotiating the terms for the disposal. The Company envisages completing the disposal of Nautica Muar in the third quarter of 2023.

## ► New Key Management

In FY2022, E.A. Technique appointed new key personnel, namely, Nasrul Asni Muhammad Dain as the Chief Executive Officer, and Mariam Puan as the Chief Financial Officer. We believe that with our diverse experience and background, we should be able to bring forth a new perspective and contribute positively towards the Group's business. For details refer Key Management Profile on page 24 to 27.

## FINANCIAL PERFORMANCE

The abovementioned corporate priorities were undertaken by the Group together with the Proposed Regularisation Plan, and forms part of the overall plan to regularise the Group's financial position and operations.

As a result of the aforementioned measures, the Group's financial position had since improved. The Group recorded revenue of RM153.6 million in FYE 2022 as compared to RM160.6 million in the previous corresponding year resulted in decrease of RM7.0 million in revenue. Lower revenue mainly due to expiry of certain contracts.

Despite the decrease in the revenue, the Group recorded profit after tax of RM20.0 million in FYE 2022 as compared to loss after tax of RM150.6 million in FYE 2021 which was mainly due to the following:

- I. decrease in depreciation charges from vessels which had been reclassified to assets held for sale at the end of FYE 2021 which were subsequently disposed in 2022;
- II. net gain on disposal from the disposal of 4 tankers and 7 tugboats;
- III. decrease in the loss on foreign exchange as a result of lower USD loan balance between two financial years;
- IV. reversal of vessel impairment in FYE 2022; and
- V. deferred tax asset recognised in FYE 2022.

The Group believes that upon completion

of the Proposed Regularisation Plan, SOA and continued efforts to secure new contracts and deliver existing contracts on a timely and satisfactory basis, the prospects of the Group's overall financial position and operations should be positive.

More details in the Financial Statement, pages 92 to 161.

## OPERATIONAL PERFORMANCE

E.A. Technique owns and operates marine vessels, which are focused on provision of marine transportation, port marine services and shipbuilding. The Company's operational priority in FY2022 was increased vessel utilisation rate and cost containment.

As at December 2022, the Group's order book stood at approximately RM299.6 million, with extension options of an additional RM333.8 million.

Currently, the Group has 29 vessels, with 26 vessels in operation. During the year, E.A. Technique recorded a vessel utilisation rate of 77.21% (FY2021: 55.45%). The strategy to divest five vessels delivered cost savings in terms of depreciation and maintenance costs.

Revenue from marine transportation declined while port services remained flat. Overall, EBITDA grew to RM45.0 million (FY2021: RM40.7 million), with marked contributions from port services.

Profit after Tax  
(RM)

**20**  
**million**

2021: (RM150.6 million)







Vessel Utilisation Rate

**77.2%**

2021: (55.5%)

**GROUP OPERATIONS****E.A. TECHNIQUE****TYPE OF SERVICES****Marine transportation**

- Product tankers
- Floating storage and offloading (FSO)
- Offshore support vessels (OSV)

**Port marine services**

- Tugboats
- Mooring boats

**Shipbuilding**

- Shipbuilding
- Ship repair

**TYPE OF CUSTOMERS****Marine transportation**

- O&G trading companies
- Design and engineering companies
- O&G refineries
- Marine vessel operators
- O&G exploration and production companies

**Port marine services**

- Ports

**Shipbuilding**

- Marine vessel operators



04

The Group has the following types of vessels:



E.A. Technique (M) Berhad | Integrated Annual Report 2022



The Group charters out these vessels to customers based on the following arrangements:

Time charter	Bareboat charter	Spot charter
<b>①</b> Provides the vessel, its crew and operates the vessel under the charterer's command.	<b>②</b> Provides the vessel with no crew or provisions are included as part of the agreement. Whilst the charterer becomes entirely responsible for the vessel.	<b>③</b> Provides the vessel for chartering on a short-term basis.

Since the Group's focus is to restore its financial stability, time charters and bare boat charters have become its preferred choice.

#### ► Key Contracts

- Nautica Tg. Puteri XXX has secured a bareboat contract with Surya Nautica Sdn Bhd for a period of one (1) year.
- Nautica Langsat has secured a time charter contract with Petroship Sdn Bhd for a period of Six (6) months commencing from September 2022 to February 2023.
- Awarded a new contract for Five (5) years from Sungai Udang Port Sdn Bhd for One (1) unit of Harbour Tug Nautica Tg. Puteri XXXVIII and One (1) unit of Mooring Boat Nautica Tg. Puteri XVIII
- Secured Two (2) years + Two (2) years contract for Five (5) Tugboats namely Nautica Tg Puteri XXIII, Nautica Tg. Puteri XXVII, Nautica Tg. Puteri XXVIII, Nautica Tg. Puteri XXIX and Nautica Tg. Puteri XXXVII through our wholly owned subsidiary, Libra Perfex Precision Sdn Bhd from Petronas Floating LNG (L) Ltd. The contract is for the Three (3) units of Provision of Tugboat Services, One (1) unit for Term Contract Emergency Standby Vessel for Package A1 and One (1) unit Term Contract Emergency Standby Vessel for Package A2.

#### ► Port Marine Services

The Company provides port marine services such as towage and mooring services, for petrochemical and bulk as well as containerized ports in Malaysia. The types of port marine services provided are as follows:

- Towage services:**  
Towage services that involve towing, pushing, dragging or maneuvering vessels in the water through the use of a rope or cable attached to a tugboat.
- Mooring services:**  
Mooring services that involve securing marine vessels to specially constructed fixtures, such as, amongst others, piers, quays, wharfs, jetties, anchor buoys and mooring buoys.

As at end FY2022, the Group operated fourteen (14) tugboats and one (1) mooring boat to support marine services to the following ports:

- Sg Udang Port Sdn Bhd;
- Kertih Port Sdn Bhd; and
- Northport (Malaysia) Berhad.

Port marine services contributed 52.7% of total Group revenue during the year.





► **Shipbuilding**

The Group undertakes shipbuilding and ship repairs to support its marine vessel operations. The Group also undertakes minor fabrication of steel structures, such as, amongst others, skids and piping systems, in its shipyard which are mainly utilized for the marine vessels. Examples of the shipbuilding and ship repair works undertaken by the Group are as follows:



## Shipbuilding

Construction of hull and structure, installation of machinery, equipment and instruments, embedding systems on deck of the vessel, painting, coating, as well as testing and commissioning.



## Ship repair

Inspection, replacement, modification, removal, installation and cleaning.

The Group commenced its shipbuilding operations in 2008 to support and expand its marine transportation and port marine services business operations. The Group's shipbuilding and ship repair operations are carried out at a shipyard in Hutan Melintang, Perak. The shipyard has a water frontage of approximately 350 meters in length, quayside water depth of approximately three meters at low tide and up to six meters at high tide, with a 130 meter long launching bay. The shipyard is capable of constructing six vessels of 35m tugboats or one unit of 120m at any one time.

## RISKS

► **Compliance**

The oil & gas industry is highly regulated because of inherent risks that include, amongst others, oil spills, fire explosion, discharge of pollutants, equipment defects or failures, personal injury or loss of life, and damages to assets. As such, the Group is required to adhere to the rules and regulations imposed, as well as possess the relevant licences, registrations and certifications for transportation of O&G at sea. Moreover, the Group required to comply with the rules and regulations imposed by the Government and international conventions issued by the International Maritime Organisation.

Non-compliance, non-renewal and/or suspension of licences will hamper the Group's effort to bid for new contracts. This in turn will adversely affect the financial performance of the Group. The Group will thus undertake the necessary steps to monitor compliance, as well as track the validity and application of the required licences, registration and certificate requirements for operations.

► Operational and Contractual Risks

The Group's charter contracts are for a fixed period with optional extension periods. They are structured to achieve an acceptable return on investment, after taking into consideration the cost associated with executing the contracts. Nonetheless, in the event of any unforeseen operational problems, such as, amongst others, penalty payments, human errors, unfavourable weather conditions and unexpectedly high operating costs, the charter contracts may not be able to generate the expected return on investment.

Further, the Group is subject to contractual risks, which include, amongst others, ability to maintain satisfactory conditions of the charter vessels and ability to adhere to the delivery performance requirements stipulated in the respective charter contract. In the event the Group is unable to satisfy its contractual obligations due to reasons beyond its control, which include amongst others, damages sustained to the vessel during operations, unplanned downtime

due to break down, failure to obtain substitute vessel in a timely manner, it may result in potential penalties or liquidated damages, which in turn may adversely affect the financial performance of the Group.

## ► Securing New O&G Charter Contracts

The financial performance of the Group is largely dependent on its ability to secure new O&G charter contracts to increase and replenish our order book. O&G charter contracts are awarded on a project-to-project basis, and this poses a risk that the Group may be unable to continuously secure new contracts.

Further, in line with industry practice, existing O&G charter contracts are for varying periods of time, which contain clauses which could, amongst others, give the customers the right for early termination. Hence, there can be no assurance that the Group's financial performance will not be adversely affected in the event contracts are cancelled or varied, and if the Group is unable to secure new O&G charter contracts to replenish its order book.

► Significant Capital Investment

The Group's O&G transportation business requires significant capital investment due to the high cost associated with acquiring and construction of vessels. Currently, the Group has 29 vessels, of which 26 vessels are in operation. As the Group intends to secure additional charter contracts, the Group would require to acquire additional vessels for execution of any additional charter contracts. The acquisition of additional vessels will need to be funded via the proceeds raised from internally generated funds, bank borrowings, or future equity fund raising. The Group will assess its financial condition at the point in time to determine the most suitable source of funding.

In the event that the Group secures additional contracts but is unable to secure funding to acquire additional vessels, when necessary, the Group may suffer reputational damages, reduced profitability, or potential penalties. The Group will thus closely monitor the usage capacity of its vessels and financial condition, prior to bidding for additional charter contracts. In addition, the acquisition of additional vessels will only happen once the Group manages to secure more charter contracts.





#### ► Dependency on O&G industry

The Group is principally involved in the transportation and storage of O&G, as well as charter of marine support vessels for transportation of personnel and cargoes between shore and off-shore oil refineries. Approximately 94.0% to 95.0% of the Group's revenue comes from the O&G. Hence, the Group is dependent on the level of activity in the O&G industry as well as supply and demand of oil.

The level of activity in the O&G industry affects the global supply of oil. The global supply and demand of oil will in turn affect, amongst others, the current and future price of crude oil prices, the number, size and location of oil fields discovered, as well as the capital expenditure by the Group's customers in the O&G industry. Consequently, the demand for the Group's services may fluctuate in tandem with these factors.

In the event of a slowdown in the O&G industry, decrease in crude oil price, decrease in demand or increase in supply of oil, the demand for the Group's services may decrease and the Group's financial performance may be adversely affected. Notwithstanding that the above-mentioned factors that are beyond the control of the Group, the Group will continue to monitor and manage its costs to ensure that the revenue generated is sufficient to cover operational costs.

#### ► Political, Economic and Regulatory Influences

The prospects of the Group are largely dependent on the developments in the political, economic and regulatory conditions in Malaysia. Any unfavourable development in political, economic and regulatory conditions in Malaysia could adversely affect the financial position and business prospects of the Group. These risks include, amongst others, changes in political leadership, risk of war, riots and commotions, changes in economic conditions, changes in interest rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, duties and tariffs.

Further, the Government has made it mandatory to obtain the necessary licences from PETRONAS to participate in the O&G industry in Malaysia. Hence, changes in regulatory factors that may affect PETRONAS, may in turn affect the Group's ability to renew or apply for the necessary licences. Inability to renew or apply for the necessary licenses will adversely affect the financial condition of the Group.

Although the E.A. Technique will undertake a prudent approach in managing such risks internally, there can be no assurance that any adverse economic, political and regulatory changes will materially affect the Group's business prospects as these risks are beyond its control.



## Strengths

- The Company has various segments of vessels from tankers, FSO, fast crew boats and tugboats, that enables Company to operate in diversify markets.
- Majority of the Company's vessels are long term charters, averaging between 1 to 10 years, that is up to 2030. In FY2022, the vessel utilisation rate stood at 77.2%.
- The Company is among the top 4 near coastal operators of product tankers and a major local player engaged directly by port operators to provide towing services.
- Strong relationship with major Oil and Gas players through long-term contracts.
- Johor Shipyard Engineering Sdn Bhd ("JSE") has the facilities and capabilities to execute inhouse maintenance thus minimise vessel downtime.
- The Company has more than 20 years' experience in the shipping and maritime business hence is able to offer a range of solutions tailored to suit client's specific requirements.
- As public listed company, E.A. Technique can tap the capital market for funds to finance its expansion programme.
- The Company's new management team is committed to make progress and improve operations together with the employees' positive attitude and strong unity to enhances cooperation amongst the departments/ teams.

## Weaknesses

- Most of the vessels' age more than 10 years old hence, high maintenance cost will be incurred to ensure their seaworthiness.
- Heavily dependent on Oil and Gas industry.
- Inadequate talent management may hinders the competitiveness and financial performance of business.
- Current status on PN17 classification hindering E.A. Technique to secure financing from financial institutions.

## Opportunities

- Prospects and outlook of the marine transportation and support services business are promising.
- Crude oil price is strengthening, thus expect more oil exploration, development and production activities. This will create demand for marine transportation and support services.
- The Company has good track record in FSO segment, hence will attract more business opportunities in that segment.

## Threats

- EAT's business is subject to inherent risks such as pollution and oil spills, equipment defects, fire and explosions. QHSSE team together with the Management have huge responsibilities to ensure full compliance with all relevant laws, regulations and policies.
- Cybersecurity risk that may jeopardise operations, information and assets.
- The Company's fleets are exposed to piracy attacks, especially in the Straits of Malacca and South China Sea.
- There is keen competition from other local players that provide similar services. The Company needs to aggressively market its competitive advantage, such as suitable and up-to-date vessels, capabilities and experiences, and diversity of manpower.
- Delay in obtaining Bursa Securities approval on Regularisation Plan which may lead to delay in upliftment of PN17 status.

## OUTLOOK

According to the Ministry of Finance's Economic Outlook 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity.

The economy is expected to remain resilient with domestic demand continues to drive growth amid softening global environment.

Activities in the local upstream O&G sector are expected to remain robust, according to analysts. Oil prices are projected to average at US\$88 per barrel and this will continue to encourage oil companies to maintain capital expenditure and operational expenditure (OPEX) plans. This prospect would be a boon to upstream services players.





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# Sustainability Report







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In today's world, business sustainability is associated with the positive impacts on economic, social, and environmental matters. These are no longer obligatory, but conditional to the viability of the business, particularly of public listed companies that are required to declare their commitments in this regard.

As such, business models and plans are being embedded with economic, environment and social (EES) goals, from start to finish.

At E.A. Technique, our mission to uphold safety, security, quality and the environment forms the overarching framework for our sustainability thrusts. They are the key drivers ensuring resilience, value creation and risk management in the economic, social and environment dimensions of our business.

As part of the customer's supply chain, we also align ourselves to the sustainability goals of our customers, to create value and grow together with them holistically.

By mid-FY2022, the larger part of the world economy was on recovery mode from the contagious Covid-19 pandemic, which had hampered our value creation efforts and posed health and safety risks for our employees. Following the lifting of Covid-19 restrictions, the Company started to get back on track from the second half of the year onwards. We expect this trend to augur well as move forward into 2023, when we expect to exit from our PN17 status and become an attractive sustainable company for all our stakeholders.



# OVERVIEW SUSTAINABILITY

## KEY SUSTAINABILITY HIGHLIGHTS



# 22,900.0

(gCO<sub>2</sub>/tonne-mile) Total Carbon Emission

# 1,324,458

Safe man hours without fatality

## OVERVIEW OF BUSINESS OPERATIONS



### NON-MARINE OPERATIONS

#### Marine Engineering Services

- Shipbuilding and ship repair



### MARINE OPERATIONS

#### Marine Transportation and Offshore Storage of Oil and Gas Charter Hire of:

- Product tankers
- Floating Storage Unit ("FSU")/Floating Storage Operation ("FSO")
- Offshore Supply Vessels

#### Port Marine services

- Towage Services
- Mooring Service
- Dockside Mooring Service



# ABOUT THIS STATEMENT



## ► Reporting Period

1 January 2022 to 31 December 2022

## ► Reporting Boundary

This Statement covers all business operations in Malaysia, including our subsidiaries, unless stated otherwise. Where possible, we have included both comparative and quantitative data to support the disclosure of each material sustainability matter.

## ► Reporting Framework

- Bursa Securities' Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)

## ► Assurance

This Statement has not undergone external assurance. Moving forward, we will work towards obtaining third-party verification as we progressively mature in our sustainability journey.

## ► Feedback

We value our stakeholders' feedback on this Statement and on our sustainability practices. Should you have any queries or feedback, you are welcome to contact:

### Norwahida binti Jaafar

(Manager, Group Reporting & Corporate Services)

Email: [norwahida@eatechnique.com.my](mailto:norwahida@eatechnique.com.my)  
or [ir@eatechnique.com.my](mailto:ir@eatechnique.com.my)

**In this Sustainability Statement, we continue with E.A. Technique's convention of clear and transparent disclosures of the Company's approach, initiatives and performance across the three sustainability pillars – Economic, Environment and Social – for the year ended 31 December 2022**

### *Economic*

Refers to the impact we have on the economic condition of our business and our stakeholders.

**PG. 54 to 55**

### *Environment*

Refers to the impact we have on living and non-living natural systems, including water, land, air ecosystems.

**PG. 56 to 61**

### *Social*

Refers to the impact we have on our people and our community.

**PG. 62 to 69**

## STAKEHOLDER ENGAGEMENT

**Stakeholder engagement is one of the pillars of sustainability.**

The impact of the Covid-19 pandemic and the loss of the MMHE arbitration case saw stakeholder engagement being intensified, especially to inform those vested interests of developments that affected the financial and operational performance of the company during FY2021. The engagement also saw reassurances from the Company, based on trends, risks and opportunities as the world progresses into the endemic stage of Covid-19 from 2022 onwards.

Stakeholder engagement guided the E.A. Technique Board with policy-making and the Management with strategy development and execution. In addition, it forged transparency, trust while striving to retain the confidence of stakeholders.

During the year, all stakeholder communication and engagements were conducted virtually because of the Covid-19 pandemic. At these online meetings, the Company raised matters of concern to relevant stakeholders, and notified them of actions taken to manage of sustainability materiality matters.



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## SUSTAINABILITY GOVERNANCE

E.A. Technique's Board hold the highest responsibility in managing sustainability across the Group. Our sustainability governance represents how we drive sustainability across the Group and assimilate it with our operations. The effective management of our sustainability matters are cascaded and communicated between the Board, Executive Board Committee, Senior Management and Core Business Functions through a cross-functional approach.

As per Bursa requirement, in 2022 we introduced the Fit & Proper Policy for our Board of Directors. This to ensure the Company has put in place a formal and transparent process for the appointment and re-election of directors of the Company and its subsidiaries.

## COMPLIANCE REPORT

As a marine transportation company, E.A. Technique is governed by shipping laws, regulations and guidelines in the various international jurisdictions where we operate. In addition, we have to comply with Malaysian shipping industry requirements and Bursa Malaysia regulations. As a standard practice, the Company reviews all regulatory obligations every two months, to ensure full compliance.

In 2022, we were in full compliance of all requirements in our regulatory environment, which included efforts to exit E.A Technique's PN17 status. The report below refers.



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External governing laws, regulations, guidelines, licences, directives, guidance and practice notes									
LAW AND ACTS THAT APPLICABLE TO SHIPPING INDUSTRY IN MALAYSIA AND OTHER REQUIREMENT									
a)	RELATED TO INDUSTRY						COMPLIANCE STATUS AS AT 31/12/2022		
No	Sections/Clauses	Description of The Act		Authorities/ Ministries	Department Responsible	Department/ Companies	Compliance Status	Reasons for Non Compliance	Remedial Actions
10	Companies Act 1965	Regulates incorporation of a company, responsibilities of a company, directors, dissolution of a company	All in the ACTS	SSM		Corporate Affairs Dept/ Company Secretaries	Comply		
11	Main Market Listing Requirements	Requirements set by the Bursa Malaysia for all listed companies	1) Disclosure of Price-Sensitive Information 2) Response to Unusual Market Activity 3) Response to Rumours or Reports 4) Disclosure of important Matters relating to Listed Company 5) Periodic Financial Reporting 6) Maintaining the minimum Public Spread requirements 7) Reporting on Transactions	Bursa Malaysia		Corporate Affairs Dept	Comply for all other requirements except the PN17 status	the Company is classified as an affected listed issuer under Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Main LR Bursa Securities, whereby its shareholders' equity as at 31 December 2021 of RM5.96 million is less than 50% of its share capital of RM179.755 million.	the company is in the midst of formulating a regulation plan to address its financial condition regularisation plan to address its financial condition
12	Securities Industry Act 1983	An Act to make provisions with respect to stock exchange and persons dealing in Securities, and for certain offences relating to trading in securities, and for other purposes connected therewith		Securities Commission		Corporate Affairs Dept/ Company Secretaries	Comply		
13	Securities Commission Act 1993	An Act to establish the Securities Commission Malaysia and to provide for matters connected therewith and incidental thereto.	1) Secure and transparent securities and future market 2) Overall development of an innovative capital market	Securities Commission		Corporate Affairs Dept/ Company Secretaries	Comply		
14	Capital Market & Service Act 2007	An Act to regulate and to provide for matters relating to the activities, markets and intermediaries in the capital markets, consequential and incidental thereto	Related to initial public offerings, reverse takeover and backdoor	Securities Commission Bursa Malaysia		Corporate Affairs Dept/ Company Secretaries	Comply		
15	Petroleum Development Act 1974	An Act to provide for exploitation of petroleum whether onshore or offshore by a Corporation in which will be vested the entire ownership in and the exclusive rights, powers, liberties and privileges in respect of the said petroleum, and to control the carrying on of downstream activities to petroleum and its products	Related to all activities in the value chain of the oil and gas industry in Malaysia	PETRONAS Ministry of International Trade and Industry (MITI) Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)			Not Applicable		



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Code of Practise And Guidelines That Applicable To Shipping Industry In Malaysia And Other Requirements									
LAW AND ACTS THAT APPLICABLE TO SHIPPING INDUSTRY IN MALAYSIA AND OTHER REQUIREMENT									
								COMPLIANCE STATUS AS AT 31/12/2022	
No	Sections/Clauses	Description of The Act		Authorities/ Ministries	Department Responsible	Department/ Companies	Compliance Status	Reasons for Non Compliance	Remedial Actions
1	Employee Handbook	It is a guide and on overview of the company's philosophy and work rules	All in the book			HR & Administration Department	Comply		
2	Polisi Kualiti	It is a mandate from top management	1. Related to Company Policy 2. International Safety Management (ISM) requirements 3. ISO 9001	Designated Person Ashore (DPA)		All Department	Comply		
3	Prosedur ISO	It is a specific integrated management procedure	4. ISO 9001 5. ISO 14001 6. ISO 45001 7. ISO 37001	N/A	N/A	1. HR/Manning 2. Technical 3. Operations 4. Procurement 5. Commercial	Comply		
4	Standard of Operating Procedure (SOP)	It is a procedure specific to operation that describes the activities necessary to complete tasks in accordance with industry regulations, laws or standards in running the business	Relevant to HR			HR & Administration Department	Comply		
5	Financial Procedures	A financial manual which guide operations and lay out how the organisation uses and manages its money	Relevant to Account & Finance			Accounts Department	Comply		
6	Prosedur Fail & Arkib		Relevant to HR			HR & Administration Department	Comply		
7	Variation Order Policy /Policy on Extension of Time		Refer to 2017 Annual Report on SORMIC			Tender/ Commercial Department	Comply		
8	Stamp Act 1949	An Act relating to stamp duties	Relevant to Stamp Duty			Corporate Finance Department/ Company Secretary	Comply		



## MATERIAL SUSTAINABILITY MATTERS

E.A. Technique's material matters relate to risks and opportunities that exist in the Company's key economic, environmental and social aspects of the business. The Company believes that by allocating proper resources to manage material matters, it can formulate a targeted and strategic sustainability agenda to promote growth.

Every year, the Company conducts a review of material sustainability matters to ensure that we are on track to achieve our goals and aspirations. The review examines internal issues and external challenges during the year to recalibrate future direction, as and when needed.

In FY2022, we conducted a materiality assessment to strengthen E.A. Technique's financial framework so as to address cash flow challenges faced by the Company particularly due to legacy issues, we also strengthened the operational core of our business. With a more robust financial and operational foundation, by end-2022 the company was well-positioned to revert to our previous listed position and pursue a pathway for growth in existing and new markets..

## MATERIALITY ASSESSMENT PROCESS -

### IDENTIFICATION

Since FY2020, we have been reviewing the Company's material matters, which are based on inputs from key internal and external stakeholders, Bursa's Sustainability Reporting Guide (3rd Edition), GRI Standards, market trends, peer disclosures and media coverage.

### PRIORITISATION

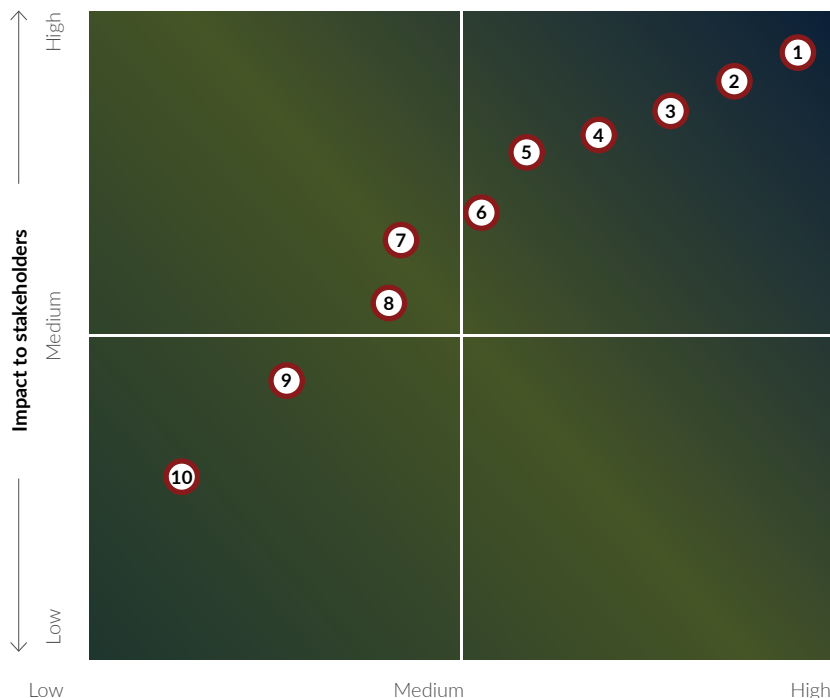
During the year, key internal stakeholders, namely, Management and employees were asked to fill survey forms to gauge, to reprioritise material matters that affected or likely to affect performance in the future.

The prioritisation of material matters was carried out based on the Company's EES impacts and their influence on decision-making by our nine key stakeholders.

### VALIDATION

The Materiality Matrix, which is based on internal and external findings, is refreshed and validated every year.

## FY2022: MATERIALITY MATRIX



We have attempted to explain all key changes to our matrix as follows:

- "Responsible Procurement" has been added as a new material matter to reflect our current efforts in managing the sustainability of our supply chain.
- We have split "Good Governance" into "Compliance", "Strong Governance" and "Customer Satisfaction" for a more targeted approach in managing these material matters. Likewise, we have separated "Environmental Management" into "Emissions and Energy" and "Pollution and Resource Management" to dedicate focus towards managing the two (2) environmental matters.
- We renamed "Capability Building" to "Employee Management" to reflect our holistic approach in managing and upskilling our workforce.



This year, we have enhanced our sustainability reporting scope to include disclosure of all material matters in the matrix, as follows:




NO.	MATERIAL MATTERS	OUR APPROACH
1 	<b>ECONOMIC PERFORMANCE</b> Economic value generated from our operations and distributed to our key stakeholders.	Improving our economic performance through enhancing efficiency of our business operations to ensure long term value creation for our key stakeholders.
2 	<b>RESPONSIBLE PROCUREMENT</b> Assessing our suppliers to meet our procurement policy requirements while channeling support towards local suppliers at significant location of operations.	Establishing meaningful relationships with our suppliers throughout our value chain while promoting EES practices in our suppliers' assessment
3 	<b>EMISSIONS AND ENERGY</b> Emission of greenhouse gases (GHG) and environmentally hazardous substances into the atmosphere and the consumption of energy within E.A. Technique.	Implementing measures in place to help reduce GHG and other harmful emissions into the atmosphere as a way of contributing towards climate change mitigation.
4 	<b>POLLUTION AND RESOURCE MANAGEMENT</b> Effective management of our environmental impact, which covers waste and effluent management, spills prevention, water management and biodiversity.	Implementing environmental management practices that are in compliance with relevant standards to showcase our environmental stewardship.
5 	<b>OCCUPATIONAL HEALTH &amp; SAFETY (OHS)</b> The importance we place on ensuring the wellbeing and safe working environment for our employees, customers and contractors.	Implementing health and safety guidelines in day-to-day operations to establish an injury-free and healthy work environment.
6 	<b>COMPLIANCE</b> Degree of observance to laws and guidelines, as well as efforts undertaken in assessing the anticipated environmental and social impact of our activities.	Ensuring compliance to environmental and social legislation and standards.
7 	<b>STRONG GOVERNANCE</b> Operate our business in an ethical manner while upholding the highest standards of integrity.	Managing the risk and opportunities of the business to build trust and drive performance.
8 	<b>CUSTOMER SATISFACTION</b> Active engagement with customers or clients to deliver products and services that meets their expectations.	Providing services that meet and exceed the needs of our customers across the oil and gas value chain and actively engaging with them and seeking feedback.
9 	<b>EMPLOYEE MANAGEMENT</b> Attract, develop and retain high-performing employees and crews, creating an inclusive and diverse culture	Conducting meaningful engagements with our employees and crews and equipping them with the relevant skills and technical capabilities to boost workplace culture and productivity.
10 	<b>CONTRIBUTION AND VOLUNTEERING</b> Organisational efforts to give back to the community in which we operate.	Increasing social investments and contributions towards community development to enhance livelihood and create positive social impacts.



## Supporting United Nations Sustainability Goals (UN SDGs)

The United Nations Sustainable Development Goals (“UN SDGs”) serve as a global call for action to safeguard and enhance sustainability for current and future generations and covers all aspects of sustainable development. Malaysia has ratified the UN SDGs and aspires to achieve these goals through partnerships and collaborations from various stakeholders. The International Maritime Organisation (IMO), as an agency of the United Nations, has committed to contributing towards UN SDGs that are relevant to the industry to help achieve this 2030 Agenda for sustainable development.

This year, we have identified UN SDGs that are most relevant to our business operations and sustainability agenda and mapped these UN SDGs to our material matters. Moving forward, we aim to further assess how our business activities and sustainability efforts enhance our commitment and contribution to this global agenda.

UN SDG	OUR APPROACH	RELATED MATERIAL MATTERS
 <b>SDG3: GOOD HEALTH AND WELL-BEING</b>  Ensure healthy lives and promote well-being for all at all ages	This goal encompasses both safeguarding the health and well-being of our employees and crew by ensuring high standards of occupational health and safety, as well as public health through adequate measures for pollution control.	<ul style="list-style-type: none"> <li>• OHS, page 65</li> <li>• Pollution and Resource Management, page 57</li> </ul>
 <b>SDG8: DECENT WORK AND ECONOMIC GROWTH</b>  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We aspire to create an environment where our people feel valued, appreciated, safe and able to realise their own potential. We believe that a motivated workforce will boost workplace productivity and contribute positively to our business performance.	<ul style="list-style-type: none"> <li>• Economic Performance, page 54</li> <li>• Responsible Procurement, page 55</li> <li>• OHS, page 65</li> <li>• Compliance, page 46</li> <li>• Strong Governance, page 46</li> <li>• Customer Satisfaction, page 65</li> <li>• Employee Management, page 66</li> <li>• Contribution &amp; Volunteering, page 67</li> </ul>
 <b>SDG13: CLIMATE ACTION</b>  Take urgent action to combat climate change and its impacts	In line with commitments made by the IMO on reducing GHG emissions, we strive to manage our carbon footprint resulting from our operations.	<ul style="list-style-type: none"> <li>• Energy and Emissions, page 58</li> <li>• Pollution and Resource Management, page 57</li> <li>• Compliance, page 46</li> </ul>



## ECONOMIC

**ECONOMIC PERFORMANCE**

In 2022, we progressed well with our efforts to exit the PN17 status. During the year, we formulated the Proposed Regularisation Plan, which included among others a workable debt restructuring plan under 'Scheme of Arrangement' and explored the option to secure long term contracts, utilising current or new vessels.

It was a profitable year, with improvement in the company's cash flow. This result is the outcome of cost containment measures, lower holding cost and the sale of vessels. We realized a gain of RM2.2 million from the sale, as well as a reversal impairment of RM13 million for a vessel. In addition, we experienced improvements in spot charter contracts.

In the face of expiring main contracts, we focused our efforts on renewing or extending them while exploring new growth opportunities. Among our strategies to achieve these goals is the acquisition of new vessels to meet the contract requirements, as well enhancing the productivity and maintenance of existing vessels to meet our contractual obligations.

To enhance customer service, the Company established Contract Management Department in 2022. The Department is entrusted to study all contractual requirements, and undertake proper planning before the commencement of new/renewal contracts.

In the immediate future, the Company focus is to perform regular maintenance and improving the productivity of our vessels.



Other strategies to enhance the Company's economic sustainability include:

- Monitoring budget and financial statements every month
- Building long-term relationships with reliable vendors by implementing the preferred vendor system for selected services/materials
- Harnessing the group synergy strategy in the E.A. Technique Group for better cost savings, quality of services and manpower competencies
- Reducing our environmental impact with thorough inspection of raw materials to be purchased, without compromising on quality

For more information, please refer to the audited financial statement on pages 92 to 161.

## RESPONSIBLE PROCUREMENT

Responsible procurement is the act of sourcing services, supplies and/or works that take account of ethical and sustainable considerations relating to economic, social, labour and environmental concerns in an objective and transparent manner.

In 2022, we reviewed the Company's internal procurement performance and external practices. Subsequently, our Procurement Department was restructured to achieve higher productivity and become more impactful.

The revitalised Department then reviewed the integrity of the vendor database, with regard to its completeness and accuracy. An analysis of the data highlighted areas of improvement.

These findings led to enhanced e-procurement processes that are applicable to various types of procurement. To improve vendor data integrity, the Department revamped the vendor registration process, and requested comprehensive Know Your Client ("KYC") information from all existing and new vendors.

## DISTRIBUTION OF ECONOMIC VALUE

During the year, we created the following values during the year:



### Employees

Employment, talent development and professional training



### Government

Payment of taxes; helping strengthen national maritime goals



### Investors/Providers of Capital

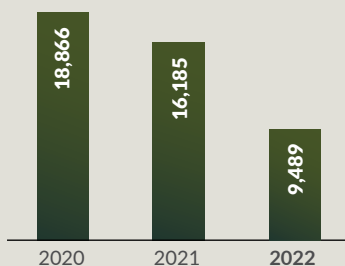
Dividends and finance costs



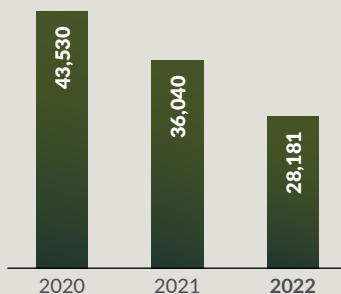
### Communities

CSR activities to improve lives and the livelihood of at-risk communities

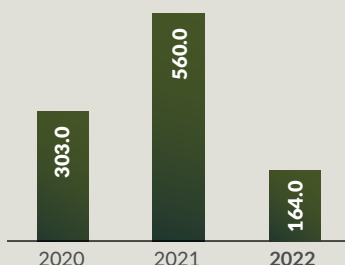
### PROVIDERS OF CAPITAL (RM' 000)



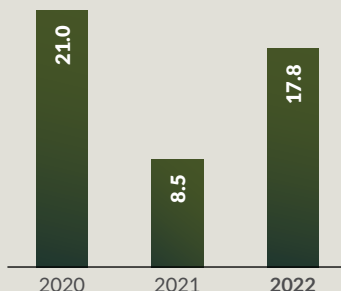
### EMPLOYEE (RM' 000)



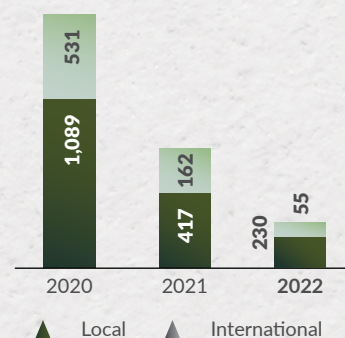
### GOVERNMENT (RM' 000)



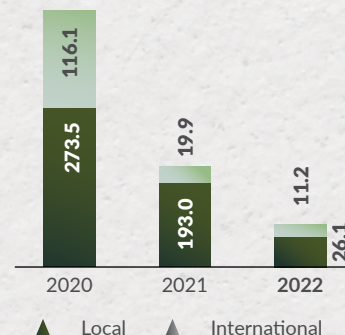
### COMMUNITY (RM' 000)



### TOTAL NUMBER OF SUPPLIER (RM' 000)



### TOTAL SPENT ON PROCUREMENT (RM Million)





# ENVIRONMENT



E.A Technique's Quality, Health, Safety and Environment Policy (QHSE) is the overarching framework for the Environment pillar. This is supported by the Protection Policy and Environmental Manual (EMM) that govern both our marine and non-marine operations. As it stands, we have been certified with the ISO 14001: 2018 Environmental System (EMS), which lays down the framework and processes to manage, monitor and improve our environmental practices.

Our QHSE policy and EMM are designed with national, customer and global goals in mind, and they outline climate change mitigation and natural resources management initiatives that are to be implemented across the Company.


We are committed to playing our part in helping Malaysia realise its Nationally Determined Contribution of reducing greenhouse gases by 45% by 2045, as per the 2016 Paris Agreement. Additionally, as a Petronas vendor, we have started taking various actions to realise our anchor customer's aspiration to achieve Net Zero Carbon Emissions by 2050 that was announced in 2021.

As international shipper, we are also bound by the International Maritime Organisation's (IMO) pursuit of an ecosystem that demands accountability for greenhouse gas emissions and targets to half carbon emissions from shipping by 2050.





**1** Preventing any oil spills and pollution of the seas

2  Creating a safe SOX/  
MOX emission limit for  
all fleet vessels

Our goals are in line with the regulatory environment under which we operate.

International Convention for the prevention of Pollution from ships 1973/1978 (MARPOL) as stipulated by the International Maritime Organisation (IMO), and covers the prevention of pollution and spillage of harmful substances from vessels

Malaysia Department of  
Environment

In 2022, E.A. Technique complied with all international and local regulations.

The Company has adopted a 2-pronged approach to address environmental risks arising from climate change and national resource management. We have introduced various sustainable practices relating to:



## Emissions and energy efficiency



## Natural resource management

## Emissions reduction and energy efficiency initiatives

E.A. Technique's climate change goals are aligned to the milestones of the 'International Maritime Organisation's masterplan to cut GHG emissions from shipping by half in 2050. As such, we are continuously introducing new strategies and action plans to reduce emissions, improve fuel efficiency and adopt technologies that deliver the desired results.

In 2022, all our vessels complied with the International Convention for the Prevention of Pollution (MARPOL) regulations. With regard to PETRONAS Net Zero Carbon Emissions 2050 goal, we were not affected because the fuel oil for these vessels is supplied by PETRONAS, and would meet all their requirements.

What is challenging is compliance with the Emission Reduction and Energy Efficiency requirements enforced by IMO for the local environment because of the high implementation costs to be incurred.

By 2022, we had in place the Ship Energy Efficiency Management Plan Manual (SEEMP) I, II and III to improve energy efficiency of our vessels, as per Malaysia's shipping requirements. SEMP is applicable to all vessels, including new delivery with regard to fuel consumption and exhaust emissions. This covers CO<sub>2</sub> and NO<sub>2</sub> emissions and as well as reducing the carbon intensity of our vessels. In addition, the Company has developed its own portfolio of initiatives to counter environmental risks that are existing or likely to arise.

A significant 2022 milestone is carbon intensity Index monitoring, initiated by the Company in accordance with local and international requirements.

This calls for the verification of the carbon intensity data on a yearly basis, by a Recognised Organisation (RO). In the case of E. A. Technique, it was conducted by Class Bureau Veritas (BV) in 2022.

The Index aims to reduce accumulated carbon intensity by 2% each year, in accordance with the IMO guidelines. To achieve this, the company has devised a strategy objective to be deployed until 2025, when a further review will be undertaken and Index revised to be applicable up to 2030, to achieve the IMO's goal for a 50% reduction of carbon and GHG emissions from by 2050 shipping transportation worldwide.

The year saw the introduction of new requirements for CII under SEEMP Part III. With performance details to be submitted at the end of every year, the new requirements are among IMO's efforts to further reduce GHG emissions.

In response, the Company launched several new measures, including methods to reduce further GHG and carbon emissions as well as how this is to be verified in the immediate and longer term. With our new engine and vessel confirmed as meeting these latest requirements of the IMO and SOLAS, the Company is confident that the key targets set out will be accomplished.






Vessel speed is closely linked to determining the actual calculated emissions. Collaboration and mutual understanding are required of vessel owners and charterers to ensure that carbon emissions data will commensurate with data stipulated in the Energy Emission Technical File for each vessel, especially for tankers.



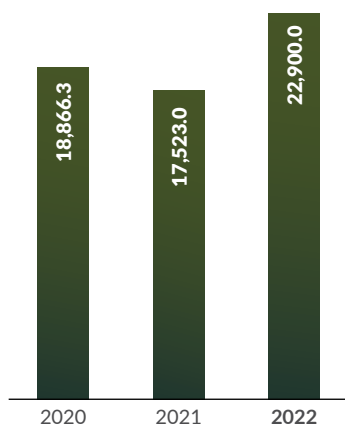
## ONGOING ENERGY EFFICIENCY AND GHG REDUCTION INITIATIVES



We are continuously taking action to improve fuel efficiency and reduce GHG emissions from our vessels. Among the ongoing initiatives are:

- 
**Installation of Propeller Boss Cap Fins**
  - To reduce fuel consumption
  - To reduce maintenance
  - To increase vessel speed
- 
**Cleaning of Hull and Appurtenances**
  - To minimize resistance to movements through water
  - To increase fuel efficiency
- 
**Reducing Tanker Speed**
  - To reduce fuel consumption
  - To increase fuel efficiency
  - To comply with IMO's Nominal Continuous Rating
- 
**Following on-schedule engine maintenance**
  - To increase fuel efficiency
- 
**Using Low Sulphur Fuel Oil**
  - To reduce emissions

In 2022, the carbon emissions has increased by 30%. This is due to vessel idling. However, all those vessels in particular, Nautica Kota Tinggi and Nautica Renggam have been sold as per initiative in the Regularisation Plan.

**CO2 EMISSION**  
 (gCO<sub>2</sub>/tonne-mile)


The Company has also drawn up various plans to defuse its environmental impact. Moving forward, the Company plans to use clean fuels such as Liquified Natural Gas for all vessels. At offices, we closely monitor energy usage from air-conditioning, lighting systems, and electrical devices, appliances and equipment.

At head office, employees have to switch off the lights during lunch breaks and at the close of business to reduce energy wastage. However, in comparison FY2021, the energy consumption for FY2022 has increased by 25% amounting of RM55,271 in electricity bills. This is due to all E.A. Technique's office employees has returned

to office since the Government has announced to end the "work from home" directive for the public and private sector.

**NATURAL RESOURCES MANAGEMENT**

To reduce the impact of our business operations on the natural environment, the Company is guided by the regulatory framework of Malaysia's Department of Environment compliances. To ensure adherence to DOE regulations, the Company has put in place various plans for more sustainable waste and water consumption, reduction of air and water pollution and safeguarding marine biodiversity.

We have developed a set of effective management systems and practices for more efficient natural resource management. They are based on systems and practices that govern procedure and guidelines for accreditation from recognized organisations (Classification Society), on behalf of the Contracting Government (Marine Department) that supports the IMO.

Among the plans in place are the Garbage Management Plan, Sewage Management Plan, Bilge Management Plan, Ballast Water Management plan and the Shipboard Oil Pollution Emergency Plan. All plans are subject to regular review, to ensure they are well maintained and adhere to the latest legislation.

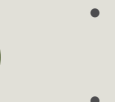
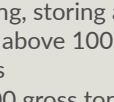
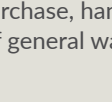
The biggest challenge lies in educating the crew, who play an important role in achieving all stipulated requirements. Collaboration and mutual understanding between both vessel owner and clients is also vital to ensure that waste is properly handled, stored and disposed.





The recording of all data or logs has a significant impact on the Company's business. In view of these challenges, the management has been pro-actively communicating with the Recognised Organisation (Classification Society) for updates on any new requirements that are likely to arise. In addition, frequent vessel visits and audits are conducted by our Operations and Management team. We also undertake third party verifications, such as the External ISM Audit, OVID (for offshore vessels) and SIRE (for tanker vessels) because they have a significant bearing on the achievement of our company's natural resources management targets.

## WASTE MANAGEMENT

	Marine Operations	Non-Marine Operations
<b>WASTE</b> 	<b>Garbage Management Plan ("GMP")</b> <ul style="list-style-type: none"> <li>Information on handling, storing and disposal of garbage that is applicable for vessels above 100 gross tonnage and carrying more than 15 persons</li> <li>If a vessel is above 400 gross tonnage, it is required to have a Garbage Record Book to record every discharge into sea, waste incinerated, and disposal to licensed facilities</li> </ul>	Chemical and Waste Management Manual <ul style="list-style-type: none"> <li>Methods to control purchase, handling, storing and disposal of general waste and hazardous waste</li> </ul>
<b>EFFLUENTS</b> 	<ol style="list-style-type: none"> <li> <b>Bilge Management Plan</b> <ul style="list-style-type: none"> <li>Procedures on handling bilge water, which are processed through an oil filtering equipment</li> <li>All bilge discharge is recorded in the Oil Record Book</li> </ul> </li> <li> <b>Sewage Management Plan</b> <ul style="list-style-type: none"> <li>Procedures on handling sewage, which needs to be treated before being released at a distance of at least 12 nautical miles from land</li> </ul> </li> <li> <b>Ballast Water Management Plan</b> <ul style="list-style-type: none"> <li>Developed in accordance with Regulation D1 of the International Convention for the Control and Management of Ship's Ballast Water and Sediments ("BWM")</li> <li>All ballast water discharged from our vessels is recorded in the Ballast Water Handling Log</li> </ul> </li> </ol>	Effluent is managed according to the approved treatment process
<b>SPILLS</b> 	<b>Shipboard Oil Pollution Emergency Plan</b> <ul style="list-style-type: none"> <li>Provides the necessary course of action when pollution incident has or will likely occur</li> </ul>	Chemical and Waste Management Manual <ul style="list-style-type: none"> <li>Provides procedures to control any liquid spillage and leakage in a safe and controlled manner</li> </ul>

## WASTE SEGREGATION AND DISPOSAL

The Company strictly adheres to MARPOL guidelines for the segregation and disposal of waste generated by our Marine Operations.

The table below identifies the types of waste generated by the Company, and how they are disposed.

Waste Category	Non-Hazardous			Hazardous
<b>TYPES OF WASTE</b>	<ul style="list-style-type: none"><li>• Food waste</li></ul>	<ul style="list-style-type: none"><li>• Paper</li><li>• Sludge oil</li></ul>	<ul style="list-style-type: none"><li>• Plastic</li><li>• Incinerator ash</li><li>• Other non-hazardous solid waste</li></ul>	<ul style="list-style-type: none"><li>• Cleaning solutions</li><li>• Expired chemical products</li><li>• Large amount of sludge oil</li></ul>
<b>POINT OF DISPOSAL</b>	Grinded to a size smaller or equal to 25mm and disposed at sea from a distance of at least 12 nautical miles from the nearest land.	Disposed of through an onboard incinerator	Disposed at a disposal facility onshore and approved by local municipal	Disposed at a licensed facility approved by the DOE



With the Company's Zero Plastic goal for all vessels, crew members avoid using plastic whenever possible. In addition, they are trained on waste management practices and procedures regarding hazardous and non-hazardous wastes. To prompt the right action, information signages are placed at strategic location on board vessels.

## NATURAL RESOURCES MANAGEMENT

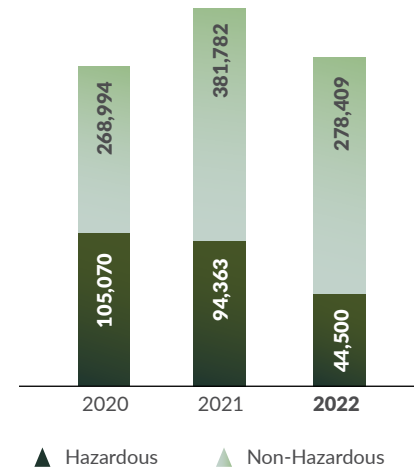
In FY2022 we generated 322,909 kg of waste from marine and non-marine operations, a reduction of 32% over the previous year. This is mainly due to disposal of four tankers during the year.

In non-Marine Operations, hazardous waste consisted of used lubricants and hydraulic oil while non-hazardous waste was mainly in the form of scrap metal and discarded paint from shipbuilding activities. Since 2004, we have introduced material optimisation initiatives for more efficient metal usage in our shipbuilding business.

Paper consumption is carefully monitored, especially at our head office. For meetings and reports, the circulation of soft copies instead of printed hard of documents is becoming the norm. Generally, staff are encouraged to use recycled paper for non-confidential matters.

In FY2022, the Company generated 278,409 kg of non-hazardous waste (FY2021: 381,782) and 44,500 kg of hazardous waste (FY2021: 94,363).

### TOTAL WASTE GENERATED (Kg)







## EFFLUENT MANAGEMENT

Effluent produced by the Company is mainly bilge, sewage and ballast water generated by Marine Operations, and the Company has developed plans and facilities to discharge them in accordance with MARPOL guidelines.

To ensure safe disposal of effluent, crew and safety personnel are provided training to ensure safe handling, treatment and disposal so as to prevent the pollution of waterways and the atmosphere. In 2022, we are in full compliance of the MARPOL guidelines.

## SPILL MANAGEMENT

We are governed by international laws and conventions, and adhere to a strict regimen of preventive actions to avoid spills at all costs.

E.A. Technique's Spill Management manuals and plans guide us uphold this. In addition, we have monthly oil spill drills to ensure our vessels are in a state of readiness with robust emergency response units that can be activated in the event of an oil spill.

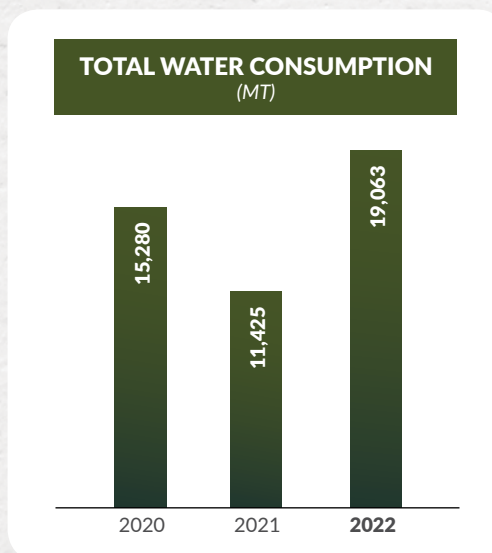
In 2022, we continued our zero-spills record for the sixth consecutive year.

## WATER MANAGEMENT

The Company uses fresh water for domestic consumption and seawater to operate machinery on vessels, which come under the jurisdiction of our Marine Operations. For Non- Marine Operations, piped water is used for equipment as per manufacturing specifications.

As required by Maritime Labour Conventions, the Company conducts scheduled testing of potable water to ensure there is safe drinking water on board our vessels. To prevent water wastage in the light of growing depletion of this vital lifegiving resource, the Company organises awareness campaigns for crew and employees.

In FY2022 the Company's water consumption stood at 19,063 MT (FY2021: 11,425), an increase of 40% from the previous year. This is mainly due to two additional tankers that began operations in 2022, and because all our vessels are back to full operation after the Covid-19 pandemic.



## BIODIVERSITY MANAGEMENT

Malaysia is a signatory to various international conventions, and has pledged to minimise the impact of its business operations on marine life, among other forms of water pollution. For E.A. Technique, safeguarding marine biodiversity is a priority, and we have taken several precautions in this regard.

Of prime significance is our efficient Ballast Water Management Plan, which govern ballast water exchanges between the vessel and the sea. In 2022, we were in full compliance with the D1 requirements for Ballast Water Management, which involves continuous monitoring by our Operations and Managements team. Besides frequent visits and audit of our vessels by the Operations and Management team, we also conducted third party verifications by recognised bodies such as SIRE (for Tanker Vessels). These efforts have significantly improved the company targets towards reducing sea pollution while protecting marine life.

One of the main challenges we face is the introduction of new requirements, which need us to invest in new monitoring equipment to be installed onboard our vessels. They required additional costs. However, we have a stringent HSSE plan, which addresses all our environmental shortcomings, including those relating to marine biodiversity.



# SOCIAL



E. A Technique's Social pillar is wide-ranging, and is anchored by various Corporate Governance Policies and an overarching Quality, Health, Safety and Environment Policy. These policies were formulated to be aligned the requirements of Bursa Malaysia, Department of Occupational Health and Safety Malaysia, International Labour Organisation and the like. They also take account of marketplace trends and community needs, and rolled out appropriate action plans.

## CORPORATE GOVERNANCE

As a Malaysian public listed company, E.A. Technique's governance practices are governed by the Principles and Recommendations in the Malaysian Code of Corporate Governance. Given our client profile and international exposure, the Company also upholds governance practices of accountability, integrity and transparency that are expected of established global companies.

In 2022, the Company continued its track record of good corporate governance by upholding the laws and industry regulations in jurisdictions where it operates. As a responsible business, the company has in place various internal policies to promote ethical business practices and transparency. Accordingly, our workplace is governed by Company's Code of Ethics, Conflict of Interest Policy, Whistleblowing Policy, Cybersecurity Policy and ISO 37001 ABMS Certification.



## Embedding an Anti-Corruption Culture

E.A. Technique received the ISO 37001 Anti Bribery Certification for all operations in 2021. With this, the Company has embedded anti-bribery business practices and procedures across the organisation, in accordance with the Malaysian Anti-Corruption Commission (MACC) Act. As an ABMS-certified organisation, E.A. Technique conducts internal and external surveillance audits that are now an integral part of the Company's Audit Management Programme, to ensure the effectiveness of the Company's anti-corruption practices.

To put ABMS standards into practice, staff were trained on the goals, expectations and deliverables. The Company also conducts yearly refresher courses to inculcate the anti- corruption culture in E.A. Technique.

## Communicating with Staff

The Company communicates regularly with employees to make decisions and act in a manner that supports the corporate mission and values to protect the interests of shareholders and public at large. Among the communication channels utilised are training sessions, website posts, email blasts and meetings, both face-to-face and virtual. Employees and crew are kept updated with new developments and the Company's expectations.



## Code of Ethics

E.A. Technique's Code of Ethics was framed to ensure that there are no compromises in the Company's business practices. Based on the principles of honesty, integrity, accountability and professional conduct, the Code of Ethics is applicable from top down, from the Board of Directors to junior level staff.

The Code of Ethics is a vital component of the New Joiner Induction Programme, where new employees are briefed on ethical behaviour expectations in the Company. At the end of induction programme, employees become signatories to upholding the Company's Code of Ethics. They also kept abreast of updates via web posts, email and face-to-face/virtual briefings.

E.A Technique's Code of Ethics covers the following dimensions, providing clear directions on what needs to be done by employees, senior management and the Board.



## Conflict of Interest Policy

The Company's Conflict of Interest Policy is another measure to reinforce ethical conduct and transparency in the Company. The policy outlines practices to follow and actions to be taken to resolve conflicts as and when they occur in the workplace. It covers the following dimensions:





## Whistleblowing Policy

The Company's Whistleblowing Policy empowers employees to report on suspected misconduct. To encourage employees to voice their grievances without fear of reprisals and at the same time ensure there is no malfeasance on their part, the Company has established clear guidelines on when and how to make a whistleblower's report. All reports are to be treated in the strictest of confidence and subject to thorough investigation before action is taken.

### WHISTLEBLOWING ISSUES



Financial Reporting



Corruption, Bribery, Blackmail



Fraud



Criminal Offences



Non-Compliance with Legal or Regulatory Obligation



Endangerment of an Individual's Health or Safety



Miscarriage of Justice



Concealment of any or an combination of the above

### WHISTLEBLOWING CHANNELS

Employees can raise their concerns and/or file their reports with:

- Line Manager
- Appointed Persons:  
topmanagement@eatechnique.com.my
- Audit Committee Chairman:  
acchairman@eatechnique.com.my

FY2022, there was one whistleblowing case.

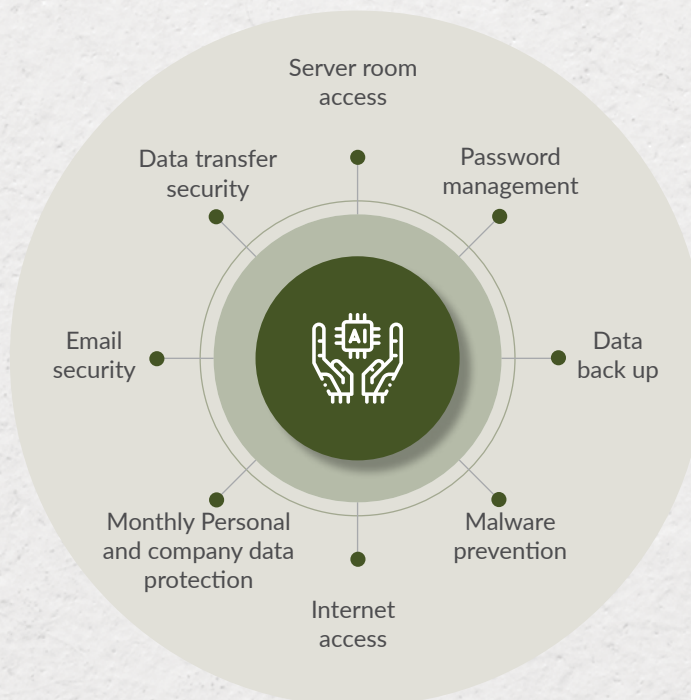


## Cybersecurity Policy

With the pervasive use of technology for management and operations, cybersecurity is paramount to ensure that the security and integrity of all systems and applications are not compromised.

In FY2019, the Company launched the Cyber Security Policy, and it was followed by the implementation of the Cybersecurity Policy and Procedures in February 2021. The Policy and Procedures are designed to protect all information and assets generated at E.A. Technique, and to prevent disruptions, minimise damage and maximise returns on the Company's investments and opportunities.

The Company has comprehensive cyber security procedures that cover the following:



Since the implementation of the Cyber Security Policy, the Company has not recorded any cyber security breaches.



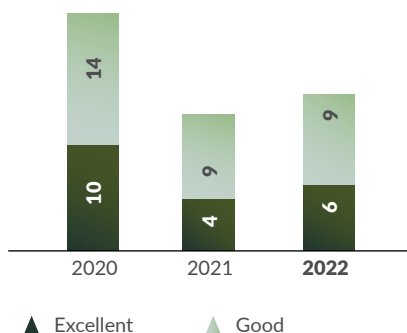
## CUSTOMER SATISFACTION

We value customer relationships because they are focal point of our business operations. At E.A. Technique, we are guided by the ISO 9001: 2015 (Quality Management System) standards that stress on building trust to forge meaningful customer relationships.

As a standard practice, the Company seeks customer feedback to improve the quality of service rendered by employees and crew. Survey forms are regularly circulated to customers to gauge their views with regard to the Company's service quality, charter rates, communication effectiveness, responsiveness, vessel reliability and schedules.

In FY2022, the responses to our Customer Satisfaction Form were encouraging, with 40% scores in the “Excellent” range and 60% in the “Good” range of feedback. Prime issues raised during the year related to communication and reporting matters which have been acknowledged and addressed by the Management.

## NUMBER OF CUSTOMER FEEDBACK RECEIVED



## OCCUPATIONAL HEALTH & SAFETY

E.A. Technique is guided by the Malaysian Occupational Health and Safety regulations and also abides by international standards pertaining to workplace health and Safety. Based on this, the Company formulated the following goals, which are encapsulated in the QHSE Policy. They are:

- Achieving zero defect, accident and downtime
- Achieving zero injury and fatality
- Creating a safe and healthy workplace
- Continuously implementing and improving management systems
- Meeting client requirements and enhancing client satisfaction

## Occupational Health and Safety Governance

The Company's Occupational Health and Safety (OHS) comes under the purview of the Corporate Health, Safety, Security, Environment and Quality (HSSEQ) Department, which reviews our OHS performance every quarter and develops action plans based on the findings.

In addition, each vessel has a Health and Safety Committee that reports directly to the HSSEQ Department. The Committee, which is made up of representatives from the management and Marine Operations, promotes, reviews and evaluates health and safety measures that exist onboard. Their findings are used to continuously improve the OHS standard of the Company.

By industry standards, the Company's incident rate of 0.19 (FY2021: 3.08) is comparable with that of competitors. A total of 60 near miss incidents were reported during the year. Initial investigations have indicated that human error was the primary cause of incidents on board our vessels, and a mitigation plan has been developed to address this shortfall.

The highlight of FY2022 was the reduction of Medical Treatment Cases (MTC) and Total Recordable Case. They fell by 2 (FY2021: 13) and 1 (FY2021: 4) respectively.







## OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE, YOY

Lagging Indicator	2021				2022		
	YTD	Q1	Q2	Q3	Q4	YTD Total	Target
Fatality	0	0	0	0	0	0	0
Lost Time Injury (LTI)	0	0	0	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	0	0	0	0	0	0
Restricted Works Case (RWC)	0	0	0	0	0	0	0
Medical Treatments Case (MTC)							
• Injury/ Illness (Work- related)	4	1	0	2	0	3	0
• Injury/ Illness (Non- work related)	9	6	1	0	1	8	0
First Aid Case (FAC)	0	0	0	0	0	0	0
Total Recordable Case	4	1	0	2	0	3	0
Total Recordable Case Frequency	3.08	0.10	0	0.19	0	0.19	0
		Q1	Q2	Q3	Q4	YTD Total	Target
Fire/ Explosion Case	0	0	0	0	0	0	0
Property Damage Case	6	0	3	1	0	4	0
Oil Spill	0	0	0	0	0	0	0
Environmental Incident Case	0	0	0	0	0	0	0
Near Miss (NM)	0	0	0	20	40	60	Min. 2/ vessel/ Month

Moving forward, the Company plans to strengthen the accountability chain for accidents; adopt the problem management approach rather than incident management; and identify and implement more rigorous risk control measures to mitigate incidents/accidents in its fleet of vessels.

### Risk Management

Risk Management encompasses health and safety risks, and involves hazard identification and mitigation plans as pre-emptive measures.

At E.A. Technique, we have a robust risk management system that seamlessly people, processes and tools to ensure prompt risk identification and resolution. Our risk management plan is continuously reviewed and refined to be effective and relevant.

### Working Arrangements During Covid-19 Pandemic

Covid-19 measures taken to address health and safety issues in 2020 and 2021 continued to prevail until the pandemic entered the endemic phase in mid-2022.

### Continuous Communication and Training

To strengthen our health and safety standards, the HSSEQ Department regularly conducts OHS campaigns, audits and inspections that are communicated to vessels via memos, newsletters and training materials. Onboard vessels, the Department appoints selected representatives and the captain to conduct OSH-related training.

### EMPLOYEE MANAGEMENT

E.A. Technique strives for a proactive work culture that is result-oriented. This revolves around the continuous pursuit of higher working standards by ensuring employees are motivated, productive and resourceful. To achieve this, it provides employees with clear career development paths and appropriate training to meet their needs.

At E.A. Technique, we allocate substantial resources to nurture a workforce that is adequately empowered to drive us toward achieving organizational goals. Our Human Resources Department is entrusted to implement the Company's human resources policies outlined in the Employee Handbook, which covers workplace policies, guidelines and regulations pertaining to the employee management including employee benefits.

We also nurture diversity in the workplace because we believe this adds value to the organisation. As at end FY2022, E.A. Technique had 99 office staff and 358 crew employed by the organisation.



## Training and Development

Professional development is integral to the growth of E.A. Technique, and we conduct various internal and external training programmes to boost the human capital of our Company.

Training & development programmes rebounded with the lifting of Covid-19 restrictions from June 2022 onwards, with a mix of online and physical sessions. In 2022, the Company's training expenditure rose to RM96,458.00 (FY2021 RM30,735.00). The total training hours clocked was 1,560 hours. The average training hours per employee increase to 29 hours (FY2021: 14.25 hours).

In FY2022, we strived to return to tract with various types training pertinent for career development of our employees.

## 2022 TRAINING CALENDAR

1. Bosiet & CAEBS	2. Audit Oversight Board	3. Microsoft Excel (Intermediate - Advanced)	4. The New Companies Act 2016 and Updates
5. Oil And Gas Safety Passport	6. Designated Person Ashore	7. AMRO Course and Certification	8. Seminar Maritime Professionals: Legalties of the new Norm
9. Maritime Law Course	10. Tools For New Auditors	11. OPITO CA-EBS INITIAL DEPLOYMENT	12. Incident Investigation Technique (Bow-Tie Method)
13. Emergency Responses Preparedness Training	14. BOSIET & CA-EBS TRAINING	15. SHIP TO SHIP TRANSFER -BEST PRACTICES FORUM	16. Audit Oversight Board

## Performance Review of Employees

As part of E.A. Technique's commitment to quality, we conduct employee performance reviews to ensure we have the personal and professional competencies to deliver quality customer service. The Company has a structured performance review process, which takes account of an employee past performance, presence capabilities and future potential. The process is used to recognise and reward them, as well as identify competency gaps for training and chart future career paths.

## Management Trainee Programme

To realise our sustainability aspiration, the Company is on the look-out for young talent to take us to the next stage of its growth. With this in mind, we have designed a Management Trainee Programme to shape bright minds for future leadership positions. Trainees for the programme are selected on the basis of their academic credentials, aptitude and attitude, and are required to undergo a one-year programme to acquire pertinent knowledge and skills sets in key management and operational functions of the Company.

In FY2022, we welcomed two management trainees to the Company (FY2021: 1)

## COMMUNITY OUTREACH

The community is an important stakeholder, and the Company is committed to ensure equity by creating opportunity and assisting in poverty alleviation. Our Community Outreach initiatives centre around boosting employment opportunities among youths from low-income homes, and improving the livelihoods of underserved groups.

In addition, efforts are directed at improving the environment such as beach cleaning and tree planting; the latter is our current focus.

Given our PN17 status and limited cash flow, our contributions in FY2022 stood at RM17,790.69 (FY2021: RM8,500).

## Creating opportunity with internships

The Company offers internship opportunities to deserving candidates from needy families who are keen to pursue a career in the maritime industry. We have in place a buddy system, where an intern work with a mentor (buddy), who will guide and familiarize the youth on specific aspects of operations and deliverables. Upon the completion of the internship, which ranges from three to six months, interns are evaluated on their performance. Those who meet the Company's evaluation criteria stand a chance of being absorbed in the permanent workforce.

We have accepted ten applications for internships throughout the year of 2022.





## SUSTAINABILITY PERFORMANCE

MATERIAL MATTERS	INDICATORS	FY 2020	FY 2021	FY 2022	
Economic Performance	Revenue (RM million)	303.2	160.6	153.6	
Environmental Management	Carbon emissions (gCO2/tonne-mile)	18,866.3	17,523.0	22,900.0	
	Non-hazardous waste disposed (kg)	268,994	381,782	278,409	
	Hazardous waste disposed (kg)	105,070	94,363	44,500	
	Total water consumption (MT)	15,280	11,425	19,063	
Occupational Health And Safety	Number of fatalities	0	0	0	
	Fatality accident rate	0	0	0	
	Total safe manhours	1,921,528	1,305,299	1,324,458	
	Lost time injury rate ("LTIF")	0	0	0	
Customer Satisfaction	Total number of feedbacks received on customer satisfaction	29	18	15	
Employee Management	Total number of employees	642	466	457	
	Office-based employees	Male	65	59	64
		Female	40	29	35
		Total	105	88	99
	Percentage of office-based employees (%)	Male	62	67	65%
		Female	38	33	35%
	Number of onboard employees	Male	532	376	357
		Female	5	2	1
		Total	537	378	358
	Percentage of onboard employees (%)	Male	99	99	99%
		Female	1	1	1%
		Total	7	6	6
	Percentage of female employees (%)	Board composition	12.5	17	17%
	Percentage of employees by employment type (%)	Permanent	2	2	2%
		Part time	6	4	6%
		Contract	92	94	92%
	Percentage of employees by age group (%)	Below 30	36	37	33%
		30 – 50	52	49	51%
		Above 50	12	14	16%
	Number of Employee turnover by category	Office-based	25	30	25%
		Onboard	282	306	204



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# CALENDAR OF EVENTS 2022

4

HSSE Recognition Award 2021 was awarded to E.A. Technique (M) Berhad by MISC Maritime Services Sdn Bhd



## Jan

14

Protocol Delivery & Acceptance Ceremony between SAZ Marine & Engineering Sdn Bhd and E.A. Technique (M) Berhad at Setiawangsa, Kuala Lumpur



2

Hari Raya Aidil Fitri Celebration at E.A. Technique (M) Berhad, Setiawangsa, Kuala Lumpur



21

Protocol Delivery & Acceptance Ceremony of M.T. Nautica Renggam at E.A. Technique (M) Berhad, Setiawangsa, Kuala Lumpur



## June

13

28<sup>th</sup> Virtual Annual General Meeting of E.A. Technique (M) Berhad



## Jul

26

In-house training on Bursa Main Market Listing Requirement at Ikram Training Room, Setiawangsa Business Suites, Kuala Lumpur





# Sept Oct

12

Extraordinary General Meeting at Sapphire, Level 9, Holiday Inn Johor Bahru City Centre, Johor



9

Engagement Meeting with Top Management of Kerteh Port Sdn Bhd at Hotel Maya, Kuala Lumpur



25

Extraordinary General Meeting at Rex, Level 6, Amari Johor Bahru, Johor

# Nov

22

E.A. Technique (M) Berhad's Townhall at Red Room, Rebung Restaurant, Bukit Aman, Kuala Lumpur



24

HSSEQ Emergency Evacuation Fire Drill Program at Setiawangsa Bussiness Suite, Kuala Lumpur



27

CSR Program at Badan Amal Nur Zaharah, Janda Baik, Pahang

5

Court Convened Meeting ("CCM") at Glenmarie Ballroom, Glenmarie Hotel & Golf Resort, Selangor

# Dec



20

E.A. Technique (M) Berhad's Townhall at Private Room, Yahala Arabic Restaurant, Jalan Ampang, Kuala Lumpur



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board of Directors (“Board”) of E.A. Technique (M) Berhad (“E.A. Technique or Company”) presents this Corporate Governance Overview Statement (“Statement”) to provide shareholders and investors with an insight into the corporate governance practices of the Company under the leadership of the Board for the financial period ended 31 December 2022.**

Over the years, the Company has weathered business and economic challenges and is currently geared up for transitioning into the recovery phase. In building a resilient and a sustainable business, the Board is mindful of its accountability towards its shareholders and stakeholders. The Board and Top Management are committed to providing effective leadership and promoting uncompromising ethical standards in the organisation, and towards ensuring excellence in its corporate governance standards and practices throughout the Company, to which the explanations on each application of the recommended practices are disclosed in the Company's Corporate Governance Report 2022 (“CG Report”)

This Statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and it is to be read together with the CG Report which is available on the Company's website at [www.eatechnique.com.my](http://www.eatechnique.com.my) as well as via the announcement made on the website of Bursa Malaysia. The CG Report provides the details on how the Company has generally applied each practice as set out in the Malaysian Code on Corporate Governance (“MCCG”) during the FYE 2022.

This Statement should also be read alongside other statements in the Annual Report (e.g., Statement on Risk Management and Internal Control and Sustainability Statement) for a holistic understanding of the Group's corporate governance framework and practices.

The Board is pleased to present this Statement setting the summary of the corporate governance practices adopted by the Company during the financial year ended 31 December 2022 (“FYE 2022”) in line with the application of the three (3) principles of the MCCG (“3 Principles”) as follows:

## ► Core Principles

A

Board leadership and effectiveness

B

Effective audit and risk management

C

Integrity in corporate reporting and meaningful relationship with stakeholders

The Board of Directors (“Board”) of E.A. Technique (M) Berhad (“E.A. Technique or Company”) strongly believes the importance of effective corporate governance in conducting the business and affairs throughout the Group. This is to ensure business prosperity and foster a culture with ethical values whilst continuously delivering and sustaining E.A. Technique's value with sound policies, business practices and internal controls in place. The Company is guided by the principles of the Malaysian Code on Corporate Governance (“MCCG”) and remains steadfast towards achieving a high standard of corporate governance.

**DATUK MOHD NASIR ALI**  
Independent  
Non-Executive Director





PRINCIPLE A:

**A BOARD LEADERSHIP AND EFFECTIVENESS**

► OUR PN17 RESPONSE

The Board had on 25 February 2022, announced that E.A. Technique is classified as an affected listed issuer under Practice Note 17 ("PN17") of the MMLR of Bursa Malaysia ("First Announcement"). Pursuant thereto, the Company is required to submit a Regularisation Plan within 12 months from the First Announcement.

Since then, the Company had appointed the necessary advisers (i.e., principal adviser, solicitors, independent market researcher, internal control reviewer and reporting accountant) to assist in the formulation of the proposed regularisation plan and to prepare for the submission of the proposed regularisation plan to the relevant authorities.

Throughout this challenging period, the Board remained conscious of the importance of continuing to support our Top Management by giving and providing strategic directives with clear focus on the PN17 issues. The Company had undertaken a Scheme of Arrangement with creditors which have also taken effect on 12 January 2023, following the lodgement of the Sanction Order with the Companies Commission of Malaysia.

On 9 February 2023, the Company announced that it has submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") an application for an extension of time ("EOT") up to 24 August 2023 for the Company to submit its regularisation plan. On 2 March 2023, Bursa Securities granted the Company the said EOT.

The Board has taken the necessary steps to formulate a regularisation plan to address the Company's PN17 status and had on 13 March 2023 and 11 April 2023, made the necessary requisite announcement in relation to the regularisation plan.

► Sustainability

The Board acknowledges the importance of sustainability relating to Environmental, Social and Governance ("ESG") including their risks and opportunities to/for the Group. E.A. Technique has also implemented the Statement of Policy On Quality, Health, Safety And Environment

Protection ("QHSE Policy") with the objective of providing safe practices in ship operation and a safe working environment continuously improving the safety management skills of personnel ashore and onboard including preparing for emergencies related both to safety and environmental protection, establishing safeguards against all identified risks, compliance with mandatory rules and regulations.

The Company continuously and constantly communicates the targets and performances of ESG to all the stakeholders of the Group. Detailed information pertaining to the sustainability of the Group and the strategic outcomes are stated in the Sustainability Statement on pages 42 to 89 of this Annual Report 2022.

**THE RESPONSIBILITIES OF THE BOARD**

The Board led by the Group Chairman, Dato' Mohd Redza Shah Abdul Wahid an Independent Non-Executive Director is responsible to the shareholders and various stakeholders for creating and delivering sustainable value and long-term success through its leadership and management of the Group's business and operations, in line with the Group's vision and mission.

The Board has the primary responsibility for setting the strategic goals of the Company and in fulfilling the said responsibility. The Board had approved the Group's 5-Year Strategic Business Plan (2023-2027) on 23 November 2022, which is driven by sustainable growth, reflects the strategic focus and intensified efforts of the Group's core divisions to strengthen profitability amid the current domestic/global economic challenges and industry outlook.

**LIMITS OF AUTHORITY**

The Corporate Governance is supported by the Company's Limits of Authority ("LOA") which defines the decision-making limits of each level of Management within the Group. The LOA manual clearly outlines matters over which the Board reserves authority and those delegated to the Senior Top Management. These limits

cover amongst authority over payments, investment, capital and revenue expenditure spending limits, budget approvals and contract commitments as well as authority over non-financial matters. The LOA manual provides a framework of authority and accountability within the Company and facilitates decision making at the appropriate level in the organisation's hierarchy.

**SEPARATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")**

The Board is responsible for overseeing the overall management of the Group and retains full and effective control over the business and affairs of the Group. The Board reviews the Group's key policies, business plans and strategies actively oversee the conduct management and business affairs of the Company and monitors the Top Management's performance. The Board ensures the effective discharge of its fiduciary and leadership functions as well as sustaining long-term shareholder value while safeguarding the interests of all the shareholders. It works closely with the Top Management to ensure that the operations of the Company are conducted prudently.

On 21 March 2022, Nasrul Asni Mohammad Dain has been appointed as the Chief Executive Officer of E.A. Technique (M) Berhad. He is accountable to the Board for the overall organisation, management, and staffing of the Group and for its procedures in financial and operational matters, including conduct, discipline, and leadership.

There is a distinct and clear division of responsibility between the Group Chairman and the Chief Executive Officer ("CEO"), to ensure a strict balance of power and separation of authority. The Group Chairman is responsible for leading and guiding the Board whilst maintaining the highest standard of governance. The Group Chairman also serves as the main link between the Board and Management and particularly between the Board and the CEO.



## BOARD CHARTER

The Board Charter, a source reference document for the Directors, outline matters relating to the Board and its processes. It also sets out the duties and responsibilities of the Group Chairman, the CEO, and the Board as a whole.

### BOARD ROLES & RESPONSIBILITIES

- Reviewing and adopting a strategic plan for Company
- Overseeing the conduct of the Company's business
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures
- Succession planning
- Overseeing the development and implementation of shareholder communication policy for the Company
- Reviewing the adequacy and integrity of the Company's management information and internal control system

### CHAIRMAN

#### Dato' Mohd Redza Shah Abdul Wahid

- Providing leadership to the Board
- Chairing meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each member
- Chairing meetings of shareholders
- Ensuring the Board's full discharge of its duties
- Identifying guidelines for the conduct of directors, and ensuring that each director is making a significant contribution
- Acting as liaison between the Board and management
- Ensuring that the Board's strategic direction and planning process is established
- Working with the Nomination Committee and Remuneration Committee

### CHIEF EXECUTIVE OFFICER

#### Nasrul Asni Mohammad Dain

- Foster a corporate culture that promotes ethical practice, encourages individual integrity and fulfil social responsibility
- Develops and recommends to the Board a long-term strategy and vision for the Group that led to the creation of shareholders' value
- Develops and recommends to the Board the Groups' operational plans and budget that support the Group's short to long term strategy
- Ensure achievement of objectives and goals, as contained in the strategic plan
- Manage the overall business and oversee the day-to-day operation of the Group
- Formulate and oversee the implementation of major corporate policies

Notes:

The roles of Chairman and CEO are held by two (2) separate individuals

## FORMALISED ETHICAL OF STANDARDS

The Board is committed to promoting good business conduct and maintaining healthy corporate culture that emphasizes integrity, transparency and fairness.

In line with the overriding responsibility to act honestly, fairly and with integrity, the Directors have put in place the following ethical standards and a brief description of the said ethical standards are provided in the CG Report:

- 1) Code of Ethics
- 2) Whistle Blowing Policy
- 3) Anti-Bribery Policy

## CODE OF ETHICS

The Company had also made available its Code of Ethics ("COE") on the Company's website, [www.eatechnique.com.my](http://www.eatechnique.com.my). The objective of the implementation of the COE is to enable the exposure of any violations or improper conduct or wrongdoing in the Company. The COE sets out the principles, practices, and standards of personal and corporate behaviour whereby all Directors and employees of E.A. Technique Group are required to comply with. Failure to comply with COE is a serious breach, and appropriate action will be taken for its non-compliance.

## WHISTLE BLOWING POLICY

Whistle Blowing Policy of E.A. Technique Group provides an avenue for employees to make good-faith disclosure and report

instances of unethical, unlawful, or undesirable conduct without fear of reprisal. The identity of whistle-blower and the concerns raised are treated with the utmost confidently.

## ANTI-BRIBERY POLICY

The Company has also been officially recognized with the Anti-Bribery Management System ("ABMS") certificate on 6 May 2021 and has been implementing it since 2020. This Anti-Bribery policy is to further enforce the E.A. Technique's Code of Conduct & Business Ethics to ensure that employees understand their responsibilities to compliance with the Company zero tolerance for bribery and corruption within the organization.







For instance, the Chairman of the Audit Committee ("AC") and Chairman of the Risk & Governance Committee ("RGC") would inform the Directors at Board meetings, of any salient audit findings and any risk management issues raised at the AC and RGC meetings which require the Board's discussion on actions to be taken by the Management.

The External Auditors also briefed the AC members on the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

The Board has direct access to the Top Management, unrestricted and immediate access to any information relating to E.A. Technique's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.

## COMPANY SECRETARIES

All Directors have independent access to the advice and dedicated support services by two (2) Company Secretaries, who are legally trained and are qualified to act as company secretary under the Companies Act 2016. To ensure effective functioning of the Board, the Company Secretaries will advise the Board and Management on statutory, regulatory, and corporate development, the implementation of corporate governance measures and compliance that applicable to the Group.

## TRAINING AND DEVELOPMENT OF DIRECTORS

In respect of Director's training programme, the Directors are encouraged to develop and refresh their knowledge and skills on an ongoing basis with developmental needs in Board has identified the areas such as new laws and regulations, financial reporting, risk management and investor relations to further enhance and assist the Directors in discharging their duties and responsibilities.

During the financial year under review Board members attended individually or collectively seminar(s), conference(s) and/or training(s) sessions are as follows:

NO.	DIRECTOR	CONFERENCE/SEMINAR/TRAINING ATTENDED
1.	Dato' Mohd Redza Shah Abdul Wahid	1) Amazon.com: KPJ AWS Innovation Workshop 2) Bursa Malaysia: Advocacy Programmes for Issuers
2.	Datuk Mohd Nasir Ali	1) FIDE Forum: MIDF Green Conference 2) Bursa Malaysia: Mandatory Accreditation Programme (MAP) 3) MIDF: ESG, Stakeholder Capitalism & Sustainable and Responsible Investment (SRI) and "Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management".
3.	Aziah Ahmad	1) MIA: Virtual MIA International Accountants Conference 2022 2) MIA: Tier 2 MIA International Accountants Conference 2022 3) Course 2: ESG Risk Identification and Materiality 4) Course 3: ESG and Enterprise Risk Management
4.	Ir. Dr. Mohd Shahreen Zainooreen Madros	1) Securities Commission Malaysia: Audit Oversight Board Conversation with Audit Committees 2) ICDM: International Directors Summit

## NOMINATION COMMITTEE

The Nomination Committee ("NC") comprises of three (3) Directors below is responsible for identifying and recommending candidates to fill vacancies in the Board based on their qualifications, abilities, and potential contribution to Company:

Director	Directorship	Designation
Dato' Mohd Redza Shah Abdul Wahid	Independent Non-Executive Director	Chairman
Abdul Azmin Abdul Halim	Independent Non-Executive Director	Member
Rozan Mohd Sa'at	Independent Non-Executive Director	Member

The NC also performed evaluation on the effectiveness of the Board and Board Committees and ensure an appropriate framework and plan for Board succession is in place for the Company.

There was one (1) meeting held by NC during financial year 2022.



## REMUNERATION COMMITTEE

The Board has established a formal and transparent process in determining the appropriate remuneration package for the Board.

The Board, through the Remuneration Committee ("RC"), periodically reviews the general remuneration policy for Directors to ensure that the remuneration is attractive to retain and attract the best talents. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors. The Board also ensures that the remuneration received by the Directors remain competitive, appropriate, and align with the market practice.

The RC comprises the following Directors:

Director	Directorship	Designation
Dato' Mohd Redza Shah Abdul Wahid	Independent Non-Executive Director	Chairman
Datuk Mohd Nasir Ali	Independent Non-Executive Director	Member
Rozan Mohd Sa'at	Independent Non-Executive Director	Member

The details of the remuneration received and receivable by the Non-Executive Directors ("NEDs") for the Financial Year 2022 is set out in the table below:

COMPANY LEVEL				
No.	Name	Board Fees (RM)	Salary, Bonus and Defined Contribution (RM)	Total (RM)
Non-Executive Directors				
1.	Dato' Mohd Redza Shah Abdul Wahid	80,000	20,000	100,000
2.	Datuk Mohd Nasir Ali	96,000	23,000	119,000
3.	Rozan Mohd Sa'at	76,000	13,000	89,000
4.	Abdul Azmin Abdul Halim	96,000	20,000	116,000
5.	Ir. Dr. Mohd Shahreen Zainooreen Madros	96,000	19,000	115,000
6.	Aziah Ahmad*	0.00	16,000	16,000
Total Non-Executive Directors		444,000	111,000	555,000
Grand Total		444,000	111,000	555,000



## GROUP LEVEL

No.	Name	Board Fees (RM)	Salary, Bonus and Defined Contribution (RM)	Benefits	Total (RM)
Non-Executive Directors					
1.	Dato' Mohd Redza Shah Abdul Wahid	80,000	20,000	-	100,000
2.	Datuk Mohd Nasir Ali	96,000	23,000	-	119,000
3.	Rozan Mohd Sa'at	76,000	13,000	-	89,000
4.	Abdul Azmin Abdul Halim	96,000	20,000	-	116,000
5.	Ir. Dr. Mohd Shahreen Zainooreen Madros	96,000	19,000	-	115,000
6.	Aziah Ahmad*	-	16,000	-	16,000
Total Non-Executive Directors		444,000	111,000	-	555,000
Executive Directors					
1.	New Kok Ho	-	259,452	63,600	323,052
Total Executive Directors		-	259,452	63,600	323,052
Grand Total		444,000	370,452	63,600	878,052

\* The Director fee for the respective Director was paid to the intermediate holding company, related company and ultimate holding corporation as corporate fee.

Matters related to remuneration to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are prepared by the Johor Corporation Remuneration Committee. Matters related to remuneration to other senior top management are decided by the Appraisal, KPI & Bonus Committee. Key Management remuneration paid or payable for the financial year ended 31 December 2022 is as follows:

## COMPANY LEVEL

No.	Name	Position	Salaries and Defined Contributions	Bonus	Benefits	Total (RM)
1.	Nasrul Asni Muhammad Dain (Appointed w.e.f. 21 March 2022)	Chief Executive Officer	374,195		68,129	442,324
2.	Mariam Puan	Chief Financial Officer	264,300		60,000	324,300
Grand Total			638,495		128,129	766,624

## GROUP LEVEL

No.	Name	Position	Salaries and Defined Contributions	Bonus	Benefits	Total (RM)
1.	Nasrul Asni Muhammad Dain (Appointed w.e.f. 21 March 2022)	Chief Executive Officer	374,195		68,129	442,324
2.	Mariam Puan	Chief Financial Officer	264,300		60,000	324,300
3.	New Kok Ho (Johor Shipyard and Engineering Sdn Bhd)	Executive Director	259,452		63,600	323,052
Grand Total			897,947		191,729	1,089,676



## TENDER BOARD COMMITTEE

Tender Board Committee ("TBC") is established as a part on enhancements of Company's governance via ensuring openness, integrity and accountability in E.A. Technique Group's activities to safeguard the rights and interest, ensuring on alignment to the Company's strategies as well as a part of monitoring tools on execution of approved projects and operations. The Tender Committee will oversee the tendering process and purchases of both operations and projects including capital expenditures for amount of equivalent or above RM 1.0 million.

The TBC comprises of the following three Directors and the Committee may invite other of E.A. Technique's top management (ex-officio) or outside parties to attend and participate in the meeting where necessary:

Director	Directorship	Designation
Abdul Azmin Abdul Halim	Independent Non-Executive Director	Chairman
Aziah Ahmad	Non-Independent Non-Executive Director	Member
Ir. Dr. Mohd Shahreen Zainooreen Madros	Independent Non-Executive Director	Member

There were three (3) TBC meetings held during financial year 2022.

## PRINCIPLE B:

B

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### THE AUDIT COMMITTEE OF THE BOARD

The Audit Committee ("AC") comprises of three (3) members, a majority of which are Independent Directors. The Audit Committee is chaired by the Independent Non-Executive Director, Datuk Mohd Nasir Ali.

Director	Directorship	Designation
Datuk Mohd Nasir Ali	Independent Non-Executive Director	Chairman
Abdul Azmin Abdul Halim	Independent Non-Executive Director	Member
Aziah Ahmad	Non-Independent Non-Executive Director	Member

The effectiveness and the composition of the AC are evaluated annually through the Board Evaluation Assessment, with a view to maintain an independent and effective Audit Committee. The Board, through the NC will ensure that a director who is financially literate with the appropriate knowledge and experience, and strong understanding of the Company's business, will be appointed to the Audit Committee.

The role of the AC and the number of meetings held under the financial year as well as the attendance of each member are set out in the Audit Committee Report in the Company's Annual Report.



## RISK & GOVERNANCE COMMITTEE OF THE BOARD

The Risk & Governance Committee ("RGC") is established to support the Board by overseeing the Risk Management & Governance framework of E.A. Technique and its group of Companies ("Group") and regularly assessing the framework to ascertain its adequacy and effectiveness.

The RGC comprises of the following three Directors and the Committee may invite other of E.A. Technique's top management (ex-officio) or outside parties to attend and participate in the meeting where necessary:

Director	Directorship	Designation
Ir. Dr. Mohd Shahreen Zainooreen Madros	Independent Non-Executive Director	Chairman
Rozan Mohd Sa'at	Independent Non-Executive Director	Member
Datuk Mohd Nasir Ali	Independent Non-Executive Director	Member

There were four (4) meetings held by RGC during financial year 2022.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control framework of the Group was approved by the Board. The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure the significant risks faced by the Group are being managed appropriately to respond on changes in the business environment.

There are one (1) Committee at the Board level and one (1) at Management level that have primary risk management and internal control oversight responsibilities:

- The Risk & Governance Committee ("RGC") – oversight on governance, internal control and financial matters; and
- The Risk Management Committee ("RMC") – oversight over risk management.

There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty to the Company.

The details of the Risk Management and Internal Control Framework of the Group are disclosed in the Company's Annual Report under the Statement of Risk Management and Internal Control. The activities of the Risk Management Committee are also disclosed in the Company's Annual Report.

## RELATIONSHIP WITH EXTERNAL AUDITORS

Messrs KPMG PLT ("KPMG") was appointed in the previous Annual General Meeting as the external auditors for the Group. KPMG meet the Audit Committee at least twice a year to highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the AC or the Board.

The AC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by KPMG in order to make sure that it does not give rise to conflicts of interest. The excluded contracts would include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The details of the statutory audit, audit-related and non-audit fees paid/payable in 2022 to the external auditors are set out below:

Fees Paid / Payable to KPMG	RM
Audit	358,000
Audit Related	13,000
<b>Grand Total</b>	<b>371,000</b>

## PRINCIPLE C:

### C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

## COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of an effective communication channel between the Board, stakeholders, institutional investors and investing public at large with the objective of providing as much as possible a clear and complete picture of the Group's performance and position. The Company's Annual Report remains the primary channel of communication with the stakeholders. The Company's corporate website: [www.eatechnique.com.my](http://www.eatechnique.com.my) is regularly updated to provide current and comprehensive information on E.A. Technique such as Board profiles, Group's businesses and announcement to Bursa Malaysia, press release, share information, financial results, corporate governance and corporate news.

## CORPORATE DISCLOSURE POLICY

In this respect, the Group's communication is guided by its Corporate Disclosure Policy, which reinforces the Company's to continuous disclosure and outlines Management's accountabilities and the processes to be followed in ensuring compliance.







# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**In line with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors is pleased to present the Statement on Risk Management and Internal Control ("the Statement") for E.A. Technique (M) Berhad ("E.A. Technique") for the Financial Year ended 31 December 2022.**

## BOARD RESPONSIBILITIES

The Board of Directors ("Board") accepts its overall responsibility in overseeing and maintaining a sound system of risk management and internal control to safeguard shareholders' investments, the Group's assets, and other stakeholders' values and interests.

The Board reviews the effectiveness, adequacy, and integrity of the risk management framework and internal control system. It is to ensure significant risks faced by the Group are adequately managed to respond to any changes in the business environment. Two (2) committees of the Board have the primary risk management and internal control oversight responsibilities:

- Risk and Governance Committee ("RGC") → oversight on governance, risk management, and integrity matters.
- Audit Committee ("AC") → oversight of the internal control system and financial matters.

## RISK MANAGEMENT

The risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. Risk management encompasses risk identification, analysis, evaluation, treatment, communication, review, and monitoring of identified risks in order to achieve business objectives and plans.

## RISK MANAGEMENT FRAMEWORK

The established Enterprise Risk Management Policy and Framework ("Framework") aligned with the ISO 31000 "Risk Management – Principles and Guidelines". The Framework provides a structured and consistent approach to risk management across the Group for informed decision-making and managing the day-to-day business operation.

Our policy is to identify, analyse, evaluate, and mitigate the risks in order to prepare and protect the Group from business disruption, financial losses, uncertainty, and lost opportunities.

All risks evaluated are relevant to the Business Plan to achieve the targeted business objectives. The controls, action plans and Risk Owners are also identified. Each risk rated are according to its severity level depending on the assessment of its likelihood and impact.

## MONITORING AND REVIEW

The objective of monitoring and reviewing the risk management process and activities is to provide reasonable assurance that risks are being managed effectively by the respective risk owners in the organisation. The risk profiles will then reflect the changes to the current business conditions and risk exposures. Formal reporting are established while risks are reported at the departmental, corporate, and Board levels to ensure regular review of the significant risks identified by the businesses during the reporting period.

## RISK REPORTING

The consolidated Group risk profiles are reviewed quarterly by the Internal Audit Department. The Quarterly Group Risk Management is discussed and deliberated at E.A. Technique's Risk Management Committee ("RMC") chaired by the Chief Operating Officer ("COO"). The risk report together with governance and Anti-Bribery progress updates are subsequently tabled in the Risk and Governance Committee ("RGC") for deliberation and recommendation to the Board on the identified key risk, current controls, and the status of mitigation actions. These reports are submitted to the Board for final review.



The system of internal control is designed to provide reasonable assurance against the occurrence of any event that could prevent the achievement of the Group's goals and objectives. The key components of internal control encompass the following key control processes:

## ESTABLISHMENT OF VARIOUS COMMITTEES

The establishment of various Board Committees and Management Committees aims to strengthen governance, ensure accountability, and assist the Board in discharging its duties. Among the committees are: -

## BOARD LEVEL

- Audit Committee
- Risk and Governance Committee
- Tender Board Committee
- Nomination Committee
- Remuneration Committee

## MANAGEMENT LEVEL

- Management Committee
- Operation Committee
- Quality, Health, Safety, Security and Environment ("QHSSE") Committee
- Risk Management Committee ("RMC")
- Contract / Tender, Proposal and Commercial Evaluation Committee
- Quotation, Contract and Procurement Committee
- Appraisal, KPI and Bonus Committee
- Vessel Operation Committee

## ORGANISATIONAL STRUCTURE

The internal control of the Group is supported by a formal organisational structure with clear lines of authority and responsibility. Qualified and experienced management personnel are appointed to oversee the delivery of the Group goals and objectives.

## QUARTERLY PERFORMANCE REVIEW

The Group's performance is reviewed and monitored on a quarterly basis. The reviews cover all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

## LIMITS OF AUTHORITY

The Limits of Authority (“LOA”) identify responsible personnel from different business transactions including matters that require the Board’s approval. The LOA sets out a clear line of accountability and responsibility to facilitate decision-making and the appropriate approval levels in the organisation hierarchy.

## INTERNAL AUDIT DEPARTMENT

The Internal Audit Department provides an independent and objective assurance designed to add value and improve E.A. Technique's operations. It helps to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

## STRATEGY AND BUDGET CHALLENGE

The Group's strategic directions and budget for the new year are formulated and revised annually, taking into account changes in the internal and external environment and risks face. The strategic directions and budget are also reviewed annually with the Board and at reasonable intervals during implementation by the management.

## POLICIES AND PROCEDURES

The Management and the Board approved the relevant policies and procedures to ensure the Group's values and adequate control mechanisms are embedded in business operations.

Periodic reviews are done to ensure their relevance and effectiveness.



## REGULATORY COMPLIANCE

The Group adopts strict standards and controls to continuously improve the application and performance of the Safety Management System. The high standard of work is achieved by operating an integrated Quality Safety, Health, and Environment Management System that meets the requirement of: -

- ISO 9001:2015 (Quality Standard)
- ISM Code for Vessel Safe Operation and Pollution Prevention
- International Ship and Port Facility Security Code.

## WHISTLE BLOWING

A Whistleblower Policy and a whistleblowing channel are available to provide directors, employees, and third parties to disclose improper conduct. The Policy contains the procedures and processes for managing transparent disclosures of improper conduct without compromising the confidentiality of the persons involved.

## CODE OF ETHICS

All employees are required to adhere to the Group's Code of Ethics ("Code") and consistently be reminded of the Ethics and Professionalism behavior during the Management Committee meetings. Besides the Group's commitment to ethics and compliance with applicable laws and regulations, this Code is set forth the basis standards of ethical behavior within the Group.

## CORPORATE DISCLOSURE POLICY

The Group currently observes and complies with the disclosure requirements in the Main Market Listing Requirements ("MMLR") of Bursa Securities guided by Bursa Malaysia Corporate Disclosure Guide. The Corporate Disclosure Policy was developed to ensure information directed to shareholders, stakeholders, and the general public represents the Group fairly and accurately.

## ANTI-BRIBERY CORRUPTION POLICY

The establishment of the Group's Anti-Bribery Corruption Policy is to fulfill the new requirements of the amended Section 17A Malaysia Anti-Corruption Commission ("MACC") Act 2009 and its related Guidelines.

The Group received the Anti-Bribery Management System (ISO 37001:2016) certification on 6th May 2021. It provides the Group with a framework to set up the integrity and governance structure. It also allows the Group to establish the necessary measures to prevent corruption and bribery activities and to provide defense against corporate liability as stipulated in the MACC Act 2009.

The Policy states the Group's commitment to take a zero-tolerant approach to bribery and corrupt activities by conducting business ethically and in full compliance with all applicable laws and regulations in every jurisdiction the Group operates. The Policy has been communicated to all levels of employees for their adoption.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators
- Specific transactions, projects, or opportunities are reviewed by the Management and the Board as and when required. It allows the Board and the Management to oversee and monitor the potential risks that can hinder the achievement of the objectives
- The Group's Risk Management Report is presented quarterly to the RMC and RGC by the Internal Audit Department to provide an overview of the Group's key risks and their current mitigation status of how the risks are managed. It also includes a summary report on Governance and Anti-Bribery Management System status updates. Any matter arising from the respective committees are communicated to the respective risk owners by the Internal Audit Department
- The AC deliberates and discusses reports issued by the Internal Audit Department and external auditors pertaining to financial, operational, governance, risk management, and control matters. The status of preventive and corrective actions for issues discussed are updated to the AC for its monitoring.

## COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control activities described above have been implemented in the Group for the year under review and up to the date of the approval of this statement for inclusion in the annual report.

In making this statement, the Board has received assurance from the Chief Executive Officer, Chief Financial Officer, and Internal Audit Department that risk management and internal control are operating adequately and effectively in all material aspects for the reporting period.



## DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the financial year under review, the Board is of the opinion that the risk management and internal control system are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing the key risks impacting the business operations of E.A. Technique.

There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty that would require disclosure in this annual report.

This statement has been prepared in line with the Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control Guidance for Directors of Listed Issuers.

## PRACTICE NOTE 17

The Board announced that the company is classified as an affected listed issuer under Practice Note 17 ("PN17") of the MMLR of Bursa Malaysia. Pursuant to the matter, the company is required to submit a Regularisation Plan within 12 months from 25th February 2022 ("First Announcement"). On 1 June 2022, the company appointed Malacca Securities as the principal adviser for the proposed regularisation plan. The Company had also appointed the necessary advisers (i.e. solicitors, independent market researcher, internal control reviewer and reporting accountant) for the proposed regularisation plan.

The Board has taken the necessary steps to formulate a regularisation plan to address the Company's PN17 status and has made the necessary announcements on the regularisation plan.

The Company's Scheme of Arrangement with creditors have taken effect on 12 January 2023 following the lodgement of the Sanction Order with the Companies Commission of Malaysia.

On 9 February 2023, the Company announced that it has submitted to Bursa Securities an application for an extension of time ("EOT") up to 24th August 2023 for the Company to submit its regularisation plan.

This Statement has been approved by the Board of Directors at its meeting on 27 February 2023.



# AUDIT COMMITTEE REPORT

**The Audit Committee (“AC”) provides critical oversight of the Group financial reporting process; monitoring the external and internal auditing processes; compliance with relevant legal and statutory matters and other matters delegated by the Board to the AC through its approved Terms of Reference.**

## AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

The AC composition, type of directorship and attendance of meetings held in the financial year ended 31 December 2022 are set out below.

NO.	NAME	DIRECTORSHIP	NO. OF MEETINGS ATTENDED
1.	Datuk Mohd Nasir Ali (Chairman)	Independent Non-Executive Director	5/5
2.	Abdul Azmin Abdul Halim (Member)	Independent Non-Executive Director	5/5
3.	Aziah Ahmad (Member)	Non-Independent Non-Executive Director	5/5

The composition of the AC is in line with Paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), where: -

- All AC members are Non-Executive Directors and a majority of them are Independent Non-Executive Directors, including the Chairman.
- No alternate director is appointed as a member.
- One (1) member, Aziah Ahmad is a qualified accountant and member of Malaysian Institute of Accountants (“MIA”), fulfill the requirement of paragraph 15.09(1)(c)(i) of the MMLR.

The AC meetings are normally attended by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Internal Audit and upon invitation, the External Auditors. Five (5) of the meetings held were planned quarterly meetings.

The Company Secretary acts as secretary to the AC. Minutes of each meeting is distributed to each board member. The Chairman of the AC reports key matters discussed at each meeting to the Board.

The Terms of Reference for the AC are contained in the Board Charter which is available on the Company’s website.

## SUMMARY OF WORK DONE BY AUDIT COMMITTEE

During the financial year, the AC performed the following:

### ► Financial Reporting and Compliance

- Reviewed the quarterly financial results of the Company and the Group on 23 February 2022, 25 March 2022, 24 May 2022, 18 August 2022, and 17 November 2022 prior to recommending them to the Board for approval. The matters reviewed and discussed were:
  - > Financial and operational performance, and financial statements.
  - > Budget achievement, reasons for the variances and efforts to meet targets.
  - > Internal and external matters impacting financial and operational performance, and the actions to be taken.
- Reviewed quarterly announcements prior to recommendation to the Board for approval to ensure that the announcements reflect the situation and are representative of their views.

### ► External Audit

- Reviewed and recommended to the Board the External Auditors’ Report on 2021-year end financial statement on 23 February 2022, covering amongst others, the following:
  - > Significant accounting and auditing matters during the year.
  - > Internal control recommendations.
  - > New or significant developments during the year.
  - > Significant matters relating to provisions, legal and contracts, compliance with accounting standards and legal requirements



- Held one (1) private discussion on 23 February 2022 with the External Auditors without the presence of Management.

#### ► Internal Audit

- Reviewed and approved Internal Audit Department (“IAD”)’s Annual Internal Audit Plan for 2022, to ensure the adequacy of scope and coverage; competency and resources available; and that Internal Audit has the necessary authority to carry out its work.
- Reviewed and deliberated on the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies.
- Reviewed quarterly updates on the progress of the Annual Internal Audit Plan 2022 and the status of corrective actions on whether appropriate actions are timely taken.

#### ► Others

- Quarterly review and monitoring of recurrent related party transactions and their aggregate values.
- Reviewed the Audit Committee Report 2022 for incorporation into the Annual Report 2022 and recommended it to the Board for approval.

### SUMMARY OF WORK DONE BY INTERNAL AUDIT DEPARTMENT

#### ► Internal Audit Department

- IAD has an independent status in the organisation, with direct reporting to the AC and an administrative reporting to the Chief Executive Officer.
- IAD’s purpose, objectives, authority, and responsibilities are spelt out in the IAD Charter which is endorsed and approved by the AC.

- IAD’s mission is to enhance and protect the Company and Group values by providing an independent, risk-based, and objective assurance, advice, and insight on all areas of governance, risk management, and internal control.

- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent auditors.
- The standards and practices adopted by IAD conform to the International Professional Practices Framework issued by The Institute of Internal Auditors.
- The Head of Internal Audit is an Associate Member of the Institute of Internal Auditors Malaysia and has a Bachelor of Accounting (Hons).
- There were two (2) auditors in IAD during the financial year.
- The total amount of expenses incurred by IAD during the financial year is RM234,551.

#### ► Assurance Services

- IAD prepared a risk-based Annual Internal Audit Plan 2022 (“the Plan”) for the Group. The Plan was reviewed by the AC and approved for implementation.
- Quarterly updates were prepared for the AC detailing the status of the 2022 Plan on the assignments completed, in progress and outstanding.
- A total of twelve (12) planned and ad hoc assignments were executed during the financial year and presented to the AC covering the following areas:
  - › Incidents / Accidents Management
  - › Buyer’s Inspection of Oil Tankers
  - › Shipbuilding and Delivery Oil Products Tankers
  - › Review and Gap Analysis on Support Departments
  - › Review on On-hire and Off-hire vessels
  - › Review on Sale of Tugs and of Docking Vessels
  - › Review on Seafarers Payroll
  - › Review of Operational Petty Cash

- Internal Audit Reports were forwarded to management of the relevant departments for the necessary corrective actions.

- Internal Audit Reports and status of corrective actions taken by management were presented to AC.

The report has been approved by the Audit Committee at its meeting on 21 of February 2023.



# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

The Company did not have a utilisation of proceeds from public issue during the financial year ended 31 December 2021.

## SHARE BUY-BACK

The Company did not have a share buy-back programme in place during the financial year ended 31 December 2022.

## OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year ended 31 December 2022.

## DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2022.

## SANCTIONS AND/OR PENALTIES

There was no material sanction and/or penalty during the financial year ended 31 December 2022.

## PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2022.

## MATERIAL CONTACTS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

There was no material contract, entered by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either subsisting at the end of the financial year ended 31 December 2022.

## RECURRENT RELATED PARTY TRANSACTIONS

Except as disclosed, there was no recurrent related party transaction entered by the Group for the financial year ended 31 December 2022.



The background of the left half of the page features a blurred financial chart. It includes a candlestick chart with teal bars, a solid green trend line, and a dashed yellow trend line. The background is a mix of blue and purple hues with faint binary code (0s and 1s) scattered throughout.

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# DIRECTORS' REPORT

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

## HOLDING COMPANIES

The immediate and intermediate holding companies are Sindora Berhad and Kulim (Malaysia) Berhad, both companies incorporated in Malaysia. The ultimate holding corporation is Johor Cooperation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995).

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to: Owners of the Company	20,043	13,058

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

## DIVIDEND

No dividend has been declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend to be paid for the financial year under review.



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## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:				
- Fees	444	432	444	432
- Remuneration	219	193	-	193
- Allowance	111	-	111	-
- Other short-term employee benefits	41	-	41	-
Total short-term employee benefits	815	625	596	625

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES AND DEBENTURES

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

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## INDEMNITY AND INSURANCE COSTS

During the financial year, the Company maintained a Director's and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers Liability Insurance effected for each of the Directors and Officers of the Company was RM50 million per occurrence and in the aggregate.

## OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or



## OTHER STATUTORY INFORMATION (CONTINUED)

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

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 18 on the reversal of impairment loss of property, vessels and equipment to the financial statements, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## SIGNIFICANT AND SUBSEQUENT EVENTS

Significant and subsequent events after reporting date are disclosed in Note 27 to the financial statements.

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM358,000 and RM283,000 respectively.

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



**Dato' Mohd Redza Shah bin Abdul Wahid**  
Director



**Datuk Mohd Nasir bin Ali**  
Director

Kuala Lumpur,

Date: 27 February 2023



# STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, vessels and equipment	3	411,994	424,093	417,512	433,081
Right-of-use assets	4	1,977	1,789	334	64
Investment in subsidiaries	5	-	-	5,000	5,000
Deferred tax assets	6	10,350	-	10,546	-
<b>Total non-current assets</b>		<b>424,321</b>	425,882	<b>433,392</b>	438,145
Inventories	7	1,042	107	1,042	106
Trade and other receivables	8	24,587	19,172	26,993	19,180
Tax recoverable		216	447	-	-
Deposits	9	1,641	4,165	856	3,394
Cash and cash equivalents	10	58,961	6,442	56,943	5,473
Non-current assets held for sale	11	86,447 19,892	30,333 104,334	85,834 19,892	28,153 104,347
<b>Total current assets</b>		<b>106,339</b>	134,667	<b>105,726</b>	132,500
<b>Total assets</b>		<b>530,660</b>	560,549	<b>539,118</b>	570,645
<b>Equity</b>					
Share capital	12	179,755	179,755	179,755	179,755
Accumulated losses		(142,248)	(162,291)	(145,574)	(158,632)
<b>Total equity attributable to owners of the Company</b>		<b>37,507</b>	17,464	<b>34,181</b>	21,123
<b>Liabilities</b>					
Loans and borrowings	13	121,737	-	121,737	-
Lease liabilities		2,170	2,218	-	-
Deferred tax liabilities	6	-	880	-	130
<b>Total non-current liabilities</b>		<b>123,907</b>	3,098	<b>121,737</b>	130
Trade and other payables	14	317,047	321,293	331,323	331,314
Lease liabilities		384	110	336	72
Loans and borrowings	13	51,491	218,013	51,491	218,006
Current tax liabilities		324	571	50	-
<b>Total current liabilities</b>		<b>369,246</b>	539,987	<b>383,200</b>	549,392
<b>Total liabilities</b>		<b>493,153</b>	543,085	<b>504,937</b>	549,522
<b>Total equity and liabilities</b>		<b>530,660</b>	560,549	<b>539,118</b>	570,645

The notes on pages 15 to 88 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Revenue	15	153,640	160,556	151,028	156,701
Cost of sales		(128,693)	(134,093)	(131,329)	(135,045)
<b>Gross profit</b>		<b>24,947</b>	26,463	<b>19,699</b>	21,656
Administrative expenses		(26,437)	(33,575)	(23,428)	(30,221)
Net loss on impairment of financial instruments		(1,298)	(53)	(1,298)	-
Other income		21,030	7,215	16,600	6,908
Other expenses		-	(135,247)	-	(145,067)
<b>Results from operating activities</b>		<b>18,242</b>	(135,197)	<b>11,573</b>	(146,724)
Finance income	16	224	127	209	109
Finance costs	17	(9,489)	(14,462)	(9,350)	(14,610)
<b>Profit/(Loss) before tax</b>	18	<b>8,977</b>	(149,532)	<b>2,432</b>	(161,225)
Taxation	19	11,066	(1,112)	10,626	-
Profit/(Loss) and total comprehensive income/(expense) for the year		<b>20,043</b>	(150,644)	<b>13,058</b>	(161,225)
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>20,043</b>	(150,644)	<b>13,058</b>	(161,225)
<b>Basic earnings/(loss) per ordinary share (sen)</b>					
from continuing operations	20	<b>3.78</b>	(28.40)		

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The notes on pages 15 to 88 are an integral part of these financial statements.



# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<b>1 January 2021</b>	179,755	(11,647)	168,108
Loss and total comprehensive expense for the year	-	(150,644)	(150,644)
<b>At 31 December 2021/1 January 2022</b>	179,755	(162,291)	17,464
Profit and total comprehensive income for the year	-	20,043	20,043
<b>At 31 December 2022</b>	179,755	(142,248)	37,507

Note 12

The notes on pages 15 to 88 are an integral part of these financial statements.



# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

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	Share capital RM'000	Distributable retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
<b>1 January 2021</b>	179,755	2,592	182,347
Loss and total comprehensive expense for the year	-	(161,224)	(161,224)
<b>At 31 December 2021/1 January 2022</b>	179,755	(158,632)	21,123
Profit and total comprehensive income for the year	-	13,058	13,058
<b>At 31 December 2022</b>	179,755	(145,574)	34,181
	Note 12		

The notes on pages 15 to 88 are an integral part of these financial statements.



# STATEMENTS OF CASH FLOW

for the financial year ended 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		8,977	(149,532)	2,432	(161,225)
Adjustments for:					
Property, vessels and equipment and assets held for sale:					
(Gain)/Loss on disposal	18	(2,181)	12,223	(2,168)	12,223
Depreciation	3	39,530	43,479	41,660	46,007
(Reversal of)/Impairment loss	3	(12,963)	135,247	(12,370)	145,067
Written off	18	15	-	15	-
Right-of-use assets:					
Depreciation	4	160	6,846	78	6,763
Finance costs on:					
Bank overdraft	17	335	188	335	188
Hire purchase liabilities	17	-	1	-	-
Conventional financing	17	1,816	2,811	1,816	2,811
Revolving credits	17	321	344	321	345
Loans from shareholders	17	-	3,887	-	3,887
Advances from shareholders	17	-	2,711	-	2,711
Advances from intercompany	17	-	-	-	289
Accretion of interest on lease liabilities	17	149	968	10	827
Interest cost on material litigation	17	-	2,041	-	2,041
Profit charge on Islamic financing	17	6,868	3,233	6,868	3,233
Interest on fixed deposits	16	(224)	(127)	(209)	(109)
Net loss on impairment of financial instruments	18	1,298	53	1,298	-
Unrealised foreign exchange loss	18	4,713	4,551	4,505	4,612
<b>Operating profit before changes in working capital</b>		<b>48,814</b>	<b>68,924</b>	<b>44,591</b>	<b>69,670</b>
Changes in working capital:					
Inventories		(935)	96	(936)	96
Trade and other receivables		(6,727)	9,296	(9,119)	11,063
Trade and other payables		(8,458)	(86,099)	(4,001)	(113,590)
<b>Cash generated from/(used in) operations</b>		<b>32,694</b>	<b>(7,783)</b>	<b>30,535</b>	<b>(32,761)</b>



# STATEMENTS OF CASH FLOW

for the financial year ended 31 December 2022 (Continued)

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	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b> <b>(continued)</b>					
<b>Cash generated from/(used in) operations</b> <b>(continued)</b>		<b>32,694</b>	(7,783)	<b>30,535</b>	(32,761)
Interest received		224	127	209	109
Interest paid		(2,621)	(4,312)	(2,482)	(4,171)
Profit paid on Islamic financing		(6,868)	(3,233)	(6,868)	(3,233)
Tax (paid)/refunded		(180)	526	-	-
<b>Net cash generated from/ (used in) operating activities</b>		<b>23,249</b>	(14,675)	<b>21,394</b>	(40,056)
<b>Cash flows from investing activities</b>					
Net placement in short term deposits, fixed and security deposits pledged		2,524	2,902	2,538	2,920
Acquisition of property, vessels and equipment	3	(10,393)	(58,368)	(9,646)	(30,750)
Proceed from disposal of property, vessels and equipment and assets held for sale		82,533	20,265	82,533	20,265
<b>Net cash generated from/ (used in) investing activities</b>		<b>74,664</b>	(35,201)	<b>75,425</b>	(7,565)
<b>Cash flows from financing activities</b>					
Repayment of conventional financing facilities	(iii)	(29,449)	(39,865)	(29,449)	(39,865)
Advances from immediate holding company and other shareholders	(iii)	-	3,746	-	3,746
Repayment of Islamic term financing facilities	(iii)	(12,783)	(31,487)	(12,783)	(31,487)
Drawdown from Islamic term financing facilities	(iii)	-	119,902	-	119,902
Net repayment of hire purchase liabilities	(iii)	(7)	(21)	-	-
Repayment of lease liabilities	(iii)	(122)	(6,166)	(84)	(6,307)
<b>Net cash (used in)/generated from financing activities</b>		<b>(42,361)</b>	46,109	<b>(42,316)</b>	45,989
Net increase/(decrease) in cash and cash equivalents		<b>55,552</b>	(3,767)	<b>54,503</b>	(1,632)
Cash and cash equivalents at beginning of the year		<b>958</b>	4,725	<b>(11)</b>	1,621
<b>Cash and cash equivalents at end of the year</b>	(i)	<b>56,510</b>	958	<b>54,492</b>	(11)



# STATEMENTS OF CASH FLOW

for the financial year ended 31 December 2022 (Continued)

## (i) Cash and cash equivalents

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

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances		13,605	6,442	11,587	5,473
Deposits placed with licensed banks		45,356	-	45,356	-
	10	58,961	6,442	56,943	5,473
Bank overdraft	13	(2,451)	(5,484)	(2,451)	(5,484)
		56,510	958	54,492	(11)

## (ii) Cash outflows for leases as a lessee

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>					
Payment relating to short-term leases	18	11,190	4,478	11,147	4,433
Payment relating to leases of low-value assets	18	47	109	39	65
Interest paid in relation to lease liabilities	17	149	968	10	827
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		123	7,134	84	7,134
<b>Total cash outflows for leases</b>		<b>11,509</b>	<b>12,689</b>	<b>11,280</b>	<b>12,459</b>







# NOTES TO THE FINANCIAL STATEMENTS

E.A. Technique (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

## Principal place of business

Setiawangsa Business Suites,  
Unit C-3A-3A,  
No. 2, Jalan Setiawangsa 11,  
54200 Kuala Lumpur.

## Registered office

Level 11, Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru, Johor.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The immediate and intermediate holding companies are Sindora Berhad and Kulim (Malaysia) Berhad, both companies incorporated in Malaysia. The ultimate holding corporation is Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995).

The principal activities of the Company are ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services and provision of engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 27 February 2023.

## 1. BASIS OF PREPARATION

### (a) 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.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, *Presentation of Financial Statements* – Disclosures 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

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, *Leases* – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, *Presentation of Financial Statements* – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current



## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements, and on the assumption that the Group and the Company will continue on a going concern basis.

As at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by RM262,907,000 and RM277,474,000 respectively. On 4 January 2023, the Company has obtained approval from the High Court of Malaya sanctioning the Company's scheme of arrangement ("SOA") pursuant to Section 366 of the Companies Act 2016. Accordingly, the Group and the Company are expected to make repayment of RM70,543,000 and RM77,132,000 respectively to settle their obligations to the scheme creditors after the finalisation of the Regularisation Plan and repay RM51,491,000 of short-term borrowings to the lenders of the Group and the Company. The SOA is expected to be completed in the next financial year.

These aforesaid events or conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as a going concern. Nevertheless, the Group and the Company have prepared the financial statements by applying the going concern assumption in consideration of the following plans and activities:

- (i) the ability of the Company to locate buyer and timely completion of the planned disposal of vessel;
- (ii) the ability of the Company to successfully obtain the approval of the regularisation plan from Bursa Malaysia Securities Berhad ("Bursa Securities") which comprises share consolidation and shares issuance and the successful and timely implementation of the regularisation plan. On 9 February 2023, the Company submitted an extension application to Bursa Securities for a 6 months extension from 24 February 2023 to submit its regularisation plan; and
- (iii) the ability of the Group and the Company to retain profitable operations, generate sufficient cash inflows from their operations and to successfully obtain extension of the expiring contracts.

At the approval date of these financial statements, the Directors believe that the aforesaid timely completion of the planned disposal of vessel, timely and successful approval and implementation of the regularisation plan will be achieved, accordingly, the financial statements are prepared on a going concern basis. In the event the aforesaid timely completion of the planned disposal of vessel, timely implementation and approval of the regularisation plan are not successful, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Consequently, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded asset amounts and classification of and additional amount of liabilities that would otherwise be required.



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06**1. BASIS OF PREPARATION (CONTINUED)****(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

**(d) Use of estimates and judgements**

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- (i) Note 3- Impairment testing of property, vessels and equipment;
- (ii) Note 5- Impairment testing of investments in subsidiaries; and
- (iii) Note 6- Recognition of deferred tax assets.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the years presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. The Group also 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

**(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the noncontrolling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

### (c) Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement

##### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(i)(i)).

##### *Financial liabilities*

The categories of financial liabilities at initial recognition are as follows:

##### *Amortised cost*

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

#### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (iv) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### (d) Property, vessels and equipment

#### (i) Recognition and measurement

Items of property, vessels and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, vessels and equipment have different useful lives, they are accounted for as separate items (major components) of property, vessels and equipment.

The gain or loss on disposal of an item of property, vessels and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, vessels and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, vessels and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, vessels and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, vessels and equipment from the date that they are available for use. Property, vessels and equipment under construction are not depreciated until the assets are ready for their intended use.

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06**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, vessels and equipment (continued)****(iii) Depreciation (continued)**

The estimated useful lives for the current and comparative years are as follows:

Vessels with dry docking expenditure	2.5 - 25 years
Buildings	50 years
Shipyard	15 years
Motor vehicles	5 years
Forklifts	5 years
Renovations	5 years
Furniture, fittings and office equipment	3 - 10 years
Equipment	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting year and adjusted as appropriate.

**(e) Leases****(i) Definition of a lease**

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purposes the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

**(ii) Recognition and initial measurement****(a) As a lessee**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases (continued)

#### (ii) Recognition and initial measurement (continued)

##### (a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

#### (iii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property, vessels and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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06**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leases (continued)****(iii) Subsequent measurement (continued)****(a) As a lessee (continued)**

The lease liability is measured at amortised cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. If there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(b) As a lessor**

The Group recognises lease payments received under operating lease as income on a straight-line basis over the lease term as part of "revenue".

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

**(g) Non-current asset held for sale**

Non-current assets comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

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

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.

**(h) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**(i) Impairment****(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. 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 cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Impairment (continued)

#### (ii) Financial assets (continued)

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 result from default events that are possible within the 12 months after the reporting date. The maximum year considered when estimating expected credit losses is the maximum contractual year over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix 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 financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for the recovery of amounts due.

#### (iii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and non-current assets held for sale) are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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06**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at the end of each reporting year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(j) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**Ordinary shares**

Ordinary shares are classified as equity.

**(k) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

Contributions to the statutory pension funds are charged to the profit or loss in the financial year to which they relate.

**(l) Revenue and other income****(i) Revenue**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Revenue and other income (continued)

#### (ii) Vessel charter

Revenue from vessel charter is recognised on a time-apportionment basis using the straight-line method.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (iv) Dividend income

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

### (m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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 financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. 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 end of the reporting period.

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 year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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06**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Earnings per ordinary share**

The Group presents basic 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 year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(p) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment 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.

**(q) Fair value measurement**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of event or change in circumstances that caused the transfers.



### 3. PROPERTY, VESSELS AND EQUIPMENT

Group	Note	Vessels (subject to operating lease)		Vessels under construction		Buildings		Shipyard construction		Shipyard under construction		Motor vehicles		Forklifts		Renovation		Furniture, fittings and office equipment		Total	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cost																					
At 1 January 2021		907,524	98,328	1,697	5,414	2,110	876	364	718	1,353	19,090	1,037,474									
Additions		22,978	35,271	-	103	-	-	-	-	16	-	58,368									
Transfer to assets held for sale	11	(411,637)	(1,281)	-	-	-	-	-	-	-	-	(412,918)									
Disposals		(2,801)	-	-	-	-	(74)	-	-	-	-	(2,875)									
At 31 December 2021/ 1 January 2022		516,064	132,318	1,697	5,517	2,110	802	364	718	1,369	19,090	680,049									
Reclassification	3.5	157,818	(122,683)	-	-	-	-	-	-	-	-	35,135									
Additions		10,254	-	-	-	-	-	-	-	139	-	10,393									
Transfer from asset held for sale	11	13,341	-	-	-	-	-	-	-	(16)	-	13,341									
Written off		-	(9,635)	-	-	-	-	-	-	-	-	(9,651)									
At 31 December 2022		697,477	-	1,697	5,517	2,110	802	364	718	1,492	19,090	729,267									
Accumulated depreciation and impairment																					
At 1 January 2021		419,178	1,749	656	1,027	2,110	855	364	691	1,256	19,090	446,976									
Accumulated depreciation		173,679	-	467	-	-	855	364	691	1,256	19,090	196,402									
Accumulated impairment loss		245,499	1,749	189	1,027	2,110	855	-	-	-	-	250,574									
Depreciation for the year		43,010	-	29	369	-	20	-	23	28	-	43,479									
Impairment loss		105,444	-	-	1,681	-	-	-	-	-	-	107,125									
Transfer to assets held for sale		(346,988)	(1,214)	-	-	-	-	-	-	-	-	(348,202)									
Written off	11	-	9,635	-	-	-	-	-	-	-	-	9,635									
Disposals		(2,983)	-	-	-	-	(74)	-	-	-	-	(3,057)									
At 31 December 2021		217,661	10,170	685	3,077	2,110	801	364	714	1,284	19,090	255,956									
Accumulated depreciation		204,434	-	496	369	-	801	364	714	1,284	19,090	227,552									
Accumulated impairment loss		13,227	10,170	189	2,708	2,110	-	-	-	-	-	28,404									



## 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

Group	Note	Vessels (subject to operating lease)	Vessels under construction	Buildings	Shipyard construction	Shipyard under construction	Motor vehicles	Forklifts	Renovation	Furniture, fittings and office equipment	Equipment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation and impairment (continued)</b>												
At 1 January 2022		217,661	10,170	685	3,077	2,110	801	364	714	1284	19,090	255,956
Accumulated depreciation		204,434	-	496	369	-	801	364	714	1284	19,090	227,552
Accumulated impairment loss		13,227	10,170	189	2,708	2,110	-	-	-	-	-	28,404
Reclassification	3.5	35,670	(535)	-	-	-	-	-	-	-	-	35,135
Depreciation for the year		38,947	-	29	510	-	1	-	2	41	-	39,530
Reversal of impairment loss		(12,370)	-	-	(593)	-	-	-	-	-	-	(12,963)
Transfer from asset held for sale	11	9,251	-	-	-	-	-	-	-	-	-	9,251
Written off		-	(9,635)	-	-	-	-	-	-	(1)	-	(9,636)
At 31 December 2022		289,159	-	714	2,994	2,110	802	364	716	1,324	19,090	317,273
Accumulated depreciation		278,717	-	525	879	-	802	364	716	1,324	19,090	302,417
Accumulated impairment loss		10,442	-	189	2,115	2,110	-	-	-	-	-	14,856
<b>Net carrying amount</b>												
At 1 January 2021		488,346	96,579	1,041	4,387	-	21	-	27	97	-	590,498
At 31 December 2021/1 January 2022		298,403	122,148	1,012	2,440	-	1	-	4	85	-	424,093
At 31 December 2022		408,318	-	983	2,523	-	-	-	2	168	-	411,994



### 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

Company	Note	Vessels (subject to operating lease)	Vessels under construction	Buildings	Motor vehicles	Renovation	Furniture, fittings and office equipment	Equipment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>									
At 1 January 2021		938,232	128,175	1,697	605	718	833	19,090	1,089,350
Additions		23,369	7,365	-	-	-	16	-	30,750
Transfer to assets held for sale	11	(411,367)	(1,552)	-	-	-	-	-	(412,919)
Disposals		(3,316)	-	-	(73)	-	-	-	(3,389)
At 31 December 2021/ 1 January 2022		546,918	133,988	1,697	532	718	849	19,090	703,792
Reclassification	3.5	124,318	(124,353)	-	-	-	-	-	(35)
Additions		9,507	-	-	-	-	139	-	9,646
Transfer from asset held for sale	11	13,341	-	-	-	-	-	-	13,341
Written off		-	(9,635)	-	-	-	(16)	-	(9,651)
At 31 December 2022		694,084	-	1,697	532	718	972	19,090	717,093
<b>Accumulated depreciation and impairment</b>									
At 1 January 2021		428,607	1,748	656	603	691	759	19,090	452,154
Accumulated depreciation		183,108	-	467	603	691	759	19,090	204,718
Accumulated impairment loss		245,499	1,748	189	-	-	-	-	247,436
Depreciation for the year		45,937	-	29	1	23	17	-	46,007
Impairment loss		114,445	-	-	-	-	-	-	114,445
Transfer to assets held for sale	11	(346,717)	(1,485)	-	-	-	-	-	(348,202)
Written off		-	9,635	-	-	-	-	-	9,635
Disposals		(3,254)	-	-	(74)	-	-	-	(3,328)
At 31 December 2021		239,018	9,898	685	530	714	776	19,090	270,711
Accumulated depreciation		225,791	-	496	530	714	776	19,090	247,397
Accumulated impairment loss		13,227	9,898	189	-	-	-	-	23,314



## 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

Company	Note	Vessels (subject to operating lease) RM'000	Vessels under construction RM'000	Buildings RM'000	Motor vehicles RM'000	Renovation RM'000	Furniture, fittings and office equipment RM'000	Equipment RM'000	Total RM'000
Accumulated depreciation and impairment (continued)									
At 1 January 2022		239,018	9,898	685	530	714	776	19,090	270,711
Accumulated depreciation		225,791	-	496	530	714	776	19,090	247,397
Accumulated impairment loss		13,227	9,898	189	-	-	-	-	23,314
Reclassification	3.5	228	(263)	-	-	-	-	-	(35)
Depreciation for the year		41,596	-	29	1	2	32	-	41,660
Net reversal of impairment loss		(12,370)	-	-	-	-	-	-	(12,370)
Transfer from asset held for sale	11	9,251	-	-	-	-	-	-	9,251
Written off		-	(9,635)	-	-	-	(1)	-	(9,636)
At 31 December 2022		277,723	-	714	531	716	807	19,090	299,581
Accumulated depreciation		267,281	-	525	531	716	807	19,090	288,950
Accumulated impairment loss		10,442	-	189	-	-	-	-	10,631
Net carrying amount									
At 1 January 2021		509,625	126,427	1,041	3	27	74	-	637,197
At 31 December 2021/1 January 2022		307,900	124,090	1,012	2	4	73	-	433,081
At 31 December 2022		416,361	-	983	1	2	165	-	417,512



### 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

#### 3.1 Impairment loss and subsequent reversal

The Group's main customers are from oil and gas companies involved in upstream exploration activities. There is a fluctuation in the outlook for the oil price and the demand for the marine logistics. Accordingly, management identified the above indicators that the carrying amounts of some of their vessels and assets held for sales may be impaired.

In the current financial year, the Group has evaluated whether the property, vessels and equipment used in the operations are stated in excess of their recoverable amounts. The Group has applied a combination of the value-in-use ("VIU") approach and the fair value less cost of disposal ("FVLCD") approach, whichever is higher, in determining the recoverable amounts of the property, vessels and equipment.

The Group and the Company's recoverable amount for the relevant impairment reversals or losses during the year of RM190,504,000 and RM186,339,000 (2021: RM166,910,000 and RM251,157,000) respectively were determined from the VIU calculations using cash flow projections and FVLCD.

Following the assessment, the Group and the Company has recognised a net reversal of impairment loss of RM12,963,000 and RM12,370,000 respectively (2021: impairment loss of RM135,247,000 and RM145,067,000) on vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher (2020: lower) than their carrying amounts.

#### VIU approach

The Group has applied the value-in-use approach on the basis that the vessels will continue to be in use up to the expected useful lives of the respective vessels. The value-in-use has been calculated by forecasting and discounting future cash flows to be generated by the respective vessels based on the following key assumptions:

- (i) Average daily charter rate ("DCR") ranging from RM2,000 to RM74,800;
- (ii) Offhire rate of 3% - 10% depending on the age of vessels;
- (iii) Inflationary adjustment ranging from 3% - 5%;
- (iv) Salvage value based on market value of scrap steel plates at USD535 per tonne multiplied by the lightweight of the vessels;
- (v) Remaining useful life of 2 years to 23 years; and
- (vi) Pre tax discount rate ranging from 14% to 21%.

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry. Changes in judgements and the related estimates throughout the useful lives of the vessels could result in material adjustments to the carrying amounts of vessels, which can either be positive or negative.

#### FVLCD approach

FVLCD was used to determine the recoverable amounts of certain vessels based on the market comparable approach. The fair value measurement of the vessels was performed by an independent valuer with appropriate qualification and recent experience in valuation of vessels in the relevant industry.



### 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

#### 3.1 Impairment loss and subsequent reversal (continued)

##### FVLCD approach (continued)

The following table describes the valuation technique used in the determination of fair values classified under Level 3, the significant unobservable inputs used in the valuation, and the inter-relationship between the significant unobservable inputs and the fair value measurement.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The method involved determining the market value that reflects recent market transactions of similar vessels of similar age and specifications. In valuing the vessels, the independent valuer had taken into consideration the prevailing market conditions and made adjustments for differences such as age, size and specifications where necessary before arriving at the most appropriate fair value for the vessels.	(i) Valuation based on comparison to market value of the type of vessel fitted with the same specifications of similar nature or as closed in similarity of which recently transacted around the region.  (ii) Useful lives and residual values.	(i) The estimated fair value would increase/(decrease) if the valuation of recent transactions based on similar age and specifications of which recently transacted around the region were higher/(lower).  (ii) The estimated fair value would increase/(decrease) if the useful lives and the residual values of the vessels are higher/(lower).

Following the assessment, the Group and the Company has recognised a net reversal of impairment loss of RM12,963,000 and RM12,370,000 respectively (2021: impairment loss of RM135,247,000 and RM145,067,000 ) on vessels in the profit or loss, as the estimated recoverable amounts of these vessels are higher (2020: lower) than their carrying amounts.

#### 3.2 Security

Net carrying amount of assets pledged as security for islamic term financing, overdraft and term loan facilities are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Vessels	306,328	360,643	304,809	361,266

#### 3.3 Vessels subject to operating lease

The Group and the Company lease its vessels (including capitalised drydocking expenditure) to third parties. The leases contain short and long-term contracts where the period ranges from 1 month to 3 years. Subsequent renewals are negotiated with the lessee.

The Group and the Company generally does not require a financial guarantee on the lease agreement.

The Group and the Company have classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the vessels.

The following are recognised in profit or loss:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Leasing Income	15	136,672	119,531	129,890	108,845



### 3. PROPERTY, VESSELS AND EQUIPMENT (CONTINUED)

#### 3.3 Vessels subject to operating lease (continued)

The operating lease payments to be received are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Less than 1 year	75,856	69,939	93,991	90,598
One to two years	74,709	96,847	89,605	126,774
Total undiscounted lease payments	32,820	53,907	32,228	53,907
	183,385	220,693	215,824	271,279

#### 3.4 Borrowing costs

Included in vessels under construction of the Group and the Company was interest capitalised of RM Nil (2021: RM1,722,000).

#### 3.5 Reclassification

Reclassification due to error in the prior year presentation and subsequently reconciled in current year.

### 4. RIGHT-OF-USE ASSETS

The Group has lease contracts for the lease of its shipyard, vessels and equipment used in its operations. Lease of leasehold land has lease terms of 30 years while vessels and equipment have lease terms of 2 years.

	Leasehold land RM'000	Vessels RM'000	Buildings RM'000	Total RM'000
<b>Group</b>				
As at 1 January 2021	1,808	6,649	228	8,685
Depreciation for the year	(83)	(6,649)	(114)	(6,846)
Remeasurement of lease liabilities	-	-	(23)	(23)
Derecognition	-	-	(27)	(27)
As at 31 December 2021/1 January 2022	1,725	-	64	1,789
Depreciation for the year	(82)	-	(78)	(160)
Addition	-	-	348	348
As at 31 December 2022	1,643	-	334	1,977
<b>Company</b>				
As at 1 January 2021		6,649	228	6,877
Depreciation for the year		(6,649)	(114)	(6,763)
Remeasurement of lease liabilities		-	(23)	(23)
Derecognition		-	(27)	(27)
As at 31 December 2021/1 January 2022		-	64	64
Addition		-	348	348
Depreciation for the year		-	(78)	(78)
As at 31 December 2022		-	334	334



## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Cost of investments	7,500	7,500
Less: Accumulated impairment	(2,500)	(2,500)
	5,000	5,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Johor Shipyard and Engineering Sdn. Bhd.	Malaysia	Shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy	100	100
Libra Perfex Precision Sdn. Bhd.	Malaysia	Hiring and chartering of marine vessels	100	100

### Impairment review of investment in subsidiaries

The recoverable amounts of the subsidiaries were estimated by reference to the underlying assets and liabilities of the subsidiaries.

Following the assessment, the Group recognised impairment loss of RM2,500,000 in prior year as the estimated recoverable amounts of the subsidiary is lower than its carrying amounts.

## 6. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, vessels and equipment	-	-	(58,223)	(67,817)	(58,223)	(67,817)
Right-of-use assets	-	-	(122)	(314)	(122)	-
Trade receivables	452	-	-	-	452	-
Lease liabilities	318	-	-	-	318	(314)
Unrealised foreign exchange	810	-	-	-	810	-
Accruals	478	31,275	-	-	478	31,275
Unabsorbed capital allowances	18,629	18,217	-	-	18,629	18,217
Unutilised tax losses	48,008	17,759	-	-	48,008	17,759
Tax assets/(liabilities)	68,695	67,251	(58,345)	(68,131)	10,350	(880)
Set off of tax	(58,345)	(67,251)	58,345	67,251	-	-
Net tax assets/ (liabilities)	10,350	-	-	(880)	10,350	(880)



## 6. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

### Recognised deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are attributable to the following: (continued)

Company	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, vessels and equipment	-	-	(58,098)	(67,368)	(58,098)	(67,368)
Right-of-use assets	-	-	(80)	-	(80)	-
Trade receivables	452	-	-	-	452	-
Lease liabilities	81	43	-	-	81	43
Unrealised foreign exchange	1,107	-	-	-	1,107	-
Accruals	447	31,356	-	-	447	31,356
Unabsorbed capital allowances	18,629	18,080	-	-	18,629	18,080
Unutilised tax losses	48,008	17,759	-	-	48,008	17,759
Tax assets/(liabilities)	68,724	67,238	(58,178)	(67,368)	10,546	(130)
Set off of tax	(58,178)	(67,238)	58,178	67,238	-	-
Net tax assets/ (liabilities)	10,546	-	-	(130)	10,546	(130)

### Movement in temporary differences during the financial year

Group	At 1.1.2021 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2022 RM'000
Property, vessels and equipment	(67,772)	(45)	(67,817)	9,594	(58,223)
Right-of-use assets	-	-	-	(122)	(122)
Trade receivables	-	-	-	452	452
Lease liabilities	158	(472)	(314)	632	318
Unrealised foreign exchange	-	-	-	810	810
Accruals	31,295	(20)	31,275	(30,797)	478
Unabsorbed capital allowances	18,232	(15)	18,217	412	18,629
Unutilised tax losses	17,759	-	17,759	30,249	48,008
Net tax (liabilities)/assets	(328)	(552)	(880)	11,230	10,350

Company	At 1.1.2021 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2022 RM'000
Property, vessels and equipment	(67,368)	-	(67,368)	9,270	(58,098)
Right-of-use assets	-	-	-	(80)	(80)
Trade receivables	-	-	-	452	452
Lease liabilities	43	-	43	38	81
Unrealised foreign exchange	-	-	-	1,107	1,107
Accruals	31,356	-	31,356	(30,909)	447
Unabsorbed capital allowances	18,080	-	18,080	549	18,629
Unutilised tax losses	17,759	-	17,759	30,249	48,008
Net tax (liabilities)/assets	(130)	-	(130)	10,676	10,546



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06**6. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)****Recognised deferred tax assets**

The management considered it probable that future taxable profits will be available against which the deferred tax assets can be utilised. The management has applied the key assumptions as stated in Note 3.1 in arriving at the projected future taxable profits.

The estimation of future taxable profits requires management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainty and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

**7. INVENTORIES**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Materials and consumables	<b>1,042</b>	107	<b>1,042</b>	106
Recognised in profit or loss:				
Inventories recognised as part of cost of services	<b>936</b>	96	<b>936</b>	96

**8. TRADE AND OTHER RECEIVABLES**

	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Group</b>			
<b>Trade</b>			
Trade receivables		<b>14,776</b>	7,853
Accrued revenue from charter hire		<b>8,125</b>	10,730
Less: Allowance for impairment		<b>(1,906)</b>	(608)
		<b>20,995</b>	17,975
<b>Non-Trade</b>			
Other receivables		<b>206</b>	705
Deposits		<b>1,958</b>	224
Prepayments		<b>1,428</b>	441
Less: Allowance for impairment		-	(173)
		<b>3,592</b>	1,197
		<b>24,587</b>	19,172



## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	2022 RM'000	2021 RM'000
<b>Company</b>			
<b>Trade</b>			
Trade receivables		11,644	4,690
Accrued revenue from charter hire		6,284	7,482
Amount due from a subsidiary	8.1	4,796	6,450
Less: Allowance for impairment		(1,885)	(587)
		20,839	18,035
<b>Non-Trade</b>			
Other receivables		-	652
Deposits		1,906	172
Prepayments		1,427	441
Amount due from a subsidiary	8.1	2,821	-
Less: Allowance for impairment		-	(120)
		6,154	1,145
		26,993	19,180

### 8.1 Amount due from a subsidiary

Amounts due from a subsidiary is unsecured and is repayable on demand.

## 9. DEPOSITS

Relates to the pledged deposit placed in financial institution for bank guarantee purposes.

## 10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	45,356	-	45,356	-
Cash and bank balances	13,605	6,442	11,587	5,473
	58,961	6,442	56,943	5,473

Fixed and security deposits with licensed banks of the Group earn interest ranging from 1.79% to 2.55% (2021: 1.85% to 3.10%) per annum and have maturity periods ranging from 30 days to 365 days (2021: 30 days to 365 days).

Fixed and security deposits with licensed banks of the Company earn interest ranging from 1.79% to 2.55% (2021: 3%) per annum and have maturity periods of 30 days (2021: 30 days).

Included in the cash and cash equivalents are restricted amount in relation to net proceed of RM16.33 million (2021: Nil) from disposal of vessels under the scheme of arrangement.



## 11. NON-CURRENT ASSETS HELD FOR SALE

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January		104,334	90,407	104,347	90,423
Transfer from property, vessels and equipment	3	-	64,717	-	64,717
Transfer to property, vessels and equipment	3	(4,090)	-	(4,090)	-
Impairment loss on the remeasurement to fair value less costs to sell		-	(18,487)	-	(18,487)
Disposal during the year		(80,352)	(32,303)	(80,365)	(32,306)
At 31 December		19,892	104,334	19,892	104,347

As at 1 January 2022, the Group and the Company had 13 vessels amounting to RM104,347,000 and RM104,334,000 respectively being held for sale. These vessels were available for immediate sale in their present conditions and active programme to sell the asset has been initiated by the Group and the Company since 2021. Pursuant to the scheme of arrangement, the Group identified 5 vessels from the existing non-current assets held for sale to repay their scheme creditors.

During the financial year, the Group and the Company successfully disposed 11 vessels. The vessel with carrying amount of RM19,892,000 remains unsold but the Group and the Company target to dispose the vessel by end of March 2023 as part of their asset disposal program under the scheme of arrangement. The Group and the Company abandoned their plan to sell one of the vessel with carrying amount of RM4,090,000. Accordingly, the said vessel has been reclassified to property, vessels and equipment.

The Group and the Company's recoverable amount for the relevant impairment losses for prior year are RM42,882,000 respectively which were determined from the VIU calculations using cash flow projections and FVLCOB.

## 12. SHARE CAPITAL

	2022		2021	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 January/At 31 December	530,500	179,755	530,500	179,755

## 12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.



### 13. LOANS AND BORROWINGS

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current - Secured</b>					
Islamic financing facilities	13.1	110,532	-	110,532	-
Conventional financing facilities	13.2	11,205	-	11,205	-
		121,737	-	121,737	-
<b>Current - Secured</b>					
Islamic financing facilities	13.1	24,343	147,308	24,343	147,308
Conventional financing facilities	13.2	20,413	56,754	20,413	56,754
Revolving credit	13.3	4,284	8,460	4,284	8,460
Hire purchase liabilities		-	7	-	-
Bank overdraft	13.4	2,451	5,484	2,451	5,484
		51,491	218,013	51,491	218,006
Total loans and borrowings		173,228	218,013	173,228	218,006

#### 13.1 Islamic financing facilities

The Islamic financing facilities have tenures of 3 to 10 years (2021: 3 to 10 years) which bear profit as at the reporting date at rates ranging from 3.98% to 7.38% (2021: 2.83% to 6.75%) per annum. Included in the Islamic financing facilities is two (2021: two) loans denominated in United State Dollar ("USD") amounting to USD 5,324,000 (2021: USD8,294,000) which approximates to RM23,454,000 (2021: RM34,610,000).

#### 13.2 Conventional financing facilities

The conventional financing facilities have tenures of 5 to 9 years (2021: 5 to 9 years) which bear interest as at the reporting date at rates ranging from 3.72% to 4.23% (2021: 3.69% to 6.40%) per annum.

#### 13.3 Revolving credit

Revolving credits are repayable on demand which bear interest rate as at the reporting date at rates ranging from 3.69% to 3.98% (2021: 2.90% to 6.60%) per annum.

#### 13.4 Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 0.75% (2021: BLR + 0.75%) per annum and is secured over vessels and vessels under construction as disclosed Note 3.2.

#### 13.5 Security

The Islamic financing facilities, conventional financing facilities and revolving credits are secured by way of the following:

- (i) Duly executed and enforceable Memorandum of Deposit and letter of set-off for the placement of fixed deposits totaling RM Nil (2021: RM1,512,000) in the form of Al Mudharabah General Investment Account ("GIA") throughout the financing period respectively;
- (ii) Assignment of the relevant insurance coverage over the vessels indicating the bank as loss payee ("beneficiary"), namely:
  - (a) Hull and machinery;
  - (b) Mortgage interest; and
  - (c) Protection and Indemnity Club ("P&I") acceptable to the Bank.

The amount to be covered by insurance shall not be less than the outstanding amount of the facilities;



## 13. LOANS AND BORROWINGS (CONTINUED)

### 13.5 Security (continued)

The Islamic financing facilities, conventional financing facilities and revolving credits are secured by way of the following:

- (iii) Duly executed and enforceable Deed of Mortgage and Covenant over the vessels and vessels under construction;
- (iv) Legal Assignment of the contract proceeds throughout the financing period to be duly acknowledged by charterer;
- (v) Guarantee given by a certain shareholder of the Company for the certain loans; and
- (vi) The securities in relation to the loan for Pontian 2 and Kluang 2:
  - (a) Deed of Covenant accompanying First statutory legal mortgage over the vessels;
  - (b) Specific Debenture over the vessels;
  - (c) Legal assignment of contract proceeds related to the vessels to be channelled into Designated Collection Account ("DCA") with the bank;
  - (d) Legal Assignment over DCA related to the vessels;
  - (e) Legal Assignment of insurances for the vessels;
  - (f) Legal Assignment of Shipbuilding Agreement;
  - (g) Security Sharing Agreement and Coordinating Agent Agreement between RHBi, third party financial institution(s) and the Company; and
  - (h) Supplemental Assignments of Contract Proceeds from all vessels charged to RHB Banking Group to cover RHBi and third party financial institution(s)'s new facilities during construction of the vessels.

### 13.6 Significant covenants

In connection with financing facilities, the Company have agreed on the following significant financial covenants with certain lenders:

- (i) The Company's total financing to tangible net worth ("Gearing ratio") will not exceed 2.5 times at all time as per the following formula:-

Total Financing

-----  
Tangible Network + Subordination of Shareholders and Directors Advances

- (ii) The Company's debt to equity ratio will not exceed 3.0 times at all times.

In the previous financial year, the Company have breached certain financing facility covenants arising from the deteriorated financial performance and the classification of the Company as a Practice Note 17 ("PN17") Issuer. The entire loan balance of the Company in the previous financial year amounting to RM218.0 million had become repayable on demand and the lenders are entitled to enforce their rights against the pledged assets and vessels. The Company have reclassified RM156.4 million of loan facilities as current loans and borrowings as at 31 December 2021. As at 31 December 2022, the Company continue to breach certain financing covenants and event of defaults. However, the Company successfully obtain the indulgence letter from the respective lenders in respect of the breach of covenant and event of default prior to the financial year end.



## 14. TRADE AND OTHER PAYABLES

Group	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>					
Trade payables	14.1	<b>74,568</b>	158,065	<b>68,716</b>	153,167
Trade accruals		<b>3,994</b>	2,697	<b>3,610</b>	2,312
Amount due to subsidiary		-	-	<b>19,629</b>	16,892
Freight income received in advance		-	1,763	-	1,763
		<b>78,562</b>	162,526	<b>91,955</b>	174,134
<b>Non-trade</b>					
Amounts due to					
- ultimate holding company	14.2	<b>1,333</b>	1,289	<b>1,267</b>	1,222
- intermediate holding company	14.3	<b>967</b>	804	<b>967</b>	804
- immediate holding company	14.4	<b>207,395</b>	134,822	<b>207,395</b>	134,822
- related companies	14.3	<b>12</b>	23	<b>12</b>	23
- a subsidiary	14.2	-	-	<b>2,083</b>	2,326
Amounts due to other shareholders	14.4	<b>15,119</b>	6,643	<b>15,119</b>	6,643
Other payables		<b>3,596</b>	10,928	<b>3,596</b>	7,588
Accruals		<b>10,063</b>	4,258	<b>8,929</b>	3,752
		<b>238,485</b>	158,767	<b>239,369</b>	157,180
		<b>317,047</b>	321,293	<b>331,323</b>	331,314

### 14.1 Trade payables

Credit terms granted to the Group and the Company vary from 30 to 90 days (2021: 30 to 90 days).

### 14.2 Amounts due to ultimate holding company and a subsidiary

The amounts due to ultimate holding company and a subsidiary are unsecured, interest free and repayable on demand.

### 14.3 Amounts due to intermediate holding company and related companies

The amounts due to intermediate holding company and a related company bear 4.26% (2021:4.26%) interest rate per annum and are repayable on demand.

### 14.4 Amounts due to immediate holding company and other shareholders

Included in amounts due to immediate holding company and other shareholders consists of loans from immediate holding company amounting to RM63,530,000 (2021: RM63,530,000) and loans from other shareholders amounting to RM8,401,000 (2021: RM8,401,000) which bear 6.85% (2021:6.85%) interest rate per annum and are repayable on demand. The remaining amounts are unsecured, interest free and repayable on demand.



## 15. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
Leasing income	136,672	119,531	129,890	108,845
Revenue from contract with customers	16,968	41,025	21,138	47,856
	153,640	160,556	151,028	156,701

## 15.1 Disaggregation of the Group's and of the Company's revenue from contracts with customers:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers</b>				
Crew and other services	16,968	41,025	21,138	47,856
<b>Timing of revenue recognition:</b>				
Over time	16,968	41,025	21,138	47,856

## 15.2 Nature of services

The following information reflects the typical transactions of the Group

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms
Crew and other services	Revenue is recognised over time as and when the customer simultaneously receives and consumes the benefits provided by the Group using the time lapsed method.	Credit period of 30 days from invoice date.

## 15.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2022	2023	2024	2025	2026	2027	Total
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Crew services	16,968	10,753	5,947	4,643	4,376	276	42,963

	2021	2022	2023	2024	2025	2026	2027	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Crew services	41,025	35,236	30,600	18,701	10,472	9,869	623	146,526



## 15. REVENUE (CONTINUED)

### 15.3 Transaction price allocated to the remaining performance obligations (continued)

Company 2022	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000
Crew services	21,138	14,207	8,683	4,862	4,582	289	53,761

2021	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000
Crew services	47,856	27,199	24,251	13,412	10,472	9,869	623	133,682

### 15.4 Restatement

In the previous financial year, the Group and the Company did not disclose lease income and revenue separately. Thus, the comparative has been restated accordingly.

## 16. FINANCE INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	224	127	209	109

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## 17. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities				
- Bank overdraft	335	188	335	188
- Hire purchase liabilities		1	-	-
- Conventional financing	1,816	2,811	1,816	2,811
- Revolving credits	321	344	321	345
- Loans from shareholders	-	3,887	-	3,887
- Advances from shareholders	-	2,711	-	2,711
- Advances from intercompany	-	-	-	289
- Interest costs of material litigation	-	2,041	-	2,041
Profit payable on islamic financing	6,868	3,233	6,868	3,233
	9,340	15,216	9,340	13,099
Interest expense on lease liabilities	149	968	10	827
	9,489	16,184	9,350	16,332
Less: Interest expense capitalised in vessels under construction	-	(1,722)	-	(1,722)
	9,489	14,462	9,350	14,610



## 18. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Audit fees				
KPMG PLT	358	-	283	-
Other auditors	-	383	-	283
- Non-audit fees				
KPMG PLT	13	-	13	-
Other auditors	-	13	-	13
Depreciation on property, vessels and equipment	39,530	43,479	41,660	46,007
Depreciation on right-of-use assets	160	6,846	78	6,763
Impairment losses on investment in subsidiary	-	-	-	2,500
(Reversal of)/Impairment losses on property vessels and equipment and assets held for sale	(12,963)	135,247	(12,370)	142,567
(Gain)/Loss on disposal of property, vessels and equipment and assets held for sale	(2,181)	12,223	(2,168)	12,223
Written off of property, vessels and equipment	15	-	15	-
Net loss on impairment of financial instruments	1,298	53	1,298	-
Realised foreign exchange loss	2,518	5,907	1,995	5,780
Unrealised foreign exchange loss	4,713	4,551	4,505	4,612
Low value leases:				
Rental of office equipment	47	69	39	61
Rental of staff quarters	-	40	-	40
Short term leases:				
Rental of office	85	122	85	122
Rental of shipyard	44	45	1	-
Rental of third party vessels	11,061	4,311	11,061	4,311
Personnel expenses (including key management personnel):				
- Wages, salaries and others	24,590	32,528	23,726	31,348
- Contributions to Employees Provident Fund ("EPF")	2,210	3,512	2,037	3,334
Insurance recoveries	(1,942)	(6,252)	(1,942)	(6,252)

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## 19. TAXATION

## Recognised in profit or loss

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current tax expense</b>				
Current year	366	557	50	-
Prior year	(202)	3	-	-
	164	560	50	-
<b>Deferred tax expense</b>				
Current year	(10,319)	554	(10,676)	-
Prior year	(911)	(2)	-	-
	(11,230)	552	(10,676)	-
	11,066	1,112	(10,626)	-

## Reconciliation of tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(Loss) before tax	8,977	(149,532)	2,432	(161,225)
Income tax calculated using Malaysian statutory tax rate of 24% (2021: 24%)	2,154	(35,888)	584	(38,694)
Non-deductible expenses	1,989	40,178	1,832	40,777
Non taxable income	(470)	-	(327)	-
Tax exempted income	(394)	(440)	517	(440)
Recognition of previously unrecognised deferred tax assets	(13,232)	(3,443)	(13,232)	(3,443)
Effect of deferred tax assets not recognised	-	704	-	1,800
(Over)/Under provided in prior years	(1,113)	1	-	-
	(11,066)	1,112	(10,626)	-

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	-	55,133	-	55,133

In accordance with the provision of the Finance Act 2021, the utilisation of unused tax losses is limited to ten (10) years with effect from year assessment of 2019.



## 20. EARNINGS/(LOSS) PER SHARE

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

The calculation of basic earnings/(loss) per ordinary share at 31 December 2022 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2022	2021
Profit/(Loss) for the financial year attributable to owners of the Company (RM'000)	20,043	(150,644)
Weighted average number of ordinary shares in issue ('000)	530,500	530,500
Basic earnings/(loss) per ordinary share (sen)	3.78	(28.40)

The Group has no potential ordinary shares in issue as at financial year end and therefore, diluted earnings per share has not been presented.

There have been no other transactions involving ordinary shares or potential shares.

## 21. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has only one reportable segments.

The Group's reportable segment consists solely of vessel charter hire segment, which is the operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services.

Other non-reportable segments comprise operations related to provision of engineering, procurement, construction, installation commissioning of floating storage and offloading vessels. This segment does not meet the quantitative thresholds for reporting segments in 2022 and 2021.

Due to the high integration within all these segments, performance of individual segment is measured based on revenue, as included in the internal management. Hence, no other disclosure for segment assets, segment liabilities and segment capital expenditures.

31 December 2022	Charter hire RM'000	Other services RM'000	Total RM'000
<b>Revenue:</b>			
External customers	152,035	1,605	153,640
<b>31 December 2021</b>	<b>Charter hire RM'000</b>	<b>Other services RM'000</b>	<b>Total RM'000</b>
<b>Revenue:</b>			
External customers	146,672	13,884	160,556

### Geographical segments

The geographical location of customers predominantly operates within Malaysia.

### Major customers

There are four external customers (2021: four) in charter hire segment, who contribute 78% (2021: 52%) on total revenues of the Group and the Company amounting to RM119.76 million and RM95.66 million (2021: RM118.83 million and RM98.51 million) respectively.



## 22. FINANCIAL INSTRUMENTS

## 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"):

	Carrying amount RM'000	AC RM'000
<b>2022</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables	23,159	23,159
Deposits	1,641	1,641
Cash and cash equivalents	58,961	58,961
	<b>83,761</b>	<b>83,761</b>
<b>Company</b>		
Trade and other receivables	25,566	25,566
Deposits	856	856
Cash and cash equivalents	56,943	56,943
	<b>83,365</b>	<b>83,365</b>
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	317,047	317,047
Loans and borrowings	173,228	173,228
	<b>490,275</b>	<b>490,275</b>
<b>Company</b>		
Trade and other payables	331,323	331,323
Loans and borrowings	173,228	173,228
	<b>504,551</b>	<b>504,551</b>



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
<b>2021</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables	18,731	18,731
Deposits	4,165	4,165
Cash and cash equivalents	6,442	6,442
	29,338	29,338
<b>Company</b>		
Trade and other receivables	18,739	18,739
Deposits	3,394	3,394
Cash and cash equivalents	5,473	5,473
	27,606	27,606
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	321,293	321,293
Loans and borrowings	218,013	218,013
	539,306	539,306
<b>Company</b>		
Trade and other payables	331,314	331,314
Loans and borrowings	218,006	218,006
	549,320	549,320

### 22.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at amortised cost	(1,074)	(74)	(1,089)	109
Financial liabilities at amortised cost	(16,717)	(25,674)	(15,900)	(26,724)
Net losses	(17,791)	(25,748)	(16,989)	(26,615)

### 22.3 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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



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06**22. FINANCIAL INSTRUMENTS (CONTINUED)****22.4 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 trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis in view of reducing the Group's exposure to bad debts.

The Group and the Company have 30 days (2021: 30 days) credit term policy in place and the exposure to credit risk is monitored on an ongoing basis.

**Exposure to credit risk**

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group and the Company have only invested in fixed deposits and maintain current accounts with licensed banks.

A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

**Credit risk concentration profile**

The Group and the Company determine concentration of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. The Group's significant concentration of credit risks are in the form of three (2021: three) major customers which constitute approximately 63% (2021: 66%) of the total trade receivables. The Company's significant concentration of credit risks are in the form of four (2021: three) major customers which constitute approximately 75% (2021: 78%) of the total trade receivables.

**Impairment of financial assets**

The Group's and the Company's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, accrued revenue from charter hire and other receivables. While bank balances and deposits are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

*(i) Trade receivables and accrued revenue from charter hire using simplified approach*

The Group and the Company apply the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued revenue from charter hire.



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.4 Credit risk (continued)

#### Impairment of financial assets (continued)

- (i) Trade receivables and accrued revenue from charter hire using simplified approach (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and accrued revenue from charter hire which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	2022 Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	2021 Loss allowances RM'000	Net balance RM'000
Not past due	20,655	-	20,655	16,595	-	16,595
Past due 30-59 days	-	-	-	857	-	857
Past due 60-90 days	-	-	-	325	-	325
Past due more than 90 days	340	-	340	198	-	198
	20,995	-	20,995	17,975	-	17,975
<b>Credit impaired</b>						
Not past due	56	(56)	-	-	-	-
Past due 30-59 days	217	(217)	-	-	-	-
Past due 60-90 days	210	(210)	-	-	-	-
Past due more than 90 days	1,423	(1,423)	-	608	(608)	-
	22,901	(1,906)	20,995	18,583	(608)	17,975

Company	Gross carrying amount RM'000	2022 Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	2021 Loss allowances RM'000	Net balance RM'000
Not past due	18,707	-	18,707	16,655	-	16,655
Past due 30-59 days	1,792	-	1,792	857	-	857
Past due 60-90 days	-	-	-	325	-	325
Past due more than 90 days	340	-	340	198	-	198
	20,839	-	20,839	18,035	-	18,035
<b>Credit impaired</b>						
Not past due	56	(56)	-	-	-	-
Past due 30-59 days	217	(217)	-	-	-	-
Past due 60-90 days	210	(210)	-	-	-	-
Past due more than 90 days	1,402	(1,402)	-	587	(587)	-
	22,724	(1,885)	20,839	18,622	(587)	18,035



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.4 Credit risk (continued)

#### Impairment of financial assets (continued)

##### (i) Trade receivables and accrued revenue from charter hire using simplified approach (continued)

The movements in the allowance for impairment in respect of trade receivables and accrued revenue from charter hire during the year are shown below.

	Group Credit impaired RM'000	Company Credit impaired RM'000
Balance at 1 January 2021/31 December 2021	608	587
Net remeasurement of loss allowance	1,298	1,298
Balance at 31 December 2022	1,906	1,885

##### (ii) Bank balances and deposits

The bank balances and deposits are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### (iii) Other receivables

Expected credit loss of other receivables are determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### (iv) Inter-companies

Expected credit loss of inter-companies are determined individually after considering the financial strength of the inter-companies. As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

Impairment losses on trade receivables, other receivables and inter-companies are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 22.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.5 Liquidity risk (continued)

#### Maturity analysis

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

2022	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>Islamic financing facilities</b>							
Commodity Murabahah*	23,361	i-COF+2.50	24,897	16,146	8,751	-	-
Murabahah Tawarruq	61,469	5.0	77,593	9,506	11,034	28,040	29,013
Murabahah Tawarruq*	50,045	i-COF+2.00	36,857	5,533	7,112	10,032	14,180
<b>Conventional financing facilities</b>							
Conventional term loan*	31,618	COF+1.50	33,077	21,464	11,613	-	-
<b>Others</b>							
Revolving credit*	4,284	COF+1.50	4,739	2,446	2,293	-	-
Bank overdraft	2,451	7.20	2,541	2,541	-	-	-
Trade and other payables	317,047	0%-6.85	317,284	317,284	-	-	-
Lease liabilities	2,554	6.16-8.84	4,354	284	284	933	2,852
	<b>492,829</b>		<b>501,342</b>	<b>375,204</b>	<b>41,087</b>	<b>39,005</b>	<b>46,045</b>

\* Floating rates are based on cost of funds ("COF") or Islamic COF ("i-COF")

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## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Liquidity risk (continued)

## Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>2022</b>							
<b>Company</b>							
<b>Islamic financing facilities</b>							
Commodity Murabahah*	23,361	i-COF+2.50	24,897	16,146	8,751	-	-
Murabahah Tawarruq	61,469	5.0	77,593	9,506	11,034	28,040	29,013
Murabahah Tawarruq*	50,045	i-COF+2.00	36,857	5,533	7,112	10,032	14,180
<b>Conventional financing facilities</b>							
Conventional term loan*	31,618	COF+1.50	33,077	21,464	11,613	-	-
<b>Others</b>							
Revolving credit*	4,284	COF+1.50	4,739	2,446	2,293	-	-
Bank overdraft	2,451	7.20	2,541	2,541	-	-	-
Trade and other payables	331,323	0%-6.85	331,359	331,359	-	-	-
Lease liabilities	336	8.84	380	99	99	182	-
	<b>504,887</b>		<b>511,443</b>	<b>389,094</b>	<b>40,902</b>	<b>38,254</b>	<b>43,193</b>

\* Floating rates are based on cost of funds ("COF") or Islamic COF ("i-COF")



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.5 Liquidity risk (continued)

#### Maturity analysis (continued)

2021	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<b>Islamic financing facilities</b>							
Commodity Murabahah*	34,455	i-COF+2.50	35,837	35,837	-	-	-
Murabahah Tawarruq	62,625	5.00	79,680	79,680	-	-	-
Murabahah Tawarruq*	50,228	i-COF+2.00	60,611	60,611	-	-	-
<b>Conventional financing facilities</b>							
Conventional term loan*	56,754	COF+1.50	59,966	59,966	-	-	-
<b>Others</b>							
Revolving credit*	8,460	COF+1.50	8,772	8,772	-	-	-
Hire purchase liabilities	7	2.40%-3.90	7	7	-	-	-
Bank overdraft	5,484	6.45	5,838	5,838	-	-	-
Trade and other payables	321,293	0%-6.85	321,529	321,529	-	-	-
Lease liabilities	2,328	5.74-9.59	2,334	116	49	165	2,005
	541,634		574,574	572,356	49	165	2,005

\* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Liquidity risk (continued)

## Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2021</b>							
<b>Company</b>							
<b>Islamic financing facilities</b>							
Commodity Murabahah*	34,455	i-COF+2.50	35,837	35,837	-	-	-
Murabahah Tawarruq	62,625	5.00	79,680	79,680	-	-	-
Murabahah Tawarruq*	50,228	i-COF+2.00	60,611	60,611	-	-	-
<b>Conventional financing facilities</b>							
Conventional term loan*	56,754	COF+1.50	59,966	59,966	-	-	-
<b>Others</b>							
Revolving credit*	8,460	COF+1.50	8,772	8,772	-	-	-
Bank overdraft	5,484	6.45	5,838	5,838	-	-	-
Trade and other payables	331,314	0%-6.85	331,551	331,551	-	-	-
Lease liabilities	72	5.74%-9.59%	78	78	-	-	-
	549,393		582,333	582,333	-	-	-

\* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

## 22.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

## 22.5.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EURO"), Japanese Yen ("JPY"), Great British Pound ("GBP"), Brunei Dollar ("BND") and Indonesia Rupiah ("IDR"). The Group maintains a natural hedge, whenever possible, by borrowing currency that matches the future revenue streams to be generated from its operations.



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.5 Market risk (continued)

#### 22.5.1 Foreign currency risk (continued)

##### Exposure to foreign currency risk

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

As at 31 December 2022	Denominated in					
	USD RM'000	SGD RM'000	EURO RM'000	JPY RM'000	GBP RM'000	BND RM'000
<b>Group</b>						
Trade and other receivables	5,725	-	-	-	-	-
Cash and bank balances	2,075	-	-	-	-	-
Trade and other payables	(6,681)	(537)	(34)	(94)	(31)	(1)
Loans and borrowings	(23,454)	-	-	-	-	-
<b>Net exposure</b>	<b>(22,335)</b>	<b>(537)</b>	<b>(34)</b>	<b>(94)</b>	<b>(31)</b>	<b>(1)</b>

##### Company

Trade and other receivables	2,454	-	-	-	-	-
Cash and bank balances	2,075	-	-	-	-	-
Trade and other payables	(4,909)	(537)	(34)	(49)	(31)	(1)
Loans and borrowings	(23,454)	-	-	-	-	-
<b>Net exposure</b>	<b>(23,834)</b>	<b>(537)</b>	<b>(34)</b>	<b>(49)</b>	<b>(31)</b>	<b>(1)</b>

As at 31 December 2021	Denominated in						
	USD RM'000	SGD RM'000	EURO RM'000	JPY RM'000	GBP RM'000	BND RM'000	BND M'000
<b>Group</b>							
Trade and other receivables	8,640	-	-	-	-	-	-
Cash and bank balances	44	-	-	-	-	-	-
Trade and other payables	(93,466)	(3,079)	(207)	(2,932)	(41)	(1)	(112)
Loans and borrowings	(34,455)	-	-	-	-	-	-
<b>Net exposure</b>	<b>(119,237)</b>	<b>(3,079)</b>	<b>(207)</b>	<b>(2,932)</b>	<b>(41)</b>	<b>(1)</b>	<b>(112)</b>

##### Company

Trade and other receivables	2,250	-	-	-	-	-	-
Cash and bank balances	44	-	-	-	-	-	-
Trade and other payables	(90,354)	(3,079)	(135)	(2,932)	(41)	(1)	(112)
Loans and borrowings	(34,455)	-	-	-	-	-	-
<b>Net exposure</b>	<b>(122,515)</b>	<b>(3,079)</b>	<b>(135)</b>	<b>(2,932)</b>	<b>(41)</b>	<b>(1)</b>	<b>(112)</b>



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Market risk (continued)

## 22.5.1 Foreign currency risk (continued)

## Exposure to foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) net of tax to a reasonably possible change in the USD, SGD, EURO, JPY, GBP, BND and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Group	Profit net of tax	
	2022 RM'000	2021 RM'000
USD/RM		
- strengthened 10% (2021: 10%)	(1,697)	(9,062)
- weakened 10% (2021: 10%)	1,697	9,062
SGD/RM		
- strengthened 10% (2021: 10%)	(40)	(234)
- weakened 10% (2021: 10%)	40	234
EURO/RM		
- strengthened 10% (2021: 10%)	(3)	(16)
- weakened 10% (2021: 10%)	3	16
JPY/RM		
- strengthened 10% (2021: 10%)	(7)	(223)
- weakened 10% (2021: 10%)	7	223
GBP/RM		
- strengthened 10% (2021: 10%)	(2)	(3)
- weakened 10% (2021: 10%)	2	3
BND/RM		
- strengthened 10% (2021: 10%)	-	(1)
- weakened 10% (2021: 10%)	-	1
IDR/RM		
- strengthened 10% (2021: 10%)	-	(8)
- weakened 10% (2021: 10%)	-	8



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.5 Market risk (continued)

#### 22.5.1 Foreign currency risk (continued)

##### Exposure to foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) net of tax to a reasonably possible change in the USD, SGD, EURO, JPY, GBP, BND and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Company	Profit/(Loss) net of tax	
	2022 RM'000	2021 RM'000
USD/RM		
- strengthened 10% (2021: 10%)	(1,811)	(9,311)
- weakened 10% (2021: 10%)	1,811	9,311
SGD/RM		
- strengthened 10% (2021: 10%)	(41)	(234)
- weakened 10% (2021: 10%)	41	234
EURO/RM		
- strengthened 10% (2021: 10%)	(3)	(10)
- weakened 10% (2021: 10%)	3	10
JPY/RM		
- strengthened 10% (2021: 10%)	(4)	(223)
- weakened 10% (2021: 10%)	4	223
GBP/RM		
- strengthened 10% (2021: 10%)	(2)	(3)
- weakened 10% (2021: 10%)	2	3
BND/RM		
- strengthened 10% (2021: 10%)	-	(1)
- weakened 10% (2021: 10%)	-	1
IDR/RM		
- strengthened 10% (2021: 10%)	-	(8)
- weakened 10% (2021: 10%)	-	8

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## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.5 Market risk (continued)

## 22.5.2 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 exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. The Group and the Company manage the interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

**Exposure to interest rate risk**

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 were:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
Financial assets	46,997	4,165	46,212	3,394
Financial liabilities	(287,413)	(136,883)	(287,413)	(134,627)
<b>Floating rate instruments</b>				
Financial liabilities	(109,308)	(149,897)	(109,308)	(149,897)

*Interest rate risk sensitivity analysis*

## (i) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## (ii) Cash flow sensitivity analysis for the variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would result in equity and post-tax (loss) increased/(decreased) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

Group and Company	Profit/(Loss) net of tax	
	100 bp increase RM	100 bp decrease RM
31 December 2022		
Floating rate instruments	(831)	830
31 December 2021		
Floating rate instruments	(1,139)	1,139



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

### 22.6 Fair value information

The carrying amounts of bank balances, deposits, short term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

Group and Company 2022	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial liabilities</b>								
Islamic financing facilities	-	-	-	-	-	-	134,224	134,224
Conventional financing facilities	-	-	-	-	-	-	31,618	31,618
	-	-	-	-	-	-	165,842	165,842
								166,493

#### **Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### **Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.

#### **Level 2 fair value**

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

#### **Non-derivatives financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### **Transfer between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

#### **Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.



## 22. FINANCIAL INSTRUMENTS (CONTINUED)

## 22.6 Fair value information (Continued)

## Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Islamic financing facilities and lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

## 24. CAPITAL MANAGEMENT

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents and short term deposits. Capital includes equity attributable to the owners of the Company.

Group	Note	2022 RM'000	2021 RM'000
Loans and borrowings	13	173,228	218,013
Lease liabilities		2,554	2,328
Trade and other payables	14	317,047	321,293
Less: Cash and bank balances	10	(58,961)	(6,442)
Less: Deposit	9	(1,641)	(4,165)
Net debt		432,227	531,027
Equity attributable to the owners of the Company		37,507	17,464
Capital and net debt		469,734	548,491
Gearing ratio		92%	97%
<b>Company</b>			
Loans and borrowings	13	173,228	218,006
Lease liabilities		336	72
Trade and other payables	14	331,323	331,314
Less: Cash and bank balances	10	(56,943)	(5,473)
Less: Deposits	9	(856)	(3,394)
Net debt		447,088	540,525
Equity attributable to the owners of the parent		34,181	21,123
Capital and net debt		481,269	561,648
Gearing ratio		93%	96%

There have been breach in the financial covenants during the financial year. However, the Group and the Company successfully obtain the indulgence letter for the breach of covenant from respective lenders prior to the financial year end.



## 25. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group and the Company have related party relationship with its ultimate holding corporation, holding companies, subsidiaries, related companies and key management personnel.

### Significant related party transactions

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Holding companies: Kulim (Malaysia) Berhad</b>				
- Salaries paid on behalf	-	86	-	86
- Secretarial fee	97	-	89	-
- Others	100	27	100	27
<b>Sindora Berhad</b>				
- Shareholder's advances	37,800	51,650	37,800	51,650
- Interest charged	-	5,753	-	5,753
- Payment on behalf	43,174	-	43,174	-
<b>Johor Corporation</b>				
- Secretarial costs	-	1	-	1
- Salaries paid on behalf	23	138	23	138
- Travelling expenses	-	3	-	3
- Others	22	65	22	65
<b>Subsidiaries:</b>				
<b>Johor Shipyard and Engineering Sdn. Bhd</b>				
- Construction of vessels	-	-	4,876	3,374
- Fabrication works	-	-	-	1,722
- Other contract liabilities	-	-	-	-
- Accounting fee	-	-	(63)	63
- Interest charged	-	-	-	260
<b>Libra Perfex Precision Sdn. Bhd</b>				
- Charter hire of vessels	-	-	(35,199)	(35,199)
- Accounting fee	-	-	(26)	26
- Intercompany advances	-	-	-	2,500
- Interest charged	-	-	-	29



## 25. RELATED PARTIES (CONTINUED)

## Significant related party transactions (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Shareholders:</b>				
<b>Dato' Ir. Abdul Hak bin Md Amin</b>				
- Interest charged	-	572	-	572
<b>Datin Hamidah binti Omar</b>				
- Rental paid	-	48	-	48
- Interest charged	-	274	-	274
<b>Other related parties:</b>				
<b>Sumber Shipyard and Engineering Sdn. Bhd.**</b>				
- Rental of land	221	221	-	-
- Supply of spare parts	99	341	-	-
<b>SUMBER SAMUDERA SDN.BHD. **</b>				
- Supply of spare parts	-	8	-	-
<b>Extreme Edge Sdn. Bhd. ***</b>				
- Supply services	-	38	-	38

\* The companies are controlled by the ultimate holding company.

\*\* The company is controlled by a Director of the Company.

\*\*\* The company is controlled by the immediate holding company.

The Directors of the Company are of opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions are disclosed in Notes 8 and 14.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Key management personnel Directors</b>				
- Fees	444	432	444	432
- Remuneration	219	193	-	193
- Allowance	111	-	111	-
- Other short-term employee benefits	41	-	41	-
<b>Total short-term employee benefits</b>	<b>815</b>	<b>625</b>	<b>596</b>	<b>625</b>



## 26. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Capital expenditure commitments Property, vessels and equipment</b>				
Authorised and contracted	16,218	–	16,218	–

**26.1** Included within the capital expenditure commitments authorised and contracted for are deposits paid amounting to RM1,689,000 (2021: RMNil).

## 27. SIGNIFICANT AND SUBSEQUENT EVENTS

### (a) Classification as PN17 Issuer

On 25 February 2022, the Company announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company is classified as a PN17 Issuer as it has triggered the prescribed criteria pursuant to Paragraph 8.04 of Chapter 8 and Paragraph 2.1(e) of PN17 of the Listing Requirements.

Pursuant to PN17, the Company is required to submit a regularisation plan to either Bursa or Securities Commission (SC) for approval within 12 months from the announcement date and to complete the implementation of the plan within the timeframe set by Bursa or SC.

Currently, the Company is in the midst of formulating a regularisation plan to address its financial condition and the company shall make the necessary announcement(s) in regard to the development on the above matter.

On 9 February 2023, the Company has submitted an application for an extension of time ("EOT") up to 24 August 2023 for the Company to submit its regularisation plan. As at the date of these financial statements were authorised for issue, the outcome of the Proposed EOT is subject to Bursa Securities' approval.

### (b) Proposed debt restructuring exercise

On 28 February 2022, the High Court had granted the following orders to the Company:

- i. a restraining order pursuant to Section 368 of the Act ("Restraining Order") for a period of three months which is valid until 28 May 2022.
- ii. an order pursuant to Section 366(1) of the Act to summon meetings of the creditors of the Company. Permission is given to the Company to hold the Court Convene Meeting ("CCM") within three months from the date of this order.

The duration of three months for the initial restraining order and for permission to hold the CCM can be extended by way of a further Court Order upon application.

On 25 May 2022, the Company announced that, the High Court of Malaya at Kuala Lumpur ("High Court") granted, among others, an extension of time for leave to convene the creditors' meeting and an extension of the restraining order for a further six (6) months from 28 May 2022.

On 5 December 2022 the Court-convened creditors' meeting pursuant to section 366 of the Companies Act 2016 ("Act") was held by the Company. The proposed scheme of arrangement presented in the Court-convened creditors' meeting has been approved by the requisite majority in value of the creditors present and voting at the Court convened meeting, obtaining a 90.95% in value approval.

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06**27. SIGNIFICANT AND SUBSEQUENT EVENTS (CONTINUED)****(b) Proposed debt restructuring exercise (continued)**

On 4 January 2023, the Company, has obtained from the High Court of Malaya at Kuala Lumpur the following Order pursuant to section 366 of the Companies Act 2016 to sanction the Company's scheme of arrangement ("Order"). The Order sets out, among others:

- (i) That the Scheme of Arrangement contained in the Explanatory Statement, read together with the Updated List of Adjudicated Scheme Debts of the Company and the Errata dated 30 November 2022, is approved and sanctioned by this High Court of Malaya so as to be binding upon the Company, and the Scheme Creditors as defined in Explanatory Statement; and
- (ii) That an office copy of the Order shall be lodged with the Companies Commission of Malaysia.

On 12 January 2023, the Company, had lodged with the Companies Commission of Malaysia the sealed Order granted on 4 January 2023, sanctioning the Company's scheme of arrangement ("Sanction Order"). With the lodgment of the Sanction Order, the schemes of arrangement have now taken effect.



# STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 94 to 154 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 2022 and of their financial performance and cash flows for the year then ended.

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



**Dato' Mohd Redza Shah bin Abdul Wahid**  
Director



**Datuk Mohd Nasir bin Ali**  
Director

Kuala Lumpur  
Date : 27 February 2023

# STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Mariam binti Puan**, the officer primarily responsible for the financial management of E.A. Technique (M) Berhad , do solemnly and sincerely declare that the financial statements set out on pages 94 to 154 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Mariam binti Puan**, MIA CA 27622, at Ampang Jaya in Selangor Darul Ehsan on 27 February 2023.



**Mariam binti Puan**

Before me:





# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF E.A. TECHNIQUE (M) BERHAD**  
(Registration No. 199301001779 (256516-W))  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of E.A. Technique (M) Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page s94 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their 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 auditors' 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 1(b) of the financial statements, which indicates that as at 31 December 2022, the Group's and the Company's current liabilities exceeded their current assets by RM262,907,000 and RM277,474,000 respectively. These conditions, along with other matters as disclosed in Note 1(b), indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Company to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Key Audit Matter

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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditors' report.



## Impairment of Vessels

Refer to Note 2(d) – Significant accounting policy: Property, vessels and equipment and Note 3 – Property, vessels and equipment.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>As at 31 December 2022, the carrying amount of the Group's and the Company's vessels, which totalled RM408,318,000 and RM416,361,000 respectively, represented approximately 77% of total assets of the Group and of the Company.</p> <p>There is a fluctuation in the outlook for the oil price and the demand for the marine logistics. These increased the risk that the carrying amount of the Group's and the Company's vessels might exceed their recoverable amounts, and therefore the carrying amount may be impaired.</p> <p>We have identified the aforesaid valuation of the carrying values of the Group's and the Company's vessels as a key audit matter because :</p> <ul style="list-style-type: none"> <li>• of its significance to total assets in the consolidated financial statements; and</li> <li>• the estimation of recoverable amount involved a significant degree of judgement and assumptions i.e. forecasting and discounting future cash flows to be generated by the respective marine vessels, as well as comparison with recent market transactions of similar vessels of similar age and specifications.</li> </ul> <p>As a result of the impairment review, the Group and the Company recognised a net reversal of impairment loss of RM12,370,000 for the current financial year ended 31 December 2022.</p>	<p>Our audit procedures included, amongst others:</p> <p>Value In Use ("VIU"):</p> <p>We evaluated and challenged the key assumptions relating to daily charter rates, inflationary adjustment, salvage value and discount rate used by the Group and the Company by :</p> <ul style="list-style-type: none"> <li>• comparing the daily charter rates to the charterer contracts;</li> <li>• comparing the salvage values and inflation rate to the market published information;</li> <li>• comparing the discount rate with the market rate used by similar industry player;</li> <li>• considering the future business plans, including any long-term charter hires already contracted by the Group; and</li> <li>• back-testing the Group's and the Company's past forecasts to actual performance.</li> </ul> <p>Fair Value Less Costs of Disposal ("FVLCD"):</p> <ul style="list-style-type: none"> <li>• We assessed the methodologies used by the external valuers to estimate the fair values less cost of disposal;</li> <li>• We evaluated and challenged the key assumptions used to estimate the fair value less cost of disposal based on our knowledge of the marine logistics industry;</li> <li>• We evaluated and interviewed the independent external valuer's competence, capabilities and objectivity; and</li> <li>• We evaluated the key input provided by the Group and the Company to the external valuer.</li> </ul> <p>We also considered the adequacy of the Group's disclosures about the key assumptions to which the outcome of the impairment assessment was most sensitive.</p>

## 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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 annual report 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.



## 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

1. The financial statements of the Group and of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed a disclaimer of opinion on those statements on 31 March 2022.
2. 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.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 27 February 2023



**Ameenuddin Bin Khali Kasman**  
Approval Number: 03470/11/2023 J  
Chartered Accountant

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# LIST OF PROPERTIES

Registered Owner	Address	Tenure / Expiry of Lease	Description Existing Use	Date of Issuance of Certificate of Fitness for Occupation / Certificate Of Completion and Compliance	Approximate Age of Building (Years)	Total Built Up Area and Land Area (square feet)	Net Book Value as at 31 Dec 2021 (RM'000)
E.A. Technique	Setiawangsa Business Suite, C-3A-3A, No. 2, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Freehold	Commercial unit at fourth (4 <sup>th</sup> ) floor of a five (5) – storey office block held for our head office	8 February 2007	14	Built-up: 6,565.98 Land area: not applicable	854,763
E.A. Technique	No. C-15-1, No. 2, Jalan 13/21D, Medan Idaman, Gombak, Kuala Lumpur	Freehold	Apartment for seafarers in-transit	6 July 2004	17	Built-up: 850.35 Land area: not applicable	128,081



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# SHAREHOLDINGS STATISTICS

as of 30 March 2023

Issued Shares : 530,500,000  
Class of Shares : Ordinary Share

## Break down of Shareholdings

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	86	2.47	494	0.00
100 – 1000	439	12.62	211,000	0.04
1,001 – 10,000	1,241	35.68	7,682,706	1.45
10,001 – 100,000	1,372	39.45	49,883,800	9.40
100,001 to less than 5% of Issued Capital	339	9.75	207,222,000	39.06
5% and above of Issued Capital	1	0.03	265,500,000	50.05
<b>TOTAL</b>	<b>3,478</b>	<b>100.00</b>	<b>530,500,000</b>	<b>100.00</b>

## TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
1	Sindora Berhad	265,500,000	50.05
2	CimSec Noms (T) Sdn Bhd - A/C CIMB for Abdul Hak bin Md Amin (PB)	14,825,300	2.79
3	Kulim (Malaysia) Berhad	12,884,300	2.43
4	Fami Taufeq bin Fakarudin	10,362,200	1.95
5	Maybank Noms (T) Sdn Bhd - A/C Maybank Private Wealth Management for Mohammed Azman bin Aziz Mohammed (PW-M01005)(422318)	6,037,200	1.14
6	Mohamed Azam Shah bin Aziz Mohammed	5,522,700	1.04
7	Maybank Secs Noms (T) Sdn Bhd - A/C Pledged Securities Account for Abdul Hak bin Md Amin	5,492,200	1.04
8	Zakaria Rakesh bin Abu Bakkar Seddek	4,803,500	0.91
9	New Kok Ho	4,643,400	0.88
10	Noor Azree bin Nordin	4,005,000	0.75
11	SJ Sec Noms (T) Sdn Bhd - A/C Pledged Securities Account for Hafidah binti Pawanchik (SMT)	4,000,000	0.75
12	Mohammed Azman bin Aziz Mohammed	2,975,000	0.56
13	Ahmad Mustaffa bin Abdul Manaf	2,837,000	0.53
14	CimSec Noms (T) Sdn Bhd - A/C CIMB for Hamidah binti Omar (PB)	2,633,700	0.50
15	Hafidah binti Pawanchik	2,550,000	0.48
16	HSBC Noms (A) Sdn Bhd - A/C J.P. Morgan Securities PLC	2,159,100	0.41
17	Mohd Noor bin Kasim	2,000,000	0.38
18	Mohd Farhan bin Ishak	1,950,400	0.37
19	CitiGroup Noms (A) Sdn Bhd - A/C UBS AG	1,921,600	0.36
20	Ali bin Endut	1,565,000	0.30



	Name	No. of Shares	%
21	Lee Jun Rong	1,500,000	0.28
22	Kenanga Noms (T) Sdn Bhd - A/C Rakuten Trade Sdn Bhd for Norhaslina binti Mohd Hanafi	1,458,400	0.27
23	Maybank Securities Noms (T) Sdn Bhd - A/C Pledged Securities Account for Mohd Johar bin Ismail	1,450,800	0.27
24	Pintarisma Sdn Bhd	1,450,000	0.27
25	Syarifah Noraini binti Hussin Aljunid	1,448,600	0.27
26	Teoh Chiu Eng	1,360,200	0.26
27	Zulkifli bin Ismail	1,351,300	0.25
28	Ismail bin Mat Ali	1,234,800	0.23
29	Muhammad Haniff bin Suhaimi	1,220,000	0.23
30	Maybank Noms (T) Sdn Bhd - A/C Adam Shah bin Abdul Majid	1,175,000	0.22

#### SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Sindora Berhad	265,500,000	50.05	-	-

#### ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	1,788	51.41	447,157,924	84.29
- Others	1,662	47.79	76,230,276	14.37
Foreigners	28	0.80	7,111,800	1.34
<b>TOTAL</b>	<b>3,478</b>	<b>100.00</b>	<b>530,500,000</b>	<b>100.00</b>



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Ninth (29th) Annual General Meeting (“AGM”) of E.A. Technique (M) Berhad (“EAT” or the “Company”) is to be held at OMNIA 1 & 2, Opero Hotel, No. 2, Jalan Southkey 1/2, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia on Tuesday, 20 June 2023 at 12:00 pm, for the transaction of the following purposes:-

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.  
*Please refer to Explanatory Note A*
2. To re-elect the following Directors who retire in accordance with the Company’s Constitution and who being eligible offer themselves for re-election:
 

(i) Dato’ Mohd Redza Shah Bin Abdul Wahid	- Rule 27.1	Ordinary Resolution 1
(ii) Ir. Dr. Mohd Shahreen Zainooreen Bin Madros	- Rule 27.1	Ordinary Resolution 2

*Please refer to Explanatory Note B*
3. To approve the Proposed Directors’ Fees amounting to RM80,000 per annum for the Non-Executive Chairman and RM66,000 per annum for each of the Non-Executive Directors in respect of the financial year ending 31 December 2023.  
*Please refer to Explanatory Note C* Ordinary Resolution 3
4. To approve the payment of Remunerations (excluding Proposed Directors’ Fees) to Non-Executive Chairperson and Non-Executive Directors for the period from 21 June 2023 until the next AGM of the Company (“Relevant Period”).  
*Please refer to Explanatory Note D* Ordinary Resolution 4
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration.  
*Please refer to Explanatory Note E* Ordinary Resolution 5

## SPECIAL BUSINESS

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

6. Authority to Issue and Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016  

“THAT pursuant to Section 75 and 76 of the Companies Act, 2016 (“Act”), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) and that such authority shall continue in force until the conclusion of the next AGM of the Company.  
*Please refer to Explanatory Note F*

Ordinary Resolution 6



7. Proposed Share Buy-Back Renewal

**“THAT**, subject to Section 127 of the Act, the provisions of the Main Market Listing Requirements of the Bursa Securities (“Listing Requirements”) and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

- (a) The maximum aggregate number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

**AND THAT** the Directors be and are hereby authorised to deal with the shares so bought-back at their absolute discretion in any of the following manner:-

- (i) cancel the shares so purchased; or
- (ii) retain the shares so purchased as treasury shares; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
- (iv) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
- (v) transfer all or part of the treasury shares for purposes of an employees’ share scheme, and/or as purchase consideration; or
- (vi) cancel the treasury shares or any of the said shares; or
- (vii) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force;

**AND THAT** the authority conferred by this resolution shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements or any other relevant authorities.

**AND THAT** the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the purchase by the Company of its own shares with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities.”

*Please refer to Explanatory Note G*

**Ordinary Resolution 7**

8. Retention of Abdul Azmin Bin Abdul Halim as an Independent Director

**“THAT**, subject to the passing of Resolution no. 8, Abdul Azmin Bin Abdul Halim who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 15 April 2014 be and is hereby retained as an Independent Director of the Company.”

*Please refer to Explanatory Note H*

**Ordinary Resolution 8**

**BY ORDER OF THE BOARD**

**NURALIZA A. RAHMAN** SSM PC No. 202008003364 (MAICSA 7067934)  
**SABARUDIN HARUN** SSM PC No. 202008000981 (MIA 30423)  
 Company Secretaries

Johor Bahru, Johor  
 28 April 2023



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06**NOTES:****(A) IMPORTANT NOTICE**

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 13 June 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A (1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meetings at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
The proxy form must be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.
  - (ii) By electronic form  
The proxy form must be received via facsimile at +603-7890 4670.

(iii) By electronic means via email  
The proxy form must be received via email at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

(iv) By electronic means via Boardroom Smart Investor Portal, BSIP online  
The Proxy Form can be lodged electronically via Online website at <https://investor.boardroomlimited.com/>. Please refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via Online.

For option (ii) and (iii), the Company will require the member to deposit the original executed proxy form to the office of Poll Administrator before or on the day of meeting for verification purpose.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.
10. Last date and time for lodging the proxy form is Sunday, 18 June 2023 at 12.00 p.m.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Poll Administrator of the Company at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

**Abstention from Voting**

Any Director referred to in Resolution 1 and 2 who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment as Director of the Company at the 29th AGM.



(B) EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

- A. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 (the Act) for discussion only and does not require the Company to obtain shareholders' approval. Henceforth, this will not put forward for voting.
- B. Rule 27.1 of the Constitution provides that the whole of the Directors shall retire from office and at every succeeding AGM, one-third (1/3) of the Directors, or, if their number is not a multiple of three (3), the number nearest to, but not exceeding one-third (1/3), shall retire from office. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Out of the current Board size of six (6), two (2) Directors are to retire in accordance with Rule 27.1. Hence, Dato' Mohd Redza Shah Bin Abdul Wahid and Ir. Dr. Mohd Shahreen Zainooreen Bin Madros are standing for re-elections as Directors of the Company and being eligible, have offered themselves for re-elections.
- C. The proposed Ordinary Resolution 3, if passed will facilitate payment of Proposed Directors' Fees of the Non-Executive Chairman ("NEC") and Non-Executive Directors ("NEDs") on current year basis pursuant to Section 230(1)(b) of the Act.
- D. The proposed Ordinary Resolution 4, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NEDs of the Company on a monthly/quarterly basis and/or when incurred within the Relevant Period.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

The total amount of benefits payable to the NEDs is estimated to be up to RM376,000 for the Relevant Period, based on the current Board Remuneration Policy and taking into account various factors including the number of scheduled meetings for the Board, and Board Committees as well as the number of NEDs involved in these meetings.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

### (a) Directors' Fees

ANNUAL FEES	2022	2023
<b>Board of Directors</b>		
Chairman	RM80,000 per annum	RM80,000 per annum
Other Members (per person)	RM66,000 per annum	RM66,000 per annum

**NOTE:**

The payment of the annual fees for nominee directors representing Johor Corporation Group of Companies will be paid to Johor Corporation Group of Companies as Corporate Fee.

**(b) Directors' Remuneration (excluding Directors' fees)**

### (1) Committee Fees

ANNUAL FEES	CHAIRMAN	NEDs / MEMBER
Audit Committee	RM20,000 per annum	RM10,000 per annum
Tender Committee	RM20,000 per annum	RM10,000 per annum
Risk Committee	RM20,000 per annum	RM10,000 per annum

**NOTE:**

- i. The payment of the annual fees for nominee directors representing Johor Corporation Group of Companies will be paid to Johor Corporation Group of Companies as Corporate Fee.
- ii. The payment of the Committees' annual fees is extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committees.

## (2) Meeting Allowance

ANNUAL FEES	CHAIRMAN	NEDs / MEMBER
Board of Directors	RM2,000	RM1,000
Audit Committee	RM2,000	RM1,000
Tender Board Committee	RM2,000	RM1,000
Nomination Committee	RM2,000	RM1,000
Remuneration Committee	RM2,000	RM1,000
Risk Committee	RM2,000	RM1,000

**NOTE:**

- i. The payments of the Sitting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company.

- E. The Audit Committee ("AC") and the Board of Directors at their Meetings have considered the re-appointment of Messrs. KPMG PLT ("KPMG") as Auditors of the Company and collectively agreed that KPMG met the relevant criteria as prescribed by Paragraph 15.21 of the Listing Requirements.



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F. The Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company. The general mandate if granted will provide flexibility to the Company 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).

G. The proposed Ordinary Resolution 7, if passed will enable renew the authority granted by the shareholders at the last AGM. The renewed authority will enable the Company to purchase its own shares through Bursa Securities up to 10% of the total number of issued shares the issued and paid-up capital of the Company at any point in time. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next AGM of the Company. Further information on the Proposed Share Buy-Back Authority are set out in the Circular Statement dated 28 April 2023 to Shareholders of the Company.

H. Abdul Azmin Bin Abdul Halim (En. Azmin) was appointed as an Independent Director of the Company on 15 April 2014 and has served the Board for a cumulative term of more than nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of En. Azmin, regards him to be independent based amongst others, the following justifications, and recommends that En. Azmin be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance:-

(a) En. Azmin has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements:-

- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");
- has not been within the last 3 years and is not an officer (except as an independent director) of the said Corporation ("officer" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors);
- is not a major shareholder of the said Corporation;
- is not a family member of any executive director, officer or major shareholder of the said Corporation;
- is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;

- has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
- has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;

(b) En. Azmin has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;

(c) En. Azmin has no potential conflict of interest, whether business or non-business related with the Company;

(d) En. Azmin has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and

(e) En. Azmin does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.



# STATEMENT ACCOMPANYING NOTICE OF 29<sup>TH</sup> ANNUAL GENERAL MEETING

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## (PURSUANT TO PARAGRAPH 827(2) OF BURSA MALAYSIA SECURITIES BERJAD MAIN MARKET LISTING REQUIREMENTS)

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election or re-appointment) at the 29th AGM of the Company.

The proposed Ordinary Resolution 6 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 13 June 2022.







**E.A. TECHNIQUE (M) BERHAD**

Registration No. 199301001779 (256516-W)  
(Incorporated in Malaysia)

# FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We.....  
(Full Name as per NRIC/Certificate of Incorporation in block letters)

Company No. / NRIC No. ....

of .....  
(Full address)

being a member of E.A. TECHNIQUE (M) BERHAD ("the Company") hereby appoint: -

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

AND

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company which will be held at OMNIA 1 & 2, Opero Hotel, No. 2, Jalan Southkey 1/2, Kota Southkey, 80150 Johor Bahru, Johor, Malaysia on Tuesday, 20 June 2023 at 12:00 p.m. or any adjournment thereof, and to vote as indicated below:

RESOLUTIONS		For	Against	Abstain
1.	To re-elect Director – Dato' Mohd Redza Shah Bin Abdul Wahid			
2.	To re-elect Director – Ir. Dr. Mohd Shahreen Zainooreen Bin Madros			
3.	To approve payment of Directors' fees			
4.	To approve payment of Directors' remuneration			
5.	To re-appoint Messrs. KPMG as auditors			
6.	Authority to allot & issue shares			
7.	Proposed Share Buy-Back Renewal			
8.	Retention of Abdul Azmin Bin Abdul Halim as an Independent Director			

(Please indicate with a ("X") in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

Date:	
Contact No.	

.....  
Signature/Common Seal of Shareholder



## NOTES:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 13 June 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A (1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meetings at which the person named in the appointment proposes to vote:

(i) In hard copy form

The proxy form must be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor

(ii) By electronic means via facsimile

The proxy form must be received via facsimile at +603-7890 4670.

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STAMP

## E.A. TECHNIQUE (M) BERHAD

Boardroom Share Registrars Sdn. Bhd.  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

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(iii) By electronic means via email

The proxy form must be received via email at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

(iv) By electronic means via Boardroom Smart Investor Portal, BSIP online

The Proxy Form can be lodged electronically via Online website at <https://investor.boardroomlimited.com/>. Please refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via Online.

For option (ii) and (iii), the Company will require the member to deposit the original executed proxy form to the office of Poll Administrator before or on the day of meeting for verification purpose.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.
10. Last date and time for lodging the proxy form is **Sunday, 18 June 2023 at 12.00 p.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

12. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Poll Administrator of the Company at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## PERSONAL DATA PRIVACY

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using, and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 29th AGM, and any adjournment thereof.



**E.A. TECHNIQUE (M) BERHAD**

199301001779 (256516-W)

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