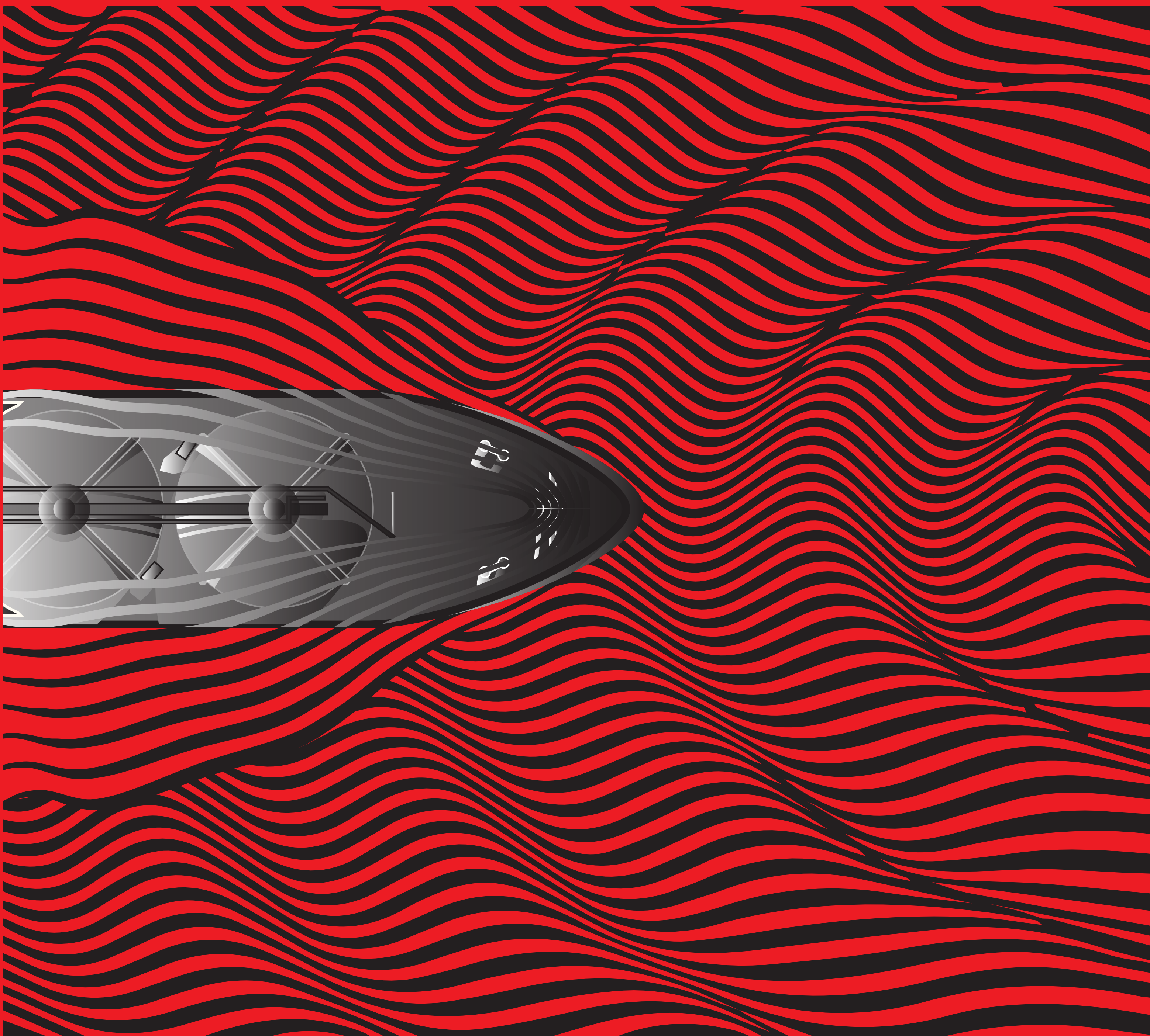
E.A. TECHNIQUE (M) BERHAD
199301001779 (256516-W)

“the shipping people”

NAVIGATING CHALLENGES

INTEGRATED ANNUAL REPORT 2020



INSIDE

NAVIGATING CHALLENGES

The theme for Year 2020 "Navigating Challenges" highlights our unwavered determination, steadfast commitment and inherent strength to face any uncertainty.

E.A. Technique will remain on course to ensure progress as we are focused on weathering all storms. Our diverse fleet, technological advancements and professional expertise will play a pivotal role in steering the organisation through all adversities and towards a more sustainable future.

THIS REPORT

E.A. Technique (M) Berhad | Integrated Annual Report 2020

27th
ANNUAL GENERAL MEETING

live streaming from the broadcast venue at Tricor Leadership Room, Unite 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Wednesday, 30 June 2021 at 2.30pm

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

OUR MISSION

A local shipping company focuses and exemplifies attributes of:

Safety

Quality

Security Culture

Environment

We are predominantly an owner and operator of 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 2021, the Company operates a total fleet of 44 marine vessels in their portfolio. Of the total 44 marine vessels that we operate, E.A. Technique owns 42 of these marine vessels which comprises 8 oil & gas tankers (inclusive of 2 Floating Storage & Offloading Unit ("FSU/FSO") and 2 tankers under construction), 10 OSVs and 24 marine vessels. The remaining 2 marine vessels are chartered from external parties, consists of 2 harbour tugs.

Part of our vertical expansion plan, we have also ventured into shipbuilding, ship repair and minor fabrication in 2007 through our subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"), which operating on a 20 acres land in Hutan Melintang, Perak. JSE has been selected as "Outstanding Ship Builder 2017" by Ministry of Transport in 2018.

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

CORE BUSINESS

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.

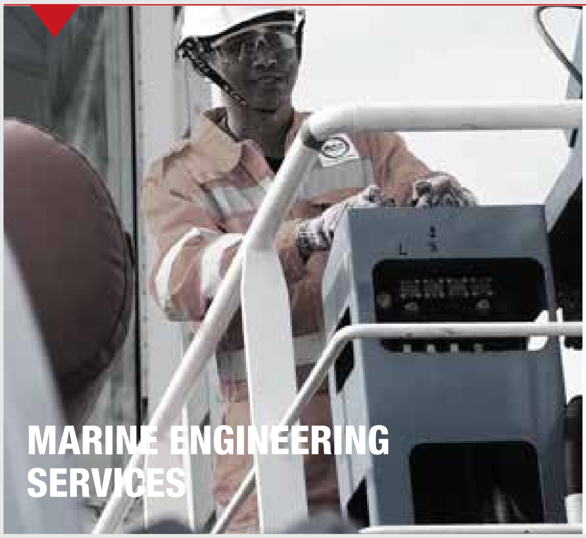
PROVISION OF PORT MARINE SERVICES

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:

- Towage 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.

OUR FLEET

AS AT 31 MARCH 2021

OIL TANKER

M.T. NAUTICA MAHARANI
M.T. NAUTICA BATU PAHAT
M.T. NAUTICA KOTA TINGGI
M.T. NAUTICA RENGGAM
CONSTRUCTION TANKER I – M.T. NAUTICA KLUANG 2
CONSTRUCTION TANKER II – M.T. NAUTICA PONTIAN 2

FLOATING STORAGE UNIT / OFFLOADING (FSU/FSO)

FSU NAUTICA MUAR
M.T. FOIS NAUTICA TEMBIKAI

CHARTER IN VESSELS

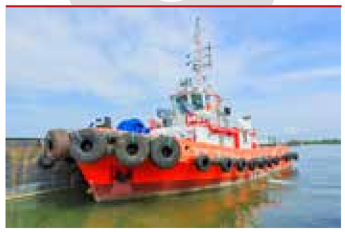
KEJORA 57
KEJORA 59

OFFSHORE SUPPORT VESSEL (OSV)

M.V. NAUTICA TG. PUTERI IV
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

PORT OPERATIONS

M.V. NAUTICA TG. PUTERI I
M.V. NAUTICA TG. PUTERI II
M.V. NAUTICA TG. PUTERI VII
M.V. NAUTICA TG. PUTERI VIII
M.V. NAUTICA TG. PUTERI IX
M.V. NAUTICA TG. PUTERI X
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 XXXIII
M.V. NAUTICA TG. PUTERI XXXIV
M.V. NAUTICA TG. PUTERI XXXV
M.V. NAUTICA TG. PUTERI XXXVI
AMAL II



KEY ACHIEVEMENTS & MILESTONE 2020

1993

Incorporation of E.A. Technique (M) Sdn Bhd, which was, involved in the provision of marine consultancy services.

1995

Expanded business to include marine vessel operations. Acquired our first product tanker, Kaikura (disposed of in 2000) Successfully registered us with Petroliam Nasional Berhad ("PETRONAS") and Ministry of Finance ("MOF").

1997

1st

Secured our first contract with PETRONAS Dagangan Berhad ("PETRONAS Dagangan") for time chartering of our product tanker namely M.T. Nautica Kluang (currently known as Princess Sofea) for a period of five (5) year with the option to extend for one (1) additional year, which we have continually extended until end 2013.

2002

Acquired an additional 4,421 deadweight tonnage ("DWT") product tanker, namely M.T. Nautica Mersing (disposed in 2011).

2003

Ventured into the operation of Liquefied Petroleum Gas ("LPG") tankers with the acquisition of a LPG tanker, namely M.T. Nautica Segamat.

2004

Secured a five (5) year time charter contract for the time charter of our first LPG tanker. M.T. Nautica Segamat, which was disposed off upon completion of the contract duration. Obtained a contract for the time charter of two (2) harbour tugboats, namely M.V. Nautica Tg. Puteri I and M.V. Nautica Tg. Puteri II, thus marking our foray into the provision of port marine services

2006

Contracted out the design and construction of our first 5,500 DWT double hull product tanker, namely M.T. Nautica Johor Bahru, which was completed in 2008.

2007

Sindora Berhad ("Sindora") acquired a 51% equity stake of our Company. Incorporated Johor Shipyard and Engineering Sdn Bhd ("JSE"), which is involved in shipbuilding, ship repair, and minor fabrication at a rented shipyard in Teluk Intan, Perak. Acquired a product tanker named M.T. Nautica Muar to service a time charter contract for a period of three (3) year with the option to extend for one (1) additional year. The vessel was subsequently converted into a FSU in 2013. Ventured into chartering of OSV to operators in the O&G industry in Malaysia.

2008

Secured three (3) time charter contracts for three (3) units of 10,000 DWT double hull product tankers for a period of ten (10) year with the option to extend for three (3) additional years. Involved in the design and construction of our first 10,000 DWT double hull product tanker, namely M.T. Nautica Maharani through JSE. The vessel was completed and delivered in 2011.

2009

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.

2010

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.

2012

Johor Shipyard and Engineering Sdn Bhd ("JSE") tented 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.

Key Achievements & Milestone 2020

2013

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.

2014

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 Perfex 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.

2015

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 harbour tugboats, one (1) unit 40 tonnes bollard pull harbour tugboats and one (1) unit multipurpose mooring boat by Sungai Udang Port Sdn Bhd.

2016

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" is 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.

2017

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.

2018

- 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.

Key Achievements & Milestone 2020

- 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.
- Secured a short-term contract with KMZ Energy Sdn Bhd for the provision of replacement of FCB to service PCSB.

2019

- 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.
- VESTIGO Petroleum Sdn Bhd ("VPSB") has appointed E.A. Technique as the Ship Manager to operate FSU Nautica Muar at Bentara Field, Sarawak which will be effective from 15 November 2019 until January 2021.
- VPSB has exercised firm two (2) years extension for FOIS Nautica Tembikai starting from 15 June 2019 to 14 June 2021.
- PETRONAS Floating LNG 1 (L) Ltd. has revised the Charter Period Term for vessel M.V. Nautica Tg. Puteri XXVII, M.V. Nautica Tg. Puteri XXVIII and M.V. Nautica Tg. Puteri XXIX. All three (3) vessels has commenced 3 years full term daily charter starting 28 Nov 2019 until 28 Nov 2022 instead of two (2) years daily charter.
- Awarded one (1) year contract of affreightment ("COA") by PT. AKR CORPORINDO, TBK for Nautica Renggam effective from January 2019.

2020

- Awarded Contract by Kertih Port Sdn Bhd vide Letter of Award dated 9 March 2020 for the Term Contract of Mooring Boat and Mooring Crew. The Contract duration will be for a primary period of nine months.
- Awarded Contract by Kertih Port Sdn Bhd vide Letter of Award dated 4 December 2020 for the Term Contract for Mooring Boat and Mooring Crew Services. The Contract duration will be for a primary period of four months.
- Awarded a short-term standby vessel contract by Petra Marine Sdn Bhd for provision of harbour tug 60BP for Banang crude lifting operation.
- Nautica Renggam has served one shipment for Felix Petroleum and the passage route covered from Singapore to Cambodia.
- Secured spot charter with MIDAS, Clearlake, Petro Ocean and Petron for Nautica Pagoh.
- PT. AKR CORPORINDO, TBK has exercised six (6) months extension for Nautica Renggam starting from 24 April 2020 until 17 October 2020.
- Naka Bayu Sdn Bhd has exercised firm one (1) year extension for Nautica Tg. Puteri XXXIII starting from 7 August 2020 to 6 August 2021.
- Sungai Udang Port Sdn Bhd has exercised firm three (3) years extension for Nautica Tg. Puteri XI, Nautica Tg. Puteri XII, Nautica Tg. Puteri XV and Nautica Tg. Puteri XVI starting from 1 August 2020 to 31 July 2023.
- Sungai Udang Port Sdn Bhd has exercised firm one (1) year extension for Nautica Tg. Puteri II, Nautica Tg. Puteri XVIII, Kejora 57 and Kejora 59 starting from 1 January 2021 to 31 December 2021.

5-YEARS FINANCIAL HIGHLIGHTS

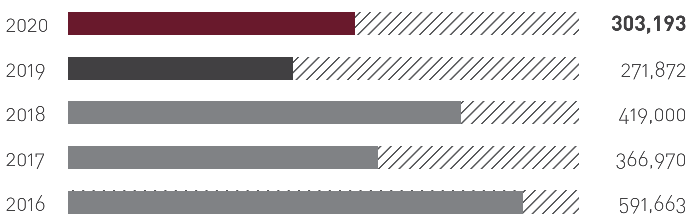
FOR YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	**303,193**	271,872	419,000	366,970	591,663
Gross Profit/(Loss)	**4,077**	76,938	135,829	(125,332)	99,557
Gross Profit/(Loss) Margin %	**1.34**	28.30	32.42	(34.15)	16.83
Earning Before Interest, Tax, Depreciation & Amortisation EBITDA (LBITDA)	**123,579**	143,865	189,272	(43,672)	92,201
EBITDA/(LBITDA) Margin %	**40.76**	52.91	45.17	(11.90)	15.58
Profit/(Loss) Before Taxation	**(129,059)**	32,680	90,361	(131,903)	21,541
PBT/(LBT) Margin	**(42.57)**	12.02	21.57	(35.94)	3.64
Profit/(Loss) After Taxation	**(115,979)**	36,396	74,233	(121,149)	8,778
Net Earnings Per Share (Net EPS)	**(21.86)**	7.22	14.73	(24.04)	1.74
Current Ratio	**0.26**	0.18	0.18	0.20	0.77
Gearing Ratio [1]	**1.39**	1.18	1.71	2.58	1.72

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.

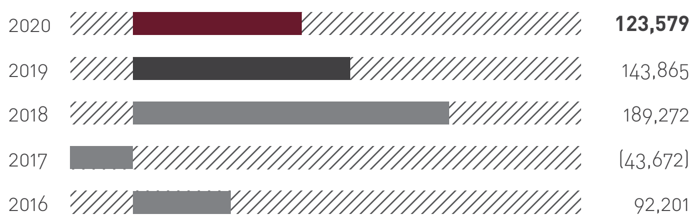
REVENUE

(RM'000)



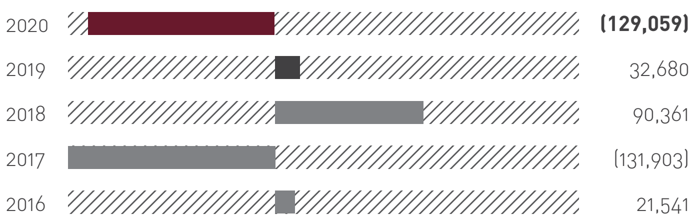
EBITDA/(LBITDA)

(RM'000)



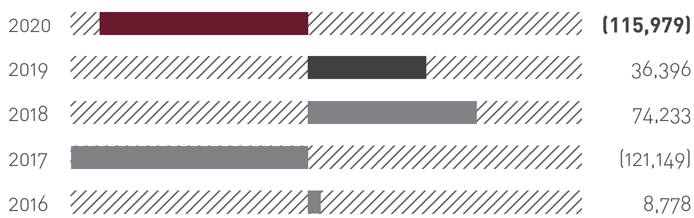
PROFIT/(LOSS) BEFORE TAX

(RM'000)

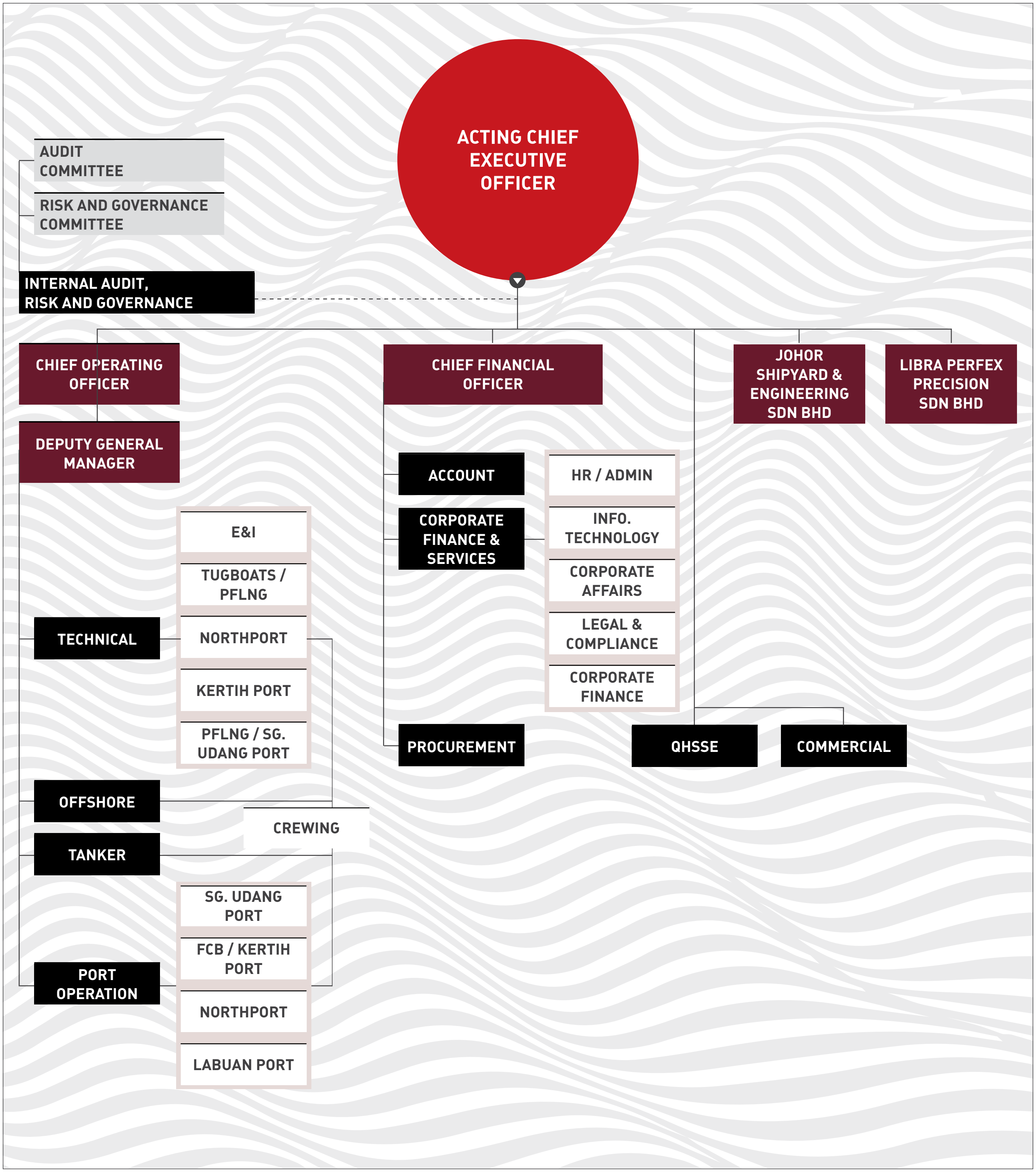


PROFIT/(LOSS) AFTER TAX

(RM'000)



ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Datuk Mohd Nasir Ali
Independent
Non-Executive Director

Rozan Mohd Sa'at
Independent
Non-Executive Director

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

Abdul Rahim Omar
Non-Independent
Non-Executive Director

SECRETARIES

Nuraliza A. Rahman
(MAICSA 7067934)

Sabarudin Harun
(MIA 30423)

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Facsimile : 607-223 3175
Email : nuraliza@jcorp.com.my
sabarudin@kulim.com.my

REGISTERED OFFICE

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Johor Darul Takzim
Telephone : 607-219 5064
Facsimile : 607-223 3175

CORPORATE OFFICE

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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

Tingkat 1, Bangunan Marine
Northport (Malaysia) Berhad
Jalan Pelabuhan
Pelabuhan Utara
42000 Port Klang
Selangor Darul Ehsan

Telephone : 019-417 4097
Email : fahminuddin@eatechnique.com.my

SG. UDANG, MELAKA PORT OFFICE

Bangunan Pentadbiran
Persiaran Penapisan
76300 Sungai Udang
Melaka

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

KERTIH PORT, TERENGGANU OFFICE

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

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

LABUAN PORT, FEDERAL TERRITORY OF LABUAN OFFICE

Lot 61, 1st Floor
Jati Shopping Centre Phase II
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Kampung Parit
87000 Labuan
Federal Territory of Labuan

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

SUBSIDIARY OFFICE

Johor Shipyard And Engineering Sdn Bhd
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Perak Darul Ridzuan

Telephone : 605-641 2514
Facsimile : 605-641 3679

SHARE REGISTRAR

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Level 16, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor Darul Takzim

Telephone : 607-219 5075
Facsimile : 607-221 0026

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

AUDITORS
Ernst & Young PLT 202006000005
(LLP 0022760-LOA) AF: 0039
Chartered Accountants
Level 23A, Menara Millennium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Telephone : 603-7495 8000
Facsimile : 603-2095 5332
website : www.ey.com

AUDIT COMMITTEE
Chairman
Datuk Mohd Nasir Ali
Independent
Non-Executive Director

Members
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

Members
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

Members
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

Members
Aziah Ahmad
Non-Independent
Non-Executive Director

Abdul Rahim Omar
Non-Independent
Non-Executive Director

RISK & GOVERNANCE COMMITTEE
Chairman
Ir. Dr Mohd Shahreen Zainooreen Madros
Independent
Non-Executive Director

Members
Rozan Mohd Sa'at
Independent
Non-Executive Director

Abdul Rahim Omar
Non-Independent
Non-Executive Director

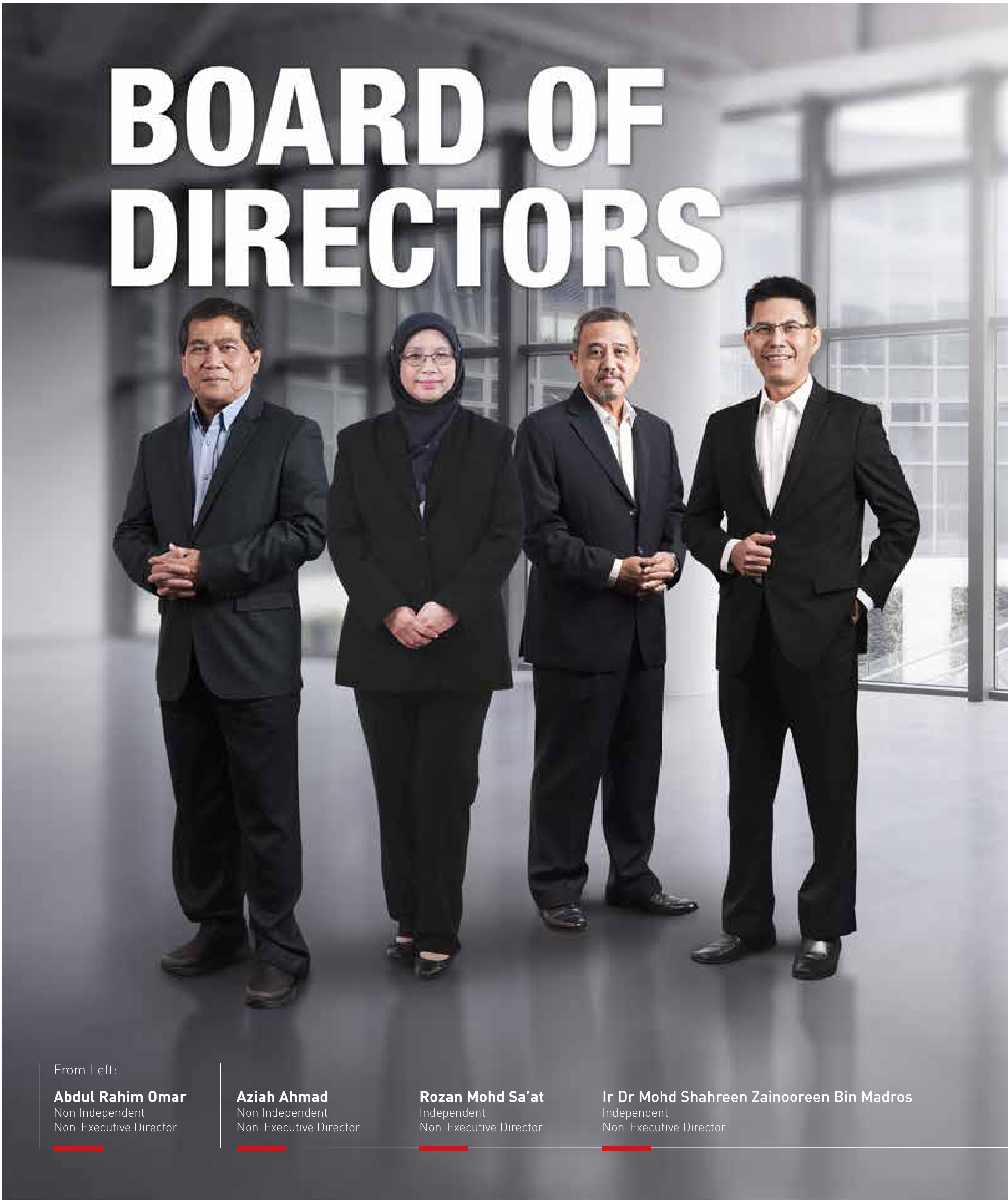
INVESTMENT COMMITTEE
Chairman
Rozan Mohd Sa'at
Independent
Non-Executive Director

Members
Aziah Ahmad
Non-Independent
Non-Executive Director

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

WEBSITE
www.eatechnique.com.my

BOARD OF DIRECTORS



From Left:

Abdul Rahim Omar
Non Independent
Non-Executive Director

Aziah Ahmad
Non Independent
Non-Executive Director

Rozan Mohd Sa'at
Independent
Non-Executive Director

Ir Dr Mohd Shahreen Zainooreen Bin Madros
Independent
Non-Executive Director

Datuk Mohd Nasir Ali
Independent
Non-Executive Director

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

Abdul Azmin Abdul Halim
Independent
Non-Executive Director

BOARD OF DIRECTORS' PROFILE

Dato' Mohd Redza Shah Abdul Wahid

Independent , Non-Executive Chairman

Malaysia
58y/o
Male

Date Appointed To Board: **14 February 2020**

No. of Board Meetings Attended: **7/7**

Qualification:
- Bachelor Of Science In Economic (Industry And Trade), London School Of Economic, 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 (Oct 2000-Sept 2002)
- Group Chief Executive Officer, Tradewinds Corporation Berhad (Oct 2002-Nov 2005)
- Acting Chief Executive Officer, Tradewinds (M) Berhad (May 2004-Nov 2005)
- Chief Operating Officer, Drb-Hicom Berhad (Dec 2005-Oct 2008)
- Chief Executive Officer, Bank Muamalat Malaysia Berhad (Nov 2008-Oct 2019)

Details Of Any Board Committee Involved:
- Board Nomination Committee
- Board Remuneration Committee

Other Directorship In Public Companies And Listed Issuers:
- Yayasan Pembangunan Ekonomi Islam Malaysia (YAPEIM)
- Al-Salam Real Estate Investment Trust
- Al-Aqsar Healthcare (REIT)
- KPJ Healthcare Berhad

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

Any Conflict 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

Malaysia
63y/o
Male

Date Appointed To Board: **17 October 2014**

No. of Board Meetings Attended: **7/7**

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 – 5 June 2014)

Details Of Any Board Committee Involved:
- Board Audit Committee
- Board Remuneration Committee

Other Directorship In Public Companies And Listed Issuers:
- MIDF Amanah Investment Bank Berhad
- Goodyear Malaysia Berhad

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

Any Conflict 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

Board of Directors' Profile

Abdul Azmin Abdul Halim

Independent Non-Executive Director

Malaysia | 67y/o | Male

Date Appointed To Board: **15 APRIL 2014**

No. of Board Meetings Attended: **7/7**

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:
No

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

Any Conflict 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

Malaysia | 54y/o | Female

Date Appointed To Board: **2 OCTOBER 2017**

No. of Board Meetings Attended: **7/7**

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 (October 2016)

Details Of Any Board Committee Involved:
- Board Audit Committee
- Tender Board Committee
- Board Investment Committee

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

Board of Directors' Profile

Rozan Mohd Sa'at

Independent Non-Executive Director

Malaysia | 61y/o | Male

Date Appointed To Board: **1 JANUARY 2007**

No. of Board Meetings Attended: **7/7**

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 (15 June 1996)
- General Manager, Business Development, Johor Corporation (January 1999)
- Senior General Manager, Business Development, Johor Corporation (2000 - August 2002)
- Managing Director, Sindora Berhad (1 September 2002)
- Managing Director, PIJ Holdings Sdn Bhd (March 2014)

Details Of Any Board Committee Involved:
- Board Remuneration Committee
- Board Risk & Governance Committee
- Board Investment Committee

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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 Madros

Independent Non-Executive Director

Malaysia | 57y/o | Male

Date Appointed To Board: **1 OCTOBER 2019**

No. of Board Meetings Attended: **7/7**

Qualification:
- 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:
- Lecturer in Engineering Faculty, Universiti Kebangsaan Malaysia (UKM)
- 20 years in the Oil and Gas Industry. Exco Member of The Malaysian Oil & Gas Services Council (MOGSC)
- 10 years in the Government Agencies (MPRC, MATRADE)
- Chief Executive Officer, MATRADE (2017 - February 2019). Represented Malaysia in various International Trade Missions. Involved in various Industry Dialogue working with The Ministry of International Trade and Industry (MITI)
- Certified Coach, Malaysian Institute of Management (MIM)
- Adjunct Professor at Graduate School of Business, UKM
- Committee member of Malaysia-China Chamber of Commerce

Details Of Any Board Committee Involved:
- Board Risk & Governance Committee
- Board Investment Committee

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

COMPANY SECRETARIES

Abdul Rahim Omar

Non-Independent Non-Executive Director

Malaysia | 58y/o | Male

Date Appointed To Board: **14 FEBRUARY 2020**

No. of Board Meetings Attended: **7/7**

Qualification:
- Alam Pre-Sea Training, Akademi Laut Malaysia
- Second Mate Certificate of Competency - Foreign Going Ship, Jabatan Laut Malaysia
- First Mate Certificate of Competency - Foreign Going Ship, Jabatan Laut Malaysia
- Master Foreign Going Ship, Jabatan Laut Malaysia

Working Experience And Occupation:
- Deck Cadet, Rimba Keruing Ship (1980)
- Second Officer on LNG Tanker Tenaga Tiga (1990)
- Trainee Pilot, Johor Port Authority (1991)
- Head of Marine, Johor Port Berhad (Jan 2000 - March 2009)
- Head of Container, Terminal Johor Port (2009)
- Chief Operating Officer, TLP Terminal Sdn Bhd (2011)
- Executive Director, TLP Terminal Sdn Bhd (2017)

Details Of Any Board Committee Involved:
- Tender Board Committee
- Board Risk & Governance Committee

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

Nuraliza A. Rahman

Company Secretary

Malaysia | 49y/o | Female

Date Appointed: **15 JANUARY 2015**

No. of Board Meetings Attended: **7/7**

Sabarudin Harun

Company Secretary

Malaysia | 42y/o | Male

Date Appointed: **15 JANUARY 2015**

No. of Board Meetings Attended: **7/7**

MANAGEMENT TEAM

1

2

3

4

5

6

7

8


From Left:

1. **Khalid Mohammad**
   Acting Chief Executive Officer
2. **Azli Mohamed**
   Chief Financial Officer
3. **New Kok Ho**
   Executive Director Of Johor Shipyard And Engineering Sdn Bhd
4. **Che Zal Azilah Che Omar**
   Head Of Finance Operation & Management Accounting
5. **Norwahida Jaafar**
   Head Of Corporate Finance & Corporate Services
6. **Roslan Nordin**
   Technical Manager
7. **Farrah Radziah Abdul Hak**
   Commercial Manager
8. **Ahmad Farez Suhaimi**
   Port Operations Manager

KEY MANAGEMENT PROFILE

1

Khalid Mohammad

Acting Chief Executive Officer

Male / 59yo / Malaysia

Date Appointed: **1 July 2019**

Qualification:
- Certificate of Competency Class 1 in Nautical Studies, Malaysia Marine Academy (ALAM)
- Certificate of Competency Class 2 in Nautical Studies, Malaysia Marine Academy (ALAM)
- Certificate of Competency Class 3 in Nautical Studies, Malaysia Marine Academy (ALAM)
- Certificate in International Business, Melbourne University, Australia

Working Experience And Occupation:
- 1980 to 2011: Serving in various capacity with MISC Berhad.
- 2012 to 2014: General Manager of Operation, MTU Services Malaysia
- 2014 to 2015: Senior Manager of Fleet Operations, Bourbon Offshore Mitra Malaysia
- 2016 to 2017: General Manager of Human Resource Sea, MISC Berhad
- 2017 to 2018: Director of Human Resource Eagle Star Marine Holding (L)
- 2018 to 2019: Senior Manager, Corporate Planning and Business Development, Akademi Laut Malaysia
- 2019 to 2020: Chief Operating Officer, E.A. Technique (M) Berhad
- 2021 to Present: Acting Chief Executive Officer, E.A. Technique (M) Berhad

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

2

Azli Mohamed

Chief Financial Officer

Male / 53yo / Malaysia

Date Appointed: **1 October 2017**

Qualification:
- Graduate of the Association of Chartered Certified Accountants, United Kingdom
- Members of the Malaysian Institute of Accountants

Working Experience And Occupation:
- 1992 to 2001: Audit Assistant and last position as Manager, PricewaterhouseCoopers
- 2001 to 2006: Group Accountant, KPJ Healthcare Berhad
- 2006 to 2007: Chief Financial Officer, New Jeddah Clinic Hospital, Jeddah
- 2007 to 2011: General Manager, Finance Division, Johor Corporation
- 2011 to 2017: Chief Financial Officer, Kulim (Malaysia) Berhad
- 2017 to present: Chief Financial Officer, E.A. Technique (M) Berhad

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

3

New Kok Ho

General Manager / Executive Director

Male / 51yo / Malaysia

Date Appointed: **1 June 2017**

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

Other Directorship In Public Companies And Listed Issuers:
No

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

Any Conflict 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

CHAIRMAN'S STATEMENT

AS A STRONGER ENTITY, THE GROUP HAS ESTABLISHED THE MOMENTUM FOR THE NEXT THRUST FORWARD. WE REMAIN COMMITTED TO DELIVERING LONG-TERM SUSTAINABLE VALUE TO ALL OUR SHAREHOLDERS AND WE BELIEVE THAT THE STRATEGIC PRIORITIES WE HAVE IDENTIFIED WILL BE THE KEY TO ACHIEVE THIS GOAL

DATO' MOHD REDZA SHAH ABDUL WAHID
Independent, Non-Executive Chairman

Dear Shareholders,

It is again a great privilege to be addressing you as Chairman of E.A.Technique (M) Berhad ("E.A.Technique", "the Company or "the Group"). The financial year ended 31 December 2020 ("FY 2020") has been described by the International Monetary Fund ("IMF") as "a year like no other". For most of us, FY 2020 ushered in a "new normal".

"Navigating Challenges"

The outbreak of the coronavirus ("COVID-19") COVID-19 started as a health crisis, but it quickly morphed into a global economic crisis of unprecedented reach and proportion. This has left countries around the globe struggling to control the spread of the virus and its fall-out. COVID-19 plunged Malaysia into the deepest recession since the Asian Financial Crisis more than two decades ago. Whilst grappling with COVID-19, the Group also faced a myriad of challenges on several fronts that held back the Company's performance.

Over the past year, I have been especially impressed by the teamwork of our people and their determination to keep the Group going, working within the restrictions imposed by the authorities. The E.A.Technique family has pulled together as a team and responded to the challenges with discipline, agility and determination.

Thanks to the efforts of our people, we have successfully kept our Company on stable trajectory to meet our long-term vision to be the locally preferred service provider of marine services. It is testament to the Group's inherent strength and resilience that we were able to record a commendable revenue growth of 11.5% year-on-year ("yoy") and a Gross Profit Margin ("GPM") of 15% for the year under review.

On behalf of the Board of Directors, I am honoured to present the audited accounts and annual report of E.A.Technique (M) Berhad for the financial year ended 31 December 2020.

A YEAR LIKE NO OTHER

The spread and resulting impact of COV!D-19 in 2020 led to a global crisis of unprecedented reach and proportion. The first cases of COVID-19 were first detected at the end of 2019 and thereafter, rapidly spread globally. In Malaysia the first COVID-19 cases were reported on 25 January 2020. As soon as COVID-19 was declared a pandemic, the Group immediately swung into action. Our primary goal was to minimise its impact across the Group's companies and businesses, protecting lives and livelihoods. Last year's report described at length the measures adopted by the Group in our fight against COVID-19. This year's Management Discussion and Analysis (MD&A") provides an update.

The year 2020 saw most countries across the world in lockdown. While the lockdown has saved lives, the cost to the global economy has been enormous. It has triggered the deepest economic recession in nearly a century, disrupting economic activity, threatening lives and jobs and increasing debt levels. The global oil and gas industry was not spared and saw an unprecedented collapse in global oil demand and crash in oil prices.

Chairman Statement

FY 2020 was also a year like no other for E.A.Technique. With the imposition of the Movement Control Order ("MCO"), we were committed to keeping our people safe in full compliance with the Standard Operating Procedures ("SOPs") drawn up by the Ministry of Health ("MOH"). This meant additional costs incurred to ensure adequate supplies of personal protection equipment ("PPE") face-masks, sanitisers, swab tests and provision for quarantine facilities.

While the Group was able to continue operating despite the MCO period, the year saw a slump in demand for spot-charter vessels. This was due to rig shutdowns, postponement or cancellation of projects and contract awards.

On the corporate front, we were engaged in litigation proceedings commenced by the company against Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE"). The drawn out arbitration process came to a conclusion on 8 March 2021, when the Company and MMHE executed a Settlement Agreement. As a result of the Group losing its arbitration case against MMHE, an additional engineering, procurement, construction, installation and commission ("EPCIC") cost of RM43 million was incurred and this was reflected in Cost of Sales.

The Company had on 26 February 2021, withdrawn its application to Bursa Securities to complete the implementation of various proposals for the new issuance of securities. The decision was prompted by various factors including a declining trend in the Company's share price since end-2019, the unfavourable market conditions which deteriorated with the implementation of the MCO/conditional MCO as well as the inability of the Company to comply with the required public shareholding spread.

NAVIGATING CHALLENGES

Having been through FY 2020, there is no doubt in my mind that E.A.Technique is a robust and resilient business entity. I am convinced more than ever that our greatest strength lies within. This include the indomitable spirit of our people, their accumulated competencies and experience, the systems and processes we have in place, our performance-based work culture shaped by our Company Vision and Shared Values.

It is patently obvious that no one can with any certainty predict the future. But I firmly believe that the destiny of the Group lies in its own hands. In moving forward, we need to harness our internal strengths, adapt our model and streamline our business focus, relook at the ways we establish and grow relationships to remain customer-focused at all times. Above all, we need to learn from the lessons of the past year to navigate future threats.

Simultaneously, we will review how far our risk management framework continues to meet our needs across the Group. Another key priority is to ensure that the governance of the Company is as it should be. The Board is determined that the Group be known for the highest standards of corporate governance and ethical behavior.

The fundamentals of the Company remain solid. I am confident we are well positioned to continue to deliver shareholder value as part of our ongoing journey towards future long-term growth, progress and operational sustainability.

MALAYSIA INVESTOR RELATIONS ASSOCIATION ("MIRA") AWARD

The Malaysian Investor Relations Association ("MIRA") Awards were established to promote good investor relations, advocate greater transparency and timely disclosure to achieve fair disclosure for all public listed companies on Bursa Malaysia.

Apart from the established criteria, the 2020 Awards also took into consideration the impact of COVID-19 and how well companies have adapted to the changing environment, notably in responding to the demands of stakeholders. Under the theme adopted for the 2020 Awards, "Investor Relations: Staying Engaged In A Global Crisis", a total of 43 companies were short-listed and 66 professionals were subjected to diagnostic assessments by KPMG PLT.

Chairman Statement

Given the competition, we are proud that the Group's previous Managing Director Dato' Ir. Abdul Hak Md Amin was named the Best CEO For Investor Relations under the Micro Cap Category. In keeping with these unusual times, the MIRA awards presentation ceremony was held virtually. On behalf of the Group, we congratulate Dato' Ir. Abdul Hak for the recognition bestowed on him.

SALUTING OUR HEROES

On behalf of the Group, I wish to pay tribute to all healthcare workers and frontliners who have placed themselves in harm's way, working tirelessly to keep the country safe. We are truly proud of you. All of you will forever be remembered as the nation's heroes.

In support of the Government's efforts to battle COVID-19, the Group made two cash donations during 2020 to the Ministry of Health ("MOH"). They were for the purchase of personal protective equipment ("PPE") for frontliners and our contribution towards the Tabung Sumbangan Perubatan KKM.

ACKNOWLEDGEMENTS

My confidence in the future of E.A.Technique is attributed in large part to our people. Since coming on board on 17 February 2020, I have seen for myself their hard work, dedication and commitment, working tirelessly to deliver results. The trials and tribulations of a very demanding year have brought all of us closer together. In the end, it was their energy, work ethics and team spirit that helped us through 2020.

I wish to record my appreciation to the members of our Board of Directors, we have helped steer the Group through an extraordinary year. The year in review saw several changes to the Board. Dato' Ir. Abdul Hak Md Amin, retired from his position as Managing Director of the Company on 31 December 2020. Two other members, Encik Ahamad Mohamad and Encik Zulkifly Zakariah resigned effective 15 March 2020. The Board and I thank all these gentlemen for their years of service and contributions to the Company. The Group has benefited from your insights, guidance and counsel, and we wish you every success in your future undertakings.

Meanwhile, we welcome another new member, Encik Abdul Rahim Bin Omar to the Board as a Non-Independent and Non-Executive Director on 17 February 2020, His work experience in various segments of the marine industry dates as far back as 1980. We look forward to fresh insights, knowledge and experience that Encik Rahim will bring, setting the course to drive the Company forward.

Acknowledgements are also in order to our shareholders for sharing my confidence in the future of E.A.Technique and also to our clients for choosing us and our services. We will need to depend on your continuing support as we continue on our journey.

We have always enjoyed a good working relationship with the Government authorities. Last year, we worked closely with officials from the Ministry of International Trade And Industry, Ministry of Health and Marine Department to ensure our operations continued unimpeded throughout the period of the MCO. Their understanding, support and cooperation has gone a long way in steering the Group through the challenges.

Vessel Utilisation

84%

As Ended 31 Dec 2020

Order Book (RM)

783m

As Ended 31 Dec 2020
Including Optional Period

COVID-19 has tested the resilience of the Group - its business, our people, our operations and our financial strength. This has made us a stronger business, better prepared to cope in a fast-changing and uncertain world. We have well defined plans and the right strategies in place to move forward. And with this team that we have in place, I am confident the Group is in good hands.

I thank all of you.

DATO' MOHD REDZA SHAH ABDUL WAHID
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

NAVIGATING CHALLENGES

COVID-19 has also been a game changer for much of Corporate Malaysia. Its impact on many businesses has been unprecedented, resulting in weak financial results, demand cut-backs and knock-on effects of supply chain disruptions, growing unemployment and rising corporate debts, amongst others.

(A) Financial Performance

While the Group's revenue in FY 2020 grew by a commendable 11.5% yoy, profitability was impacted by two key items. The first was an impairment loss of RM89 million resulting from the pandemic outbreak, which had the effect of reducing pushing down the fair value of the business assets. Secondly, there was an additional engineering, procurement, construction, installation and commission ("EPCIC") cost of RM43 million, provided in Cost of Sales due to the Group losing its arbitration case against Malaysia Marine and Heavy Engineering Sdn Bhd ("MMHE").

(B) Plummeting Oil Prices

The outbreak of COVID-19 hammered the global oil industry. Worldwide demand for crude oil plummeted as Governments closed businesses and restricted travel. An oversupply of oil resulted in a collapse in oil prices, with the benchmark Brent crude tumbling to a low of USD13 a barrel on 21 April 2020, a far cry from the USD70 a barrel recorded at the beginning of the year.

(C) Order Book

The continuing spread of COVID-19 and low oil prices have resulted in fewer spot charters and adjustments on the charter hire price. As at 31 December 2020, the Group's order book was approximately RM475.51 million, with an additional RM307.11 million for extension. By contrast, the Group's order book for the corresponding period the previous year was RM1.165 billion.

(D) Termination of Vessel 3

On 8 May 2019, the Company was awarded a contract by PETCO Trading Labuan Company Limited ("PTLCL") to provide Long-Term Time Charter Coastal Vessel Services. In order to fulfil its contractual obligation, the Group intended to build and deliver 3 units of 9000 DWT product tankers (Tanker 1,2 and3), of which Tanker 3 would be built by the Group's subsidiary, Johor Shipyard and Engineering Sdn Bhd ("JSE"). On 18 March 2021, the Company and PTLCL have entered into an agreement for the mutual termination of the contract for Vessel 3. The contract value of Vessel 3 is approximately RM79.84 million for the primary period (excluding the option period).

(E) Materials Supply Management

The COVID-19 pandemic has also been disruptive in the key area of materials supply management. The Movement Control Order ("MCO") imposed by Malaysia on 18 March 2020 has delayed the delivery of spare parts, whilst halting repair works. The MCO also impacted crew changes aboard the Group's vessels as foreign seafarers were not allowed to sign-off or go ashore at any Malaysian ports during the lockdown. Many of the Group's suppliers and manufacturers that are based in virus-affected nations had their factories shut down. As such, any procuring activities had to be adjusted in accordance with the vessels' movements. All these factors have affected the utilization rates of our vessels. To get around the problem of procurement deliveries, E.A.Technique has sourced reliable local suppliers and contractors who can meet our specifications.

Revenue (RM)

303m

As Ended 31 Dec 2020

Trade Receivable (RM)

15.9m

As Ended 31 Dec 2020

KEY PERFORMANCES INDICATORS

When COVID-19 was declared a pandemic, we quickly mobilized a COVID-19 Response Team under the stewardship of the QHSSE Department to monitor developments, craft strategies, ensure adherence to SOPs, and provide guidance to crew members, employees and visitors, to keep our work moving. Notwithstanding the difficulties and challenges of a pandemic year, the Group was able to accomplish the following:

REVENUE GROWTH

- The Group's revenue grew a commendable 11.5 % in FY 2020 to RM303 million. Our charter hire business demonstrated its resilience and accounted for 92% of total revenue.

CONTRACTS SECURED

- On 9 March 2020, we were awarded a Short-term Contract by Kertih Port Sdn Bhd for the provision of a mooring boat and mooring crew.
- On 4 December 2020, the Group secured a Short-term contract awarded by Kertih Port Sdn Bhd to provide a mooring boat and mooring crew services.
- During the year, we were also awarded a contract by Petra Marine Sdn Bhd to provide a harbor tug 60BP for the Banang oilfield crude lifting operations.
- The Group secured a contract from PT Bandar Abadi and Felik Petroleum for the spot charter of our vessel, Nautica Renggam.
- A contract was secured from MIDAS, Clearlake, Petro Ocean and Petronas for the spot charter of Nautica Pagoh.

CONTRACT EXTENSIONS

PT AKR Corporindo, TBK exercised its option for a 6-month extension of the vessel Nautica Renggam for the period starting 24 April 2020 till 17 October 2020.

- Naka Bayu Sdn Bhd exercised a firm one year extension for Nautica Tg Puteri XXXIII starting 1 August 2020 to 6 August 2021.
- Sungai Udang Port Sdn Bhd exercised firm three (3) years extension for Nautica Tg. Puteri XI, Nautica Tg.Puteri XII, Nautica Tg.Puteri XV and Nautica Tg.Puteri XVI, starting 1August 2020 until 31 July 2023.
- Sungai Udang Port Sdn Bhd exercised a firm one (1) year extension for Nautica Tg.Puteri II, Nautica Tg.Puteri XVIII, Kejora 57 and Kejora 59, starting from 1 January 2021 to 31 December 2021.
- PETCO Trading Company Limited ("PTLCL") has exercised short-term extension for a period of three (3) months, with a further extension of three (3) months for Nautica Batu Pahat, the duration of the contract being from June 2020 until December 2020. (E.A.Technique has nominated Nautica Renggam to be used as a substitute vessel for Nautica Batu Pahat, commencing 23 October 2020 until 31 December 2020).
- PTCLC exercised its option for short-term extension of three (3) months, with a further extension of three(3) months for Nautica Kota Tinggi from September 2020 until March 2021.

COMPLETION OF TUGBOAT

The year also saw the completion of a RM19 million tugboat, Nautica Tg.Puteri XXXVII, which was delivered to E.A.Technique on 22 February 2020. The tugboat is presently deployed at PETRONAS' second Floating Liquefied Natural Gas facility ("PFLNG2"), which is expected to deliver its first LNG cargo to customers by the middle of March 2021. (Source: PETRONAS, Group Strategic Communications, 15 February 2021).

HEALTH, SAFETY & ENVIRONMENT ("HSE")

The Group also measures how it fares in the area of HSE as a Key Performance Indicator ("KPI"). From our early days, the group has tried to inculcate a positive health and safety culture, where safe and healthy working becomes second nature to all staff. Ultimately, health and safety make good business sense and can actually boost overall productivity.

- E.A.Technique was commissioned to provide a temporary storage tanker ("TST") for PETRONAS Carigali Sdn Bhd's ("PCSB") Sepat early production system project. On 20 January 2020, the Company completed the offshore Transportation and Installation ("TSI") campaign for the TST located at the Sepat-C field. The campaign involved a leak test of the Flexible Flowline and Riser installed between the jack-up rig and TST.
- PCSB achieved a 24-hour production test at its TST facilities, without interruption on 9 February 2020. PCSH has issued E.A.Technique with a Certificate of Operability ("COO") for the 12-month TST charter period. A COO is issued to allow a company to provide a controlled type of service.
- For the period January to August 2020, the Company chalked up 62,068 total manhours with no Lost Workdays.
  The Group as a whole, has fared well in terms of overall HSE performance. We are thankful that we did not experience a single employee fatality nor Lost Time Injury ("LTI") throughout 2020. Nevertheless, we know that there can be no room for complacency. Our people are the most important factor in significantly improving our safety performance. As such, we adopt a behavior-based approach, with extensive crew training and programmes to reinforce employees' attitudes towards safety.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

We have used a range of financial metrics to measure the performance and efficiency of our business.

• Revenue

During FY 2020, the Group reported a turnover of RM303 million, compared to RM272 million recorded previously. The biggest contributor to the Group's revenue remained the charter hire business, which accounted for RM279 million or 92% of total revenue. Higher revenue recorded in FY 2020 was also attributed to the contribution from PETRONAS Carigali's SEPAT Project, where the Group has been awarded a contract to provide a temporary Storage Tanker.

• Profit Before Taxation

The Group reported a loss before tax of RM129 million in FY2020, a reversal from a profit before tax of RM33 million reported the previous year. The loss was attributed mainly to impairment of assets and additional provision made resulting from the Final Award announced by the Asian International Arbitration Centre ("AIAC") for the litigation case against Malaysia Marine Heavy Engineering Sdn Bhd "MMHE"), with total costs of RM130 million.

• Fiscal Discipline

The pandemic outbreak and the subsequent restrictions imposed by the authorities had a dampening impact on the Group's operations.

• Active Debt Collection

Throughout FY 2020, we actively pursued rigorous and proactive debt collection efforts. As a result, the Group's total trade debtors that are within the credit term limit that we imposed, has improved by 13%, compared to FY 2019.

• Shareholders' Equity

Another baramoter used by analysts to determine a company's financial health is Shareholders' Equity. ("SE") Despite recording a loss after tax, the group's SE remains. A positive SE means that a company has enough assets to cover its liabilities.

• Total Assets

Our vessel fleet constituted 92% of the Group's Total Assets in FY 2020. Another key component of Total assets are receivables, which are debts owed to the Company for goods and services provided. During FY 2020, the Group's receivables continued to decline as a result of better collection.

• Debt-to-Equity Ratio

Debt-to-Equity Ratio ("D/E") is used to evaluate a company's financial leverage. During FY 2020, the Group's D'E increased to 3.61, compared to 2.47 the previous year. This was attributed mainly to the loss after tax recognised during the year, which has reduced the equity balance by 40% from the previous year.

• Gearing Ratio

The Group's gearing ratio has increased by 18% in FY 2020, due mainly to a reduction in shareholder's equity balance, resulting from a recorded loss during the year. In terms of debt repayment, the Group remains committed to meeting its debt obligations, which have been proven by the lower loans and borrowings balances at year-end 2020.

• Earnings Per Share

The Group recorded a loss per share of 21.86 sen in FY 2020, compared to earnings per share ("EPS") of 7.22 sen reported previously.

• Net Assets Per Share

The Group's net assets per share decreased by 43% in FY 2020. This was attributed mainly to a loss after tax registered during the year and an increase in the number of share units resulting from a public issue made during the year.

The lower NTA and higher gearing ratios were attributed mainly by impairment loss of assets and additional provisioning for MMHE, resulting from the Final Tribunal Award. These two factors led to lower shareholder's equity balance, lower total assets book value and a higher payable balance.

On the other hand, the Group has shown an improvement in terms of receivables turnover days, Moreover, the Group remains committed to meeting its debt obligations, as evidenced by the lower balance of loans and borrowings at year-end. Notwithstanding the unfavourable impact of assets impairment and the MMHE additional provision, the Group will continue to ensure the smooth running of operations by closely monitoring debt collection and debt repayments.

Total Assets (RM)

776m

As Ended 31 Dec 2020

Management Discussion and Analysis

DIVIDENDS

Given the losses reported in FY2020 due to impairment losses and the additional cost provisions due to losing the arbitration case in the EPCIC project, the Board believes that cash preservation is critical importance. Hence, the Board does not recommend the payment of any dividend in respect of the financial year ended 31 December 2020.

SHARE PRICE PERFORMANCE

During FY 2020, Bursa Malaysia's benchmark index, FBM KLCI ended the year at 1,644.41 points, enabling it to record a positive return of 3.5% year-to-date. (Source: The Top Gainers and Losers On Bursa In 2020, theedgemarkets.com, 31 December 2020) Bursa Malaysia was able to outperform its neighbouring bourses with the positive benchmark.

Prior to closing the year on a high note, the FBM KLCI hit a 10-year low of 1,219.72 on 19 March 2020. The sharp decline in the main Bursa Malaysia index was due to panic selling following the implementation of the Movement Control Order ("MCO"), which began on 18 March 2020, to curb the spread of COVID-19 in the country. However, the Government's swift action in implementing a massive stimulus package to stimulate the economy gave support to market sentiment. (Source: Berita Harian Online, 31 December 2020)

Against this backdrop, the group's share price performed in line with the general market and industry trends, which were heavily impacted by COVID-19 concerns and the drastic decline in global oil prices during the first six months of 2020. E.A.Technique's share price was also badly affected when the Group lost the arbitration case against MMHE.

The E.A.Technique counter achieved a high of 40.0 sen and a low of 21.5 sen during 2020. As at 31 December 2020, the counter closed at 29.5 sen, with a market capitalisation of RM156 million.

Looking ahead, analysts expect that further government fiscal stimulus, with the Central Bank remaining accommodative and with continued support from retail investors will help drive the local equity market's recovery into 2021.

REVIEW OF OPERATIONS

MARINE TRANSPORTATION SERVICES

As a Company that falls under the essential services sector, E.A.Technique's Marine Transportation Services sector was able to continue operating despite the lockdown measures imposed by the Authorities.

As at year-end 2020, our total fleet count consisted of 44 vessels, of which 42 are owned by the Group, with the remaining two chartered from external parties. Our vessel fleet comprises 6 tankers, 2 Floating Storage and Off-loading Units ("FSU/FSO"), 10 Offshore Support Vessels ("OSV") and 24 harbor tugboats. The average age of our tanker fleet is 13 years.

Four of our tanker vessels have been leased out on Time Charter throughout the year, while another two were on Voyage Charter. A Time Charter is a time-bound agreement, where a vessel is leased to a charterer for a fixed period of time as opposed to a Voyage Charter, where a vessel is leased out for a particular voyage.

Nonetheless, the year saw a decrease in demand for spot-charter vessels. Consequently, our tanker fleet achieved an overall utilization rate of around 75.5%, a decline of 7% compared to the previous year.

Management Discussion and Analysis

As testament to the good standing and reputation the Group enjoys among industry circles, two new contracts were secured during FY 2020. A spot charter contract was secured with PT Bandar Abadi and Felix Petroleum for Nautica Pagoh, an oil product tanker. The other spot charter contract was for Nautica Renggam, with MIDAS, Clearlake, Petro Ocean and Petron.

As reported last year, the Group was awarded a contract by PETCO Trading Company Limited ("PTLCL") on 8 May 2019 to provide Long-term Charter Coastal Vessel Services. To fulfil our commitment to PTLCL, the Group had originally planned to invest in the construction of three new 9000 Dead Weight Tonnes ("DWT). Vessel 1 and 2 are being built by Ningbo Zhenhe Ship Building Co Ltd. However, effective 18 March 2021, E.A.Technique and PTLCL entered into an agreement for the mutual termination of the contract for Vessel 3. This is covered more extensive under our Corporate Developments.

SHIP REPAIR & MINOR FABRICATION

The Group ventured into shipbuilding, ship repair and minor fabrication activities in 2007 as part of its vertical expansion plans. These activities are undertaken by Johor Shipyard and Engineering Sdn Bhd ("JSE"), a wholly-owned subsidiary, at its shipyard in Hutan Melintang, Perak. The shipyard has the capacity to construct one vessel of up to 10,000 DWT or six harbor tugboats at any one time. By having its own shipyard, the Group can generate savings of about 30% from ship repair activities and also claim bona fide tax exemption status for the materials and spare parts imported from overseas.

The outbreak of COVID-19 has also impacted on the Group's Ship Repair & Minor Fabrication business. Apart from the termination of the Vessel 3 contract, drydocking activities were also affected. The Group has planned for the drydocking of 12 vessels during FY 2020. However, owing to COVID-19 constraints, only four tugs were dry-docked during 2020.

In response to COVID-19, the Government has introduced a raft of stimulus packages to assist small and medium-sized enterprises ("SMEs") to maintain cashflow and operations. JSE qualified to come under the Wage Subsidy Programme ("Bantuan Subsidi Upah) rolled-out by Pertubuhan Keselamatan Sosial ("PERKESO").

On a positive note, the construction of a tugboat, Nautica Tg.Puteri XXXVII has been completed and delivered to E.A.Technique on 22 February 2020. The tugboat is presently deployed at PETRONAS' second Floating Liquefied Natural Gas facility ("PFLNG2"), which is expected to deliver its first LNG cargo to customers by the middle of March 2021. (Source: PETRONAS, Group Strategic Communications, 15 February 2021)

Management Discussion and Analysis

Since its incorporation, JSE has served as the supporting arm to E.A.Technique. On the strength of its experience and growing reputation, JSE is now striking out on its own to bid for new external contracts. In its latest Activity Outlook for 2021`-2023, PETRONAS stated that it is "committed to ensuring operational safety during offshore transpation". (PETRONAS Activity Outlook, 2021-2023, page 59). To materialize this objective, the national oil corporation has put out a tender to replace its ageing fleet of Offshore Support Vessels ("OSV').

Under its new-build programme, PETRONAS plans to build 16 OSVs for Phase 1 and 2 of the Safina Project. JSE is among 10 shortlisted shipyards invited to participate in the bid to provide Fast Crew Boats ("FCB"), General Purpose Vessel ("GPV") and Landing Craft Tank ("LCT"). This is only the first batch of contracts up for grabs; PETRONAS plans to build 100 vessels over the next 4-5 years to phase out its ageing fleet and ensure operational safety.

CORPORATE DEVELOPMENTS

ARBITRATION WITH MALAYSIA MARINE AND HEAVY ENGINEERING SDN BHD ("MMHE")

As reported last year, E.A.Technique ('the company") filed a Notice of Arbitration with the Asian International Arbitration centre ("AIAC") against MMHE on 27 September 2018. To lend some perspective, the sequence of events dates back to 22 December 2014, following an engineering, procurement, construction, installation and commission ("EPCIC") the Company signed with Hess exploration Production B.V. ("HESS") for the EPCIC of a floating facility in the North Malay Basin. Subsequently, 9 June 2018, when E.A.Technique contracted MMHE to provide demolition, refurbishment and conversion services of a donor vessels, which forms part of the scope of work under the EPCIC. Disputes between the Company and MMHE arose relating to change issues, which led to payment claims and counter claims filed by both parties.

An update on the latest developments is as follows:

- On 27 May 2019, the AIAC delivered its Adjudication Decision ("the 1st Adjudication Decision") against the Company, where the net sum of USD21,607,206 was awarded to MMHE with interest at the rate of 1.5% per month and cumulative costs of RM309,113.38.
- On 4 December 2019, a 2nd Adjudication Decision was delivered by the Arbitral Tribunal in the arbitration proceedings commenced by the Company against MMHE, where the sum of USD6,066.995.71 was awarded to MMHE with interest at the rate of 5% per annum and cumulative costs of RM204,556.69.
- On 10 November 2020, the Arbitral Tribunal delivered the Final Award ("the Final Award") in the arbitration proceedings, whereby USD29,520.172.65 and costs of RM4,686.398.16 were awarded to MMHE, with interest at the rate of 5% per annum.
- On 15 February 2021, the Final Order has been recognised as binding by Order of the High Court (ex-parte) pursuant to Section 38 of the Arbitration Act 2005 ("the Judgement")
- On 8 March 2021, the Board of Directors of E.A.Technique announced that the Company and MMHE have executed a Settlement Agreement, which amongst others, included the following:

  (a) The parties have agreed, without liability, to settle the disputes and differences that have arisen between themselves

  (b) The Company has agreed to pay, and MMHE has agreed to accept the sum of USD25,500,000.00 as full and final settlement of the disputes between the parties, including MMHE's rights under the 1st Adjudication decision, the 2nd Adjudication Decision and the Final Award.

  (c) MMHE's acceptance of the Settlement Sum is subject to MMHE's rights to enforce and/or execute the Judgement, which is the full sum awarded in the Final Award, less all payments made in the event the Company commits defaults under the settlement Agreement and fails to remedy the same.

  (d) The parties have also agreed to withdraw and/or discontinue the court proceedings filed in respect of the 1st and 2nd Adjudication Decisions and the Final Award.

PROPOSED NEW ISSUE OF SECURITIES

In our earlier announcements dated 2 July, 21 August, 28 August, 29 August, 25 September 2019 and 18 February 2020, RHB Investment Bank had submitted an application to Bursa Securities, in respect of the (i) Proposed Private Placement, (ii) Proposed Debt Capitalisation and (iii) Proposed Free Warrants Issue.

On 26 February 2021, on behalf of the Board, RHB Investment Bank has announced that the Company has withdrawn its application to Bursa Securities in relation to the extension of time required to complete the implementation of the proposals submitted on 2 February 2021 ("Withdrawal of EOT Application").

The decision to withdraw the EOT Application was taken after considering the following:

(1) A declining trend in the share price have imposed challenges to the Company to secure potential investors

(2) Unfavorable prevailing market conditions in the wake of the implementation of the movement control order ("MCO"), which first came into effect on 18 March 2020. The series of lockdown measures that followed have further adversely impacted the Malaysian economy and deampened consumers' and investors' sentiments.

Management Discussion and Analysis

(3) The MCO and Conditional MCOs have also hindered the progress of the Company to secure potential independent third party investors.

(4) As announced on 17 June 2020, the company is also not in compliance with the required public shareholding spread pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

Following the withdrawal of EOT Application, the Proposals have since lapsed on 19 February 2021, being the last date granted by Bursa Securities to complete the implementationof the Proposal.

MUTUAL TERMINATION OF CONTRACT FOR VESSEL 3

As reported last year, the Company was awarded a contract by PETCO Trading Labuan Company Limited ("PTLCL") to provide Long-Term Time Charter Coastal Vessel Services. To fulfil its contractual obligations, the original plan was for the Company to build and deliver 3 units of 9000 DWT product tankers. Tankers 1 and 2 will be built by Ningbo Zhenbe Ship Building Co Ltd at its shipyard in China. Vessel 3 will be built by our own JSE.

On 18 March 2021, the Company and PTLCL entered into an agreement for the mutual termination of the Contract for Vessel 3. The contract value of Vessel 3 is approximately RM79.84 million for the primary period of 5 years (excluding the optional period).

MANAGING COVID-!9

In Malaysia, the number of COVID-19 cases began to escalate in early March 2020. To mitigate the outbreak and flatten the curve, the Malaysian Government imposed a full Movement Control Order ("MCO") effective 18 March 2020.

E.A.Technique's COVID-19 Preventive & Contingency Plan was rolled out on 20 March 2020, with immediate effect. This included a Mitigation Plan to ensure minimal disruptions to fleet operation and covers both Shore-Based and Shipboard Management. The SOPs have been drawn up to help facilitate the optimization of operational efficiencies and enhance productivity, while minimizing workplace infection risks. This has been dealt with in our previous report, but in the interest of new shareholders, we have summarised the key points of our Mitigation Plan. As we deal with new waves and new variants of COVID-19, these rules and guidelines will continue to be applicable group-wide.

SHORE-BASED MANAGEMENT

In shore-based management, comprehensive rules and guidelines have been drawn up to cover:

- Access to work areas for E.A. Technique employees
- Access to work areas for visitors, contractors and ship staff
- Journey Management Plan for employees prior to travelling, while travelling and upon return from travelling
- Attendances at large conferences or seminars and social gatherings have been put on hold
- Do's and Don'ts of attending meetings if unavoidable

SHIP-BOARD MANAGEMENT

- The Group adheres to rules and regulations drawn up by the Ministry of Health ("MOH') as well as the Marine Department
- Shipboard management covers precautions that are adopted prior to boarding a vessel, shore leave restrictions for crew members and the handling of contractors and visitors.
- Only authorized visitors, passengers and contractors are allowed onboard the Group's vessels. They must also complete a Health Declaration Form and their body temperatures screened prior to boarding.

INCIDENT EMERGENCY RESPONSE PLAN

The Group's Emergency Response Plan covers both shore and ship-board incidents.

A. Shore-Based Management

When any cases of COVID-19 are detected in the office work area, the office is out of bounds to all employees. Anyone with close contact with the affected employee are instructed to take a COVID-19 PCR test and to self-isolate at home pending test results. The offices and surrounding public spaces will be sanitised in accordance with the MOH's health requirements.

B. Shipboard Management

In the event that COVID-19 has been detected onboard, the Ship Master has a responsibility to inform E.A.Technique's Duty Manager. A Company-Designated Person Ashore will be appointed to liaise with the client representative, ship agent and the local health department for possible emergency evacuation ("MEDEVAC") for serious cases. In milder cases, the person afflicted is quarantined in his cabin. The Ship Master will record the progress of persons with COVID-19.

Anyone who have had high-risk exposures to those with COVID-19 are quarantined in dedicated cabins. Should any contact with those under quarantine be unavoidable, COVID-19 Personal Protective Equipment (face shields, face masks, rubber gloves, rubber shoes and disposable coveralls) must be worn and safely disposed after use as a potential biohazard waste.

As a preventive measure, all crew members are not permitted to leave the vessel. Crew members must observe social distancing of at least 1 meter from one another and wear face masks at all times. The Ship Master will monitor crew members for any early detection of COVID-19 symptoms. Appropriate cleaning and disinfection of all public areas and accommodation will be carried out daily.

Management Discussion and Analysis

"AS A STRONGER ENTITY, THE GROUP HAS ESTABLISHED THE MOMENTUM FOR THE NEXT THRUST FORWARD. WE REMAIN COMMITTED TO DELIVERING LONG-TERM SUSTAINABLE VALUE TO ALL OUR SHAREHOLDERS AND WE BELIEVE THAT THE STRATEGIC PRIORITIES WE HAVE IDENTIFIED WILL BE THE KEY TO ACHIEVE THIS GOAL"

C. Materials Supply Management

The COVID-19 pandemic has also been problematic in the area of materials supply management. To resolve issues on procurement deliveries from overseas manufacturers, E.A.Technique has sourced reliable local suppliers and contractors who can meet our specifications.

UPDATE ON THE GROUP'S COVID-19 MITIGATION STRATEGY

The COVID-19 pandemic is not over yet and there are worrisome signs of a resurgence. Unless we achieve herd immunity, there is no room for complacency as everyone remains at risk. We are still adapting to the new normal and we see the emergence of hybrid workplaces, where some people are physically present in the workplace and some can work from home ("WFH").

The Group's current SOPs are adequate, comprehensive and relevant, but with more employees returning to work after the revocation of the WFH policy, the implementation and monitoring need to be enforced to prevent the emergence of any new cases. As an employer, our responsibility goes beyond ensuring physical distancing, supplying sanitisers, gloves, masks and other protective equipment. The new normal emphasized the importance of communication with employees. All employees are continually reminded to do their part and understand the importance of personal responsibility so as not to slip into old patterns of behavior. From time to time, the SOPs will be reviewed as we enter into a different phase of combating COVID-19.

Important lessons have been learnt during the past year. One of our biggest challenges was how to navigate a thin balance between safety and risks whist ensuring timely vessel operation delivery. Early in the day, we recognised a potential knowledge gap amongst employees on the practical feasibility and impact of applying COVID-19 measures in our operations and complex work arrangements. In this situation, safety leadership plays an important role in bridging the gap. Another lesson learnt during the past year is that any COVID-19 mitigation measures must be integrated and promoted within a general risk management approach, taking into account the differing priorities regarding safety risks. This will enhance the overall effectiveness of the COVID-19 mitigation measures.

The pandemic year has also accelerated the pivot to technology. Technology has enabled us to overcome the restrictions imposed on physical meetings. On 15 July 2020, we held our first fully virtual Annual General Meeting ("AGM"). This was in line with the Securities Commission Malaysia's ("SC") order mandating companies to conduct fully virtual AGMs during the government-imposed Movement Control Order ("MCO"). Despite the limitations of the electronic medium, our shareholders were able to successfully exercise their rights through the virtual AGM.

Many Malaysian companies required their staff to work from home ("WFH") and it has been estimated that 65% of Malaysians had to work from home during the MCO. (Source: The Star, 28 March 2021) All crew members working on board the Group's vessels were not affected by the WFH directive. Staff that required working from home were from the Group's corporate office.

Management Discussion and Analysis

SWOT ANALYSIS

The SWOT tool has been around for some time and its wide use in business planning can be very effective. As companies emerge from the COVID-19 lockdown into a new business reality, the SWOT tool takes on a new significance. During FY 2020, the Group continued to draw valuable insights and metrics from our annual brainstorming session to identify our Strengths, Weaknesses, Opportunities and Threats ("SWOT"). A SWOT analysis has served as a strategic planning tool that we can leverage to help develop a business plan for moving forward, maximising opportunities, while simultaneously minimizing roadblocks along the way.

STRENGTHS

- One of the Group's key strengths is the pivotal role of the marine transportation business in the national economy. Throughout the lockdown period, E.A.Technique continued to provide essential services to meet the needs of the oil industry and ports.
- Our brand is unquestionably an asset. The E.A.Technique brand is built around many years in the marine transportation business, not only meeting but surpassing the expectations of our expanding customer base. Our brand continues to resonate in the marketplace, helping the Group retain existing customers and attracting new ones.
- We enjoy a strong relationship with customers, nurtured over the years. They include many reputable oil and gas ("O&G") companies, including the national oil companies ("NOCs") of Malaysia and Indonesia. During the pandemic, we worked hand-in-hand with our customers to mitigate any potential disruptions to our fleet operations.
- The Group is ranked among the top four operators of product tankers in Malaysia and is also one of two major players engaged directly by port operators.
- About 67% of the Company's vessels are on long-term charters, with tenures extending until the year 2027. Last year, we achieved a utilization rate of 75.5 % for our vessels, which is still commendable in the face of a decline in demand for spot-charter vessels. The Group also has a commanding presence in tugboat service and tanker segments of the market.
- As a public-listed company, we can tap the capital markets for funds to finance our expansion programmes.
- We are fortunate to have a team of highly experienced professionals. The breadth and depth of their knowledge comes from an average of over 20 years of experience in the maritime business.
- A positive employee attitude has helped the Group to meet the myriad challenges of FY 2020, not least of all, working under the constraints imposed by the MCO. Our people have been exemplary in following the SOPs. With full and dedicated support and commitment, this has ensured that we are continually operating and meeting our customers' requirements.

WEAKNESSES

- Over the years, the Group has taken steps to wean its over-dependence on the oil and gas ("O&G") sector, and the PETRONAS Group, in particular. We have aggressively pursued opportunities to diver
- Some of our vessels have reached 13 years old, hence high maintenance costs are incurred to keep these vessels sea-worthy and prevent disruptions to business scheduling. At some point in the future, we will have to replace these ageing vessels with newer ones to boost efficiency and safety.
- There is insufficient skilled personnel with the right qualifications, skills and experience to keep up with the growth of the maritime industry. As a result of demographic and economic changes, attracting the right talents will remain an ongoing challenge for the foreseeable future.

OPPORTUNITIES

- Southern Johor is home to the development of a massive O&G hub at Pengerang. The Pengerang Integrated Petroleum Complex was conceived to create value in the downstream O&G value chain. The Refinery and Petrochemical Integrated Development ("RAPID") Project will house refineries, naphtha crackers, petrochemical plants as well as a Liquefied Natural Gas ("LNG") plant. This will create opportunities for the Group in the downstream transportation of refined products and chemicals.
- Fast crew boats ("FCBs") play a vital role in the offshore O&G industry, serving the needs of offshore installations such as production platforms, drilling rigs and designated anchorages. More oil companies are turning to the use of FCBs as an alternative to helicopters. With a fleet of 3 FCBs, the Group is well-positioned to meet the needs of the offshore O&G companies.
- Indonesia represents a potentially lucrative market that can be further explored. The Group has already penetrated the Indonesian market by offering its tanker charter services to PT Pertamina Shipping. Recently, the Group also secured a contract from PT Bandar Abadi and Felik Petroleum for the spot charter of our vessel, Nautica Renggam.

Management Discussion and Analysis

- PETRONAS plans to build 100 offshore support vessels ("OSVs") in the next four years in a move to phase out its old vessels. Under PETRONAS' new-build programme, priority will be given to local shipbuilders. The NOC has already issued the invitation-to-bid for the first batch of contracts for to build 16 OSVs. JSE is among the 10 local shipyards shortlisted to bid for the contracts.

THREATS

- We face a variety of risks that include explosions, equipment defects, pollution and oil spills. To mitigate these risks, our Occupational Health and Safety, Security, Environment and Quality Team are continuously monitor the compliance of the relevant laws, regulations and policies.
- Cyber risks in the shipping industry is a real threat and effectively cripple operations..
- Piracy poses a significant threat to world shipping. Well-armed and organised groups roam the Straits of Malacca and the South China Sea. Our tankers transport high-value petroleum products and are potential targets by sea pirates. We have adopted measures to increase security, including installation of an alert button on our tankers so that the alarm is directed to a response unit. We also ensure that our tankers and cargoes have adequate insurance coverage.
- Competition among key players has intensified, especially after the pandemic. To stave off the competition, the Group can fall back on its established strengths, that include the availability of suitable vessels, capabilities and experience, firm track record, financial strength and brand recognition. However, potential new entrants are deterred from entering the industry owing to high entry barriers and other obstacles.

ECONOMIC PROSPECTS

Moving forward, there may be some reasons for measured optimism. On the COVID-19 front, the availability of vaccines has raised hopes, although this is tempered by resurgent waves and new variants of the virus. Healthcare experts suggest that 80% of the population would have to be vaccinated before herd immunity can be achieved.

The global economy in 2021 is projected to recover with a growth of 5.2%. (Source: Economic Outlook 2021, page 41) following a severe contraction in 2020. A key factor supporting growth in 2021 is the improvement in global demand as the rollout of multiple COVID-19 vaccines is expected to buoy the market and lift consumer and business sentiments.

In Malaysia, the economy is projected to rebound by between 6.5% and 7.5% in 2021. (Source: Economic Outlook 2021, page 7) Growth will be supported by the anticipated improvement in global growth and international trade, positive impact of the Government's massive stimulus packages and the gradual easing of lock-down restrictions. The Malaysian economy is also backed by strong fundamentals and is also well-diversified. The favourable outlook is premised on the successful containment of the pandemic and a sustained recovery in external demand.

Going into 2021, PETRONAS anticipates that the outlook for the oil and gas industry will remain challenging. In its medium-term to post 2023 outlook, PETRONAS has projected a steady outlook for marine vessels supporting production operations and decommissioning activities in Malaysian waters. (Source: PETRONAS Activity Outlook 2021-2023, page 60).

PETRONAS' measured optimism coincides with oil prices rebounding in the summer of 2020, as nations emerged from lockdown and the Organisation of Petroleum Exporting Countries ("OPEC") agreed to significant cuts in crude oil production levels. The price of the benchmark Brent crude oil posted increases on the final trading day of 2020. .

Management Discussion and Analysis

OUR ROADMAP TO THE FUTURE

COVID-19 has forced a new sense of urgency upon the Group to become even more competitive and resilient. As it is still far from certain when the pandemic will end, we need to holistically rethink and reconfigure new priorities, business strategies, capabilities and outlooks. To survive and even thrive in the new normal, we need to strengthen agility through our corporate culture and values. Our roadmap to a post-COVID-19 future will help us navigate the challenges of a new business environment.

Building On Our Strengths

We need to leverage our strengths to gain a tactical advantage over the competition, maximise synergies with existing customers, as well as to strategise and capitalise on opportunities coming our way. Simultaneously, we need to acquire new capabilities and knowledge, accelerate the adoption of technology and forge creative partnerships to unlock new opportunities to move ahead into a sustainable future.

Exploring New Markets

We have a simple, focused strategy to create enterprise value by growing in markets of greatest opportunity and where we have a strong competitive position. While remaining focused on the Malaysian market, we are looking beyond national boundaries. We see vast opportunities in the Indonesian market, where there is a rising demand for petroleum products and product tankers.

Managing Costs

We will continue to exercise prudence and discipline in managing our resources in the short-term. However, we will ensure that any cost-cutting measures will not damage our longer-term growth prospects, business relationships, reputation and staff morale. As an example, the Group has plans to expand its vessel fleet, but any expansion will be based on the contracts secured, with a minimum tenure of three years. We will not build or buy ships purely on speculation. (Source: E.A.Technique Sees Opportunity To Expand", The Edge Malaysia, 3 September 2019)

Fine-tuning Strategies

In facing new marketplace realities, we need to address key areas. Do we have a systematic and ongoing approach to fine-tuning our business strategies? What are the drivers and competitive factors in today's business environment? What are the biggest threats to our plans moving forward? What are the technology trends? Are our growth targets overly optimistic or unrealistic? Do we have the right resources in place to take the organisation to the next level? This could be an opportunity to reform strategies, expedite digital transformation and relocate resources to increase competitiveness, efficiency and productivity.

Risk Management

Strong risk management has always been a cornerstone of the Group to ensure long-term success. We will continue to emphasise the incorporation of robust risk management principles and practices into every aspect of our decision making.

Leveraging Technology

We recognise the importance of technology and digitalization as key enablers that are necessary for taking us to the next level. The 4th Industrial Revolution ("4IR") is a game changer revolutionising the way companies in the maritime sector perform and compete. There is already a clear trend of the marine industry warming up to 4IR as it increasingly becomes more tech-savvy and digitalized. For example, the world's top shipyards now use sophisticated computer aided design software to design ships and share draft designs through cloud servers with ship owners, consultants, marine equipment and systems manufacturers and classification societies. Many ports use IT extensively to plan computer loading and offloading onboard ships and to track containers. Remotely controlled, autonomous vehicles and robotics are increasingly used in repair and maintenance work to check the integrity of vessels and offshore structures. Other areas include cargo tracking, maritime supply chain security, environmental protection, navigating safety, planning, operations, administration and monitoring. (Source: Malaysian Maritime Industry : Transitioning to Industry 4.0, Malaysian Foresight Institute, 28 June 2018)

Capacity Building of Talent Pool

Malaysia's Finance Minister has emphasized the need for the country to shift to a tech-driven economy. To achieve this, the existing workforce would need to move up the productivity chain with upskilling, reskilling and cross-skilling. In the nation's Shared Prosperity Vision, a target of 35% has been set for the share of a highly-skilled workforce. (Source : "Making Quantum Leap In Transformation", the Sun, 30 March 2021). We need to keep pace with unrelenting move towards technology and the new skill-sets acquire by its workers. This will enable us to improve our existing capabilities in relation to our operations and maintenance of vessels.

Commitment to Sustainability

Global organisations have embraced sustainability as a priority in moving forward. By common definition, sustainability refers to doing business without negatively impacting the environment, community or society as a whole. In embracing this concept, we are evolving an ecosystem whereby sustainability is embedded into our day-to-day operations.

Climate change is one of the most urgent sustainability challenges facing by our industry and indeed the world. Leading players in the shipping industry have pledged to continuously reduce emissions to meet the more stringent regulations by International Maritime Organisation ("IMO") in developing an ecosystem that demands accountability in Greenhouse Gases ("GHG") emissions. The sector has agreed to halve emissions by 2050. (Petronas Activity Outlook, 2021-23, page 12).

Our approach to climate change focuses on improving fuel efficiency, switching to more sustainable carbon fuels and support for new technologies to achieve emissions reduction targets. Since December 2019, we have been transitioning from using Heavy Fuel Oil ("HFC") to Low Sulphur Fuel Oil ("LSFO") in line with the IMO directive. In the longer-term we are considering the use of Liquefied Natural Gas ("LNG") as a source of fuel. The use of LNG as a marine fuel is gaining traction among shipowners. LNG-fuelled ships emit almost zero sulphur oxide emissions. Due to the lesser carbon content in LNG, the release of harmful carbon dioxide gas to the atmosphere is reduced by nearly 25%.

Management Discussion and Analysis

MEASURED OPTIMISM

The maritime industry (ports, shipping and marine transportation) constitutes a very important sector of the national economy, contributing about 40% of Malaysia's gross domestic product ("GDP"). More than 90% of Malaysia's exports are by sea. (Source: Revitalising the Maritime Industry Through Blue Economy, Malaysian Investment Development Authority, Official Website). The Government will therefore continue to focus on the development of a key economic sector. The Malaysia Shipping Master Plan 2017-2022 has outlined plans to improve every aspect of the nation's marine ecosystem.

PETRONAS remains committed to maximise oil production as a cash generator whilst producing gas to meet customers' demand. (Source: PETRONAS Activity Outlook 2021-2023, Page 39) The NOC sees abundant investment opportunities in its upstream Engineering, Construction and Projects segment – that encompasses offshore fabrication of pipelines, offshore installation, hook-up and commissioning as well as decommissioning.

As the global economic recovery gathers steam, and with the rapid development and rollout of COVID-19 vaccines, we begin the Financial Year 2021 with a sense of measured optimism:

- E.A.Technique closed the financial year ended 31 December 2020 with an order-book of approximately RM475.51 million, with an additional RM307.11 million for an optional extension period.
- The PTLCL contract mentioned earlier is targeted to commence by the second half of 2021, following the delivery of the first vessel, and is expected to contribute positively to the earnings and net tangible assets of the Company for the financial year ended 31 December 2021 and beyond. The duration of the contract is for a primary period of five years, with five extension options of one year each. The total value of the primary contract (excluding the option period) for 2 vessels are about RM159.68 million.
- Several of our contracts have been extended, attesting to the good standing and reputation of the Group. These included contracts signed with Naka Bayu Sdn Bhd, Sungai Udang Port Sdn Bhd and PTLCL. As the operating environment improves, we are hopeful of securing new contracts in Malaysia and beyond.

We realise we are not completely out of the woods yet and we have taken decisive measures to build resilience within the Group and its business. As we continue to navigate the COVID-19 fallout, we will be even more prudent in managing our cash flow to sustain operations and improve liquidity and our debt position, by the further paring down of liabilities. We realise this will not be easy, given that a wide range of the Group's operational activities must be funded by cash outlays, mainly for dry docking activities. Often, such activities require cash payments to be made in advance. When our vessels are dry-docked, we need to provide replacement vessels to ensure operations and our contractual obligations are not disrupted. Throughout 2020, the Company has ensured operational sustainability and averted a cash crunch.

Any substantial change in plans by PETRONAS and the oil majors will have a chain reaction across the value chain, affecting service providers like E.A.Technique. Our operations have been impacted by rig shut-downs, postponement or cancellation of contract awards, deferment of projects or even halted during the period when the MCO was imposed.

The onset of COVID-19 has exacerbated the difficult operating conditions. As we see early signs of recovery in the global and domestic economies and a rebounding of oil and gas prices, we hope to see a pick-up in pent-up demand providing some optimism for the marine transportation sector.

Our strength as an organisation is inherent in the intangibles, such as the knowledge, competencies and experience of our people, our systems and processes, our values and culture that define the way we work. We cannot predict the future with any certainty, but we can prepare for it, by developing our internal strengths, streamlining our business focus and ensuring we remain customer-focused at all times. As a resilient Group, we will continue to embrace challenges as a means towards further improvements. This is part of our ongoing journey towards growth, progress, business and operational sustainability.

Khalid Mohammad
Acting Chief Executive Officer

OUR SUSTAINAB
STATEMENT

The online version can be found at
WWW.EATECHNIQUE.COM.MY

WE RECOGNISE THE VALUE OF SUSTAINABILITY FOR OUR BUSINESS RESILIENCE AND GROWTH, AND CREATION OF LONG-TERM VALUE FOR OUR STAKEHOLDERS. THIS YEAR, THE COVID-19 PANDEMIC HAS BROUGHT ABOUT UNPRECEDENTED CHALLENGES TO BUSINESSES ON TOP OF SERIOUS HEALTH AND SAFETY RISKS, THUS AFFECTING GLOBAL SOCIOECONOMIC ACTIVITIES. WE CONSIDER THESE KEY TRENDS, RISKS AND OPPORTUNITIES, AND STAKEHOLDER'S EXPECTATIONS TO HOLISTICALLY INFORM E.A. TECHNIQUE'S SUSTAINABILITY AGENDA. AS SUSTAINABILITY IS AN ONGOING JOURNEY, WE CONTINUOUSLY SEEK WAYS TO IMPROVE OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT.

For more information on our COVID-19 Preventive & Contingency Plan, please refer to page 60.

INSIDE
THIS SUSTAINABILITY REPORT

KEY SUSTAINABILITY HIGHLIGHTS

ZERO
OIL SPILL CASES ACROSS ALL OPERATIONS

ZERO
FATALITIES

1,921,528
SAFE MAN HOURS WITHOUT FATALITY

AVERAGE TRAINING HOURS PER EMPLOYEE
2

18,866.30
(GCO_2/TONNE-MILE)
TOTAL CARBON EMISSION

OVERVIEW OF BUSINESS OPERATIONS

Throughout this Sustainability Statement, we will be making reference to our sustainability performance and efforts for our Marine and Non-Marine Operations. Our business operations have been categorised as per the diagram below:

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

NON-MARINE OPERATIONS

Marine Engineering Services

- Engineering Procurement, Construction, Installation and Commissioning ("EPCIC")
- Shipbuilding and ship repair

For more information on our business operations, please refer to page 3 and 4.

ABOUT THIS STATEMENT

This marks our fourth annual Sustainability Statement ("Statement"), where we disclose clear and transparent information on our approach, initiatives and performance across our sustainability pillars for the financial year ended 31 December 2020 ("FY2020").

ECONOMIC

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

ENVIRONMENT

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

SOCIAL

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

Reporting Period	1 January 2020 to 31 December 2020
Reporting Boundary	This Statement covers all business operations in Malaysia, including our subsidiaries, unless stated otherwise. For information on our Organisational Structure, please refer to page 9 of the Annual Report. 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 (2nd 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. This Statement has been reviewed and approved by the Board of Directors ("Board").
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 (Head of Corporate Finance & Services) Email: norwahida@eatechnique.com.my or ir@eatechinque.com.my

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.

The key roles and responsibilities are highlighted in our sustainability governance structure below:

Board of Directors & Executive Board Committee

- Ultimately responsible for managing sustainability of the Group
- Approves the Group's sustainability strategy

Acting Chief Executive Officer

- Develops sustainability strategy and recommends revision to the Board
- Reports progress of sustainability performance to the Board

Chief Financial Officer

- Oversees implementation of sustainability strategy as approved by the Board

Core Business Functions

- Manages sustainability matters throughout the business operations
- Reports on sustainability performance to Senior Management

Sustainability Report

STAKEHOLDER ENGAGEMENT

Our stakeholders comprise groups of individuals or entities who are impacted by our operations and who have a significant interest or influence on our business activities. We engage with them to not only guide the management of our material sustainability matters, but also to enhance their trust in us and foster a strong and mutually beneficial relationship.

The table below highlights the engagement with our key stakeholder groups, outlining their areas of interest and concern, and our corresponding response through management of the relevant material sustainability matter on page 44.

STAKEHOLDER GROUPS	FREQUENCY OF ENGAGEMENT	AREAS OF INTEREST OR CONCERN	LINK TO MATERIAL MATTERS
CUSTOMERS • Direct meetings • Customer satisfaction surveys	• Weekly and monthly • Bi-annually or upon product delivery	• Occupational Health and Safety ("OHS") matters • Vessels' vetting, audit and survey • Commercial matters	
SHAREHOLDERS • Annual General Meeting • Extraordinary General Meeting • Quarterly and Annual Report • Bursa Announcement • Corporate Website	• Annually • As required • Quarterly and annually • As required • On going	• Financials and performance • Dividend	
BOARD OF DIRECTORS • Board of Directors' meeting	• Quarterly	• Financials and performance • Operations • Strategic planning • Corporate governance	
REGULATORS • Direct meetings • Onsite inspection • Written communication	• On-going	• Corporate governance • Compliance and regulations	
INVESTOR/ MEDIA • Investor briefing • Corporate Website • Quarterly and Annual Report • Annual General Meeting • Virtual meetings and conference calls	• Annually • On-going • Quarterly and annually • Annually • On-going	• Financials and performance • Dividend	
EMPLOYEES • Human Resource briefings	• Twice a month	• OHS matters • Company's policies & procedures • Financials and performance	
SUPPLIERS • Direct meetings and discussion	• On-going	• Product information • Vendors' performance	
LOCAL COMMUNITY • Corporate Social Responsibility ("CSR") events • Internship programme	• On-going	• Community initiatives • Career opportunities	
INDUSTRY PEERS • Vessel Owner Meeting • Maritime Shipowners Association (MASA) conference	• As required • Annually	• Business opportunities • Career opportunities • Networking	

Economic Performance | OHS | Strong Governance | Customer Satisfaction | Pollution and Resource Management | Capability Building | Compliance | Employee Management | Contribution and Volunteering

Sustainability Report

OUR MATERIAL SUSTAINABILITY MATTERS

E.A. Technique's material sustainability matters represent key economic, environmental and social ("EES") areas that present itself as risks and opportunities to our business. We believe that allocating proper resources in managing these material sustainability matters will contribute towards formulation of a targeted and strategic sustainability agenda.

We conduct an annual review of our material sustainability matters as a continuous effort to consider key sustainability issues that are relevant to our industry. This year, we conducted a materiality assessment where we identify and reprioritise our key EES matters based on current trends, including the impacts of COVID-19, and our stakeholder expectations.

MATERIALITY ASSESSMENT PROCESS

IDENTIFICATION

We reviewed our FY2019 material matters by taking into consideration inputs from key internal and external stakeholder engagement channels, Bursa's Sustainability Reporting Guide (2nd Edition), the GRI Standards, market trends, peers' disclosures and media coverage.

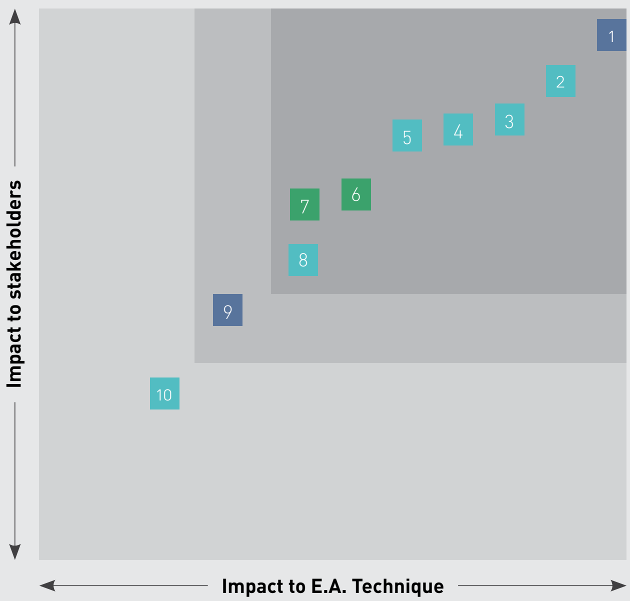
PRIOTISATION

We rolled out a survey questionnaires to our key internal stakeholders, comprising our employees and Management team, to reprioritise E.A. Technique's key stakeholder groups and material matters. The prioritisation of the material matters was carried out based on our EES impacts and the level of influence on the decisions of our nine (9) key stakeholder groups. A workshop was conducted to discuss the outcome of the survey, which were the prioritised stakeholders and the refreshed materiality matrix.

VALIDATION

The key stakeholders and materiality matrix were further validated with Senior Management and the Board of Directors.

Our refreshed material matters in FY2020, are reflected in the matrix below:



Economic	Social	Environmental
High Priority	Medium Priority	Low Priority

1	Economic Performance	6	Emissions and Energy
2	Occupational Health and Safety	7	Pollution and Resource Management
3	Compliance	8	Employee Management
4	Strong Governance	9	Responsible Procurement
5	Customer Satisfaction	10	Contribution and Volunteering

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.

About This Statement

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

MATERIAL MATTERS	OUR APPROACH
ECONOMIC PERFORMANCE 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.
RESPONSIBLE PROCUREMENT 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
EMISSIONS AND ENERGY 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.
POLLUTION AND RESOURCE MANAGEMENT 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.
OCCUPATIONAL HEALTH & SAFETY (OHS) 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.
COMPLIANCE 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.
STRONG GOVERNANCE 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.
CUSTOMER SATISFACTION 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.
EMPLOYEE MANAGEMENT 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.
CONTRIBUTION AND VOLUNTEERING 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.

About This Statement

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT 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
SDG3: GOOD HEALTH AND WELL-BEING 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.	• OHS, page 58 • Pollution and Resource Management, page 50
SDG8: DECENT WORK AND ECONOMIC GROWTH 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.	• Economic Performance, page 46 • Responsible Procurement, page 47 • OHS, page 58 • Compliance, page 54, 58 and 63 • Strong Governance, page 54 • Customer Satisfaction, page 57 • Employee Management, page 63 • Contribution & Volunteering, page 67
SDG13: CLIMATE ACTION 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.	• Energy and Emissions, page 49 • Pollution and Resource Management, page 50 • Compliance, page 48 and 50

ECONOMIC

ECONOMIC PERFORMANCE

This year, we have recorded an improvement in our economic performance with a total revenue of RM 303.2 million, an increase of 11.5% comparing to FY2019, which was RM 271.9 million. Our financial performance is mainly driven by revenue derived from our charter hire operations of RM 278.8 million.

For more information, please refer to Note 28 Segment information of the audited financial statements.

ECONOMIC VALUE DISTRIBUTED

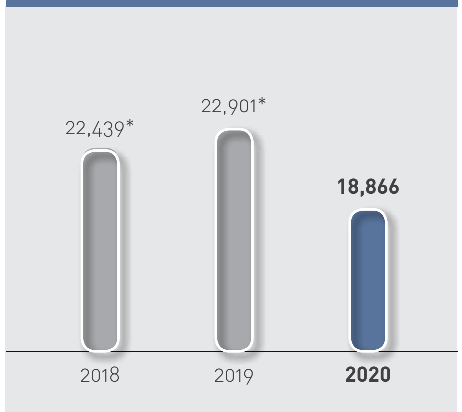
We are committed to delivering sustained returns to our stakeholders beyond financial values, while maintaining a steady economic growth towards the long-term future. We have contributed to our stakeholders through a variety of activities as outlined below:

1) Employees – Employee costs
2) Governments – Taxation
3) Providers of Capital – Dividends and finance costs*
4) Communities – Investment in community engagement

* *No dividends have been paid since 2018*

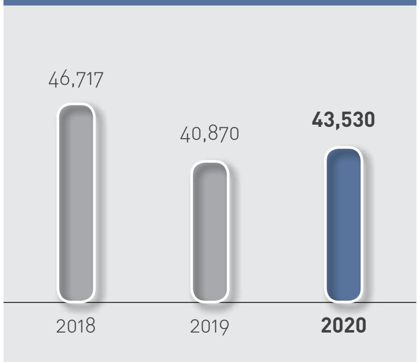
The graphs below illustrate our Group's value distribution to our key stakeholders:

PROVIDERS OF CAPITAL (RM'000)

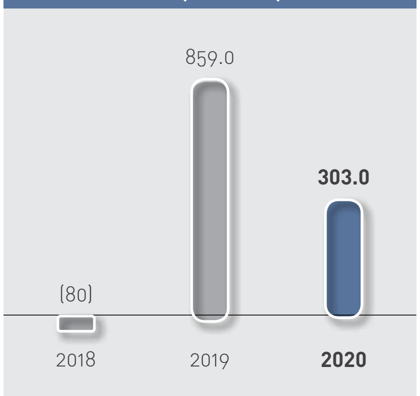


* *This data has been restated due to change in the calculation methodology.*

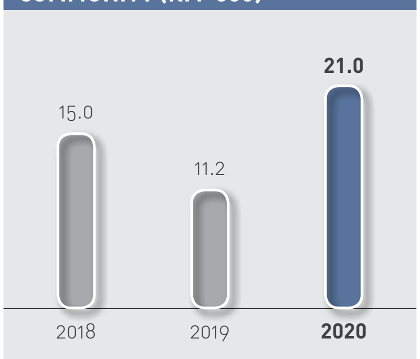
EMPLOYEE (RM '000)



GOVERNMENT (RM '000)



COMMUNITY (RM '000)



For more information, please refer to the following sections of the FY2020 Annual Report that provides further insights into our financials and analysis of our key operating risks and mitigation controls:

5 Year Financial Highlights, page 8

Management Discussion and Analysis, page 24 to 35

Financial Statement, page 92 to 191

RESPONSIBLE PROCUREMENT

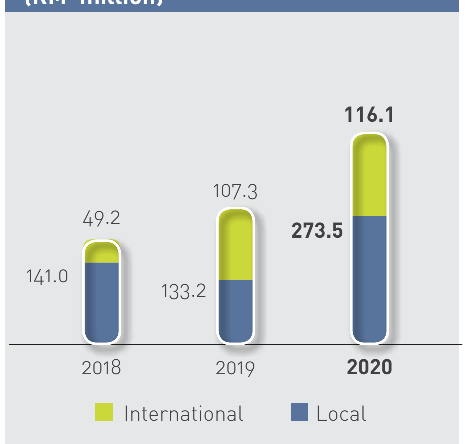
We believe that it is important to not only commit to managing the sustainability of our operations but also across our supply chain. We take the opportunity to establish meaningful working relationships with our suppliers and aim to positively influence their sustainability practices.

Our procurement practices are guided by our Integrated Management System Manual, which makes reference to ISO 9001: 2015 (Quality Management System), ISO 14001: 2015 (Environmental Management System), and ISO 45001: 2018 (Occupational Health and Safety Management System). We review and assess our suppliers against criteria such as quality of services, technical expertise and Health, Safety, Security and Environment ("HSSE") performance amongst others. Moving forward, we are committed to assessing the environmental impacts from our suppliers' operations as a way of enhancing the overall assessment process and improving the sustainability of our supply chain.

We prioritise local suppliers, who make up 67% of our total suppliers, when procuring products and services to support the country's socioeconomic development. We have spent a total of RM273.5 million on our local suppliers, which represents 70% of our total procurement spending. Majority of our local suppliers are small and medium enterprises ("SMEs") and large companies providing spare parts for our vessel maintenance.

TOTAL NUMBER OF SUPPLIERS

TOTAL SPENT ON PROCUREMENT (RM' million)



ENVIRONMENT

We are committed to managing the carbon footprint of our business operations and the environmental impacts from our operations. We are continuously improving the management of our emissions, energy consumption, water, effluent and waste for both our Marine and Non-Marine Operations.

Our Environmental Management System ("EMS"), which is ISO 14001:2018 certified, outlines the framework and process to manage, monitor and improve our practices. The EMS is supplemented by our Quality, Health, Safety and Environment Protection ("QHSE") policy and Environmental Management Manual ("EMM") that governs both our Marine and Non-Marine Operations.

MARINE OPERATIONS

Regulated by the International Convention for the Prevention of Pollution from Ships 1973/1978 ("MARPOL") as stipulated by IMO, covering the prevention of pollution and spillage of harmful substances from vessels.

NON-MARINE OPERATIONS

Regulated by the Department of Environment ("DOE").

In FY2020, we have not observed any non-compliance to any environmental laws and regulations.

EMISSIONS AND ENERGY

The International Maritime Organisation (IMO) reports that the shipping industry contributes to 3% of annual greenhouse gas (GHG) emissions. We support IMO's commitment of halving greenhouse gas emissions from international shipping by 2050 compared to the 2008 baseline. We strive to manage our emissions and energy consumption, which are essential efforts that will contribute to climate change mitigation.

In compliance with IMO requirements, we have continued to implement the Ship Energy Efficiency Management Plan Manual ("SEEMP"), which aims to improve the energy efficiency of our vessels. We have the Statement of Compliance ("SoC") for SEEMP in all five (5) of our tankers, which is valid until May 2021.

Effective January 2020, the sulphur limit in the fuel oil used on board ships was required to be reduced from 3.5% to 0.5% as outlined in the amendments to MARPOL Annex VI, adopted by the IMO. Our Fuel Oil Management Plan has been aligned to support this requirement. All our tankers have fully transitioned from Heavy Fuel Oil ("HFO") to Low Sulphur Fuel Oil ("LSFO") in 2020.

To further improve our fuel efficiency and optimise energy usage in our vessels, we continue to implement the following initiatives:

Installation of Propeller Boss Cap Fins

- Reduce fuel consumption
- Minimal maintenance
- Increase vessel speed

Perform Hull and Appurtenances Cleaning

- Minimise resistance to movement through water
- Increase fuel efficiency

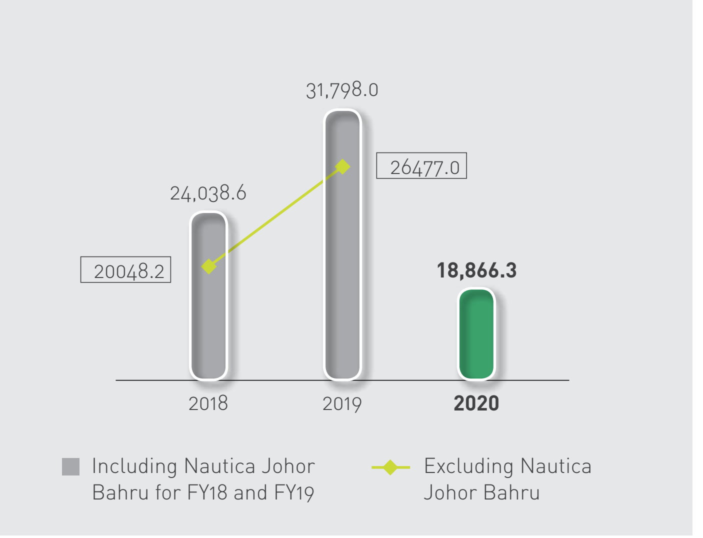
Reduce tanker speed

- Reduces fuel consumption
- Increase fuel efficiency

Regular and on-schedule engine maintenance

- Increase fuel efficiency

CO_2 EMISSION (gCO_2/tonne-mile)



The CO2 emissions graph represents data from our tankers that we have full management control. For FY2020, the data represents five (5) of our tankers compared to six (6) tankers in FY2019 as we sold one of our tankers, Nautica Johor Bahru, this year. We have recorded 29% decrease in our CO2 emissions at 18,866.3 CO2e in FY2020 compared to the previous year. This is because most of our vessels were anchored due to lower demand for transporting cargo during the year.

In FY2020, our client Petronas has committed to net zero emissions by 2050, and they have required all time-chartered tankers vessels to use Very Low Sulphur Fuel Oil ("VLSFO") with a sulphur content of 0.5%. We have supported our client by ensuring that their requirements have been fulfilled. Moving forward, we are looking towards using alternative fuels that are cleaner such as the Liquified Natural Gas ("LNG") for our existing and new vessels to further contribute to our emission reduction efforts.

Our consumption of electricity at our Head Office is mainly from the usage of air-conditioning, lighting and other electrical-powered devices. We continue to practice switching off office lights during lunch hours and before leaving office in efforts to reduce electricity consumption.

We will continue to monitor our performance and take measures to reduce emissions and energy consumption across our operations moving forward for greater climate action.

Environment

POLLUTION AND RESOURCE MANAGEMENT

We have established measures to manage our waste, effluents, spills and water consumption to practice more efficient resource management as well as minimising pollution. This also provides wider benefits including enhancing our brand reputation, ensuring sustainable resource consumption and safeguarding public health, thus contributing greatly to our business sustainability.

We have the following management systems for our waste, effluents and spills in place for both our Marine and Non-Marine Operations that are aligned to MARPOL and DOE requirements:

	MARINE OPERATIONS	NON-MARINE OPERATIONS
WASTE	**Garbage Management Plan ("GMP")** • Information on handling, storing and disposal of garbage that is applicable for vessels above 100 gross tonnage and carrying more than 15 persons • 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	Chemical and Waste Management Manual • Methods to control purchase, handling, storing and disposal of general waste and hazardous waste
EFFLUENTS	**1. Bilge Management Plan** • Procedures on handling bilge water, which are processed through an oil filtering equipment • All bilge discharge is recorded in the Oil Record Book **2. Sewage Management Plan** • Procedures on handling sewage, which needs to be treated before being released at a distance of at least 12 nautical miles from land **3. Ballast Water Management Plan** • Developed in accordance with Regulation D1 of the International Convention for the Control and Management of Ship's Ballast Water and Sediments ("BWM") • All ballast water discharged from our vessels is recorded in the Ballast Water Handling Log	Effluent is managed according to the approved treatment process
SPILLS	**Shipboard Oil Pollution Emergency Plan** • Provides the necessary course of action when pollution incident has or will likely occur	Chemical and Waste Management Manual • Provides procedures to control any liquid spillage and leakage in a safe and controlled manner

Environment

WASTE

For our Marine Operations, we segregate our waste according to types of waste and disposal method as stipulated by MARPOL. In line with our aspirations to achieve zero plastic waste on all our vessels, we are committed to ensuring that our crew members are avoiding plastic usage whenever possible.

The table below showcases our waste management practices for different types of waste:

WASTE CATEGORY	NON-HAZARDOUS			HAZARDOUS
TYPES OF WASTE	• Food waste	• Paper • Sludge oil	• Plastic • Incinerator ash • Other non-hazardous solid waste	• Cleaning solutions • Expired chemical products • Large amount of sludge oil
POINT OF DISPOSAL	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

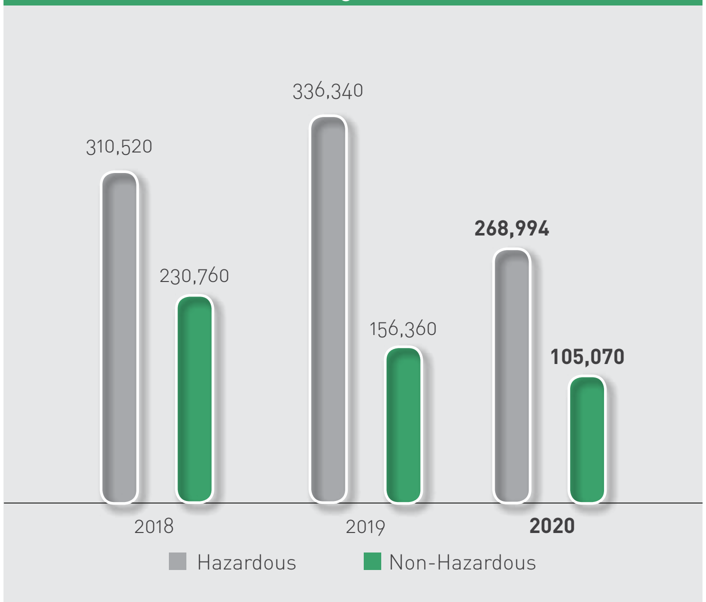
We ensure that all our crew members are trained on waste management practices and procedures. To further enhance the awareness of our onboard crews, informative signages have been placed on board to promote sustainable resource management.

Our waste data covers hazardous and non-hazardous waste generated by the five (5) tankers, one (1) FSO and one (1) FSU.

In FY2020, the total amount of waste generated from both our marine and non-marine operations decreased by 3.15% compared to FY2019, from 492,700 kg to 374,064 kg. This is mainly due to selling of one (1) tanker in FY2020.

Environment

TOTAL WASTE GENERATED (kg)



For our Non-Marine Operations, non-hazardous waste mainly comprises metal scraps and discarded paints from our ship building activities, while hazardous waste comprises spent lubricant and hydraulic oil. We have established our material optimisation initiatives from our ship building activities centered around proper planning of metal usage.

To reduce the consumption of paper, our printing activities at our Head Office are being monitored. We also circulate soft copy versions of all our meeting minutes and reports. This year, we even released SOPs on general office rules and maintenance, with a clause that encourages employees to use wastepaper printouts as recycled paper for various uses.

In FY2020, we generated 268,994 kg of non-hazardous waste, and 105,070 kg of hazardous waste. This is a decrease of about 20% for hazardous waste and about 33% for non-hazardous waste compared to FY2019.

EFFLUENTS

We have developed plans and facilities on our vessels to monitor and manage its effluent discharge which mainly consist of bilge, sewage and ballast water, in compliance with MARPOL. For our Marine Operations, we provide training to our crew and officers on bilge, sewage and ballast water systems which cover safe handling, treatment and disposal of these effluents such that it prevents pollution upon discharge.

SPILLS

Oil and chemical spills are not only harmful towards marine ecosystems, but also affect human health. Our spill management manuals and plans govern how we address this issue in both our Marine and Non-Marine Operations.
We ensure that we are always ready in the event of any oil spill incidents by conducting oil spill drills every month for each of our vessels to ensure robust emergency response capabilities.

We are pleased to share that in FY2020, we have continued to witness zero incidences of spills from both our Marine and Non-Marine Operations for four (4) consecutive years.

Environment

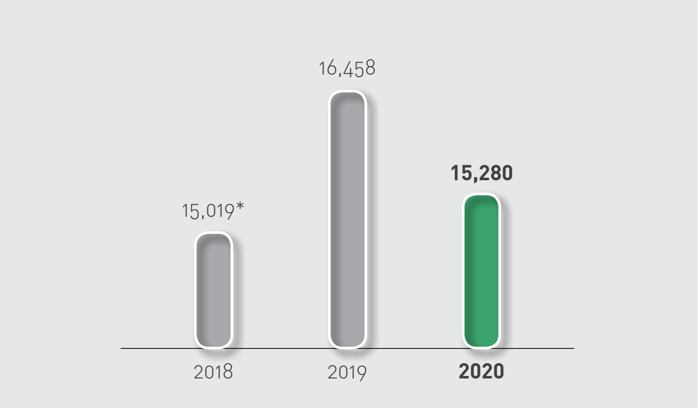
WATER MANAGEMENT

For our Marine Operations, we use freshwater primarily for domestic consumption on board vessel. We also use seawater to operate our machineries on board. For our Non-Marine Operations, water is used to ensure the smooth operation of our equipment.

We conduct regular testing of our potable water in compliance with the Maritime Labour Convention requirements to ensure that the water is safe for consumption for our people. We also make efforts to raise awareness through campaigns on the importance of proper water management.

In FY2020, we have consumed a total of 15,280 MT, a 13% decrease from FY2019.

TOTAL WATER CONSUMPTION (MT)



* *Data excludes Nautica Renggam and Nautica Muar*

BIODIVERSITY

We are aware that our business operations have an impact on marine biodiversity. We are committed to minimise the impact of our business operations on the marine life through our pollution management practices.

All our tankers fully comply with the D1 regulation of the Ballast Water Management concerning ballast water exchange, which must be undertaken within open ocean areas. We are in the process of complying with the D2 stage of the Ballast Water Management for all our tankers, and we are looking towards implementing it across all our vessels by FY2021. Moving forward, we will ramp up our initiatives to protect the marine ecosystem in our areas of operation.

SOCIAL

STRONG GOVERNANCE

We are committed to high standards of corporate governance as it forms the foundation on which we operate our business. Our governance practices are guided by the Principles and Recommendations in the Malaysian Code on Corporate Governance ("MCCG") and also leading practices of corporate governance to uphold accountability, integrity and transparency in our business.

Overall, in FY2020, we have not observed any non-compliance to socioeconomic laws and regulations.

We value and uphold ethical business conduct in our business and operations. The promotion and inculcation of the policies related to corporate governance among all employees are carried out through following channels:

1. All employees are provided with training on the Code of Ethics ("the Code") as part of the new joiner induction programme and they are required to acknowledge the acceptance of the Code in a timely manner. All internal policies will also be introduced and communicated accordingly through the induction programme
2. E.A. Technique's website publishes key corporate governance policies such as the Whistleblowing Policy and Anti-Bribery Policy
3. All employees are required to go through refresher training on internal manuals and policies on a regular basis
4. Briefing through emails and weekly meetings on new policies related to OHS

Our corporate governance is also guided by our internal policies, which includes the Code of Ethics, Conflict of Interest Policy, Whistleblowing Policy and Cyber Security Risk Management Policy.

To further strengthen our corporategovernance practices, we have enhanced our Anti-bribery practices and management system by achieving the ISO 37001:2016 Anti-Bribery Management System ("ABMS") certification in FY2020, which cover all of our business operations. We have rolled out an Anti-Bribery policy and conducted relevant trainings to provide deeper understanding for our employees in multiple phases in compliance with our COVID-19 SOPs.

ISO 37001 ABMS CERTIFICATION JOURNEY

In FY2019, we embarked on obtaining the ISO 37001:2016 ABMS certification to elevate our practices and procedures in combating bribery and corruption in line with the Malaysian Anti-Corruption Commission (MACC) Act.

The ABMS certification is provided by BSI Services Malaysia Sdn Bhd, and monitored by our Risk Governance Committee on a quarterly basis. Surveillance Audit will be conducted internally and externally on a yearly basis according to our Audit Management Program to determine the effectiveness of our ABMS practices. We leveraged on the outcome of the external audit carried out by BSI to develop our new Whistleblowing/ Complaint Form as well as the "ABMS Gift, Hospitality, Donation and Benefits Register". Our Third-Party Competency Due Diligence Checklist format has also been improved, in order to assess the Third-Party's Anti-Bribery system and meet the ISO 37001 standard requirements to be certified by BSI.

We have trained our employees regarding the enhancement of our practices and procedures that they will need to adhere to. In FY2020, we have conducted three (3) ABMS training sessions across the Group. A total of 91 employees have attended the trainings, comprising 50 onboard crew members and 41 shore-based employees. Moving forward, our internal ABMS Refresher Training will be conducted at yearly basis for all our employees.

CODE OF ETHICS

Our Code of Ethics ("the Code"), which focuses on the principles of honesty, integrity, leadership, professionalism, loyalty, responsibility, trustworthiness, and personal conduct. These principles form the basis of the conduct expected from all our employees. Our Code of Ethics covers the following matters:

1. Employee's Responsibility
2. Business Practices and Professionalism
3. Conflict of Interest
4. External Directorships
5. Rewards and Gifts
6. Entertainment of Customers
7. Insider Trading
8. Confidentiality
9. Working Environment
10. Sexual Harassment
11. Political, Social, or Professional Bodies or External Activities

Timely communication on the enhancement of the Code as necessary is conducted to keep our employees abreast with the latest updates. This is to ensure that our employees are fully aware of the Code and their obligation to complying with the Code.

Social

CONFLICT OF INTEREST POLICY

Our Conflict of Interest Policy reinforces and stipulates the minimum standards of behaviour to manage Conflict of Interest situations in the following areas:

1. Personal workplace relationship
2. Personal financial interest relationship with business partners and competitors
3. Outside engagements, including employment, directorship and other outside activities
4. Gifts, meals, travel and entertainment

Employees that need further clarification or guidance on suitable courses of action may consult the Human Resource Department or their respective Line Managers. Our employees are required to make an annual declaration on the following matters:

CATEGORIES	REQUIRED DECLARATION
All employees including management team	Declaration of any assets, identification of related parties, sponsorships, loans, bonds, and bankruptcy, amongst others
Office-based employees	Declare any relationship they may have with anyone within the Group and with vendors

WHISTLEBLOWING POLICY

Our Whistleblowing Policy outlines the guidelines for our employees to report on suspected misconduct. We provide a trusted and accessible channel where concerns raised are kept confidential unless otherwise required by law. This is to minimise the fear of reprisals and thus encouraging an environment where they feel safe to voice out their grievances. All reports will be reviewed, and further investigated before taking an appropriate course of action.

An employee may access our whistleblowing channel to report on the following issues:

Social

Our whistleblowing channels are:

1. Line Manager
2. Appointed Persons
   topmanagement@eatechnique.com.my
3. Audit Committee Chairman
   acchairman@eatechnique.com.my

This year, we have received zero whistleblowing reports across our business operations.

CYBER SECURITY POLICIES

As technology advances, one of the emerging threats across many industries are centered around cyber security. Thus, we must consistently be mindful and vigilant towards potential cyber threats. Following the establishment of our Cyber Security Risk Management Policy in FY2019, we have officially rolled out our Cyber Security Policy and Procedures in February 2021, both of which serve to protect all our information and assets, and prevent interruptions, minimise damage and maximise return on investments and opportunities. These procedures will be applied to all employees which include the following areas:

1) Server room access
2) Data back up
3) Password management
4) Malware prevention
5) Internet access
6) Personal and company data protection monthly
7) Email safety
8) Data transfer security data securely

This year, we have not recorded any cases of cyber security breaches.

CUSTOMER SATISFACTION

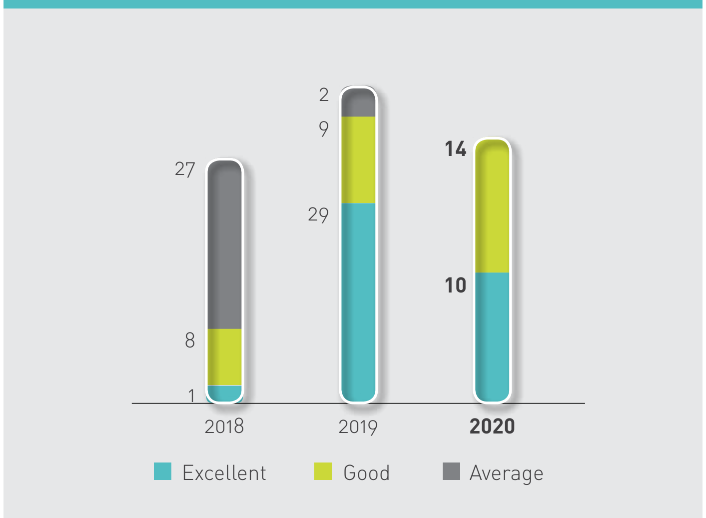
We value our relationship with our customers and constantly strive to provide services that meet their expectations to foster a strong, trusting relationship. Our engagement with our customers is based on the fundamentals of the ISO 9001:2015 (Quality Management System) that aims to provide services of the highest quality.

Obtaining our customers' feedback is an integral part of improving the standards of our services and enhancing customer experience. We circulate surveys to our customers on a regular basis to gather their inputs on various aspects of our services including quality, charter rates, communication, responsiveness, reliability and timeliness. The feedback is thoroughly reviewed and assessed by the relevant departments to formulate an action plan for improvement areas.

During the COVID-19 pandemic, we have continued to engage with our customers to adapt to the movement restrictions by utilising technology via online meeting platforms to continue providing service to our customers while ensuring the health and safety of our employees and clients.

In FY2020, the total number of feedback received was lower compared to last year due to delays caused by COVID-19 restrictions. We received 10 "Excellent" score feedbacks this year, making up about 40% of our overall feedback. The issues reported this year are mainly concerning technical, operational and HSE-related matters. We value all feedback received and have addressed all customers' concerns in a timely manner.

NUMBER OF CUSTOMER FEEDBACK RECEIVED



Social

OCCUPATIONAL HEALTH AND SAFETY

We embrace the "Safety First" culture in our day to day operations as it is our top priority to prevent human injury, health and wellness risks, and loss of life among our employees and onboard crew. It is particularly important this year to safeguard the health and wellbeing of our employees during the COVID-19 pandemic where we have taken various measures which include employee work-from-home arrangements and enforcing daily health declarations for onboard crews.

We uphold high standards of occupational health and safety and adhere to the following international standards:

CERTIFICATION	DESCRIPTION
Document of Compliance ("DOC")	Issued by Marine Department of Malaysia on complying with the International Safety Management ("ISM") Code for safety management system
ISO 45001:2018*	Issued by British Standard as a framework for occupational health and safety management system. We have successfully migrated from OHSAS 18001:2007 to ISO 45001:2018 in FY2020. The surveillance audits for this certification are conducted annually by BSI Services Malaysia.
International Safety Management ("ISM")	Code to ensure safety at sea, prevention of human injury or loss of life and avoidance of damage to the environment and property
International Ship and Port Facility Security ("ISPS")	Code to ensure security of ships and port facilities

* *Applies to both Marine and Non-Marine Operations*

We have the following manuals and policies in place to guide our safety and health practices:

MANUAL AND POLICIES	DESCRIPTION
Safety Management Manual	Governs matters such as health and safety responsibilities, emergency preparedness, reporting of non-conformities, incidents and hazardous occurrences and maintenance of ship and equipment
QHSE Policy	Provide healthy and safe working conditions onshore and within ship operations
Security Policy	Provide a secure working environment and prevent danger to employees
Stop Work Policy	Empowers every employee with the duty and right to invoke a stop work order when a work environment risk arises
Rest Hour Policy	Ensures frequency and length of leave period to prevent fatigue
Safe Navigation Policy	Ensure that the ship is navigated safely to prevent human injury or loss of life, and avoidance of damage to marine environment and property
Drug And Alcohol Policy	To promote a drug and alcohol-free operation
Smoke Free Work Place Policy	To protect the health and well-being of all employees
Squat, Under Keel Clearance And Ship Interaction Policy	Ensure our vessels are kept afloat at all times when navigating in shallow waters

Social

HOW OHS IS GOVERNED

Our Corporate Health, Safety, Security, Environment and Quality ("HSSEQ") Department has responsibility over all OHS related matters of the Group. The department convenes every quarter to review the Group's OHS performance and formulate action plans for future improvements.

The HSSEQ Department is supported by a Health and Safety Committee for every vessel which comprises representatives from management and marine personnel. The responsibilities of the committee include promoting, reviewing, and evaluating health and safety measures. The issues that were discussed and reviewed by the committee during the year include:

- Results of Internal and External Audits
- Personal Accident Reports
- Review of Incidents or Near-Miss Incidents
- Health and Hygiene Issues
- Status of Safety Performances and Results
- Analysis of Inspections and Drills
- Review of Training Programmes
- Environmental-related Issues
- Review of Policies, Procedures and Guidelines
- Review of Overall Corporate HSE Plan for the Year
- Matters related to the COVID-19 pandemic

OHS RISK MANAGEMENT

Risk assessment entails identifying and assessing the health and safety risks and mitigating the identified hazards accordingly, that are generally done before a certain activity takes place. A robust risk management system should seamlessly integrate the relevant people, processes, and tools to ensure prompt and consistent risk identification and resolution.

We review our risk assessment periodically to ensure the existing control remain effective in cases of significant changes to our operations. In FY2020, we incorporated exposure and spread of COVID-19 risk at the workplace into our risk assessment.

Social

WORKING ARRANGEMENTS DURING A GLOBAL PANDEMIC

To safeguard our employees' health and wellbeing during this critical time, we established our COVID-19 Preventive & Contingency Plan which contains preventative measures and response guidelines in the event of a COVID-19 case at the workplace. This manual, which is in line with practices enforced by the Ministry of Health ("MOH"), focuses on the following key aspects of our operations:

1. Shore Based Management and Shipboard Management

Contains Standard Operating Procedures ("SOPs") for all employees, visitors, contractors, and ship staff to access office working areas and governing other activities such as travelling, attending conferences or seminars, meetings and social gatherings.

The SOPs for Shore Based Management include enforcing a health declaration among all employees each time they enter the office work area.

For Shipboard Management, the daily reporting of physical and mental health conditions of the crew or any authorised visitors, passengers or contractors is required. During meetings or work supervision, social distancing needs to be observed.

The infected patient will be immediately quarantined in their cabin. Other ship crew members needing to be in close contact with the patient will be provided the complete COVID-19 personal protective equipment ("PPE") attire. For allgeneral work activities, it is a requirement to wear surgical face masks at all times. Ships are required to carry enough PPE and medical supplies for daily needs with contingency plans for rapid resupply during outbreaks.

Ships may carry out more frequent cleaning of commonly touched surfaces such as handrails, countertops, and doorknobs. All soiled textiles and linens need to be collected in leak-proof containers and laundered subsequently. The PPE and other disposable items need to be removed and put in leak-proof plastic bags that are tied shut and not reopened. The bags can then be placed into the solid waste stream for conventional waste removal and treatment.

2. Incident Emergency Response Plan

Outlines SOPs in the event a COVID-19 case is detected at the workplace. This applies to both shore-based and shipboard operations.

For our shore-based operations, employees will be prohibited from entering the office premises until further notice from the management. For our shipboard operations, all the ship crews are prohibited from leaving the vessel in the case of a COVID-19 incident whether suspected or confirmed. Once the incident is reported with the required information, necessary communications will be done with the client representative, appropriate ship agent and local public health department for medevac to take place. If a case occurred on ships going on international trips, it is a requirement to complete the Maritime Declaration of Health and sent to the relevant authorities.

3. Ship Spare Parts & Materials Supplies Management

Outlines mitigation plans to minimise disruptions in the procurement of spare parts and materials from our manufacturers. In the event of disruptions in services from the first supplier of choice, next most eligible bidder will be selected to minimise interference in vessel operations. If all eligible bidders are from affected countries, then we will resort to any reliable local supplier. These suppliers will need to be able to fabricate or modify the item to meet the specification and also be able to recondition as required.

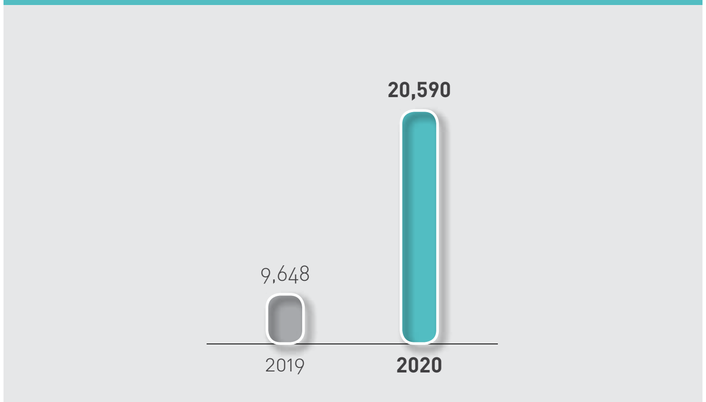
Social

UNSAFE CONDITION UNSAFE ACT ("UCUA")

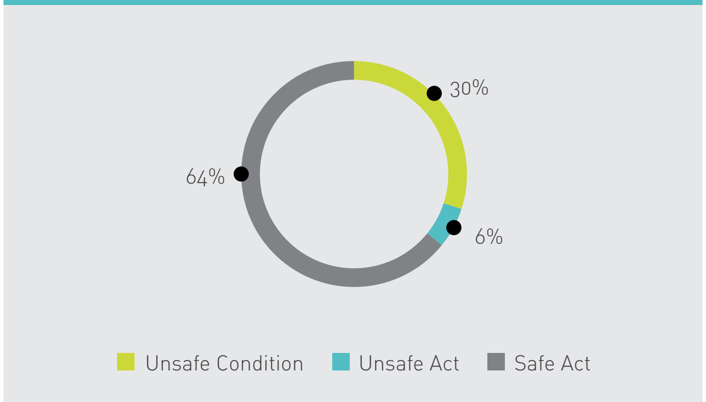
We believe in encouraging ownership and proactiveness among our people in preventing work-related hazards. We have in place the UCUA platform to promote participation in identifying risks and hazards that may cause harm to our people at the workplace. The UCUA reports are subdivided into three categories "Unsafe Condition", "Unsafe Act" and "Safe Act". "Unsafe Condition" and "Unsafe Act" reflect reports on hazardous situations and behaviour, while "Safe Act" reflect reports on good safety behaviour.

All UCUA reports received will be reviewed by the assigned HSSEQ personnel who will conduct relevant investigation and carry out appropriate actions. The result of the UCUA will be discussed at our quarterly HSSEQ Committee Meetings.

UCUA REPORT



UCUA REPORTS BY CATEGORY FY2020



In FY2020, we received a total of 20,590 of UCUA reports, an increase of 113.4% from FY2019, which was a total of 9,648. This was due to the vast increase of "Safe Act" reporting in FY2020 that was mainly on crews' compliance with the stipulated requirements on board. Additionally, during the financial year, we chartered an additional storage vessel with a one-year contract thus contributing to the increased UCUA reports as well. For "Unsafe Condition" and "Unsafe Act", the root cause for majority of the reports were centred around awareness on hazards and the quality of work. All reports submitted through UCUA in FY2020 have been addressed and resolved.

We are encouraged by this increasing trend in UCUA reporting and hope it empowers our employees to proactively be involved in our safety and health management and strengthen good work habits among them.

EMERGENCY PREPAREDNESS

Emergency preparedness is a vital component of business continuity and resilience as it provides an action plan to respond promptly to emergency situations. We have in place our Emergency Response Manual ("ERM") which defines the necessary procedures, roles and responsibilities of all individuals onshore and onboard during emergency situations. The ERM considers potential situations including collisions, fire and explosion, ship abandonment, and hull damage.

To test the effectiveness of our emergency response, which include the capabilities and readiness of our Emergency Response Team ("ERT") and Emergency Response Centre ("ERC"), we regularly conduct emergency drills. The ERT consists of a specialised Control, Rescue, Support and Technical Team on each vessel. The ERC is managed by Emergency Duty Manager on a monthly rotation basis and serves as the coordination hub for incident or accident response.

Social

The ERC is a safe location equipped with effective technology that allows for communication between ERT, vessel and any third parties involved. During an emergency, there will be communication with all relevant third parties such as marine department, classification bodies, and client. The third parties may gather in the ERC together with our ERT, whenever necessary.

DRILL TYPE	LOCATION	FREQUENCY
Boat/Abandon Ship drill	On all vessels	Monthly
Fire and Explosion drill	On all vessels	Monthly
Other potential emergency situations drills such as collisions, main engine failure and toxic vapour release	On selected vessels	Twice a year
Table Top drill	Nautica Tanjung Puteri 30	Yearly
Fire Evacuation drill	Main office	Yearly

TABLE TOP DRILL

We conducted a table top drill on one of our vessels, the "Nautica Tanjung Puteri 30" to test the emergency response in the event of a bomb threat and required medevac on board. The drill was conducted in collaboration with relevant third parties to test the communication and coordination during emergency situations. These third-party entities comprise of our key external stakeholders such as the Malaysia Maritime Communication Centre ("MMCC"), Protection and Indemnity Club ("P&I Club"), the marine, fire and police department, the Malaysian Maritime Enforcement Agency, ship agencies and our clients. We identify improvement opportunities based on the outcome the drill which will enhance our overall Emergency Response Plan.

FIRE EVACUATION DRILL

This drill, conducted at E.A. Technique's head office, included all employees to familiarise themselves with the evacuation procedure in the event of a fire. The full evacuation was done within 4 minutes and 5 seconds, with overall good responsiveness from all employees. The HSSEQ department also conducted fire extinguisher training on its proper usage after the drill exercise,

All improvement opportunities identified from the drills were taken into consideration to enhance our Emergency Response Manual.

OUR OHS PROGRAMMES

Every year, our HSSEQ department plans a series of audits, inspections and programmes to heighten awareness amongst employees and strengthen operational controls. Some of our planned programmes were rescheduled due to COVID-19 as we take into account measures to adapt to the new normal. The programmes conducted this year are as highlighted below:

PROGRAMME	FREQUENCY	DESCRIPTION
• Management Visits • HSE Walkabout Inspection • Office Safety Inspection • Health and Safety Audits • ISO 45001:2018 Training • Migration of OHSAS 18001 procedures to ISO 45001 procedures • Safety Management System Refresher Training	**Yearly / Monthly**	Drive compliance to IMO, ISO, OHSAS, ISM, and ISPS requirements
• HSE Safety Bulletin • HSE Sharing Programme • Monthly Morning HSE Talk	**Quarterly / Monthly**	Communicate updates on latest internal and external HSE related matters
• HSE Awareness and Campaigns • UCUA Programme	**Quarterly / Yearly / Half-yearly**	Promote HSE awareness amongst employees

Social

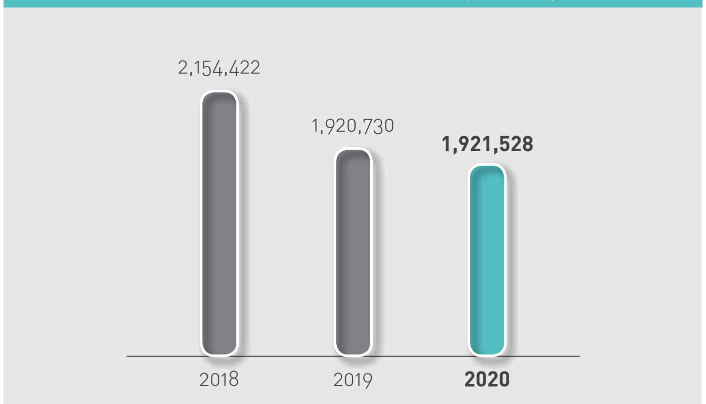
Our HSE campaigns on our vessels were mainly communicated through circulation of memos, newsletters and training materials. Selected representatives and captains were empowered to conduct the HSE-related trainings on board.

We took into account measures to adapt to the new normal when planning our programmes in FY2020. This year, we conducted a "COVID-19 Safety Prevention Campaign" at our head office to raise awareness on COVID-19 risks at the workplace, promote safety culture among our employees, and to highlight the importance of self-care discipline. During the campaign, knowledge on how COVID-19 spreads, who is at risk, good hygiene practices, and maintaining social distancing were disseminated to our employees.

OUR OHS PERFORMANCE

We continue to monitor our OHS performance to ensure that our OHS practices are maintained at the highest standards. We continue to achieve zero fatalities for the 8th year in a row.

SAFE MAN HOURS WITHOUT FATALITIES (HOURS)



Note: In FY2020, the scope for Safe Man Hours has been expanded to include an additional vessel (Mt Strovolos) that was chartered for a one-year contract

EMPLOYEE MANAGEMENT

We believe that a capable, productive and eager workforce are integral in driving an organisation towards greater business growth and success. We deeply value our employees and consistently aim to provide them with a fulfilling and empowering experience in their professional journey with us.

All aspects of employment including recruitment, training and development and labour management and relation measures fall under the purview of our Human Resources ("HR") department. The Employee Handbook clearly outlines workplace policies, guidelines and regulations on employee management as well as employee benefits.

We also comply with regulations pertaining to labour laws which include the Industrial Relation Act 1967, Malaysian Employment Act 1955, Malaysian Children and Young Persons (Employment) Act 1966, and the International Labour Organisation (ILO) Maritime Labour Convention 2006.

TRAINING AND DEVELOPMENT

We believe in the importance of fostering an environment that promotes personal and professional development for our employees. This will equip our people with the ability to contribute positively to the industry, which will benefit our business in the long term. We continuously seek ways to invest in the development of our people through various training programmes.

We provide training programmes to all employees across various functions and levels. These programmes cover a wide range of disciplines, including governance, operations, health and safety, environment management and management systems. This year, most of our training programmes were still conducted in-person and in adherence to the necessary COVID-19 SOPs. The following list outlines the trainings carried out in FY 2020:

Social

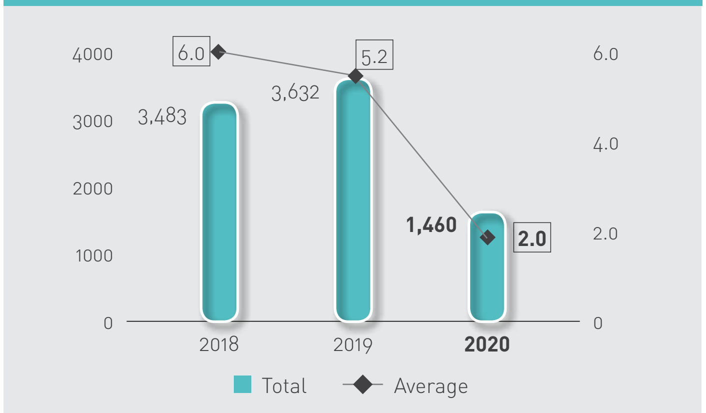
MANAGEMENT TRAINING

1. Business Talk Maritime Fund (2.0)
2. Account Payable: From Accounting to Management
3. Sustainability & Growth in the Post-2020 Era
4. Tax implications of MFRS 15, revenue from contracts with customers and MFRS 16
5. Forensic Investigation Skills
6. ISO 37001:2016 Awareness and Implementation Training
7. ISO 37001:2016 Internal Audit Training Plan

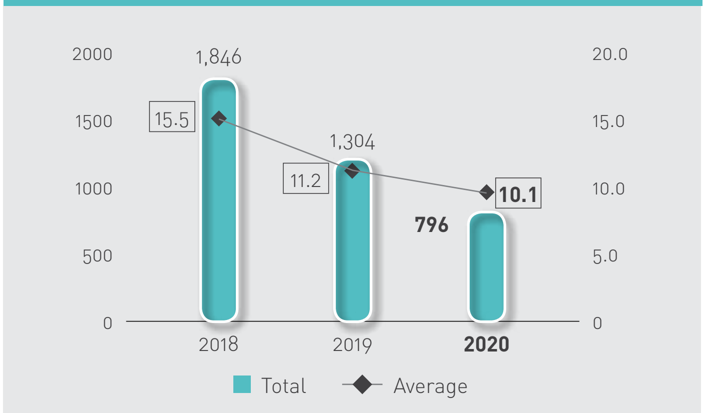
SAFETY AND ENVIRONMENTAL TRAINING

1. Basic Offshore Safety Induction and Emergency Training ("BOSIET")
2. Oil & Gas Safety Passport
3. First Aid, CPR & AED Course
4. Loss Prevention System ("LPS")
5. Company Security Officer
6. Incident Investigation Training ("BOW-TIE")
7. ISO 45001:2018 OHSAS Internal Audit Training Plan
8. Crisis Management & Communication
9. Offshore Crane Operation
10. Hydraulic Pedestal Crane Safety
11. Rigger Safety Training
12. Medical First Aid
13. Designated Security Duties
14. IT Training: Fibre Optics Installation and Repair

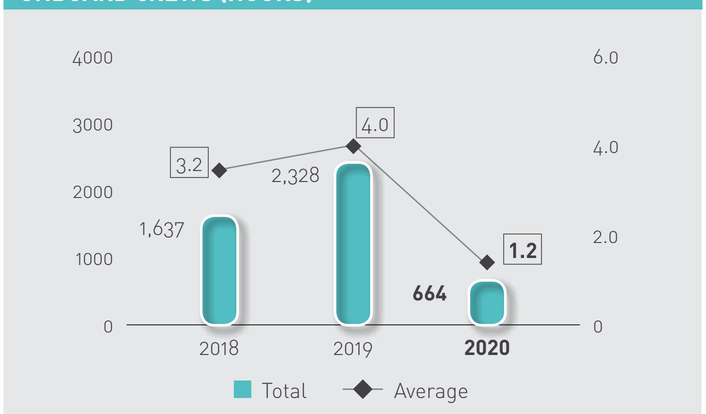
TRAINING HOURS (HOURS)



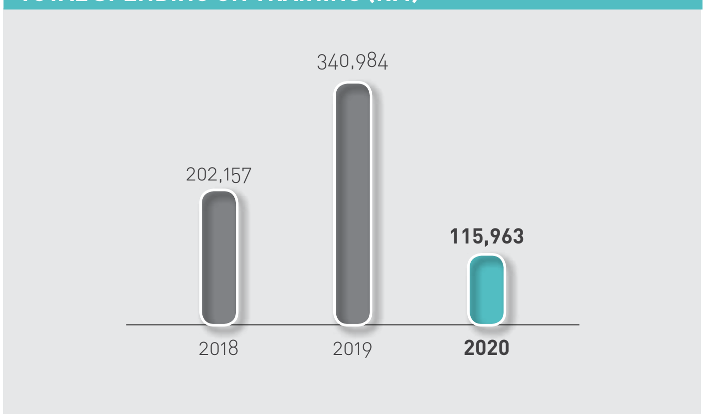
OFFICE BASED EMPLOYEES (HOURS)



ONBOARD CREWS (HOURS)



TOTAL SPENDING ON TRAINING (RM)



Social

In FY2020, we invested around RM115,963 on employee training and development, compared to RM340,984 in FY2019, out of which 31% was spent on our office employees, and 69% was spent on our onboard crews. In FY2020, both our total and average training hours per employees decreased substantially compared to FY2019, due to rescheduling of most of our planned training programmes brought about by COVID-19. Moving forward, we are committed to conducting more online-based training to not only adapt to the new normal but also improve efficiency.

PERFORMANCE REVIEW OF EMPLOYEES

We conduct performance reviews for our employees to support and boost their personal and professional development at E.A. Technique. We apply a structured process to appraise our employees, which includes reviewing their performance, reflecting on areas of improvement through continuous feedback and discussion on future career plans. The review is conducted through the process highlighted below:

HR DEPARTMENT
prepare and submit personnel performance appraisal to relevant personnel

HEADS OF DEPARTMENTS
will appraise their subordinates, including identifying training needs

All appraisal reports are reviewed by the
MANAGING DIRECTOR

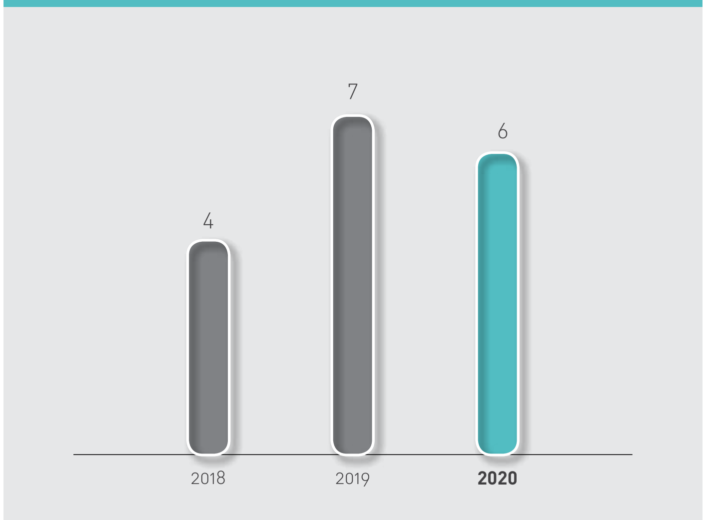
In FY 2020, 100% of our office-based employees went through the performance review process. For our onboard crew, we evaluate their performance through an evaluation form that is customised according to their contract and the vessel types. The crews are evaluated based on their ability to carry out their job responsibilities, behavior and attitude on board, and care and efforts to fulfill their job on the ship.

MANAGEMENT TRAINEE PROGRAMME

Our Management Trainee Programme aims to provide opportunities for fresh graduates to develop their expertise in the maritime industry. This one-year programme provides exposure to our trainees to gain in-depth learning experiences to build on necessary skills, knowledge and leadership qualities.

In FY2020, we recruited six (6) Management Trainees across our QHSSE, Technical, Procurement, and Commercial departments, comprising of four (4) females and two (2) males. Upon completion of the programme, we offer permanent positions to trainees who have showcased exemplary performance. In FY2020, all of our Management Trainees were promoted to Junior Executive positions.

NUMBER OF MANAGEMENT TRAINEES



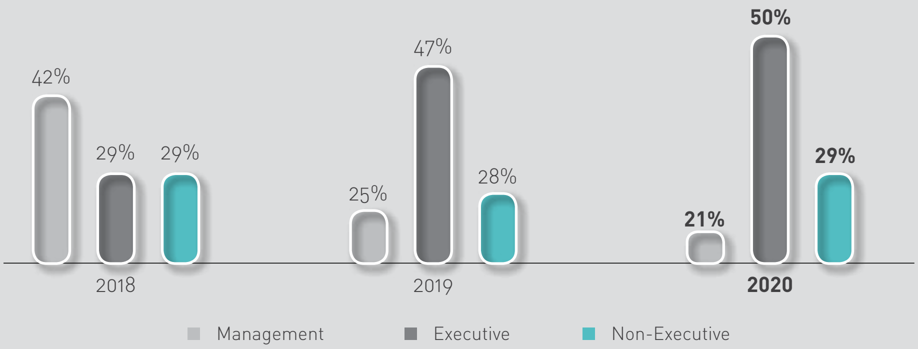
DIVERSITY AND INCLUSION

We nurture an environment that embraces individuals of different backgrounds as we believe it promotes a variety of perspectives and viewpoints that can add value to the organisation. We assess people fairly based on merits, which is embedded within our HR strategies and systems.

This year, our female employees continue to represent around 7% of our total employees. Our female onboard crew is still consistent at about 1%, which is a common occurrence in the industry for onboard workers. We will continuously seek ways to improve gender diversity in our workforce.

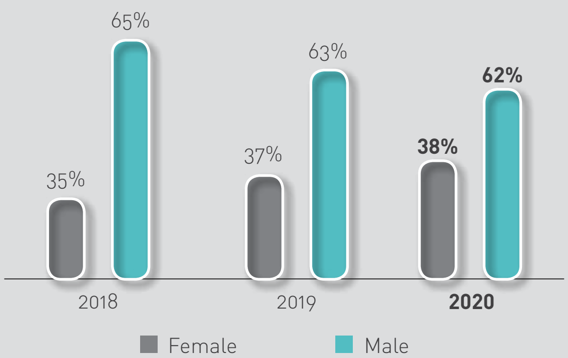
Social

OFFICE-BASED EMPLOYEES BASED ON EMPLOYEE CATEGORY

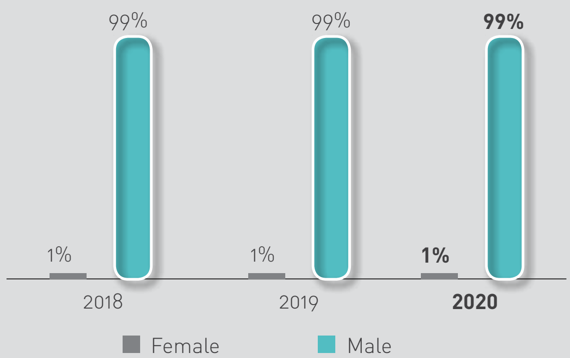


EMPLOYEES BASED ON GENDER

Office-Based Employees

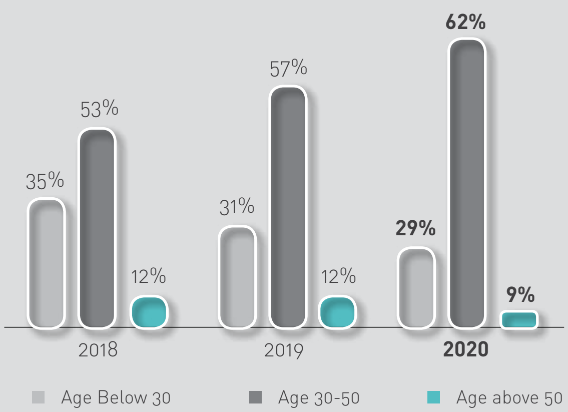


Onboard Crew

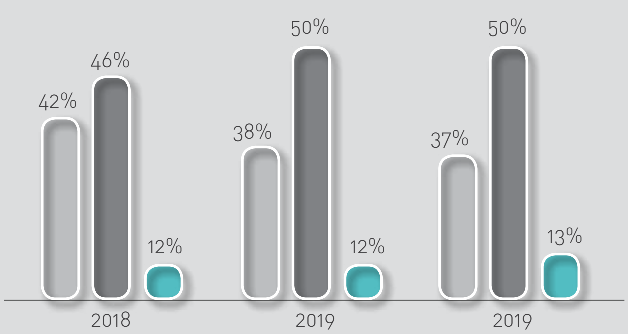


EMPLOYEES BASED ON GENDER

Age Group



Onboard Crew



Social

CONTRIBUTION AND VOLUNTEERING

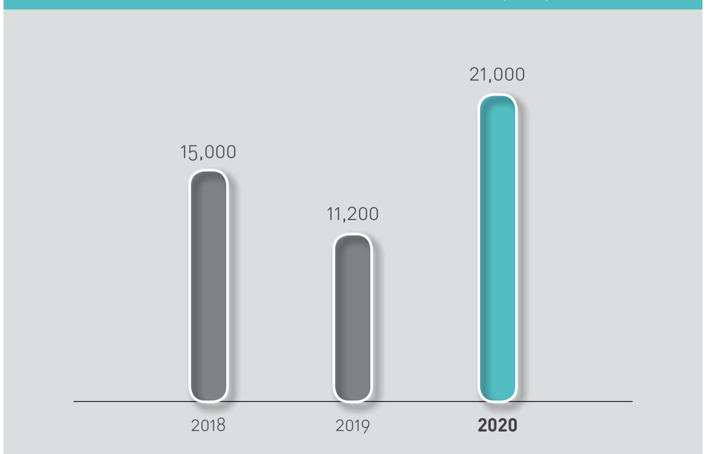
We aspire to give back to the community as part of our corporate responsibility by carrying out initiatives that will enhance their livelihoods. Our approach towards community investments focuses on our internship and community outreach programmes. We have spent RM 21,000 in FY2020, with RM 8,000 on community initiatives and the remaining amount solely in the form of monetary donations.

BOOSTING LOCAL EMPLOYMENT

We continue to offer internship opportunities to deserving candidates who have an interest in the industry. Interns are paired together with a mentor to provide the necessary guidance and exposure to the industry and the nature of our business. Upon completion of the programme which is between 3 to 6 months, we evaluate their performance and consider absorbing those who have demonstrated sound capabilities to join our workforce, subject to the availability of a vacancy.

This year, we recruited 11 interns and placed them at various strategic departments within the Group, including Operations, Account, Legal, QHHSE, and Manning. In FY2020, one (1) intern was hired as an Assistant Executive at our Port Operations in Melaka.

COMMUNITY INVESTMENTS AND DONATION (RM)



COMMUNITY CONTRIBUTION

Even in light of trying times during the COVID-19 pandemic, we continued to support the wider community in ways that adhered to the necessary SOPs to protect the wellbeing of all parties involved.

DONATION TO MOH

To help contribute to the fight against the COVID-19 pandemic, we donated RM5,000 to the MOH's "Tabung Sumbangan Perubatan KKM". Donations channelled toward the fund was used to purchase medical equipment, medicines, and other medical necessities at MOH facilities to assist medical front liners in their battle against the pandemic.

VISIT TO SHELTER HOME (Ruman Perlindungan Nur Hati)

On 23 December 2020, five (5) of our employees visited the shelter home, Rumah Perlindungan Nur Hati at Ampang to provide care to the people in need. The shelter places children who are orphans, abandoned or from broken families, single mothers, and senior citizens. We spent a total of about RM3,000 to purchase items such as food, household and medical supplies. We feel fulfilled that we were able to reach out to Rumah Perlindungan Nur Hati and do our part for the community, especially during the pandemic.

Social

SUSTAINABILITY PERFORMANCE

MATERIAL MATTERS	INDICATORS		FY 2018	FY 2019	FY 2020
Economic Performance	Revenue (RM million)		419.0	271.9	303.2
Environmental Management	Carbon emissions (gCO2/tonne-mile)		24,038.6	31,798.0	18,866.3
	Hazardous waste disposed (kg)		310,520	336,340	268,994
	Non-hazardous waste disposed (kg)		230,760	156,360	105,070
	Total water consumption (MT)		15,019	16,458	15,280
Occupational Health And Safety	Number of fatalities		0	0	0
	Fatality accident rate		0	0	0
	Total safe manhours		2,154,422	1,920,730	1,921,528
	Lost time injury rate ("LTIF")		0	0	0
Customer Satisfaction	Total number of feedbacks received on customer satisfaction		36	40	29
Employee Management	Total number of employees		625	694	642
	Office-based	Male	77	73	65
		Female	42	43	40
		Total	119	116	105
	Percentage of office- based employees (%)	Male	65	63	62
		Female	35	37	38
	Number of office based employees	Male	503	575	532
		Female	3	3	5
		Total	506	578	537
	Percentage of onboard employees (%)	Male	99	99	99
		Female	1	1	1
	Percentage of female employees (%)	Total	7	7	7
		Board composition	14	12.5	12.5
	Percentage of employees by employment type (%)	Permanent	3	2	2
		Part time	0	4	6
		Contract	97	94	92
	Percentage of employees by age group (%)	Below 30	41	37	36
		30 – 50	48	51	52
		Above 50	11	12	12
	Number of Employee turnover by category	Office-based	66	27	25
		Onboard	132	285	282

Social

MATERIAL MATTERS	INDICATORS		FY 2018	FY 2019	FY 2020
Employee Management (continue)	Employee turnover rate by category (%)	Office-based	55.5	23.3	24
		Onboard	26.1	49.3	52.5
	Number of Employee turnover by gender	Male	183	303	299
		Female	15	9	8
	Employee turnover rate by gender (%)	Male	92	97	97
		Female	23	3	3
	Number of Employee turnover by age group	Below 30	59	120	107
		30 – 50	112	161	103
		Above 50	27	31	97
	Employee turnover rate by age group (%)	Below 30	23	47	17
		30 – 50	38	45	52
		Above 50	38	37	12
	Amount invested for training (RM)		202,157	340,984	115,963
	Total number of training hours		3,483	3,632	1,460
	Average training hours per employee		6.0	5.2	2.0
	Total number of training hours by category	Office-based	1,846	1,304	796
		Onboard	1,637	2,328	664
	Average training hour per employee by category	Office-based	15.5	11.3	10.1
		Onboard	3.2	4	1.2
Contribution And Volunteering	Total amount of contribution (RM)		15,000	11,200	21,000
	Number of interns		10	9	11

CALENDAR OF EVENTS 2020

JANUARY

14 JANUARY 2020

New Year Staffs Gathering & Exchange Gifts at E.A. Technique (M) Berhad.

21 JANUARY 2020

Completed Installation of Temporary Storage Tanker (TST) including Station Keeping and Flexible Riser Tie-In at Sepat-C Field for PCSB Sepat Project.

FEBRUARY

21 FEBRUARY 2020

Johor Shipyard & Engineering Sdn Bhd Sucessfully Deliver NTP XXXVII to E.A. Technique (M) Berhad.

MARCH

6 MARCH 2020

Emergency Support Vessel NTP XXXVII on hire by PFLNG2.

MAY

8 MAY 2020

Dato' Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad/Chairman of Masa Donated RM50,000 to Ministry of Health for the Purchase of PPE for Covid19 Frontliner.

JUNE

4 JUNE 2020

E.A. Technique (M) Berhad's Hari Raya Aidil Fitri Celebration during Covid19 Movement Order (MCO) Phase.

JULY

10 JULY 2020

Site Visit by Dato' Mohd Redza Shah Abdul Wahid, Chairman of E.A. Technique Berhad at Johor Shipyard & Engineering Sdn Bhd.

15 JULY 2020

26th Virtual Annual General Meeting (AGM) of E.A. Technique (M) Berhad at Tricor Boardroom, Vertical Business Suite, Kuala Lumpur.

17 JULY 2020

Courtesy Visit by Dato' Ir Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad at the Ministry of Transport Malaysia.

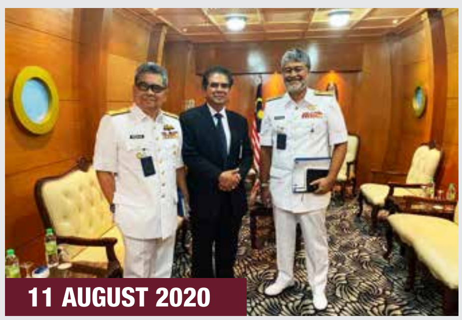
24 JULY 2020

HSSEQ Emergency Evacuation Fire Drill Program at Setiawangsa Business Suite.

AUGUST

3 AUGUST 2020

Courtesy Visit by Dato' Ir Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad to New President of Petronas, YM Tengku Muhammad Taufik Tengku Aziz.



11 AUGUST 2020

Courtesy Visit to Chief of Navy Admiral Tan Sri Mohd Reza Mohd Sany By Dato' Ir. Abdul Hak Md Amin, Managing Director of E.A. Technique (M) Berhad.

SEPTEMBER

3 SEPTEMBER 2020

Site Visit by YB Dato' Shahrul Zaman Datuk Yahya, Pengerusi Jawatankuasa Industri, Pelaburan & Pembangunan Koridor Negeri Perak, Encik Izran Abdullah, Pengarah MIDA Perak and Puan Norasmawati Md Anuar, Penolong Pengarah UPEN at Johor Shipyard & Engineering Sdn Bhd.

15 SEPTEMBER 2020

Courtesy Visit by E.A. Technique (M) Berhad's Managing Director, Dato' Abdul Hak Md Amin to Ketua Pengarah Agensi Penguatkuasaan Maritim Malaysia (APMM), Laksamana Maritim Dato' Mohd Zubil Bin Mat Som at Putrajaya.

OCTOBER

2 OCTOBER 2020

Sale of Nautica Johor Bahru Exchange Document Formality at E.A. Technique (M) Berhad, Setiawangsa.

5 OCTOBER 2020

Deputy Minister of Transport, YB Tuan Haji Hasbi Bin Haji Habibollah received a Courtesy Visit from E.A. Technique (M) Berhad's Managing Director, Dato' Ir, Abdul Hak Bin Md Amin at Ministry of Transport, Putrajaya.

26 OCTOBER 2020

Tanker Construction Progress visit by Petco Trading Labuan Company Ltd (PTLCL) accompanied by our Managing Director, Dato' Ir. Abdul Hak Md Amin.

NOVEMBER

25 NOVEMBER 2020

CSR Program – Donation of RM5,000 to Ministry of Health "Tabung Sumbangan Perubatan KKM" to fight Covid19 Pandemic.

DECEMBER

18 DECEMBER 2020

Dato Ir. Abdul Hak Md Amin, our Managing Director has been awarded as "Best CEO 2020" in The Malaysia Investor Relation Association (MIRA) Award Ceremony.

21 DECEMBER 2020

Keel Laying Ceremony of M.T Nautica Mersing 2 at Johor Shipyard & Engineering Sdn Bhd.

23 DECEMBER 2020

Visit to Shelter Home (Rumah Perlindungan Nur Hati) at Taman Rasmi Jaya, Ampang.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

We would like to take this opportunity to provide you with some insights into the Board of Directors' view of corporate governance, its key focus area and further priorities in relation to the corporate governance overview statement.

DATUK MOHD NASIR ALI
Independent Non-Executive Director

The Board of Directors ("Board") of E.A. Technique (M) Berhad ("E.A. Technique or Company") continue to believe the importance of strong 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.

The Board is pleased to present this Corporate Governance Overview Statement ("Statement") setting the summary of the corporate governance practices adopted by the Company during the financial year ended 31 December 2020 ("FYE 2020") in line with the application of the three (3) principles of the MCCG ("3 Principles") as follows:

A PRINCIPAL
Board leadership and effectiveness

B PRINCIPAL
Effective audit and risk management

C PRINCIPAL
Integrity in corporate reporting and meaningful relationship with stakeholders

The Statement is prepared in compliance with Bursa Malaysia Securities Berhad Listing Requirements ("Listing Requirement") on the application of the corporate governance practices by the Group during the FYE 2020. This Statement shall be read in conjunction with the Corporate Governance Report ("CG Report"). The application, departure or non-adoption of each practice is explained in the CG Report which is available on the Company's website at www.eatechnique.com.my.

PRINCIPAL A: Board leadership and effectiveness

i. 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, on (7 September 2020), approved the Group's 5-Year Strategic Business Plan (2021-2025), 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.

The Corporate Governance is supported by the Company's Limits of Authority ("LOA") which set out the relevant matters and applicable limits reserved for the Board and matters that could be delegated to the Committees and the Management.

On 31 December 2020, Dato' Ir. Abdul Hak Md. Amin has retired from his position as the Managing Director ("MD") of the company and the Board.

Following the aforesaid changes, the current Board has appointed the Chief Operating Officer ("COO"), Khalid Mohamad as the Acting Chief Executive Officer ("ACEO") to assume the role of MD during a time of this transition.

There is a distinct and clear division of responsibility between the Group Chairman and the MD, 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 MD.

The MD, assisted by the Senior Management team, is responsible for the business and day-to-day management of the Company. In addition to that, the MD also develops, review and implements long-term strategies and vision for the Company that will lead to the creation of shareholders' value.

The Board Charter, a source reference document for the Directors, outlines matters relating to the Board and its processes. It also sets out the duties and responsibilities of the Group Chairman, the MD, and the Board as a whole. The Board Charter of the Company is made available on the Company's website, www.eatechnique.com.my, in line with the recommendation made by the MCCG.

Additionally, the Company had also made available its Code of Ethics ("COE") and Whistle Blowing Policy on the Company's website, www.eatechnique.com.my. The objective of the implementation of the COE and Whistle Blowing Policy 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 EA 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.

The Company has been certified with the Anti-Bribery Management System ("ABMS") certificate. 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.

Whilst the 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.

All Directors have full access to the advice and services of the Company Secretaries, who are legally trained and are qualified to act as company secretary under the Companies Act 2016. The Company Secretaries advise the Board and Management on statutory, regulatory, and corporate development, the implementation of corporate governance measures and compliance as applicable to the Group.

Corporate Governance Overview Statement

ii. The Composition of the Board

The Board comprises five (5) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors as at 31 December 2020, who were selected based on their expertise, experience, integrity, and character. The Boards consists of more than half of Independent Directors with expertise and skills from various fields and backgrounds. Thus, there is optimum Board balance and in compliance with the Listing Requirements in respect of the composition of the Board of Directors.

The Board recognizes the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge, and experience necessary to further enhance the composition of the Board. Diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills, and knowledge. The Board, through the Nomination Committee, will continue to consider candidates of different gender, age and ethnic with the appropriate skills, experience and characteristics are sought, as part of its selection exercise.

The Board encourages and supports more women participation in the Company's decision-making positions whilst it continues to strive towards 30% women participation in the Board composition. Out of the seven (7) Directors, one (1) or 14% is woman. Although the Board has not set a target for appointment of additional woman directors, the Board embraces gender diversity, mindful that it should always be in the best interest of the Company.

iii. Board Meetings and Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. Sufficient notice is given to the Directors to review the said documents. The material pack of Board papers will include minutes of the previous meeting, quarterly and annual financial statements, corporate developments, minutes of Board Committee meetings, acquisition and disposal proposals, updates from Bursa Malaysia, list of directors' circular resolutions passed and report on the Directors dealings in securities, if any.

The Board holds regular meetings of no less than four (4) times a year. In addition, the Board also meets as soon as the Company's annual results and upcoming quarterly results are finalised in order to review and approve the results for submission to Bursa Malaysia. Special Board meetings may be convened as and when necessary, to consider urgent proposals or matters that require the Board's expeditious review or consideration. During the financial year ended 31 December 2020, the Board met seven (7) times and the record of attendance is set below: -

No.	Director	Directorship	No. of Meetings Attended
1.	Dato' Mohd Redza Shah Abdul Wahid	Independent Non-Executive Chairman	**7/7**
2.	Dato' Ir. Abdul Hak Md Amin*	Managing Director	**7/7**
3.	Datuk Mohd Nasir Ali	Independent Non-Executive Director	**7/7**
4.	Abdul Azmin Abdul Halim	Independent Non-Executive Director	**7/7**
5.	Rozan Mohd Sa'at	Independent Non-Executive Director	**7/7**
6.	Aziah Ahmad	Non-Independent Non-Executive Director	**7/7**
7.	Ir. Dr. Mohd Shahreen Zainooreen Madros	Independent Non-Executive Director	**7/7**
8.	Abdul Rahim Omar	Non-Independent Non-Executive Director	**7/7**

* Dato' Ir. Abdul Hak Md. Amin retired as Director of the Company on 31 December 2020.

Corporate Governance Overview Statement

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 Board members on the Financial Reporting Standards that would affect the Group's financial statements during the year.

The Board has direct access to the Key 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.

iv. Training and Development of Directors

In respect of Director's training programme, the Board has identified the following areas/topics to further enhance and assist the Directors in discharging their duties and responsibilities:

- Talent Development such as Mandatory Accreditation Programme ("MAP");
- Economic and Regulatory updates which are related to E.A. Technique's and Johor Corporation's businesses;

There were several occasions of technical visits by Board in 2020 as set out in table below:

No.	Date Technical Visit	Venue and Occasion
1.	10 July 2020	Johor Shipyard Engineering Sdn Bhd, Hutan Melintang, Perak – Site Visit by Group Chairman
2.	3 September 2020	Johor Shipyard Engineering Sdn Bhd, Hutan Melintang, Perak – Site Visit by Managing Director accompanied by Director of Malaysian Investment Development Authority, Perak
3.	26 October 2020	Johor Shipyard Engineering Sdn Bhd, Hutan Melintang, Perak – Tanker Construction Visit by Managing Director and PETCO Trading Labuan Company Limited
4.	21 December 2020	Johor Shipyard Engineering Sdn Bhd, Hutan Melintang, Perak – Keel Laying Ceremony of M.T. Nautica Mersing II

v. Nomination Committee

The Nomination Committee 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 Nomination Committee 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 were two (2) meetings held by Nomination Committee during financial year 2020.

Corporate Governance Overview Statement

vi. 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, 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 Remuneration Committee 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 by the Non-Executive Directors ("NEDs") and the MD for the Financial Year 2020 is set out in the table below:

COMPANY LEVEL					
No.	Name	Board Fees (RM)	Salary, Bonus and Defined Contribution (RM)	Benefits (RM)	Total (RM)
Executive Director					
1.	Dato' Ir. Abdul Hak Md Amin (Resigned as Director w.e.f. 31 December 2020)	-	469,076	216,349	685,425
Total Executive Director		-	469,076	216,349	685,425
Non-Executive Directors					
2.	Dato' Kamaruzzaman Abu Kassim* (Resigned as Director w.e.f 15 January 2020)	-	-	-	-
3.	Dato' Mohd Redza Shah Abdul Wahid	66,330	24,000	-	90,330
4.	Datuk Mohd Nasir Ali	82,700	18,000	-	100,700
5.	Rozan Mohd Sa'at	80,173	14,000	-	94,173
6.	Abdul Azmin Abdul Halim	92,700	18,000	-	110,700
7.	Ir. Dr. Mohd Shahreen Zainooreen Madros	80,173	12,000	-	92,173
8.	Aziah Ahmad*	-	14,000	-	14,000
9.	Abdul Rahim Omar*	-	12,000	-	12,000
10.	Ahamad Mohamad* (Resigned as Director w.e.f 15 March 2020)	-	1,000	-	1,000
11.	Zulkifly Zakariah* (Resigned as Director w.e.f 15 March 2020)	-	1,000	-	1,000
Total Non-Executive Directors		402,076	114,000	-	516,076
Grand Total		**402,076**	**583,076**	**216,349**	**1,201,501**

Corporate Governance Overview Statement

GROUP LEVEL					
No.	Name	Board Fees (RM)	Salary, Bonus and Defined Contribution (RM)	Benefits (RM)	Total (RM)
Executive Director					
1.	Dato' Ir. Abdul Hak Md Amin (Resigned as Director w.e.f. 31 December 2020)	36,000	469,076	216,349	721,425
Total Executive Director		36,000	469,076	216,349	721,425
Non-Executive Directors					
2.	Dato' Kamaruzzaman Abu Kassim* (Resigned as Director w.e.f 15 January 2020)	-	-	-	-
3.	Dato' Mohd Redza Shah Abdul Wahid	66,330	24,000	-	90,330
4.	Datuk Mohd Nasir Ali	82,700	18,000	-	100,700
5.	Rozan Mohd Sa'at	80,173	14,000	-	94,173
6.	Abdul Azmin Abdul Halim	92,700	18,000	-	110,700
7.	Ir. Dr. Mohd Shahreen Zainooreen Madros	80,173	12,000	-	92,173
8.	Aziah Ahmad*	-	14,000	-	14,000
9.	Abdul Rahim Omar*	-	12,000	-	12,000
10.	Ahamad Mohamad* (Resigned as Director w.e.f 15 March 2020)	-	1,000	-	1,000
11.	Zulkifly Zakariah* (Resigned as Director w.e.f 15 March 2020)	-	1,000	-	1,000
Total Non-Executive Directors		402,076	114,000	-	516,076
Grand Total		**438,076**	**583,076**	**216,349**	**1,237,501**

* The Directors fees for the respective Directors were paid to the intermediate holding company, related company and ultimate holding corporation as corporate fees.

Corporate Governance Overview Statement

Matters related to remuneration to the MD, Acting Chief Executive Officer and Chief Financial Officer 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 2020 is as follows: -

COMPANY LEVEL

No.	Name	Position	Salaries and Defined Contributions (RM)	Bonus (RM)	Benefits (RM)	Total (RM)
1.	Khalid Mohamad	Acting Chief Executive Officer	257,400	-	85,920	343,320
2.	Azli Mohamed	Chief Financial Officer	457,800	-	102,000	559,800
3.	Mohd Yusni Razali	Deputy General Manager	241,420	-	38,400	279,820
Grand Total			**956,620**	**-**	**226,320**	**1,182,940**

GROUP LEVEL

No.	Name	Position	Salaries and Defined Contributions (RM)	Bonus (RM)	Benefits (RM)	Total (RM)
1.	Khalid Mohamad	Acting Chief Executive Officer	257,400	-	85,920	343,320
2.	Azli Mohamed	Chief Financial Officer	457,800	-	126,000	583,800
3.	New Kok Ho	Executive Director (Johor Shipyard and Engineering Sdn Bhd)	259,452	-	75,600	335,052
4.	Mohd Yusni Razali	Deputy General Manager	241,420	-	38,400	279,820
Grand Total			**1,216,072**	**-**	**325,920**	**1,541,992**

Corporate Governance Overview Statement

vii. Tender Board Committee

Tender Board Committee 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 US Dollar 1.0 million.

The Tender Board Committee 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
Abdul Rahim Omar	Non-Independent Non-Executive Director	Member

There were two (2) Tender Board Committee meetings held during financial year 2020.

PRINCIPAL B: Effective audit and risk management

i. The Audit Committee of the Board

The Audit Committee 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 Audit Committee are evaluated annually through the Board Evaluation Assessment, with a view to maintain an independent and effective Audit Committee. The Board, through the Nomination Committee 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 Audit Committee 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.

Corporate Governance Overview Statement

ii. 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 Risk & Governance Committee 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
Abdul Rahim Omar	Non-Independent Non-Executive Director	Member

There were two (2) Tender Board Committee meetings held during financial year 2020.

iii. 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 two (2) Committees at the Board level and one (1) at Management level that have primary risk management and internal control oversight responsibilities:
- The Audit Committee and the Risk & Governance Committee – oversight on governance, internal control and financial matters; and
- The Risk Management Committee – 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.

iv. Relationship With External Auditors

Messrs Ernst & Young PLT ("EY") was appointed in the previous Annual General Meeting as the external auditors for the Group. EY 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 Audit Committee or the Board.

The Audit Committee ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by EY 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 2020 to the external auditors are set out below:

Fees Paid / Payable to EY	RM
Audit	308,455
Audit Related	23,000
Grand Total	331,455

PRINCIPAL C: Integrity In Corporate Reporting And Meaningful Relationship With Stakeholders

i. Annual General Meeting ("AGM")

The Company values feedback from its shareholders and encourages them to actively participate in discussions and deliberations. AGM is held each year to consider the ordinary business of the Company and any other special business. Each item of special business included in the notice is accompanied by an explanation of the effects of the proposed resolution. In compliance with the Listing Requirements, all resolutions tabled at AGM will be voted by poll and an announcement will be made on the detailed results of the poll showing the number of votes cast for and against each other.

The ACEO, taking the role of MD will present the highlights of the E.A. Technique Group's financial performance and business operations overview of the Company for the preceding financial year, during the AGM, to deepen the shareholders' understanding of the Company's state of affairs.

During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Group Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

Due to the Covid-19 pandemic issue and Movement Control Order ("MCO"), the Company's Twenty-Six AGM ("26th AGM") is carried out via fully virtual meeting. Shareholders will not be physically present at the broadcast venue. The shareholders are guided to register their attendance remotely by using the Remote Participation and Voting ("RPV") facilities via TIIH Online website at https://tiih.online

Group Chairman, Dato' Mohd Redza Shah Abdul Wahid attended the event physically accompanied by the three (3) top management and engaged directly with the shareholders as well as responded to the queries raised by the shareholders virtually.

Corporate Governance Overview Statement

ii. Dialogue Between the Company and Investors

In 2020, there were limited investor relations activities and analyst coverage due to Covid-19 pandemic and MCO. However, the Company continues to meet with research analysts, fund managers, members of the media/business editors and institutional investors virtually on any digital platform.

E.A. Technique's objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. Relationships with the investment community are built on integrity, qualitative and timely information and Management's ability to perform and deliver effectively. Communication is a two-way process whereby we seek to understand the attitudes of investors towards the Company and relay this feedback to Management for any follow-up action.

There is also a dedicated section in Investor Relations on the Company's website at www.eatechnique.com.my for the dissemination of corporate and financial disclosure. The primary contact for Investor Relations matters of E.A. Technique (M) Berhad is:

NORWAHIDA JAAFAR
Head of Corporate Finance & Services
Contact Details
Telephone number: 603-4252 5422
E-mail: norwahida@eatechnique.com.my or,
ir@eatechnique.com.my

STATEMENT ON COMPLIANCE

Overall, the Company has substantially complied with the majority of the practices of the MCCG for the Financial Year ended 31 December 2020. The Board is committed and will continue to strengthen its application of the corporate governance practices and procedures throughout the Group, in pursuit of safeguarding the interest of all our shareholders and stakeholders.

The Statement of Corporate Governance has been approved by the Board of Directors on 28 May 2021.

RISK MANAGEMENT & INTERNAL CONTROL

The Board of Directors of E.A. Technique (M) Berhad ("Board") is pleased to present this Statement on Risk Management and Internal Control which outlines the nature of risk management and internal controls within the Group for the financial year ended 31 December 2020 ("FY2020").

This Statement is made pursuant to Paragraph 15.26 (B) of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") where the Board of Directors of Public Companies are required to publish a statement about the state of internal control.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for having a sound system of risk management system and internal control to safeguard shareholders' investments, the Group's assets, and other stakeholders' interest.

This responsibility is addressed, managed, and discharged by internal Committee at Management level, namely the Risk Management Committee ("RMC"). The RMC updates will be presented to the Risk & Governance Committee ("RGC") at Board level. The RGC will report to the Board who provides an oversight on their performance.

The Board reviews the effectiveness, adequacy and integrity of the Risk Management framework and internal control system. This is to ensure that significant risks faced by the Group are being managed appropriately and respond to changes in the business environment.

RISK MANAGEMENT FRAMEWORK

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 the identification, analysis, evaluation, treatment, communication, review and monitoring of the risks in relation to the identified business objectives.

Risk Management Framework

The Group's Enterprise Risk Management Policy and Framework ("Framework") is aligned to ISO 31000:2010 "Risk Management Process". The Framework identifies the necessary resources to ensure that risk management is embedded in the Group's practices and processes.

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

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

Risk Reporting

The Group risk profiles are consolidated, reviewed, discussed, and deliberated at Risk Management Committee ("RMC") chaired by the Chief Operating Officer ("COO"). The reports are subsequently tabled to the Risk & Governance Committee ("RGC") for deliberation and recommendation to the Board on the identified risks, current controls and the mitigation actions taken. The reports are later submitted to the Board for review and notation.

Monitoring and Review

The objective of monitoring and reviewing the risk management process is to provide reasonable assurance that risks are being managed effectively. It is also to ensure that risk profiles drawn up reflects changing business conditions and exposures. Formal reporting has been instituted at the corporate and Board levels and contain the significant risks identified by the business during the period.

Statement On Risk Management & Internal Control

Top Five Risk and Mitigation Plan

No.	Risk	Mitigation Plan
1.	**Financial Risk** Liquidity	• Preparation of monthly cash flow presentation to Management and regular review of the cash flow forecast. • Cost cutting exercise. • Preparation and review of creditors and debtors aging.
2.	**Strategic Risk** Dependent on Major Customer and Oil & Gas Industry	• Maintain good business relationship with all customers such as Petronas Group, Exxon etc. • Conduct survey to gauge customer satisfaction level and to address client's concern and dissatisfaction. • Diversified business to other segments such as service commercial port.
3.	**Procurement Risk** Delays in Delivery of Spares	• Continuously monitoring on spares level onboard to adhere vessels requirements. • Establishment of preferred vendors program. • Prioritize urgent request from vessels.
4.	**Operational Risk** Covid-19 Pandemic	• Continuously monitoring on adherence of COVID-19 Preventive and Contingency Plan Procedure. • COVID-19 Personal Protective Equipment ("PPE") are provided to all fleets including for shore-based personnel. • Proper screening and record system is implemented to monitor access control.
5.	**Information Technology Risk** Cybersecurity Risk on Board and Office	• Establishment of Cyber Security Risk Management as part of Shipboard Operation Manual and circulated to vessels. • Establishment of authorized access for IT equipment and infrastructure. • Frequent update on firewall • Data encryption during backup.

INTERNAL CONTROL SYSTEM

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 goals and objectives. The key components of internal control encompasses the following: -

Establishment of Various Committees

Various Board Committees and Management Committees have been instituted to strengthen governance, ensure accountability, and assist the Board in discharging its duties. Among the committees are: -

Board Level

- Risk & Governance Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Tender Board Committee
- Investment Committee

Management Level

- Management Committee
- Operation Committee
- Quality, Health, Safety, Security and Environment ("QHHSE") Committee
- Risk Management Committee
- Dry-docking Committee
- Contract/Tender, Proposal and Commercial Evaluation Committee
- Quotation, Contract & Procurement Committee
- Appraisal, KPI and Bonus Committee

Statement On Risk Management & Internal Control

Organisation Structure

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

Limits of Authority

The Limits of Authority ("LOA") identifies the various persons/authorities responsible for different business transactions including matters that require Board approval. It sets out a clear line of accountability and responsibility of the persons/authorities to facilitate decision making and approval at the appropriate level in the organisation's hierarchy.

Procurement

A framework with appropriate empowerment and authority limits has been approved by the Board for procurement activities, acquisition and disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

Strategy and Budget Challenge

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

Policies and Procedures

Relevant policies and procedures have been approved by the Board and relevant authorities to ensure that risk mitigation strategies, internal control principles and mechanisms are embedded in business operations. Periodic review is done to ensure its 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 of Safety, Health and Environment Management System that meets the requirement of ISO 9001: 2015 (Quality Standard), OHSAS 18001:2007 (Safety and Health Standard), ISO 14001:2018 (Environmental Standard) and ISM Code for Vessel Safe Operation and Pollution Prevention.

Internal Audit Department

The Internal Audit Department provides independent assurance on the existence, adequacy and effectiveness of the governance, risk management and control processes to achieve the Group's objectives.

Whistle Blowing

A Whistle Blowing Policy is available and a whistle blowing channel is provided for all employees and third parties to disclose improper conduct. This Policy also accords protection to whistle blowers from detrimental action.

Code of Ethics

All employees are required to adhere to the Group's Code of Ethics ("Code") and consistently reminder on the Ethics and Professionalism behaviour during monthly Management Committee meeting. Besides to emphasis the Group's commitment to ethics and compliance with applicable laws and regulations, this Code is set forth basic standards of ethical behaviour within the Group.

Anti-Bribery & Corruption Policy

The Group has performed risk assessment of its business to ensure the key guidelines within the Group are properly documented, communicated, and implemented by Management as well as to proof that they have adequate bribery prevention mechanism such as Anti-Bribery Management System ("ABMS") procedures in place to prevent any corrupt practices and occurrences of bribery.

Corporate Disclosure Policy

The Group currently observes and complies with the disclosure requirements set out in 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.

Statement On Risk Management & Internal Control

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 performance versus planned performance and other key financial performance indicators.
- Review of specific projects or opportunities with Management, as and when required. This allows the Board and the Management to manage potential risks.
- The Group's Risk Management Report is presented quarterly to the Risk Management Committee ("RMC") to provide an overview of the Group's key risks and how they are being addressed. This report is also presented to the Risk & Governance Committee ("RGC') and the Board. The RGC and the Board notes and provides its view which are then communicated to the respective risk owners.
- The Audit Committee ("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 also updated to the AC to enable monitoring of the actions.

CONCLUSION

For the financial year under review, the Board is at the opinion that the risk management and internal control systems 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 key risks impacting the business operations of E.A. Technique.

There were no major internal control weaknesses 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.

ASSURANCE FROM MANAGEMENT

For the financial year under review based on inquiry, information and assurances provided by the Acting Chief Executive Officer and Chief Financial Officer, the Board is satisfied that the system of internal control was generally satisfactory. Measures are in place and continually being taken to ensure the ongoing adequacy and effectiveness of internal controls to safeguard the Group's assets and hence shareholders' investment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required in Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2020. They have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of Statement on Risk Management and Internal Control Guidelines, nor is the Statement factually inaccurate.

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 2020 are set out below.

No.	Name	Directorship	No. of Meetings Attended
1.	Datuk Mohd Nasir Ali (Chairman)	Independent Non-Executive Director	4/4
2.	Abdul Azmin Abdul Halim (Member)	Independent Non-Executive Director	4/4
3.	Aziah Ahmad (Member)	Non-Independent Non-Executive Director	4/4

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.
- Aziah Ahmad is a qualified accountant and member of Malaysian Institute of Accountants ("MIA"), fulfil the requirement of paragraph 15.09(1)(c)(i) of the MMLR.

The meetings are normally attended by the Group Managing Director, Chief Financial Officer, Chief Operating Officer, Head of Internal Audit and upon invitation the External Auditors. Four (4) of the meetings held were planned quarterly meetings.

The Company Secretary acts as a secretary of 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 Term of Reference of the AC are contained in the Board Charter which is included in 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 unaudited financial results of the Company and the Group on 19 February, 19 May, 19 August and 19 November 2020 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.

Audit Committee Report

External Audit

- Reviewed and recommended to the Board the audited financial statements on 19 February 2020 and 19 February 2021 covering amongst others, the assessment of the following:
  - * Changes in or implementation of major accounting policy changes.
  - * New or significant developments during the year.
  - * Significant matters relating to provisions, legal and contracts, compliance with accounting standards and legal requirements.
- Reviewed and recommended to the Board the External Auditors' 2020 Audit Plan on 19 November 2020, which detailed the terms of engagement for statutory audits; independence of the external audit team; audit approach; and areas of audit emphasis; risk assessment; reporting timeline as well as development in laws and regulations and financial reporting standards.
- Reviewed the External Auditors' fees and recommended it to the Board for approval.
- Held three (3) private discussions on 19 February 2020, 19 November 2020 and 19 February 2021 with the External Auditors without the presence of Management to ensure inter alia, an adequate level of cooperation between the External Auditors and Management.

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2021, to ensure the adequacy of scope, functions, competency and resources and that it 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 2020 and the status of corrective action plans on whether appropriate actions are taken on the recommendations of Internal Audit Department ("IAD").

Others

- Quarterly review and monitoring of recurrent related party transactions and their aggregate values.
- Reviewed the Audit Committee Report 2019 for incorporation into the Annual Report 2019 and recommended it to the Board for approval.

SUMMARY OF WORK DONE BY INTERNAL AUDIT

Internal Audit Department

- IAD has an independent status in the organisation, with direct reporting to the AC and an administrative reporting to the Group Managing Director.
- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which is approved by the Board.
- IAD's mission is to provide independent and objective assurance on governance, risk management and control systems reviewed that will improve and add value to the Company and Group.
- 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 are aligned to the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors.
- IAD is committed to providing independent and objective assurance on governance, risk management and control processes according to the IPPF on Internal Auditing.
- There were two (2) staff in IAD during the financial year.
- The total amount incurred by IAD during the financial year is RM240,557 which reduction of RM112,450 or 32% from the previous year.

Assurance Services

- IAD prepared a risk based Annual Internal Audit Plan 2020 for the Group. The Plan was approved by the AC for implementation.
- Quarterly updates were prepared for the AC detailing the status of the 2020 Plan on the assignments completed, in progress and outstanding.
- A total of five (5) planned and ad hoc assignments were completed covering the areas governance, control environment, risk management, port operations in Northport, inventory of personal protective equipment ("PPE"), petty cash and claims for seafarer, sinking of mooring boat at Ilham Jetty, Sg Kuang and staff training and development.
- 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.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM PUBLIC ISSUE

Private Placement

On 28 February 2020, a Private Placement was completed with the listing and quotation of 26,500,000 placement shares on the Main Market of Bursa Malaysia Securities Berhad. As at 31 December 2020, the status of the proceeds raised is as follow:

Purpose	Proposed utilisation (RM)	Actual utilisation (RM)	Unutilised (RM)
Part finance for construction of new oil tankers	10,277,766	10,277,766	-
Expenses in relation to the Proposals	377,234	377,234	-

SHARE BUY-BACK
The Company did not have a share buy-back programme in place during the financial year ended 31 December 2020.

OPTIONS OR CONVERTIBLE SECURITIES
The Company did not issue any options or convertible securities during the financial year ended 31 December 2020.

DEPOSITORY RECEIPT PROGRAMME
The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2020.

SANCTIONS AND/OR PENALTIES
There was no material sanction and/or penalty during the financial year ended 31 December 2020.

PROFIT ESTIMATE, FORECAST OR PROJECTION
The Company did not issue any profit estimate, forecast or projection for the financial year ended 31 December 2020.

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 2020.

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 2020.

SECTION

06

FINANCIAL STATEMENTS

Discover who we are, what we do and our accomplishments in key performance metrics throughout the reporting period.

Directors' Report

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The 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 6 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year attributable to:		
Owners of the Company	(115,979,446)	(111,353,047)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements.

DIVIDENDS

No dividend has been declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

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

Dato' Mohd Redza Shah bin Abdul Wahid	
Datuk Mohd Nasir bin Ali	
Rozan bin Mohd Sa'at	
Abdul Azmin bin Abdul Halim	
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	
Aziah binti Ahmad	
Abdul Rahim bin Omar*	
Ahamad bin Mohamad	(Resigned on 15 March 2020)
Zulkifly bin Zakariah	(Resigned on 15 March 2020)
Dato' Ir. Abdul Hak bin Md Amin*	(Retired on 31 December 2020)

• Directors of the Company and its subsidiaries.

DIRECTORS' REPORT (CONT'D.)

DIRECTORS (CONT'D.)

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding a director who is already listed above are:

New Kok Ho
Azli bin Mohamed
Methal bin Ahmad
Heikal bin Ismail

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 26 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year were as follows:

	<---------- Number of ordinary shares ---------->			
	As at 1.1.2020	**Acquired**	**Sold**	**As at 31.12.2020**
Dato' Ir. Abdul Hak bin Md Amin				
- Direct	84,850,000	26,541,700	(25,200,000)	86,191,700
- Indirect	23,272,500	-	-	23,272,500
Datuk Mohd Nasir bin Ali				
- Direct	327,500	-	-	327,500
Rozan bin Mohd Sa'at				
- Direct	327,500	-	-	327,500
Abdul Azmin bin Abdul Halim				
- Direct	50,000	-	-	50,000

DIRECTORS' REPORT (CONT'D.)

DIRECTORS' INTERESTS (CONT'D.)

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year were as follows:

	<------------------------ Number of ordinary shares ------------------------>			
	As at 1.1.2020	Acquired	Sold	As at 31.12.2020
Direct interest in a related company, KPJ Healthcare Berhad				
Rozan bin Mohd Sa'at	3,000	-	-	3,000
Datuk Mohd Nasir bin Ali	-	10,000	-	10,000

The remaining Directors in office did not hold any interest in shares in the Company or its related corporations during and at the end of the financial year.

ISSUANCE OF SHARES

During the financial year, the Company has increased its issued and paid-up ordinary share capital from RM169,100,000 to RM179,755,000 by way of issuance of 11,500,000 and 15,000,000 new ordinary shares at an issue price of RM0.47 and RM0.35 respectively, via cash consideration.

HOLDING COMPANIES

The details of the holding companies of the Group and of the Company are disclosed in Note 1 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

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

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

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

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

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

DIRECTORS' REPORT (CONT'D.)

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

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

(e) Saved as disclosed in Note 2.1 to the financial statements, in the opinion of the Directors:

(i) subject to continued financial support from intermediate holding company, no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 30 to the financial statements.

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT	308,455	208,343

AUDITORS' INDEMNITY

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 March 2021.

Dato' Mohd Redza Shah bin Abdul Wahid
Chairman

Datuk Mohd Nasir bin Ali
Director

Statement by Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Mohd Redza Shah bin Abdul Wahid and Datuk Mohd Nasir bin Ali, being two of the directors of E.A. Technique (M) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 102 to 187 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 March 2021.

Dato' Mohd Redza Shah bin Abdul Wahid

Datuk Mohd Nasir bin Ali

Statutory Declaration

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Azli bin Mohamed, Malaysian Institute of Accountants No. 18588, being the officer primarily responsible for the financial management of E.A. Technique (M) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 102 to 187 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Azli bin Mohamed
at Kuala Lumpur in the Federal Territory
on 15 March 2021.

Azli bin Mohamed
MIA 18588

Before me,

PESURUHJAYA SUMPAH
W 643
MOHD KAMAL
RUZAMAN BIN OTHMAN
TEMPOH LANTIKAN:
01-01-2019-31-12-2021
MALAYSIA

No. 5-2, Jalan AU 1A/4B
Taman Keramat Permai
54200 Kuala Lumpur, Malaysia

Independent Auditors' Report

TO THE MEMBERS OF E.A. TECHNIQUE (M) BERHAD
(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 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 187.

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements, which indicates that the Group and the Company reported a net loss of RM116.0 million and RM111.4 million respectively for the year ended 31 December 2020, and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM393.3 million and RM433.9 million respectively. The financial performance of the Group and of the Company was impacted by the outcome of a material litigation between the Company and Malaysia Marine and Heavy Engineering ("MMHE") which requires the Company to pay MMHE a total of USD29.5 million and costs in the sum of RM4.7 million together with interest at 5% per annum from date of Award to the date of full payment ("MMHE Claims"). On 8 March 2021, the Company and MMHE entered into a settlement agreement where both parties agreed on a settlement sum of USD25.5 million to be repaid based on the terms as stipulated in the settlement agreement as disclosed in Note 29 to the financial statements.

These events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate the existence of material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the following conditions:

(i) Settlement of MMHE claims

The Company is taking active steps to realise the disposal of certain marine operating vessels as part of management's plans in fulfilling its obligation pursuant to the Settlement Agreement. Some of these vessels have been classified as non-current assets held for sale as disclosed in Note 9 to the financial statements. The Group and the Company expect these assets to be realised at values that will generate sufficient cash flows to enable the Group and the Company to meet the repayment in accordance with the terms stipulated in the Settlement Agreement. Following the Settlement Agreement, MMHE has withdrawn and discontinued the court proceedings filed in respect of the MMHE Claims under Adjudication Proceeding 1, Adjudication Proceeding 2 and Arbitration Proceeding as disclosed in Note 29 to the financial statements.

(ii) Financial support from intermediate holding company

The intermediate holding company, Kulim (Malaysia) Berhad, has issued a letter of continued financial support to the Group, stating that it will provide continued financial support to the Group over the next twelve (12) months and will not demand for repayment of the amount owing by the Group to its wholly owned subsidiary, Sindora Berhad, over the next eighteen (18) months.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

Report on the audit of the financial statements (cont'd.)

Material uncertainty related to going concern (cont'd.)

(iii) Continuing support from creditors and lenders

The Group and the Company intend to adhere to the average trade and other payable turnover days which is consistent with prevailing terms in practice and expects their creditors to provide continuing support to the Group and the Company by offering the same credit terms during this challenging and unprecedented situation. The Group and the Company also expect their lenders to provide continued financial support by making available the existing and remaining unutilised borrowing facilities to the Group and the Company.

(iv) Continuity of operations

The vessel charter hire operations of the Group and the Company as disclosed in Note 16 to the financial statements is expected to generate sufficient future earnings before interest, tax, depreciation and amortisation ("EBITDA") and sufficient cash from their operations. The Directors do not expect any termination of existing contracts with the customers and they expect that the construction of the new oil tankers to be completed as scheduled, as well as the sail away and commencement of the charter to be as planned.

The validity of the going concern assumption of the Group and the Company is dependent on the Group's and the Company's ability to dispose certain marine operating vessels at values that will realise sufficient cash flows to meet the repayment in accordance with the terms stipulated in the Settlement Agreement, continued financial support from the intermediate holding company, continued support from creditors and lenders and their ability to return to profitability and generate operating cash flows as forecasted to pay their liabilities as and when they fall due, based on assumptions made on conditions prevailing at the reporting date.

Should the going concern basis for the preparation of the financial statement be no longer appropriate, adjustments would have to be made in the financial statements relating to the amounts and classification of the assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not qualified in respect of this matter.

Independence and other ethical responsibilities

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

Key audit matters

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

Impairment of vessels, vessels under construction and non-current assets held for sale (Refer to Notes 2.6, 2.7, 2.8, 3 and 4 to the financial statements)

As at 31 December 2020, the carrying amounts of the Group's and of the Company's vessels and vessels under construction under property, plant and equipment of RM574.5 million and RM625.6 million and non-current assets held for sale of RM90.4 million and RM90.4 million, represent approximately 79% and 81% and 12% and 12% of the Group's and of the Company's total assets, respectively.

INDEPENDENT AUDITORS' REPORT (CONT'D.)

Report on the audit of the financial statements (cont'd.)

Impairment of vessels, vessels under construction and non-current assets held for sale (Refer to Notes 2.6, 2.7, 2.8, 3 and 4 to the financial statements) (cont'd.)

The Group and Company are required to assess at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the Group and Company shall estimate the recoverable amount of the asset, which is the higher of fair value less cost to sell or value-in-use. The continued volatility of charter hire rates and certain vessels' contracts which have expired or are approaching expiry were identified by management as indications that the carrying amounts of some of their vessels and vessels under construction may be impaired. Additionally, as at 31 December 2020, the carrying amount of the Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the carrying amounts of the Group's vessels and vessels under construction.

The Group and the Company had engaged an independent firm of valuers and applied judgment in determining the fair value of a vessel based on quotation from broker and market knowledge in light of the volatility of current market condition to determine the fair value of these assets. Accordingly, the Group and the Company recognised an impairment loss of RM89.4 million and RM87.2 million respectively for the financial year ended 31 December 2020.

We identified impairment of vessels and vessels under construction as an area of audit focus as it involves significant management's judgement and estimates.

To address this area of audit focus:

- We evaluated the independent valuers' and broker's competency, capabilities and objectivity;
- We assessed the reasonableness of the vessels data and methodologies used by the independent valuers under comparison method, by benchmarking against available market information; and
- We checked, on a sample basis, the accuracy and relevance of the input data provided by management to the independent valuers.

Information other than the financial statements and auditors' report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2020 Annual Report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified when it becomes available 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.

When we read the Group's 2020 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 action.

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D.)

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditinq 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D.)

Other matters

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

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

Tan Shium Jye
No. 02991/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 March 2021

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**580,053,374**	772,620,194
Right-of-use assets	5	**8,685,538**	61,351,737
Deferred tax assets	13	**99,005**	67,897
		588,837,917	834,039,828
Current assets			
Inventories		**202,589**	238,315
Trade and other receivables	7	**28,760,368**	53,702,978
Tax recoverable		**1,024,603**	2,618,149
Cash and bank balances	8	**17,330,345**	22,606,050
		47,317,905	79,165,492
Non-current assets held for sale	9	**90,407,313**	-
		137,725,218	79,165,492
Total assets		**726,563,135**	913,205,320
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**179,755,000**	169,100,000
(Accumulated losses)/Retained earnings	10	**(22,089,114)**	93,890,332
Total equity		**157,665,886**	262,990,332
Non-current liabilities			
Lease liabilities	11	**2,335,362**	22,045,107
Loans and borrowings	12	**35,096,671**	183,956,159
Deferred tax liabilities	13	**426,900**	13,778,761
		37,858,933	219,780,027
Current liabilities			
Trade and other payables	14	**322,051,657**	232,050,618
Contract liabilities	15	**-**	15,610,001
Lease liabilities	11	**7,012,776**	33,483,791
Loans and borrowings	12	**201,894,489**	149,285,166
Current tax liabilities		**79,394**	5,385
		531,038,316	430,434,961
Total liabilities		**568,897,249**	650,214,988
Total equity and liabilities		**726,563,135**	913,205,320

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

Statement of Financial Position

AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Assets			
Non-current assets			
Property, plant and equipment	4	**626,753,560**	789,478,012
Right-of-use assets	5	**6,877,289**	59,460,957
Investment in subsidiaries	6	**7,500,000**	7,500,000
		641,130,849	856,438,969
Current assets			
Inventories		**202,589**	238,315
Trade and other receivables	7	**30,330,347**	53,480,599
Tax recoverable		**-**	2,018,751
Cash and bank balances	8	**13,472,333**	20,795,047
		44,005,269	76,532,712
Non-current assets held for sale	9	**90,423,489**	-
		134,428,758	76,532,712
Total assets		**775,559,607**	932,971,681
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**179,755,000**	169,100,000
(Accumulated losses)/Retained earnings	10	**(7,851,318)**	103,501,729
Total equity		**171,903,682**	272,601,729
Non-current liabilities			
Lease liabilities	11	**79,464**	19,753,944
Loans and borrowings	12	**35,089,537**	183,933,485
Deferred tax liabilities	13	**129,898**	13,481,760
		35,298,899	217,169,189
Current liabilities			
Trade and other payables	14	**359,502,171**	244,929,042
Contract liabilities	15	**-**	15,610,001
Lease liabilities	11	**6,977,512**	33,450,573
Loans and borrowings	12	**201,873,591**	149,207,395
Current tax liabilities		**3,752**	3,752
		568,357,026	443,200,763
Total liabilities		**603,655,925**	660,369,952
Total equity and liabilities		**775,559,607**	932,971,681

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Revenue	16	**303,192,533**	271,871,718
Cost of sales	17	**(299,115,947)**	(194,933,342)
Gross profit		**4,076,586**	76,938,376
Other income		**4,583,473**	10,302,997
Impairment losses		**(89,355,688)**	(2,905,749)
Administrative expenses		**(29,920,857)**	(29,356,617)
Results from operating activities		**(110,616,486)**	54,979,007
Finance income		**297,916**	267,985
Finance costs	18	**(18,740,814)**	(22,567,377)
(Loss)/profit before tax from operation	19	**(129,059,384)**	32,679,615
Income tax credit	21	**13,079,938**	3,716,028
(Loss)/profit net of tax, representing total comprehensive (loss)/income for the year		**(115,979,446)**	36,395,643
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(115,979,446)**	36,395,643
(Loss)/earnings per share attributable to owners of the parent (sen)			
Basic	22	**(21.86)**	7.22

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

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
Revenue	16	**300,201,945**	270,991,363
Cost of sales	17	**(300,436,294)**	(200,466,796)
Gross (loss)/profit		**(234,349)**	70,524,567
Other income		**7,414,525**	10,301,974
Impairment losses		**(87,245,913)**	(2,905,749)
Administrative expenses		**(26,086,207)**	(25,398,662)
Results from operating activities		**(106,151,944)**	52,522,130
Finance income		**273,181**	244,634
Finance costs	18	**(18,826,146)**	(22,413,300)
(Loss)/profit before tax from operation	19	**(124,704,909)**	30,353,464
Income tax credit	21	**13,351,862**	4,581,905
(Loss)/profit net of tax, representing total comprehensive (loss)/income for the year		**(111,353,047)**	34,935,369
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(111,353,047)**	34,935,369

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Non-distributable Share capital RM	Distributable retained earnings/ Non-distributable Accumulated losses) RM	Total equity RM
At 1 January 2019	169,100,000	57,494,689	226,594,689
Total comprehensive income for the year	-	36,395,643	36,395,643
At 31 December 2019/1 January 2020	169,100,000	93,890,332	262,990,332
Total comprehensive loss for the year	-	(115,979,446)	(115,979,446)
Contributions by owners of the Company			
Issuance of new shares	10,655,000	-	10,655,000
Total transactions with owners of the Company	10,655,000	-	10,655,000
At 31 December 2020	179,755,000	(22,089,114)	157,665,886

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

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Non-distributable Share capital RM	Distributable retained earnings/ Non-distributable Accumulated losses) RM	Total equity RM
At 1 January 2019	169,100,000	68,566,360	237,666,360
Total comprehensive income for the year	-	34,935,369	34,935,369
At 31 December 2019/1 January 2020	169,100,000	103,501,729	272,601,729
Total comprehensive loss for the year	-	(111,353,047)	(111,353,047)
Contributions by owners of the Company			
Issuance of new shares	10,655,000	-	10,655,000
Total transactions with owners of the Company	10,655,000	-	10,655,000
At 31 December 2020	179,755,000	(7,851,318)	171,903,682

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
Cash flows from operating activities		
(Loss)/profit before tax	**(129,059,384)**	32,679,615
Adjustments for:		
Property, plant and equipment:		
Loss on disposal	**7,106,238**	-
Depreciation	**98,619,052**	79,154,665
Impairment loss	**89,355,688**	2,905,749
Right-of-use assets:		
Depreciation	**38,407,442**	7,418,674
Finance costs on:		
Bank overdraft	**225,559**	357,086
Finance leases	**3,489**	7,552
Conventional financing	**4,977,914**	6,836,497
Revolving credits	**486,795**	730,157
Loans from shareholders	**3,896,149**	3,890,493
Advances from shareholders	**1,434,350**	624,238
Accretion of interest on lease liabilities	**3,187,726**	1,770,566
Interest cost on material litigation	**865,051**	-
Profit charge on Islamic financing	**3,663,781**	8,350,788
Finance income	**(297,916)**	(267,985)
Allowance for impairment losses on receivables	**706,611**	22,831
Reversal of impairment losses on trade receivables	**-**	(615,838)
Unrealised foreign exchange gain	**(1,053,709)**	(3,867,260)
Operating profit before changes in working capital	**122,524,836**	139,997,828
Changes in working capital:		
Decrease in inventories	**35,726**	48,948
Decrease/(increase) in trade and other receivables	**24,842,867**	(5,609,497)
Increase in trade and other payables and contract liabilities	**65,914,685**	30,441,885
Cash generated from operations	**213,318,114**	164,879,164
Interest received	**297,916**	267,985
Interest paid	**(11,024,256)**	(12,446,023)
Profit paid on Islamic financing	**(3,663,781)**	(8,350,788)
Tax refunded/(paid)	**1,364,524**	(981,240)
Net cash generated from operating activities	**200,292,517**	143,369,098
Cash flows from investing activities		
Net redemption in short term deposits, fixed and security deposits pledged	**(384,390)**	(187,505)
Purchase of property, plant and equipment	**(106,964,261)**	(60,034,145)
Proceed from disposal of property, plant and equipment	**14,042,790**	-
Net cash used in from investing activities	**(93,305,861)**	(60,221,650)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

		2020 RM	2019 RM
Cash flows from financing activities			
Repayment of conventional term loan		**(34,948,669)**	(33,654,891)
Repayment of Islamic term financing facilities		**(61,764,109)**	(71,322,160)
Drawdown from conventional term loan		**-**	27,680,882
Drawdown from Islamic term financing facilities		**1,900,000**	13,162,500
Net repayment of finance lease		**(72,413)**	(102,226)
Repayment of lease liabilities		**(27,095,331)**	(10,577,670)
Proceeds from issuance of new shares		**10,655,000**	-
Net cash used in financing activities		**(111,325,522)**	(74,813,565)
Net (decrease)/increase in cash and cash equivalents		**(4,338,866)**	8,333,883
Cash and cash equivalents at 1 January	(i)	**9,063,527**	729,644
Cash and cash equivalents at 31 December	(i)	**4,724,661**	9,063,527

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	Note	2020 RM	2019 RM
Cash and bank balances	8	**9,984,091**	14,577,490
Fixed and security deposits with licensed banks	8	**7,346,254**	8,028,560
		17,330,345	22,606,050
Less: Bank overdrafts	11	**(5,259,430)**	(5,513,963)
		12,070,915	17,092,087
Less: Fixed and security deposits pledged	8	**(7,346,254)**	(8,028,560)
		4,724,661	9,063,527

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

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
Cash flows from operating activities		
(Loss)/profit before tax	(124,704,909)	30,353,464
Adjustments for:		
Property, plant and equipment:		
Loss on disposal	7,106,238	-
Depreciation	99,474,211	80,267,983
Impairment loss	87,245,913	2,905,749
Right-of-use assets:		
Depreciation	38,324,911	7,336,182
Finance costs on:		
Bank overdraft	225,559	357,086
Conventional financing	4,977,914	6,835,081
Revolving credits	486,795	730,157
Loans from shareholders	3,896,149	3,890,493
Advances from shareholders	1,434,350	624,238
Accretion of interest on lease liabilities	3,044,544	1,625,457
Advances from intercompany	232,003	-
Interest cost on material litigation	865,051	-
Profit charge on Islamic financing	3,663,781	8,350,788
Finance income	(273,181)	(244,634)
Allowance for impairment losses on receivables	706,611	-
Reversal of impairment losses on trade receivables	-	(615,838)
Unrealised foreign exchange gain	(1,272,604)	(3,832,944)
Operating profit before changes in working capital	125,433,336	138,583,262
Changes in working capital:		
Decrease in inventories	35,726	48,947
Decrease/(increase) in trade and other receivables	23,050,509	(5,837,049)
Increase in trade and other payables and contract liabilities	90,956,276	29,477,485
Cash generated from operations	239,475,847	162,272,645
Interest received	273,181	244,634
Interest paid	(11,252,770)	(12,437,055)
Profit paid on Islamic financing	(3,663,781)	(8,350,788)
Tax refunded	2,018,751	3,393
Net cash generated from operating activities	226,851,228	141,732,829
Cash flows from investing activities		
Net redemption in short term deposits, fixed and security deposits pledged	(433,860)	(161,631)
Purchase of property, plant and equipment	(135,568,189)	(59,072,944)
Proceed from disposal of property, plant and equipment	14,042,790	-
Net cash used in from investing activities	(121,959,259)	(59,234,575)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D.)

		2020 RM	2019 RM
Cash flows from financing activities			
Repayment of conventional term loan		**(34,948,669)**	(33,654,891)
Repayment of Islamic term financing facilities		**(61,764,109)**	(71,322,160)
Drawdown from conventional term loan		**-**	27,680,882
Drawdown from Islamic term financing facilities		**1,900,000**	13,162,500
Net repayment of finance lease		**-**	(6,448)
Repayment of lease liabilities		**(27,095,331)**	(10,512,422)
Proceeds from issuance of new shares		**10,655,000**	-
Net cash used in financing activities		**(111,253,109)**	(74,652,539)
Net (decrease)/increase in cash and cash equivalents		**(6,361,140)**	7,845,715
Cash and cash equivalents at 1 January	(i)	**7,980,729**	135,014
Cash and cash equivalents at 31 December	(i)	**1,619,589**	7,980,729

(i) Cash and cash equivalents

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

	Note	2020 RM	2019 RM
Cash and bank balances	8	**6,879,019**	13,494,692
Fixed and security deposits with licensed banks	8	**6,593,314**	7,300,355
		13,472,333	20,795,047
Less: Bank overdrafts	11	**(5,259,430)**	(5,513,963)
		8,212,903	15,281,084
Less: Fixed and security deposits pledged	8	**(6,593,314)**	(7,300,355)
		1,619,589	7,980,729

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

E.A. Technique (M) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor. The principal place of business of the Company is located at Setiawangsa Business Suites, Unit C-3A-3A, No. 2, Jalan Setiawangsa, 54200 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The immediate holding company is Sindora Berhad, a company incorporated in Malaysia.

The intermediate holding company is Kulim (Malaysia) Berhad, a company 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.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

These financial statements were authorised for issue by the Board of Directors on 15 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2020 as fully described in Note 2.2 to the financial statements.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia ("RM").

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. It also requires management to exercise judgement in the process of applying the Group's and Company's accounting policies, the areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 3 to the financial statements.

The Group and the Company reported a net loss of RM116.0 million and RM111.4 million respectively for the year ended 31 December 2020, and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM393.3 million and RM433.9 million respectively. The financial performance of the Group and of the Company was impacted by the outcome of a material litigation between the Company and Malaysia Marine and Heavy Engineering ("MMHE") which requires the Company to pay MMHE a total of USD29.5 million and costs in the sum of RM4.7 million together with interest at 5% per annum from date of Award to the date of full payment ("MMHE Claims"). On 8 March 2021, the Company and MMHE entered into a settlement agreement where both parties agreed on a settlement sum of USD25.5 million to be repaid based on the terms as stipulated in the settlement agreement as disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (cont'd.)

These events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the following conditions:

(i) Settlement of MMHE claims

The Company is taking active steps to realise the disposal of certain marine operating vessels as part of management's plans in fulfilling its obligation pursuant to the Settlement Agreement. Some of these vessels have been classified as non-current assets held for sale as disclosed in Note 9. The Group and the Company expect these assets to be realised at values that will generate sufficient cash flows to enable the Group and the Company to meet the repayment in accordance with the terms stipulated in the Settlement Agreement. Following the Settlement Agreement, MMHE has withdrawn and discontinued the court proceedings filed in respect of the MMHE Claims under Adjudication Proceeding 1, Adjudication Proceeding 2 and Arbitration Proceeding as disclosed in Note 29.

(ii) Financial support from intermediate holding company

The intermediate holding company, Kulim (Malaysia) Berhad, has issued a letter of continued financial support to the Group, stating that it will provide continued financial support to the Group over the next twelve (12) months and will not demand for repayment of the amount owing by the Group to its wholly owned subsidiary, Sindora Berhad, over the next eighteen (18) months.

(iii) Continuing support from creditors and lenders

The Group and the Company intend to adhere to the average trade and other payable turnover days which is consistent with prevailing terms in practice and expects their creditors to provide continuing support to the Group and the Company by offering the same credit terms during this challenging and unprecedented situation. The Group and the Company also expect their lenders to provide continued financial support by making available the existing and remaining unutilised borrowing facilities to the Group and the Company.

(iv) Continuity of operations

The vessel charter hire operations of the Group and the Company as disclosed in Note 16 is expected to generate sufficient future earnings before interest, tax, depreciation and amortisation ("EBITDA") and sufficient cash from their operations. The Directors do not expect any termination of existing contracts with the customers and they expect that the construction of the new oil tankers to be completed as scheduled, as well as the sail away and commencement of the charter to be as planned.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis. The going concern assumptions above are made based on conditions prevailing at the reporting date. Should the going concern basis for the preparation of the financial statement be no longer appropriate, adjustments would have to be made in the financial statements relating to the amounts and classification of the assets and liabilities. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies

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

On 1 January 2020, the Group and the Company adopted the following amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations –Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 7 Financial Instruments - Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9 Financial Instruments - Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020

The application of these amendments and standards did not have any material impact on the Group's and the Company's current period or any prior period and is not likely to affect future periods financial statements.

2.3 Standards, amendments and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards, amendments and MFRSs will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation

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

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

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

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

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

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

Losses and each component of other comprehensive loss within a subsidiary are attributed to the parent and non-controlling interests, even if that results in the non-controlling interest having a deficit balance.

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

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

Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of consolidation (cont'd.)

Business combinations and goodwill (cont'd.)

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

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

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Foreign currencies (cont'd.)

(b) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

2.6 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.7 Property, plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

- Vessels	6 - 25 years
- Dry-docking	2.5 - 5 years
- Shipyard	15 years
- Buildings	50 years
- Motor vehicles	5 years
- Forklifts	5 years
- Renovation	5 years
- Furniture, fittings and office equipment	3 - 10 years

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

Residual value of the vessels is estimated by management as equivalent to the light weight tonnage of the vessels times the estimated long term price of steel per tonne.

Dry-docking costs which enhance the useful lives of the vessels are capitalised in the year they are incurred and amortised over 2.5 to 5 years until the next dry-docking.

Vessel under construction, shipyard under construction and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

2.8 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount not exceeding the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.8 to the financial statements.

2.10 Financial instruments

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

Financial assets - classification and measurement

(i) Classification

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Financial assets - classification and measurement (cont'd.)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify and measure its debt instruments as follows:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(b) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

(c) Fair value through statement of profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets

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

(i) Impairment for debt instruments

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have four types of financial instruments that are subject to the ECL model:

- Trade receivables
- Accrued receivables
- Other receivables
- Inter-company receivables

While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach for other receivables and inter-company balances

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables and accrued receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and accrued receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(ii) Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

(iii) Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired when it meets one of the following criteria:

Quantitative criteria

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days or when they fall due.

Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Impairment of financial assets (cont'd.)

(iv) Groupings of instruments for ECL measurement

Individual assessment

Trade receivables and accrued receivables which are in default or credit-impaired are assessed individually.

Other receivables and inter-company balances in the Group's and the Company's financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored individually.

(v) Write off

Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Accrued receivables, other receivables and inter-company balances

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables, amounts due to a subsidiary, immediate holding company, intermediate holding company, ultimate holding company and related company and loans and borrowings.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method.

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

Borrowings are classified as current liabilities unless the Group or the Company have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.10 Financial instruments (cont'd.)

Financial liabilities (cont'd.)

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

When borrowings measured at amortised cost are modified without resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

Offsetting of financial instruments

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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with a licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2.12 Inventories

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

2.13 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 Leases

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

(a) As lessee

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

(i) Right-of-use assets

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

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term payment include fixed payment less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and the payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payment or a change in the assessment of an option to purchase the underlying asset.

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

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 lessor

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risk 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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as charter hire income. The accounting policy for charter hire income is set out in Note 2.18(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Borrowing costs

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

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

2.16 Share capital and share issuance expenses

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

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

2.17 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Revenue

The Group's and the Company's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Revenue (cont'd.)

The Group is in the business of owning ships and marine vessels and leasing them to third parties; and provision of procurement, construction, installation and commissioning services.

(a) Vessel charter hire income

Most vessel charter hire income is recognised on straight-line basis over the lease term determined at the inception of the lease.

Certain charter hire income is recognised when services are rendered and are computed at the contracted daily rate.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(b) Revenue from contracts with customers: Other shipping related income and non-shipping income

Income from service rendered is recognised net of service taxes and discounts as and when the services are performed.

(c) Interest income and other income

Interest income is recognised as it accrues, using the effective interest method.

Other income is recognised when services are rendered to the customers and recognised on an annual basis.

(d) Contract balances

Contract assets and contract liabilities.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Group and Company have received consideration (or an amount of consideration is due) from the customer.

2.19 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Fair value measurement

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

(a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Current versus non-current classification

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

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(b) Key sources of estimation uncertainty

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

(i) Impairment review of vessels and vessels under construction carrying amount

The Group and Company are required to assess at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the Group and Company shall estimate the recoverable amount of the asset, which is the higher of fair value less cost to sell or value-in-use. The continued volatility of charter hire rates and certain vessels' contracts which have expired or are approaching expiry were identified by management as indications that the carrying amounts of some of their vessels and vessels under construction may be impaired. Additionally, as at 31 December 2020, the carrying amount of the Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the carrying amounts of the Group's vessels and vessels under construction.

The Directors had engaged an independent firm of valuers and applied judgement and estimates in determining the fair value of a vessel based on quotation received from a broker and relied on our experience in the industry in light of the volatility of current market condition to determine the fair value of these assets. Accordingly, the Group and the Company recognised an impairment loss as disclosed in Notes 4 and 19 to the financial statements.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The total carrying value of recognised deferred tax assets of the Group and of the Company is disclosed in Note 13 to the financial statements.

(iii) Depreciation of vessels and equipment on vessel

The cost of vessels and equipment on vessel are depreciated on a straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's and of the Company's vessels to be between 2.5 to 25 years depending on the type of vessels. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

(iv) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM	Vessels under construction RM	Buildings RM	Shipyard RM	Shipyard under construction RM	Motor vehicles RM	Forklifts RM	Renovation RM	Furniture, fittings and office equipment RM	Equipment under construction RM	Equipment RM	Total RM
Cost												
At 1 January 2020	1,123,164,198	52,801,460	1,696,912	5,080,842	2,109,775	876,323	364,000	717,533	1,325,505	16,406,444	-	1,204,542,992
Additions	27,821,003	76,098,890	-	332,845	-	-	-	-	27,420	2,684,103	-	106,964,261
Transfer to assets held for sale	(209,768,828)	(13,327,541)	-	-	-	-	-	-	-	-	-	(223,096,369)
Disposals	(50,937,141)	-	-	-	-	-	-	-	-	-	-	(50,937,141)
Transfers	17,244,729	(17,244,729)	-	-	-	-	-	-	-	(19,090,547)	19,090,547	-
At 31 December 2020	907,523,961	98,328,080	1,696,912	5,413,687	2,109,775	876,323	364,000	717,533	1,352,925	-	19,090,547	1,037,473,743
Accumulated depreciation and impairment												
At 1 January 2020	423,493,321	4,283,710	433,203	680,832	-	834,375	364,000	667,925	1,165,432	-	-	431,922,798
Charge for the year (Note 19)	79,014,841	-	33,154	346,261	-	20,398	-	22,793	91,058	-	19,090,547	98,619,052
Transfer to assets held for sale	(128,412,001)	(4,277,055)	-	-	-	-	-	-	-	-	-	(132,689,056)
Impairment (Note 19)	85,315,375	1,741,281	189,257	-	2,109,775	-	-	-	-	-	-	89,355,688
Disposals	(29,788,113)	-	-	-	-	-	-	-	-	-	-	(29,788,113)
At 31 December 2020	429,623,423	1,747,936	655,614	1,027,093	2,109,775	854,773	364,000	690,718	1,256,490	-	19,090,547	457,420,369
Net carrying amount												
At 31 December 2020	477,900,538	96,580,144	1,041,298	4,386,594	-	21,550	-	26,815	96,435	-	-	580,053,374

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Vessels	Vessels under construction	Buildings	Shipyard	Shipyard under construction	Motor vehicles	Forklifts	Renovation	Furniture, fittings and office equipment	Equipment under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost											
At 1 January 2019	1,114,936,924	17,416,067	1,696,912	4,889,268	2,301,349	876,323	364,000	707,735	1,320,269	-	1,144,508,847
Additions	8,227,274	35,385,393	-	-	-	-	-	9,798	5,236	16,406,444	60,034,145
Transfer	-	-	-	191,574	(191,574)	-	-	-	-	-	-
At 31 December 2019	1,123,164,198	52,801,460	1,696,912	5,080,842	2,109,775	876,323	364,000	717,533	1,325,505	16,406,444	1,204,542,992
Accumulated depreciation											
At 1 January 2019	344,142,087	2,128,036	399,265	340,416	-	813,975	327,598	645,154	1,065,853	-	349,862,384
Charge for the year (Note 19)	78,601,159	-	33,938	340,416	-	20,400	36,402	22,771	99,579	-	79,154,665
Impairment (Note 19)	750,075	2,155,674	-	-	-	-	-	-	-	-	2,905,749
At 31 December 2019	423,493,321	4,283,710	433,203	680,832	-	834,375	364,000	667,925	1,165,432	-	431,922,798
Net carrying amount											
At 31 December 2019	699,670,877	48,517,750	1,263,709	4,400,010	2,109,775	41,948	-	49,608	160,073	16,406,444	772,620,194

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Vessels RM	Vessels under construction RM	Buildings RM	Motor vehicles RM	Renovation RM	Furniture, fittings and office equipment RM	Equipment under construction RM	Equipment RM	Total RM
Cost									
At 1 January 2020	1,150,818,771	56,762,549	1,696,912	605,378	717,533	824,720	16,406,444	-	1,227,832,307
Additions	28,298,415	104,577,461	-	-	-	8,210	2,684,103	-	135,568,189
Transfer to assets held for sale	(209,771,787)	(13,340,758)	-	-	-	-	-	-	(223,112,545)
Disposals	(50,937,141)	-	-	-	-	-	-	-	(50,937,141)
Transfers	19,823,583	(19,823,583)	-	-	-	-	(19,090,547)	19,090,547	-
At 31 December 2020	938,231,841	128,175,669	1,696,912	605,378	717,533	832,930	-	19,090,547	1,089,350,810
Accumulated depreciation and impairment									
At 1 January 2020	431,622,600	4,283,710	433,203	601,927	667,926	744,929	-	-	438,354,295
Charge for the year (Note 19)	80,312,470	-	33,154	1,150	22,793	14,097	-	19,090,547	99,474,211
Transfer to assets held for sale	(128,412,001)	(4,277,055)	-	-	-	-	-	-	(132,689,056)
Impairment (Note 19)	85,315,375	1,741,281	189,257	-	-	-	-	-	87,245,913
Disposals	(29,788,113)	-	-	-	-	-	-	-	(29,788,113)
At 31 December 2020	439,050,331	1,747,936	655,614	603,077	690,719	759,026	-	19,090,547	462,597,250
Net carrying amount									
At 31 December 2020	499,181,510	126,427,733	1,041,298	2,301	26,814	73,904	-	-	626,753,560

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	Vessels RM	Vessels under construction RM	Buildings RM	Motor vehicles RM	Renovation RM	Furniture, fittings and office equipment RM	Equipment under construction RM	Total RM
Cost								
At 1 January 2019	1,144,170,200	20,759,656	1,696,912	605,378	707,735	819,482	-	1,168,759,363
Additions	6,648,571	36,002,893	-	-	9,798	5,238	16,406,444	59,072,944
At 31 December 2019	1,150,818,771	56,762,549	1,696,912	605,378	717,533	824,720	16,406,444	1,227,832,307
Accumulated depreciation and impairment								
At 1 January 2019	350,687,166	2,128,036	399,265	600,776	645,155	720,165	-	355,180,563
Charge for the year (Note 19)	80,185,359	-	33,938	1,151	22,771	24,764	-	80,267,983
Impairment (Note 19)	750,075	2,155,674	-	-	-	-	-	2,905,749
At 31 December 2019	431,622,600	4,283,710	433,203	601,927	667,926	744,929	-	438,354,295
Net carrying amount								
At 31 December 2019	719,196,171	52,478,839	1,263,709	3,451	49,607	79,791	16,406,444	789,478,012

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Security

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Vessels	**455,789,982**	654,762,340	**457,309,600**	656,093,990
Vessels under construction	-	17,233,179	-	18,383,805
	455,789,982	671,995,519	**457,309,600**	674,477,795

(b) Assets held under finance lease

The net carrying amount of office equipment, motor vehicles, forklifts of the Group held under finance lease arrangements are RM19,249 (2019: RM93,097).

(c) Borrowing costs

In the current financial year, included in vessels under construction of the Group and of the Company was interest capitalised of RM125,000 (2019: RM333,333).

(d) Impairment of vessels

In the current financial year, an impairment loss of RM89,355,688 (2019: RM2,905,749) was recognised on certain vessels based on their recoverable amounts as a result of the decline in the oil and gas market conditions. The recoverable amounts are based on the higher of fair value less cost to sell and value in use and are determined at the individual Cash Generating Unit ("CGU") level. In determining the recoverable amounts of these vessels, the Directors had engaged an independent firm of valuers and applied judgement and estimates in determining the fair value of a vessel based on quotation received from a broker and the Directors and the management's experience in the industry in light of the volatility of current market condition to determine the fair value of these assets. The discount rate applied to value in use computation was 10%. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

5. RIGHT-OF-USE ASSETS

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

	Leasehold land RM	Vessels RM	Equipment RM	Buildings RM	Total RM
Group					
As at 1 January 2020	1,890,780	52,084,370	7,376,586	-	61,351,736
Additions	-	-	-	413,579	413,579
Depreciation expenses recognised in profit or loss (Note 19)	(82,531)	(33,665,304)	(4,474,323)	(185,284)	(38,407,442)
Modification	-	(11,770,072)	-	-	(11,770,072)
Derecognition	-	-	(2,902,263)	-	(2,902,263)
As at 31 December 2020	1,808,249	6,648,994	-	228,295	8,685,538
As at 1 January 2019	1,973,272	14,672,364	-	-	16,645,636
Additions	-	44,748,188	7,376,587	-	52,124,775
Depreciation expenses recognised in profit or loss (Note 19)	(82,492)	(7,336,182)	-	-	(7,418,674)
As at 31 December 2019	1,890,780	52,084,370	7,376,587	-	61,351,737
Company					
As at 1 January 2020	-	52,084,370	7,376,586	-	59,460,956
Additions	-	-	-	413,579	413,579
Depreciation expenses recognised in profit or loss (Note 19)	-	(33,665,304)	(4,474,323)	(185,284)	(38,324,911)
Modification	-	(11,770,072)	-	-	(11,770,072)
Derecognition	-	-	(2,902,263)	-	(2,902,263)
As at 31 December 2020	-	6,648,994	-	228,295	6,877,289
As at 1 January 2019	-	14,672,364	-	-	14,672,364
Additions	-	44,748,188	7,376,587	-	52,124,775
Depreciation expenses recognised in profit or loss (Note 19)	-	(7,336,182)	-	-	(7,336,182)
As at 31 December 2019	-	52,084,370	7,376,587	-	59,460,957

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

6. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM	Company 2019 RM
At cost:		
Unquoted shares in Malaysia	**7,500,000**	7,500,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2020 %	Effective ownership interest 2019 %
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

7. TRADE AND OTHER RECEIVABLES

	2020 RM	2019 RM
Group		
Trade		
Current		
Trade receivables [(a)]	**10,427,427**	29,130,870
Accrued revenue from charter hire [(a)]	**6,068,991**	8,545,200
Less: Allowance for impairment	**(607,869)**	(21,070)
	15,888,549	37,655,000
Non-trade		
Current		
Other receivables	**4,565,771**	4,649,459
Deposits	**287,971**	276,871
Others [(c)]	**5,590,042**	6,555,250
Prepayments	**2,547,847**	4,568,159
Less: Allowance for impairment	**(119,812)**	(1,761)
	12,871,819	16,047,978

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

	2020 RM	2019 RM
Group		
Total trade and other receivables	**28,760,368**	53,702,978
Add: Cash and bank balances	**16,577,405**	21,877,845
Add: Short term deposits	**752,940**	728,205
Less: Prepayments	**(2,547,847)**	(4,568,159)
Total financial assets at amortised costs	**43,542,866**	71,740,869
Company		
Trade		
Current		
Trade receivables [a]	**6,304,822**	26,008,057
Accrued revenue from charter hire [a]	**6,068,991**	8,545,200
Amount due from a subsidiary [b]	**5,090,462**	2,934,701
Less: Allowance for impairment	**(586,799)**	-
	16,877,476	37,487,958
Non-trade		
Current		
Other receivables	**4,507,423**	4,494,800
Deposits	**236,092**	225,893
Others [c]	**6,104,736**	6,555,250
Prepayments	**2,547,847**	4,568,159
Amount due from a subsidiary [b]	**176,585**	148,539
Less: Allowance for impairment	**(119,812)**	-
	13,452,871	15,992,641
Total trade and other receivables	**30,330,347**	53,480,599
Add: Cash and bank balances	**13,472,333**	20,795,047
Less: Prepayments	**(2,547,847)**	(4,568,159)
Total financial assets at amortised costs	**41,254,833**	69,707,487

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables

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 four (2019: three) major customers which constitute approximately 69% (2019: 73%) of the total trade receivables. The Company's significant concentration of credit risks are in the form of three (2019: three) major customers which constitute approximately 70% (2019: 79%) of the total trade receivables. There are no other customers which represent more than 10% of the total balance of trade receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 31 December 2019 which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2020			
Not past due	**14,154,872**	**-**	**14,154,872**
Past due 30 - 59 days	**1,423,542**	**-**	**1,423,542**
Past due 60 - 90 days	**181,104**	**-**	**181,104**
Past due more than 90 days	**129,031**	**-**	**129,031**
	15,888,549	**-**	**15,888,549**
Credit impaired			
Past due more than 90 days	**607,869**	**(607,869)**	**-**
	16,496,418	**(607,869)**	**15,888,549**
2019			
Not past due	28,520,573	-	28,520,573
Past due 30 - 59 days	8,146,972	-	8,146,972
Past due 60 - 90 days	109,375	-	109,375
Past due more than 90 days	878,080	-	878,080
	37,655,000	-	37,655,000
Credit impaired			
Past due more than 90 days	21,070	(21,070)	-
	37,676,070	(21,070)	37,655,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Company			
2020			
Not past due	**16,264,817**	**-**	**16,264,817**
Past due 30 - 59 days	**302,524**	**-**	**302,524**
Past due 60 - 90 days	**181,104**	**-**	**181,104**
Past due more than 90 days	**129,031**	**-**	**129,031**
	16,877,476	**-**	**16,877,476**
Credit impaired			
Past due more than 90 days	**586,799**	**(586,799)**	**-**
	17,464,275	**(586,799)**	**16,877,476**
2019			
Not past due	28,910,027	-	28,910,027
Past due 30 - 59 days	7,590,476	-	7,590,476
Past due 60 - 90 days	109,375	-	109,375
Past due more than 90 days	878,080	-	878,080
	37,487,958	-	37,487,958

The movements in the allowance for impairment in respect of trade receivables are shown as below:

	Group Credit impaired RM	Company Credit impaired RM
Balance as at 1 January 2019	615,838	-
Reversal of impairment loss (Note 19)	(615,838)	615,838
Increase in loss allowance during the year (Note 19)	21,070	(615,838)
Balance as at 1 January 2020	**21,070**	**-**
Increase in loss allowance during the year (Note 19)	586,799	586,799
Balance at 31 December 2020	**607,869**	**586,799**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

7. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Amount due from a subsidiary

The trade portion of amount due from a subsidiary is subject to normal trade term while the non-trade portion of amount due from a subsidiary is unsecured, interest free and repayable on demand.

(c) Others

Others represent costs incurred to fulfill contract with customer in relation to the contract liabilities disclosed in Note 15 to the financial statements.

8. CASH AND BANK BALANCES

	2020 RM	2019 RM
Group		
Fixed and security deposits with licensed banks		
- less than 3 months	**6,593,314**	7,300,355
- more than 3 months	**752,940**	728,205
Cash and bank balances	**9,984,091**	14,577,490
	17,330,345	22,606,050
Company		
Fixed and security deposits with licensed banks	**6,593,314**	7,300,355
Cash and bank balances	**6,879,019**	13,494,692
	13,472,333	20,795,047

The deposits placed with licensed banks for the Group and the Company are all pledged for bank facilities.

Fixed and security deposits with licensed banks of the Group earn interest ranging from 1.85% to 3.10% (2019: 3% to 4%) per annum and have maturity periods ranging from 30 days to 365 days (2019: 30 days to 365 days).

Fixed and security deposits with licensed banks of the Company earn interest at 3% (2019: 3%) per annum and have maturity periods of 30 days (2019: 30 days).

9. NON-CURRENT ASSETS HELD FOR SALE

On 26 November 2020, the management with the approval of the Board have decided to dispose certain vessels of the Group. Accordingly, the assets of the related vessels were classified as held for sale and are presented separately as current items in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

9. NON-CURRENT ASSETS HELD FOR SALE (CONT'D.)

	Group	
	2020 RM	2019 RM
At 1 January	**-**	-
Transfer from vessels and vessels under construction (Note 4)	**90,407,313**	-
At 31 December	**90,407,313**	-

	Company	
	2020 RM	2019 RM
At 1 January	**-**	-
Transfer from vessels and vessels under construction (Note 4)	**90,423,489**	-
At 31 December	**90,423,489**	-

10. SHARE CAPITAL, ACCUMULATED LOSSES AND RETAINED EARNINGS

Share capital

	Group and Company			
	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid ordinary shares:				
At 1 January	**169,100,000**	**504,000,000**	169,100,000	504,000,000
Issuance of shares	**10,655,000**	**26,500,000**	-	-
At 31 December	**179,755,000**	**530,500,000**	169,100,000	504,000,000

During the financial year, the Company has increased its issued and paid-up ordinary share capital from RM169,100,000 to RM179,755,000 by way of issuance of 11,500,000 and 15,000,000 ordinary shares of RM0.47 and RM0.35 respectively, via cash consideration.

Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 and 31 December 2019 under single tier system.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

11. LEASE LIABILITIES

	2020 RM	2019 RM
Group		
Amount due for settlement within 12 months	**7,012,776**	33,483,791
Amount due for settlement after 12 months	**2,335,362**	22,045,107
	9,348,138	55,528,898
Maturity analysis		
Not more than 1 year	**7,012,776**	33,483,791
Later than 1 year and not later than 2 years	**166,243**	19,827,380
Later than 2 years but not later than 5 years	**164,539**	154,991
Later than 5 years	**2,004,580**	2,062,736
	9,348,138	55,528,898
Company		
Amount due for settlement within 12 months	**6,977,512**	33,450,573
Amount due for settlement after 12 months	**79,464**	19,753,944
	7,056,976	53,204,517
Maturity analysis		
Not more than 1 year	**6,977,512**	33,450,573
Later than 1 year and not later than 2 years	**79,464**	19,753,944
	7,056,976	53,204,517

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

11. LEASE LIABILITIES (CONT'D.)

Set out below are the carrying amounts of lease liabilities and the movement during the financial year:

	2020 RM	2019 RM
Group		
At 1 January	**55,528,898**	17,028,037
Addition	**435,621**	52,124,775
Accretion of interest	**3,187,726**	1,770,566
Paid during the financial year	**(27,095,331)**	(10,577,670)
Payable during the financial year	**(3,402,000)**	(3,952,823)
Effect of foreign exchange difference	**1,033,512**	(863,987)
Modification	**(16,926,171)**	-
Derecognition	**(3,414,117)**	-
At 31 December	**9,348,138**	55,528,898
Company		
At 1 January	**53,204,517**	14,672,365
Addition	**435,621**	52,124,775
Accretion of interest	**3,044,544**	1,625,457
Paid during the financial year	**(27,095,331)**	(10,512,422)
Payable during the financial year	**(3,225,600)**	(3,841,671)
Effect of foreign exchange difference	**1,033,513**	(863,987)
Modification	**(16,926,171)**	-
Derecognition	**(3,414,117)**	-
At 31 December	**7,056,976**	53,204,517

12. LOANS AND BORROWINGS

	2020 RM	2019 RM
Group		
Current		
Secured		
Bank overdraft (a)	**5,259,430**	5,513,963
Islamic financing facilities (b)	**58,508,559**	73,796,150
Conventional financing facilities (b)	**95,282,412**	38,628,034
Revolving credit (b)	**9,728,478**	11,987,973
Finance lease (c)	**20,898**	77,771
Loans from shareholders (d)	**33,094,712**	19,281,275
	201,894,489	149,285,166

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

	2020 RM	2019 RM
Group		
Non-current		
Secured		
Islamic financing facilities (b)	-	45,273,970
Conventional financing facilities (b)	-	93,287,856
Finance lease (c)	7,134	22,674
Loans from shareholders (d)	35,089,537	45,371,659
	35,096,671	183,956,159
Total loans and borrowings	236,991,160	333,241,325
Company		
Current		
Secured		
Bank overdraft (a)	5,259,430	5,513,963
Islamic financing facilities (b)	58,508,559	73,796,150
Conventional financing facilities (b)	95,282,412	38,628,034
Revolving credit (b)	9,728,478	11,987,973
Loans from shareholders (d)	33,094,712	19,281,275
	201,873,591	149,207,395
Non-current		
Secured		
Islamic financing facilities (b)	-	45,273,970
Conventional financing facilities (b)	-	93,287,856
Loans from shareholders (d)	35,089,537	45,371,659
	35,089,537	183,933,485
	236,963,128	333,140,880

(a) Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 0.75% (2019: BLR + 0.75%) and is secured over vessels and vessels under construction (Note 4(a)) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

(b) Islamic financing facilities, conventional financing facilities and revolving credit

As at 31 December 2020, the Group has breached the financing facility covenant arising from court proceedings filed by MMHE. Accordingly, the non-current financing facilities become payable on demand and have been reclassified as current loans and borrowings. Following the Settlement Agreement signed on 8 March 2021, MMHE has withdrawn and discontinued the court proceedings filed and the event triggering the covenant breach has been remediated.

The Islamic financing facilities have tenures of 1 to 5 years (2019: 1 to 5 years) which bear profit as at the reporting date at rates ranging from 3.17% to 6.75% (2019: 5.00% to 6.85%) per annum. Included in the Islamic financing facilities is two (2019: two) loan(s) denominated in USD amounting to USD8,989,815 (2019: USD19,512,444) which approximate to RM36,280,197 (2019: RM80,143,460).

The conventional financing facilities have tenures of 1 to 5 years (2019: 1 to 5 years) which bear interest as at the reporting date at rates ranging from 3.76% to 6.40% (2019: 5.00% to 6.15%).

Revolving credits are repayable on demand which bear interest rate as at the reporting date at rates ranging from 2.90% to 5.16% (2019: 5.16% to 6.60%). Included in revolving credits is a revolving credit denominated in USD amounted to USD317,293 (2019: USD866,015) which approximate to RM1,282,051 (2019: RM3,563,223).

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 RM1,512,405 (2019: RM1,512,405) in 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;

(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; and

(v) Guarantee given by a shareholder of the Company.

Significant covenants

In connection with significant financing facilities, the Group and the Company have agreed on the following significant financial covenants with certain lenders:

(i) The Group's and the Company's total financing to tangible net worth ("Gearing ratio") will not exceed 3.0 times at all time as per the following formula:-

$$\left\{ \frac{\text{Total Financing}}{\text{Tangible Networth + Subordination of Shareholders and Directors Advances}} \right\}$$

(ii) The Group's and the Company's debt to equity ratio will not exceed 10.0 times at all times.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

(c) Finance lease commitments - as lessee

Finance lease liabilities are payable as follows:

	2020 RM	2019 RM
Group		
Minimum lease payments:		
Not later than 1 year	**21,750**	81,277
Later than 1 year, but not later than 2 years	**7,202**	23,296
Total minimum lease payments	**28,952**	104,573
Less: Future finance charges	**(920)**	(4,128)
Present value of minimum lease payments	**28,032**	100,445
Present value of payments:		
Not later than 1 year	**20,898**	77,771
Later than 1 year, but not later than 2 years	**7,134**	22,674
Present value of minimum lease payments	**28,032**	100,445
Less: Amount due within 12 months	**(20,898)**	(77,771)
Amount due after 12 months	**7,134**	22,674

The Group's weighted average effective interest rate as at the reporting date of finance lease liabilities is 2.63% (2019: 3.36%) per annum.

(d) Loans from shareholders

Loans from shareholders are unsecured and bear interest at 6.85% (2019: 6.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	1 January 2020 RM	Cash flows RM	Foreign exchange movement RM	New leases RM	Other RM	31 December 2020 RM
Group						
Current interest-bearing loans and borrowings (excluding items listed below)	149,207,395	(96,712,778)	-	-	149,378,974	201,873,591
Current obligations under finance lease liabilities	77,771	(72,413)	-	-	15,540	20,898
Current obligations under lease liabilities (Note 11)	33,483,791	(27,095,331)	1,033,512	435,621	16,081,354	7,012,776
Non-current interest-bearing loans and borrowings (excluding items listed below)	183,933,485	1,900,000	(139,425)	-	(150,604,523)	35,089,537
Non-current obligations under finance lease liabilities	22,674	-	-	-	(15,540)	7,134
Non-current obligations under lease liabilities (Note 11)	22,045,107	-	-	-	(19,709,745)	2,335,362
Total liabilities from financing activities	**388,770,223**	**(121,980,522)**	**894,087**	**435,621**	**(4,853,940)**	**246,339,298**
Company						
Current interest-bearing loans and borrowings (excluding items listed below)	149,207,395	(96,712,778)	-	-	149,378,974	201,873,591
Current obligations under lease liabilities (Note 11)	33,450,573	(27,095,331)	1,033,513	435,621	16,079,307	6,977,512
Non-current interest-bearing loans and borrowings (excluding items listed below)	183,933,485	1,900,000	(139,425)	-	(150,604,523)	35,089,537
Non-current obligations under lease liabilities (Note 11)	19,753,944	-	-	-	(19,674,480)	79,464
Total liabilities from financing activities	**386,345,397**	**(121,908,109)**	**894,088**	**435,621**	**(4,820,722)**	**244,020,104**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd.)

	1 January 2019 RM	Cash flows RM	Foreign exchange movement RM	New leases RM	Other RM	31 December 2019 RM
Group						
Current interest-bearing loans and borrowings (excluding items listed below)	138,477,121	(104,977,051)	-	-	115,707,325	149,207,395
Current obligations under finance lease liabilities	108,643	(102,226)	-	-	71,354	77,771
Current obligations under lease liabilities (Note 11)	7,131,503	(10,577,670)	(481,141)	5,628,423	31,782,676	33,483,791
Non-current interest-bearing loans and borrowings (excluding items listed below)	261,729,036	40,843,382	(2,544,154)	-	(116,094,779)	183,933,485
Non-current obligations under finance lease liabilities	100,477	-	-	-	(77,803)	22,674
Non-current obligations under lease liabilities (Note 11)	9,896,534	-	(382,846)	46,496,352	(33,964,933)	22,045,107
Total liabilities from financing activities	417,443,314	(74,813,565)	(3,408,141)	52,124,775	(2,576,160)	388,770,223
Company						
Current interest-bearing loans and borrowings (excluding items listed below)	138,477,121	(104,977,051)	-	-	115,707,325	149,207,395
Current obligations under finance lease liabilities	6,448	(6,448)	-	-	-	-
Current obligations under lease liabilities (Note 11)	7,100,212	(10,512,422)	(481,141)	5,628,423	31,715,501	33,450,573
Non-current interest-bearing loans and borrowings (excluding items listed below)	261,729,036	40,843,382	(2,544,154)	-	(116,094,779)	183,933,485
Non-current obligations under lease liabilities (Note 11)	7,572,153	-	(382,846)	46,496,352	(33,931,715)	19,753,944
Total liabilities from financing activities	414,884,970	(74,652,539)	(3,408,141)	52,124,775	(2,603,668)	386,345,397

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

12. LOANS AND BORROWINGS (CONT'D.)

(e) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd.)

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance lease liabilities to current due to the passage of time and the effect of accrued but not yet paid interest on interest bearing loans and borrowings. The Group and the Company classify interest paid within operating activities.

There have been breach in the financial covenants as described in Note 12(b) during the financial year.

13. DEFERRED TAX (ASSETS)/LIABILITIES

The movements and components in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

	Note	2020 RM	2019 RM
Group			
At 1 January		**13,710,864**	18,286,090
Recognised in profit or loss	21	**(13,382,969)**	(4,575,226)
At 31 December		**327,895**	13,710,864
Presented after appropriate offsetting as follows:			
- Deferred tax assets		**(99,005)**	(67,897)
- Deferred tax liabilities		**426,900**	13,778,761
		327,895	13,710,864
Company			
At 1 January		**13,481,760**	18,064,024
Recognised in profit or loss	21	**(13,351,862)**	(4,582,264)
At 31 December		**129,898**	13,481,760
Presented after appropriate offsetting as follows:			
- Deferred tax assets		**(67,238,839)**	(62,771,267)
- Deferred tax liabilities		**67,368,737**	76,253,027
		129,898	13,481,760

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

13. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

The movements and components in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows (cont'd.):

	Note	Right-of-use assets RM	Unutilised tax losses RM	Unabsorbed capital allowances RM	Provisions/ others RM	Total RM
Group						
At 1 January 2020		**(324,680)**	**(13,491,005)**	**(23,852,185)**	**(25,603,585)**	**(63,271,455)**
Recognised in profit or loss	21	**165,655**	**(4,268,490)**	**5,620,147**	**(5,691,336)**	**(4,174,023)**
At 31 December 2020		**(159,025)**	**(17,759,495)**	**(18,232,038)**	**(31,294,921)**	**(67,445,478)**
At 1 January 2019		(91,776)	(331,509)	(32,579,227)	(21,019,038)	(54,021,550)
Recognised in profit or loss	21	(232,904)	(13,159,496)	8,727,042	(4,584,547)	(9,249,905)
At 31 December 2019		(324,680)	(13,491,005)	(23,852,185)	(25,603,585)	(63,271,455)
Company						
At 1 January 2020		**(220,616)**	**(13,167,729)**	**(23,715,683)**	**(25,667,239)**	**(62,771,267)**
Recognised in profit or loss	21	**177,490**	**(4,591,766)**	**5,635,490**	**(5,688,786)**	**(4,467,572)**
At 31 December 2020		**(43,126)**	**(17,759,495)**	**(18,080,193)**	**(31,356,025)**	**(67,238,839)**
At 1 January 2019		-	-	(32,442,725)	(21,082,692)	(53,525,417)
Recognised in profit or loss	21	(220,616)	(13,167,729)	8,727,042	(4,584,547)	(9,245,850)
At 31 December 2019		(220,616)	(13,167,729)	(23,715,683)	(25,667,239)	(62,771,267)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

13. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

The movements and components in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows: (cont'd.)

	Note	Property/ plant and equipment RM
Group		
At 1 January 2020		76,982,319
Recognised in profit or loss	21	(9,208,946)
At 31 December 2020		67,773,373
At 1 January 2019		72,307,640
Recognised in profit or loss	21	4,674,679
At 31 December 2019		76,982,319
Company		
At 1 January 2020		76,253,027
Recognised in profit or loss	21	(8,884,290)
At 31 December 2020		67,368,737
At 1 January 2019		71,589,441
Recognised in profit or loss	21	4,663,586
At 31 December 2019		76,253,027

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

14. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
Group		
Trade		
Trade payables [(a)]	**231,716,418**	101,861,876
Trade accruals [(a)]	**47,451,847**	90,098,085
Freight income received in advance	**5,174,633**	1,990,351
	284,342,898	193,950,312
Non-trade		
Amounts due to		
- ultimate holding company [(b)]	**1,121,691**	990,958
- intermediate holding company [(b)]	**691,174**	562,283
- immediate holding company [(b)]	**8,913,239**	8,396,205
- related company [(b)]	**9,518**	15,615
Amounts due to other shareholders [(b)]	**6,104,960**	11,193,239
Other payables and accrued expenses	**15,529,257**	10,521,087
Provisions [(c)]	**5,338,920**	6,420,919
	37,708,759	38,100,306
Total trade and other payables	**322,051,657**	232,050,618
Add: Loans and borrowings (Note 12)	**236,991,160**	333,241,325
Add: Lease liabilities (Note 11)	**9,348,138**	55,528,898
Less: Freight income received in advance	**(5,174,633)**	(1,990,351)
Less: Provisions	**(5,338,920)**	(6,420,919)
Total financial liabilities carried at amortised cost	**557,877,402**	612,409,571
Company		
Trade		
Trade payables [(a)]	**225,140,893**	96,525,649
Trade accruals [(a)]	**47,451,847**	90,098,085
Amount due to a subsidiary [(b)]	**44,858,392**	19,506,166
Freight income received in advance	**5,174,633**	1,990,351
	322,625,765	208,120,251

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

14. TRADE AND OTHER PAYABLES (CONT'D.)

	2020 RM	2019 RM
Company		
Non-trade		
Amounts due to		
- ultimate holding company [b]	**1,054,253**	926,724
- intermediate holding company [b]	**691,174**	562,283
- immediate holding company [b]	**8,913,239**	8,396,205
- related company [b]	**9,518**	15,615
Amounts due to other shareholders [b]	**6,104,960**	11,193,239
Other payables and accrued expenses	**14,845,778**	9,375,242
Provisions [c]	**5,257,484**	6,339,483
	36,876,406	36,808,791
Total trade and other payables	**359,502,171**	244,929,042
Add: Loans and borrowings (Note 12)	**236,963,128**	333,140,880
Add: Lease liabilities (Note 11)	**7,056,976**	53,204,517
Less: Freight income received in advance	**(5,174,633)**	(1,990,351)
Less: Provisions	**(5,257,484)**	(6,339,483)
Total financial liabilities carried at amortised cost	**593,090,158**	622,944,605

(a) Trade payables

Credit terms granted to the Group and the Company vary from 30 to 90 days (2019: 30 to 90 days).

Included in the trade payables is an amount of RM124.7 million in relation to the costs resulting from the final outcome of a material litigation as disclosed in Note 29 to the financial statements.

(b) Amounts due to a subsidiary, ultimate holding company, intermediate holding company, immediate holding company, a related company and other shareholders

The amounts due to a subsidiary and ultimate holding company are unsecured, interest free and repayable on demand.

The amounts due to intermediate holding company and a related company bear 4.26% (2019: 4.93%) interest rate per annum and are repayable on demand.

The amounts due to immediate holding company and other shareholders bear 6.85% - 9.00% (2019: 6.85%-9.00%) interest rate per annum and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

14. TRADE AND OTHER PAYABLES (CONT'D.)

(c) Provisions

	Provision for bonus RM	Provision for zakat RM	Total RM
Group			
At 1 January 2020	**6,345,919**	**75,000**	**6,420,919**
Utilisation during the year	**(1,081,999)**	**-**	**(1,081,999)**
At 31 December 2020	**5,263,920**	**75,000**	**5,338,920**
At 1 January 2019	5,455,211	142,974	5,598,185
Provision during the year	890,708	75,000	965,708
Utilisation during the year	-	(142,974)	(142,974)
At 31 December 2019	6,345,919	75,000	6,420,919
Company			
At 1 January 2020	**6,264,483**	**75,000**	**6,339,483**
Utilisation during the year	**(1,081,999)**	**-**	**(1,081,999)**
At 31 December 2020	**5,182,484**	**75,000**	**5,257,484**
At 1 January 2019	6,345,919	75,000	6,420,919
Utilisation during the year	(81,436)	-	(81,436)
At 31 December 2019	6,264,483	75,000	6,339,483

15. CONTRACT LIABILITIES

	Group and Company	
	2020 RM	**2019 RM**
At 1 January	**15,610,001**	-
Revenue recognised during the year	**(15,610,001)**	-
Progress billing during the year	**-**	15,610,001
At 31 December	**-**	15,610,001

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

15. CONTRACT LIABILITIES (CONT'D.)

Unsatisfied performance obligations:

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied as at the reporting date, are as follows:

	Group and Company	
	2020 RM	**2019 RM**
Within 1 year	**7,133,500**	22,300,000

16. REVENUE

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Vessel charter hire income	**278,812,266**	267,379,218	**275,821,678**	266,498,863
Revenue from contract with customers	**24,380,267**	4,492,500	**24,380,267**	4,492,500
	303,192,533	271,871,718	**300,201,945**	270,991,363

Disaggregation of the Group's and of the Company's revenue from contracts with customers:

	Group and Company	
	2020 RM	**2019 RM**
Geographical market:		
Malaysia	**24,380,267**	4,492,500
Timing of revenue recognition:		
Point of time	**24,380,267**	4,492,500

17. COST OF SALES

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cost of services	**256,519,533**	196,935,661	**257,839,880**	202,469,115
EPCIC cost	**42,596,414**	(2,002,319)	**42,596,414**	(2,002,319)
	299,115,947	194,933,342	**300,436,294**	200,466,796

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

18. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense incurred on:				
- Bank overdraft	**225,559**	357,086	**225,559**	357,086
- Finance leases	**3,489**	7,552	**-**	-
- Conventional financing	**4,977,914**	6,836,497	**4,977,914**	6,835,081
- Revolving credits	**486,795**	730,157	**486,795**	730,157
- Loans from shareholders	**3,896,149**	3,890,493	**3,896,149**	3,890,493
- Advances from shareholders	**1,434,350**	624,238	**1,434,350**	624,238
- Lease liabilities	**3,187,726**	1,770,566	**3,044,544**	1,625,457
- Advances from intercompany	**-**	-	**232,003**	-
- Interest costs of material litigation	**865,051**	-	**865,051**	-
	15,077,033	14,216,589	**15,162,365**	14,062,512
Profit payable on islamic financing	**3,788,781**	8,684,121	**3,788,781**	8,684,121
Less: Interest expense capitalised in vessels under construction (Note 4 (c))	**(125,000)**	(333,333)	**(125,000)**	(333,333)
	18,740,814	22,567,377	**18,826,146**	22,413,300

19. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audits	**308,455**	308,455	**208,343**	208,343
- other services	**23,000**	58,000	**23,000**	58,000
- under provision in prior year	**15,391**	-	**15,391**	-
Depreciation on property, plant and equipment	**98,619,052**	79,154,665	**99,474,211**	80,267,983
Depreciation on right-of-use assets	**38,407,442**	7,418,674	**38,324,911**	7,336,182
Impairment losses on property plant and equipment	**89,355,688**	2,905,749	**87,245,913**	2,905,749
Loss on disposal of property, plant and equipment	**7,106,238**	-	**7,106,238**	-
Allowance for impairment losses on receivables	**706,611**	22,831	**706,611**	-
Reversal of impairment losses on trade receivables	**-**	(615,838)	**-**	(615,838)
Realised foreign exchange loss	**5,204,233**	1,661,175	**4,552,026**	1,144,750
Unrealised foreign exchange gain	**(1,053,709)**	(3,867,260)	**(1,272,604)**	(3,832,944)
Low value leases:				
Rental of office equipment	**65,060**	46,679	**59,210**	40,985
Rental of staff quarters	**-**	60,000	**-**	60,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

19. (LOSS)/PROFIT BEFORE TAX (CONT'D.)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term leases:				
Rental of office	**100,341**	306,902	**100,341**	306,902
Rental of shipyard	**44,100**	44,100	**-**	-
Rental of third party vessels	**10,205,194**	7,223,854	**10,205,194**	7,223,854
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**39,577,518**	37,166,499	**38,376,304**	35,947,342
- Contributions to Employees Provident Fund ("EPF")	**3,952,085**	3,704,215	**3,780,226**	3,531,641
Insurance recoveries	**(3,453,316)**	(5,267,530)	**(3,453,316)**	(5,267,530)
Interest on fixed deposits	**(297,916)**	(267,985)	**(273,181)**	(244,634)
Rental income	**(50,000)**	(65,000)	**(50,000)**	(65,000)

20. DIRECTORS' REMUNERATION

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive:				
Salaries and other emoluments	**438,840**	414,000	**438,840**	414,000
Fees	**36,000**	102,000	**-**	66,000
Contributions to EPF	**30,236**	71,958	**30,236**	71,958
Total executive directors' remuneration (excluding benefits-in-kind)	**505,076**	587,958	**469,076**	551,958
Estimated monetary value of benefits-in-kind	**216,349**	210,142	**216,349**	210,142
Total executive directors' remuneration (including benefits-in-kind)	**721,425**	798,100	**685,425**	762,100
Non-executive:				
Fees	**402,076**	259,500	**402,076**	259,500
Other emoluments	**114,000**	84,300	**114,000**	84,300
Total non-executive directors' remuneration	**516,076**	343,800	**516,076**	343,800
Total directors' remuneration	**1,237,501**	1,141,900	**1,201,501**	1,105,900

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

20. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration received/receivable by Directors of the Group and of the Company during the year are as follows: (cont'd.)

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
Group				
As at 31 December 2020				
Executive				
Dato' Ir Abdul Hak bin Md Amin	469,076	36,000	216,349	721,425
Non-executive				
Dato' Mohd Redza Shah bin Abdul Wahid	24,000	66,330	-	90,330
Datuk Mohd Nasir bin Ali	18,000	82,700	-	100,700
Rozan bin Mohd Sa'at	14,000	80,173	-	94,173
Abdul Azmin bin Abdul Halim	18,000	92,700	-	110,700
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	12,000	80,173	-	92,173
Aziah binti Ahmad*	14,000	-	-	14,000
Abdul Rahim bin Omar*	12,000	-	-	12,000
Ahamad bin Mohamad*	1,000	-	-	1,000
Zulkifly bin Zakariah*	1,000	-	-	1,000
	114,000	402,076	-	516,076
	583,076	438,076	216,349	1,237,501

* The Directors fees of the respective Directors were paid to the intermediate holding company, related company and ultimate holding corporation as corporate fees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

20. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration received/receivable by Directors of the Group and of the Company during the year are as follows: (cont'd.)

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
Group				
As at 31 December 2019				
Executive				
Dato' Ir Abdul Hak bin Md Amin	485,958	102,000	210,142	798,100
Non-executive				
Datuk Mohd Nasir bin Ali	20,900	86,000	-	106,900
Rozan bin Mohd Sa'at	7,200	66,000	-	73,200
Abdul Azmin bin Abdul Halim	19,800	91,000	-	110,800
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	1,000	16,500	-	17,500
Aziah binti Ahmad*	15,800	-	-	15,800
Ahamad bin Mohamad*	5,200	-	-	5,200
Zulkifly bin Zakariah*	1,000	-	-	1,000
Dato' Kamaruzzaman bin Abu Kassim*	13,400	-	-	13,400
	84,300	259,500	-	343,800
	570,258	361,500	210,142	1,141,900

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

20. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration received/receivable by Directors of the Group and of the Company during the year are as follows: (cont'd.)

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
Company				
As at 31 December 2020				
Executive				
Dato' Ir Abdul Hak bin Md Amin	469,076	-	216,349	685,425
Non-executive				
Dato' Mohd Redza Shah bin Abdul Wahid	24,000	66,330	-	90,330
Datuk Mohd Nasir bin Ali	18,000	82,700	-	100,700
Rozan bin Mohd Sa'at	14,000	80,173	-	94,173
Abdul Azmin bin Abdul Halim	18,000	92,700	-	110,700
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	12,000	80,173	-	92,173
Aziah binti Ahmad*	14,000	-	-	14,000
Abdul Rahim bin Omar*	12,000	-	-	12,000
Ahamad bin Mohamad*	1,000	-	-	1,000
Zulkifly bin Zakariah*	1,000	-	-	1,000
	114,000	402,076	-	516,076
	583,076	402,076	216,349	1,201,501

* The Directors fees of the respective Directors were paid to the intermediate holding company, related company and ultimate holding corporation as corporate fees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

20. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration received/receivable by Directors of the Group and of the Company during the year are as follows: (cont'd.)

	Salary, other emoluments, bonus and EPF RM	Fees RM	Benefits-in-kind RM	Total RM
Company				
As at 31 December 2019				
Executive				
Dato' Ir Abdul Hak bin Md Amin	485,958	66,000	210,142	762,100
Non-executive				
Datuk Mohd Nasir bin Ali	20,900	86,000	-	106,900
Rozan bin Mohd Sa'at	7,200	66,000	-	73,200
Abdul Azmin bin Abdul Halim	19,800	91,000	-	110,800
Ir. Dr. Mohd Shahreen Zainooreen bin Madros	1,000	16,500	-	17,500
Aziah binti Ahmad*	15,800	-	-	15,800
Ahamad bin Mohamad*	5,200	-	-	5,200
Zulkifly bin Zakariah*	1,000	-	-	1,000
Dato' Kamaruzzaman bin Abu Kassim*	13,400	-	-	13,400
	84,300	259,500	-	343,800
	570,258	325,500	210,142	1,105,900

The number of Directors of the Group and of the Company whose total remuneration during the financial years fell within the following bands is analysed below:

	Group		Company	
	Number of Directors		Number of Directors	
	2020	2019	2020	2019
Executive Directors:				
- RM 650,001 to RM 800,000	**1**	1	**1**	1
Non-executive Directors:				
- RM 100,001 to RM 250,000	**2**	2	**2**	2
- RM75,001 to RM100,000	**3**	-	**3**	-
- RM75,000 and below	**4**	6	**4**	6

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

21. INCOME TAX CREDIT

Major components of income tax credit

The major components of income tax credit for the financial years ended 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Statements of comprehensive income				
Income tax:				
- Income tax expense	**296,324**	719,226	**-**	-
- Under provision in respect of previous financial years	**6,707**	139,972	**-**	359
	303,031	859,198	**-**	359
Deferred tax (Note 13):				
- Relating to origination and reversal of temporary differences	**(10,752,256)**	(10,152,586)	**(10,830,245)**	(10,152,014)
- (Over)/under provision in respect of previous financial years	**(2,630,713)**	5,577,360	**(2,521,617)**	5,569,750
	(13,382,969)	(4,575,226)	**(13,351,862)**	(4,582,264)
Income tax credit recognised in profit or loss	**(13,079,938)**	(3,716,028)	**(13,351,862)**	(4,581,905)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

21. INCOME TAX CREDIT (CONT'D.)

Reconciliation between tax credit and accounting profit

The reconciliations between tax credit and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
(Loss)/profit before tax	**(129,059,384)**	32,679,615	**(124,704,909)**	30,353,464
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	**(30,974,252)**	7,843,108	**(29,929,178)**	7,284,831
Non-deductible expenses	**31,742,687**	5,357,375	**30,323,300**	5,196,998
Tax exempt income	**(14,667,291)**	(19,250,118)	**(14,667,291)**	(19,250,118)
Deferred tax assets not recognised	**3,442,924**	-	**3,442,924**	-
Recognition of previously unrecognised tax losses	**-**	(3,383,725)	**-**	(3,383,725)
(Over)/under provision in respect of previous financial years				
- deferred tax	**(2,630,713)**	5,577,360	**(2,521,617)**	5,569,750
- income tax	**6,707**	139,972	**-**	359
	(13,079,938)	(3,716,028)	**(13,351,862)**	(4,581,905)

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

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

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unabsorbed capital allowances	**14,345,517**	-	**14,345,517**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

22. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	**2019**
(Loss)/profit for the financial year attributable to owners of the Company (RM)	**(115,979,446)**	36,395,643
Weighted average number of ordinary shares in issue	**530,500,000**	504,000,000
Basic (loss)/earnings per share (sen)	**(21.86)**	7.22

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.

23. CATEGORIES OF FINANCIAL INSTRUMENTS

All financial assets and liabilities are categorised as amortised cost as at 31 December 2020 and 31 December 2019 in accordance with the Group's and the Company's accounting policies as disclosed in Note 2.10 to the financial statements. All financial assets and liabilities are carried at carrying amounts which are reasonable approximation of fair values except as stated below:

	Carrying amount RM	Fair value RM
Group		
As at 31 December 2020		
Fixed rate loans and borrowings (current)	**(46,577,430)**	**(51,354,387)**
As at 31 December 2019		
Fixed rate loans and borrowings (non-current)	(85,782,493)	(98,516,757)
Company		
As at 31 December 2020		
Fixed rate loans and borrowings (current)	**(46,577,430)**	**(51,354,387)**
As at 31 December 2019		
Fixed rate loans and borrowings (non-current)	(83,491,330)	(94,189,481)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

23. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D.)

The fair value of fixed rate loans and borrowings as at 31 December 2020 and 31 December 2019 in accordance with the Group's and the Company's accounting policies as disclosed in Note 2.20 to the financial statements is estimated by discounting expected future cash flows at the borrowing rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities for which fair value is disclosed.

	Level 1 RM	Level 2 RM	Level 3 RM
Group			
31 December 2020			
Fixed rate loans and borrowings	-	**(51,354,387)**	-
31 December 2019			
Fixed rate loans and borrowings	-	**(98,516,757)**	-
Company			
31 December 2020			
Fixed rate loans and borrowings	-	**(51,354,387)**	-
31 December 2019			
Fixed rate loans and borrowings	-	**(94,189,481)**	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The 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.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from 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.

Management has 30 days (2019: 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 period, 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.

Credit risk concentration profile

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. Further details are discussed in Note 7(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Credit risk (cont'd.)

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 cash and bank balances 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.

To measure the expected credit losses, trade receivables and accrued revenue from charter hire have been grouped based on shared credit risk characteristics and the days past due (see impairment of financial assets in Note 7(a)) to the financial statements.

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. Impairment loss is immaterial.

(b) 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 and financial support from its intermediate holding company.

The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

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:

	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
As at 31 December 2020							
Group							
Islamic financing facilities							
Bai Bithaman Ajil Financing	5,513,894	6.75%	5,755,918	5,755,918	-	-	-
Bai Bithaman Ajil Financing*	601,975	i-COF+1.50%	642,909	642,909	-	-	-
Commodity Murabahah*	36,280,197	i-COF+2.50%	37,329,932	37,329,932	-	-	-
Musharakah Mutanaqisah*	1,657,694	i-COF+1.85%	1,970,124	1,970,124	-	-	-
Murabahah Tawarruq	14,454,799	5.00%	16,456,955	16,456,955	-	-	-
Conventional financing facilities							
Conventional term loan*	93,367,096	COF+1.50%	99,232,885	99,232,885	-	-	-
Conventional term loan	1,915,316	5.00%	1,923,201	1,923,201	-	-	-
Others							
Revolving credit*	9,728,478	COF+1.50%	10,088,432	10,088,432	-	-	-
Finance lease liabilities	28,032	2.40%-3.90%	28,952	21,750	7,202	-	-
Bank overdraft	5,259,430	6.45%	5,598,663	5,598,663	-	-	-
Loan from shareholders	68,184,249	6.85%	73,505,186	35,143,131	13,462,762	24,899,293	-
Trade and other payables	311,538,104	-	311,538,104	311,538,104	-	-	-
Lease liabilities	9,348,138	5.74%-9.59%	12,219,876	7,984,500	261,635	555,660	3,418,081
	557,877,402		576,291,136	533,686,504	13,731,599	25,454,953	3,418,081

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
As at 31 December 2020							
Company							
Islamic financing facilities							
Bai Bithaman Ajil Financing	5,513,894	6.75%	5,755,918	5,755,918	-	-	-
Bai Bithaman Ajil Financing*	601,975	i-COF+1.50%	642,909	642,909	-	-	-
Commodity Murabahah*	36,280,197	i-COF+2.50%	37,329,932	37,329,932	-	-	-
Musharakah Mutanaqisah*	1,657,694	i-COF+1.85%	1,970,124	1,970,124	-	-	-
Murabahah Tawarruq	14,454,799	5.00%	16,456,955	16,456,955	-	-	-
Conventional financing facilities							
Conventional term loan*	93,367,096	COF+1.50%	99,232,885	99,232,885	-	-	-
Conventional term loan	1,915,316	5.00%	1,923,201	1,923,201	-	-	-
Others							
Revolving credit*	9,728,478	COF+1.50%	10,088,432	10,088,432	-	-	-
Bank overdraft	5,259,430	6.45%	5,598,663	5,598,663	-	-	-
Loan from shareholders	68,184,249	6.85%	73,505,186	35,143,131	13,462,762	24,899,293	-
Trade and other payables	349,070,054	-	349,070,054	349,070,054	-	-	-
Lease liabilities	7,056,976	5.74%-9.59%	7,892,600	7,808,100	84,500	-	-
	593,090,158		609,466,859	571,020,304	13,547,262	24,899,293	-

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
As at 31 December 2019							
Group							
Islamic financing facilities							
Bai Bithaman Ajil Financing	13,307,113	6.75%	14,115,310	8,359,392	5,755,918	-	-
Bai Bithaman Ajil Financing*	3,193,170	i-COF+1.50%	3,304,533	2,674,017	630,516	-	-
Commodity Murabahah*	80,143,460	i-COF+2.50%	81,779,026	49,921,977	31,857,049	-	-
Musharakah Mutanaqisah*	3,919,440	i-COF+1.85%	4,066,917	4,006,778	60,139	-	-
Murabahah Tawarruq	12,980,074	5.00%	15,589,581	2,107,311	3,464,622	10,017,648	-
Murabahah Tawarruq*	5,526,863	i-COF +2.00%	5,591,982	5,591,982	-	-	-
Conventional financing facilities							
Conventional term loan*	128,961,221	COF+1.50%	142,801,998	42,969,816	40,167,907	59,664,275	-
Conventional term loan	2,954,669	5.00%	3,118,990	1,853,190	1,265,800	-	-
Others							
Revolving credit*	11,987,973	COF+1.50%	12,635,328	12,635,328	-	-	-
Finance lease liabilities	100,445	2.40%-3.90%	104,573	81,277	23,296	-	-
Bank overdraft	5,513,963	6.45%	5,869,614	5,869,614	-	-	-
Loan from shareholders	64,652,934	6.85%	77,390,266	26,150,236	12,879,747	38,360,283	-
Trade and other payables	223,639,348	-	223,639,348	223,639,348	-	-	-
Lease liabilities	55,528,898	5.74%-6.34%	62,817,568	36,044,829	22,621,863	547,575	3,603,301
	612,409,571		652,825,034	421,905,095	118,726,857	108,589,781	3,603,301

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Maturity analysis (cont'd.)

	Carrying amount RM	Contractual interest rate/ coupon	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
As at 31 December 2019							
Company							
Islamic financing facilities							
Bai Bithaman Ajil Financing	13,307,113	6.75%	14,115,310	8,359,392	5,755,918	-	-
Bai Bithaman Ajil Financing*	3,193,170	i-COF+1.50%	3,304,533	2,674,017	630,516	-	-
Commodity Murabahah*	80,143,460	i-COF+2.50%	81,779,026	49,921,977	31,857,049	-	-
Musharakah Mutanaqisah*	3,919,440	i-COF+1.85%	4,066,917	4,006,778	60,139	-	-
Murabahah Tawarruq	12,980,074	5.00%	15,589,581	2,107,311	3,464,622	10,017,648	-
Murabahah Tawarruq*	5,526,863	i-COF +2.00%	5,591,982	5,591,982	-	-	-
Conventional financing facilities							
Conventional term loan*	128,961,221	COF+1.50%	142,801,998	42,969,816	40,167,907	59,664,275	-
Conventional term loan	2,954,669	5.00%	3,118,990	1,853,190	1,265,800	-	-
Others							
Revolving credit*	11,987,973	COF+1.50%	12,635,328	12,635,328	-	-	-
Finance lease liabilities	-	2.40%-3.90%	-	-	-	-	-
Bank overdraft	5,513,963	6.45%	5,869,614	5,869,614	-	-	-
Loan from shareholders	64,652,934	6.85%	77,390,266	26,150,236	12,879,747	38,360,283	-
Trade and other payables	236,599,208	-	236,599,208	236,599,208	-	-	-
Lease liabilities	53,204,517	5.74%-6.34%	58,313,892	35,868,429	22,445,463	-	-
	622,944,605		661,176,645	434,607,278	118,527,161	108,042,206	-

* Floating rates vary based on cost of funds ("COF") or Islamic COF ("i-COF")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) 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"), China Renminbi ("RMB") 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.

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

Exposure to foreign currency risk

	Denominated in							
	USD RM	SGD RM	EURO RM	JPY RM	GBP RM	BND RM	RMB RM	IDR RM
As at 31 December 2020								
Group								
Trade and other receivables	4,131,772	-	-	-	-	-	-	-
Cash and bank balances	693,419	-	-	-	-	-	-	-
Trade and other payables	(137,451,764)	(3,709,119)	(136,099)	(3,091,751)	(32,406)	(975)	(36,031,816)	(130,525)
Loans and borrowings	(37,562,248)	-	-	-	-	-	-	-
Net exposure	(170,188,821)	(3,709,119)	(136,099)	(3,091,751)	(32,406)	(975)	(36,031,816)	(130,525)
Company								
Trade and other receivables	30,238	-	-	-	-	-	-	-
Cash and bank balances	693,419	-	-	-	-	-	-	-
Trade and other payables	(136,536,359)	(3,709,119)	(136,099)	(3,091,751)	(32,406)	(975)	(36,031,816)	(130,525)
Loans and borrowings	(37,562,248)	-	-	-	-	-	-	-
Net exposure	(173,374,950)	(3,709,119)	(136,099)	(3,091,751)	(32,406)	(975)	(36,031,816)	(130,525)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Exposure to foreign currency risk (cont'd.)

	Denominated in						
	USD RM	SGD RM	EURO RM	JPY RM	GBP RM	BND RM	RMB RM
As at 31 December 2019							
Group							
Trade and other receivables	18,892,000	-	-	-	-	-	-
Cash and bank balances	677,948	-	-	-	-	-	-
Trade and other payables	(19,411,211)	(4,072,772)	(300,513)	(2,399,874)	(57,074)	(974)	(22,570,116)
Loans and borrowings	(83,706,683)	-	-	-	-	-	-
Lease liabilities	(45,632,365)	-	-	-	-	-	-
Net exposure	(129,180,311)	(4,072,772)	(300,513)	(2,399,874)	(57,074)	(974)	(22,570,116)
Company							
Trade and other receivables	15,790,257	-	-	-	-	-	-
Cash and bank balances	677,948	-	-	-	-	-	-
Trade and other payables	(18,796,352)	(4,072,772)	(300,513)	(2,380,788)	(57,074)	(974)	(22,570,116)
Loans and borrowings	(83,706,683)	-	-	-	-	-	-
Lease liabilities	(45,632,365)	-	-	-	-	-	-
Net exposure	(131,667,195)	(4,072,772)	(300,513)	(2,380,788)	(57,074)	(974)	(22,570,116)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's (loss)/profit net of tax to a reasonably possible change in the USD, SGD, EURO, JPY, GBP, BND, RMB and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	(Loss)/profit net of tax	
	2020 RM	**2019 RM**
Group		
USD/RM		
- strengthened 10% (2019: 10%)	**(12,934,350)**	(9,817,704)
- weakened 10% (2019: 10%)	**12,934,350**	9,817,704
SGD/RM		
- strengthened 10% (2019: 10%)	**(281,893)**	(309,531)
- weakened 10% (2019: 10%)	**281,893**	309,531
EURO/RM		
- strengthened 10% (2019: 10%)	**(10,344)**	(22,839)
- weakened 10% (2019: 10%)	**10,344**	22,839
JPY/RM		
- strengthened 10% (2019: 10%)	**(234,973)**	(182,390)
- weakened 10% (2019: 10%)	**234,973**	182,390
GBP/RM		
- strengthened 10% (2019: 10%)	**(2,463)**	(4,338)
- weakened 10% (2019: 10%)	**2,463**	4,338
BND/RM		
- strengthened 10% (2019: 10%)	**(74)**	(74)
- weakened 10% (2019: 10%)	**74**	74
RMB/RM		
- strengthened 10% (2019: 10%)	**(2,738,418)**	(1,715,329)
- weakened 10% (2019: 10%)	**2,738,418**	1,715,329
IDR/RM		
- strengthened 10% (2019: 10%)	**(9,920)**	-
- weakened 10% (2019: 10%)	**9,920**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) Foreign currency risk (cont'd.)

Currency risk sensitivity analysis (cont'd.)

	(Loss)/profit net of tax	
	2020 RM	2019 RM
Company		
USD/RM		
- strengthened 10% (2019: 10%)	**(13,176,496)**	(10,006,707)
- weakened 10% (2019: 10%)	**13,176,496**	10,006,707
SGD/RM		
- strengthened 10% (2019: 10%)	**(281,893)**	(309,531)
- weakened 10% (2019: 10%)	**281,893**	309,531
EURO/RM		
- strengthened 10% (2019: 10%)	**(10,344)**	(22,839)
- weakened 10% (2019: 10%)	**10,344**	22,839
JPY/RM		
- strengthened 10% (2019: 10%)	**(234,973)**	(180,940)
- weakened 10% (2019: 10%)	**234,973**	180,940
GBP/RM		
- strengthened 10% (2019: 10%)	**(2,463)**	(4,338)
- weakened 10% (2019: 10%)	**2,463**	4,338
BND/RM		
- strengthened 10% (2019: 10%)	**(74)**	(74)
- weakened 10% (2019: 10%)	**74**	74
RMB/RM		
- strengthened 10% (2019: 10%)	**(2,738,418)**	(1,715,329)
- weakened 10% (2019: 10%)	**2,738,418**	1,715,329
IDR/RM		
- strengthened 10% (2019: 10%)	**(9,920)**	-
- weakened 10% (2019: 10%)	**9,920**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) 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 to cash flow interest rate risk. The Group manages 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Fixed rate instruments				
Financial assets	**7,346,254**	8,028,560	**6,593,314**	7,300,355
Financial liabilities	**99,416,396**	(149,423,688)	**(97,125,234)**	(149,423,688)
Floating rate instruments				
Financial liabilities	**(141,635,440)**	(233,732,127)	**(141,635,440)**	(233,732,127)

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. 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)/profit increased/(decreased) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Group and Company	
	100 bp increase RM	**100 bp decrease RM**
31 December 2020		
Floating rate instruments	**1,076,429**	**(1,076,429)**
31 December 2019		
Floating rate instruments	1,776,364	(1,776,364)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

25. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholders' value as well as to comply with financial covenants.

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 less the fair value adjustment reserve, if any.

	2020 RM	2019 RM
Group		
Loans and borrowings	**236,991,160**	333,241,325
Lease liabilities	**9,348,138**	55,528,898
Trade and other payables	**311,538,104**	223,639,348
Less: Cash and and bank balances	**(17,330,345)**	(22,606,050)
Net debt	**540,547,057**	589,803,521
Equity attributable to the owners of the Company	**157,665,886**	262,990,332
Capital and net debt	**698,212,943**	852,793,853
Gearing ratio	**77%**	69%
Company		
Loans and borrowings	**236,963,128**	333,140,880
Lease liabilities	**7,056,976**	53,204,517
Trade and other payables	**349,070,054**	236,599,208
Less: Cash and and bank balances	**(13,472,333)**	(20,795,047)
Net debt	**579,617,825**	602,149,558
Equity attributable to the owners of the parent	**171,903,682**	272,601,729
Capital and net debt	**751,521,507**	874,751,287
Gearing ratio	**77%**	69%

There have been breach in the financial covenants as described in Note 12(b) during the financial year. The Group will take the measures to gradually generate operating cash flows to pay their liabilities as and when they fall due as described in Note 2.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

26. RELATED PARTIES DISCLOSURES

Identity of 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 has 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 and entity that provides key management personnel services to the Group. 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, 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Holding companies:				
Kulim (Malaysia) Berhad				
- Travelling expenses	**2,778**	635	**2,778**	635
- Salaries paid on behalf	**34,053**	218,481	**34,053**	218,481
- Others	**42,559**	18,034	**42,559**	18,034
Sindora Berhad				
- Shareholder's advances	**-**	7,500,000	**-**	7,500,000
- Interest charged	**3,949,541**	3,618,489	**3,949,541**	3,618,489
Johor Corporation				
- Secretarial costs	**107,443**	138,697	**99,258**	130,623
- Corporate fees	**16,500**	293,000	**16,500**	246,000
- Salaries paid on behalf	**116,537**	56,749	**116,537**	56,749
- Travelling expenses	**2,867**	13,307	**2,867**	13,307
- Others	**7,333**	29,585	**7,333**	29,585
Subsidiaries:				
Johor Shipyard and Engineering Sdn. Bhd				
- Construction of vessels	**-**	-	**36,419,680**	12,350,000
- Fabrication works	**-**	-	**3,010,159**	5,402,113
Libra Perfex Precision Sdn. Bhd				
- Charter hire of vessels	**-**	-	**(35,711,248)**	(27,828,938)
- Accounting fee	**-**	-	**26,401**	-
- Others	**-**	-	**1,500**	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

26. RELATED PARTIES DISCLOSURES (CONT'D.)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Shareholders:				
Dato' Ir. Abdul Hak bin Md Amin				
- Shareholder's advances	**-**	9,300,000	**-**	9,300,000
- Interest charged	**1,106,383**	670,170	**1,106,383**	670,170
Datin Hamidah binti Omar				
- Rental paid	**48,000**	60,000	**48,000**	60,000
- Shareholder's advances	**-**	2,000,000	**-**	2,000,000
- Interest charged	**274,751**	222,953	**274,751**	222,953
Other related parties:				
Puteri Hotels Sdn. Bhd.*				
- Accommodation fees	**-**	31,792	**-**	31,792
Virtualflex Sdn Bhd				
- Stationeries	**-**	2,500	**-**	2,500
Sumber Shipyard and Engineering Sdn. Bhd.**				
- Rental of land	**222,096**	220,500	**-**	-
- Supply of spare parts	**827,010**	1,170,226	**-**	-
S.S. Makmur Sdn. Bhd.**				
- Supply of spare parts	**5,000**	718,251	**-**	-
TLP Terminal Sdn. Bhd. ***				
- Supply manpower and services	**112,259**	-	**-**	-
Mahamurni Plantations Sdn. Bhd. ***				
- Interest charged	**610**	669	**610**	669

* 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

26. RELATED PARTIES DISCLOSURES (CONT'D.)

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 7 and 14 to the financial statements.

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. The Company regards its directors as the key management personnel and their compensations are disclosed in Note 20 to the financial statements.

27. COMMITMENTS

	2020 RM	2019 RM
Shipyard under construction		
Approved but not contracted for	**20,608,700**	20,608,700

28. SEGMENT INFORMATION

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

(i) Vessel charter hire and other income ("Charter hire") — Vessel charter hire income is recognised on a straight-line basis over the lease term over the lease term determined at the inception of the lease.

Other income is recognised when services are rendered to the customers and recognised on an accrual basis.

(ii) Revenue from contract with customer — Income from service rendered is recognised net of service taxes and discounts as and when and discounts as and when the services are performed.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

28. SEGMENT INFORMATION (CONT'D.)

The Group's segmental information is as follows:

	Charter hire RM	Revenue from contract with customer RM	Total RM
31 December 2020			
Revenue:			
External customers	**278,812,266**	**24,380,267**	**303,192,533**
Results:			
Segment loss	**(110,616,486)**	**-**	**(110,616,486)**
Finance income	**297,916**	**-**	**297,916**
Finance costs	**(18,740,814)**	**-**	**(18,740,814)**
Loss before tax	**(129,059,384)**	**-**	**(129,059,384)**
Total assets	**726,563,135**	**-**	**726,563,135**
Total liabilities	**568,897,249**	**-**	**568,897,249**
Capital expenditure	**106,964,261**	**-**	**106,964,261**

	Charter hire RM	Revenue from contract with customer RM	Total RM
31 December 2019			
Revenue:			
External customers	267,379,218	4,492,500	271,871,718
Results:			
Segment profit	53,262,449	1,716,558	54,979,007
Finance income	267,985	-	267,985
Finance costs	(22,567,377)	-	(22,567,377)
Profit before tax	30,963,057	1,716,558	32,679,615
Total assets	913,205,320	-	913,205,320
Total liabilities	650,214,988	-	650,214,988
Capital expenditure	60,034,145	-	60,034,145

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

28. SEGMENT INFORMATION (CONT'D.)

There are four external customers (2019: four) who contribute 69% (2019: 75%) or more on total revenues of the Group.

	Group	
	31.12.2020 RM	**31.12.2019 RM**
Charter hire and revenue from contract with customer:		
Customer A	**73,048,210**	-
Customer B	**25,069,033**	48,817,502
Customer C	**31,348,282**	29,820,419
Customer D	**18,751,841**	-
Customer E	**-**	100,505,918
Customer F	**-**	25,536,535
	148,217,367	204,680,374

29. MATERIAL LITIGATION

Adjudication Proceeding 1

On 5 October 2018, Malaysia Marine and Heavy Engineering Holdings Berhad ("MMHE") served E.A. Technique (M) Berhad ("EAT") with a Notice of Adjudication under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") claiming USD30,221,301 for invoices issued to EAT relating to the EPCIC project after taking into consideration the amounts paid on behalf by HESS Exploration and Production Malaysia B.V. ("HESS") and the deletion of some additional work order ("AWO") scope.

On 27 May 2019, the Adjudicator decision has awarded in favor of MMHE. EAT was required to proceed with payments to MMHE a total sum of USD21,607,206 including 6% of GST, interest at the rate of 1.5% per month on the sum from the date of payment claim (5 October 2018) until the full and final settlement of the sum and costs of adjudication of RM309,113 ("Adjudication Decision").

On 4 June 2019, EAT filed an application to set aside the Adjudication decision. Subsequently, MMHE had served their application for Enforcement of Adjudication Decision on 5 July 2019. On 16 July 2019, EAT had filed an application for a stay of the Adjudication Decision.

The Court of Appeal hearing is fixed on 6 July 2021 for set aside of the adjudication decision. On 1 June 2020, the judge has dismissed EAT's application to stay the Adjudication Decision.

On 2 November 2020, MMHE initiated a court proceeding against EAT pursuant to Sections 465(1)(e) and/or (h) and 466(1)(c) of the Companies Act 2016 in essence of the Adjudication Decision and garnishee orders over EAT's bank balances in RHB Islamic Bank, AmIslamic Bank and Affin Bank. Subsequently, the garnishee orders for Affin Bank was struck out on 2 December 2020 whilst RHB Islamic Bank and AmIslamic Bank was struck out on 22 February 2021.

On 10 November 2020, the Tribunal under AIAC as detailed in Arbitration Proceeding delivered its decision and the decision of the Tribunal took precedent over the adjudication decision on Adjudication Proceeding 1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

29. MATERIAL LITIGATION (CONT'D.)

Adjudication Proceeding 2

On 29 May 2019, MMHE served EAT with a Notice of Adjudication under CIPAA claiming USD6,096,792 for invoices issued to EAT and tank treatment claim relating to the EPCIC project.

On 4 December 2019 the Adjudicator decision was awarded in favor of MMHE. EAT was ordered to pay MMHE a total of adjudicated sum of USD6,066,996, interest at the rate of 5% per annum on the Adjudicated Sum from 4 December 2019 until the full and final settlement of the adjudicated sum and costs of adjudication of RM204,557.

On 31 December 2019, EAT has filed an application to set aside and a stay of the Adjudication decision. Subsequently, the Company has filed for transfer of set aside and stay for the adjudication to Johor Bahru High Court. The Judge has fixed hearing for the transfer on 3 December 2020.

On 10 November 2020, the Tribunal under AIAC as detailed in Arbitration Proceeding delivered its decision and the decision of the Tribunal took precedent over the adjudication decision on Adjudication Proceeding 2.

Arbitration Proceeding

On 27 September 2018, EAT filed a Notice of Arbitration to the Asian International Arbitration Centre ("AIAC") to claim from MMHE amounts paid on behalf by HESS, deletion of MMHE's AWO scope as well as back charges with a total aggregate amount of USD21,656,198.

On 15 February 2019, EAT served its Statement of Claim to MMHE amounting to USD21,656,198. MMHE filed a counterclaim against EAT in the AIAC Arbitration amounting to USD49,105,096 and filed its Defence for Counterclaim in March 2019.

The last evidentiary hearing took place on 6 November 2019 pursuant to the claim made by EAT and counter claim by MMHE.

On 10 January 2020, EAT and MMHE have filed their respective written submission. Subsequently, EAT and MMHE has replied the counter part written submission on 10 February 2020. The date for clarification hearing has been postponed to a later date from 24 February 2020.

On 10 November 2020, the Arbitral Tribunal has been finalised and EAT was ordered to pay MMHE a total of USD29,520,173 and costs in the sum of RM4,686,398 together with interest at 5% per annum from date of Award to the date of full payment (the "Judgment"). Subsequently, on 14 December 2020, EAT has filed to the High Court for the Final Award to be set aside or varied or remitted to the Arbitral Tribunal.

As at 31 December 2020, EAT has recognised total amount of RM124.7 million resulting from the Award ("MMHE claims") as disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

29. MATERIAL LITIGATION (CONT'D.)

Settlement Agreement with MMHE

On 8 March 2021, EAT and MMHE entered into a Settlement Agreement with terms of settlement include, amongst others, the following:

(a) both parties have agreed, without admission of liability, to settle the disputes and differences that have arisen between themselves.

(b) EAT has agreed to pay and MMHE has agreed to accept the sum of USD25.5 million ("the Settlement Sum") as full and final settlement of the disputes between the parties, including MMHE's rights under the Adjudication Proceeding 1, Adjudication Proceeding 2 and the Arbitration Proceeding. The Settlement Sum will be paid in accordance with the terms stipulated in the Settlement Agreement.

(c) both parties have also agreed to withdraw and/or discontinue the court proceedings filed in respect of the Adjudication Proceeding 1, Adjudication Proceeding 2 and Arbitration Proceeding.

(d) MMHE's acceptance of the Settlement Sum is subject to MMHE's rights to enforce and/or execute the Judgment, which is the full sum awarded in the Final Award, less all payments made in the event the Company commits defaults under the Settlement Agreement and fails to remedy the same.

30. SIGNIFICANT EVENTS

(i) Proposed private placement, debt capitalisation and free warrants issue

The Company had obtained the approval from its shareholders at the last Extraordinary General Meeting ("EGM") convened on 25 September 2019, authorising the Directors to allot and issue:

i. 106,355,800 Placement Shares in respect of the Proposed Private Placement;
ii. 121,622,400 Settlement Shares in respect of the Proposed Debt Capitalisation; and
iii. 365,989,100 warrants in respect of the Proposed Free Warrants Issue.

Bursa Securities had, vide its letter dated 20 August 2019, approved the following:

i. listing of up to 106,355,800 Placement Shares on the Main Market;
ii. listing of 121,622,400 Settlement Shares on the Main Market;
iii. admission to the Official List of Bursa Securities and the listing and quotation of up to 365,989,100 Warrants; and
iv. listing of up to 365,989,100 new Shares to be issued from the exercise of the Warrants on the Main Market.

(collectively known as "the Proposals")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

30. SIGNIFICANT EVENTS

(i) Proposed private placement, debt capitalisation and free warrants issue (cont'd.)

Management had obtained written consent from the Company's lenders/financiers in respect of the change in capital structure. All approvals have been obtained which the last approval was obtained on 24 December 2019.

In the previous financial year, the management has received mandate from the Board of Directors to implement the proposed private placement, debt capitalisation and free warrants issue when the share price is at 35 cent.

On 27 February 2020, the Company has made an additional listing announcement, which involves private placement of new ordinary shares in the Company. The private placement proposal will be the first tranche of the approved number of placement shares which the approval has been obtained from the shareholders during Extraordinary General Meeting ("EGM") on 25 September 2019. The private placement will be representing approximately 21.1% of the Company's total number of issued shares. The total number of shares to be issued is 26,500,000 units, with 11,500,000 units at the price of RM0.47 per share and remaining 15,000,000 units at the price of RM0.35 per share. 11,500,000 units of shares is in relation to the private placement of 1,000,000 new shares to Dato' Hak Bin Md. Amin and 10,500,000 new shares to Sindora Berhad. The remaining 15,000,000 units of shares is in relation to placement made to independent third party investors.

On 26 February 2021, the application submitted to Bursa Securities on 2 February 2021 in relation to the extension of time to complete the implementation of the Proposals was withdrawn in consideration of the following:

(a) declining trend in the share price since end of 2019 till now have imposed challenges to the Company to secure potential investors at a price not deviating significantly from the historical range prior to that;

(b) unfavourable prevailing market conditions especially from the unprecedented implementation of the movement control order ("MCO") which first came into effect on 18 March 2020 and implemented in different phases by the Malaysian government following the outbreak of the COVID-19 pandemic in Malaysia has further adversely impacted the Malaysian economy and dampened consumers' as well as investors' sentiments;

(c) the MCO/conditional MCO periods during the year have also hindered the progress of the Company to secure potential independent third party investors. Prior to this unprecedented period, face to face direct meetings are the norm for a company to approach potential investors in order to demonstrate sincerity and to persuade investors on the merits of investing in the company. Further, all parties are primarily focused in adjusting to the new standard operating procedures for businesses and operating activities in order to be able to operate as usual during the MCO/conditional MCO periods. As such, there is hardly any interest shown by the investing community in the Company, in view that efforts tend to focus on minimizing any adverse impact to the financial performance of their various existing businesses and investments; and

(d) as announced by the Company on 17 June 2020, the Company is not in compliance with the required public shareholding spread pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities. Thus, the Company is unable to complete the implementation of the Proposals without further diluting the public shareholding spread.

Following the withdrawal of the EOT Application, the Proposals had lapsed on 19 February 2021, being the last date granted by Bursa Securities to complete the implementation of the Proposals.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

30. SIGNIFICANT EVENTS (CONT'D.)

(ii) COVID-19 impact

The COVID-19 pandemic has had an impact on the Group's operations for the financial year ended 31 December 2020 due to the lockdown measures implemented by countries during the year where the Group has business operations.

Whilst the MCO, Conditional MCO and Recovery MCO were imposed due to COVID-19 pandemic, the Group was able to continue its operations as the transportation and logistics industry is considered an essential sector. Its vessels have operated in compliance with the standard operating procedures and directives issued by the Government of Malaysia throughout the period.

However, due to low oil prices resulting from the pandemic, the Company's operation is expected to be affected as well. The Company expects a possibility of a lower revenue due to fewer spot charter, longer maintenance period and adjustment on the charter hire price.

Nevertheless, as the COVID-19 pandemic continues to evolve, it is challenging to ascertain the full extent and duration of its impact. The management will continue to monitor the development of the COVID-19 pandemic and its impact to the Group's operations and financial performance.

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 2020 (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 (4th) floor of a five (5) - storey office block held for our head office	8 February 2007	12	Built-up: 6,560 Land area: not applicable	930
E.A. Technique	Idaman Sutera Apartment No. C-15-1, No. 2, Jalan 13/21D, Medan Idaman, Gombak, Kuala Lumpur	Freehold	Apartment for seafarers in-transit	6 July 2004	15	Built-up: 845 Land area: not applicable	140

Tenant	Registered Owner	Address	Tenure /Expiry of Lease	Description Existing Use	Total Built Up Area and Land Area (square feet)
E.A. Technique	Kertih Port Sdn Bhd	Lot 3633, (PN 3387) Kawasan Bukit Tengah, KM 105, Jalan Kuantan-Kuala Terengganu	Two (2) years tenancy commencing from 1 September 2018 and expiring on 31 August 2023	Parcel of office /business premises	Built-up: 331 Land area: not applicable
E.A. Technique	Zainal Abdul Wahab	Unit C-5-3, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Two (2) years tenancy + one (1) year tenancy commencing from 1 February 2019 and terminate on 15 July 2021	Commercial unit at fifth (5th) floor of a six (6) -storey office block for our office used	Built-up: 3,000 Land area: not applicable
E.A. Technique	Hamidah Omar	Idaman Puteri No. 17-11, Jalan 13/21D, Medan Idaman, 53100 Gombak, Selangor Darul Ehsan	Three (3) years commencing from 1 March 2018 and terminate on 28 February 2023	Apartment for seafarers in-transit	Land area: not applicable

LIST OF PROPERTIES (CONT'D.)

Tenant	Registered Owner	Address	Tenure /Expiry of Lease	Description Existing Use	Total Built Up Area and Land Area (square feet)
E.A. Technique	Ahmad Fathiri Ahmad Fadzlah	Unit C-3-3, Unit C-3-3A, Block C, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur	Two (2) years tenancy commencing from 1 November 2018 and expiring on 31 October 2022	Commercial unit at third (3rd) floor of a five (5) – storey office block held for our office use	Built-up: 6,560 Land area: not applicable
E.A. Technique	Northport (Malaysia) Bhd	Level 2, Marine Services Building, Northport (Malaysia) Bhd, Jalan Pelabuhan, Pelabuhan Utara, 42000 Port Klang, Selangor	Two (2) years tenancy commencing from 1 July 2019 and expiring on 31 December 2023	Office space at second (2nd) floor of Marine Services Building for office use	Built-up: 1,162 Land area: not applicable
Johor Shipyard	Sumber Shipyard and Engineering Sdn Bhd	Lot PT8436-A, Parit 21, Mukim Hutan Melintang, 36400 Daerah Hilir Perak, Perak Darul Ridzuan	20 years/30 November 2032 with an option to renew for another ten (10) years	Option which included but not limited to ship construction, repairs and all such shipyard activities and other related activities	Built-up: 13,000 Land area: 435,600
E.A. Technique	Wan Kamariah Abu Bakar	No. 38-1, Jalan Setiawangsa 11A, Taman Setiawangsa, 54200 Kuala Lumpur	Two (2) years tenancy commencing from 1 November 2020 and expiring on 31 October 2022	One (1) unit of office lot for filing and storage	N/A

Shareholdings Statistics

AS AT 6 MAY 2021

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	9	0.37	194	-
100 – 1000	246	10.12	131,300	0.03
1,001 – 10,000	935	38.46	5,864,906	1.11
10,001 – 100,000	1,013	41.67	36,204,800	6.82
100,001 to less than 5% of Issued Capital	226	9.30	186,118,800	35.08
5% and above of Issued Capital	2	0.08	302,180,000	56.96
TOTAL	**2,431**	**100.00**	**530,500,000**	**100.00**

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)	36,680,000	6.91
3	Kenanga Capital Sdn Bhd - A/C Pledged Securities Account For Abdul Hak bin Md Amin	22,000,000	4.15
4	CIMSec Noms (T) Sdn Bhd - A/C Cimb For Hamidah binti Omar (PB)	21,866,900	4.12
5	Kenanga Capital Sdn Bhd - A/C Pledged Securities Account For Abdul Hak bin Md Amin (Account 2)	21,620,000	4.08
6	Kulim (Malaysia) Berhad	12,884,300	2.43
7	CitiGroup Noms (T) Sdn Bhd - A/C Great Eastern Life Assurance (Malaysia) Berhad (LGF)	8,895,600	1.68
8	Affin Hwang Noms (T) Sdn. Bhd. - A/C Pledged Securities Account For Lim Chai Beng	6,882,800	1.30
9	Maybank Securities Noms (T) Sdn Bhd - A/C Pledged Securities Account For Abdul Hak bin Md Amin	4,141,700	0.78
10	Maybank Noms (T) Sdn Bhd - A/C Adam Shah bin Abdul Majid	3,885,000	0.73
11	PFM Capital Sdn Bhd	3,270,300	0.62
12	AllianceGroup Noms (T) Sdn Bhd - A/C Pledged Securities Account For Tan Vun Su (8045771)	2,143,600	0.40
13	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account For Kong Kok Choy (SRB/PMS)	2,000,000	0.38
14	PM Noms (T) Sdn Bhd - A/C Pledged Securities Account For Kong Kok Choy (B)	2,000,000	0.38
15	Affin Hwang Noms (T) Sdn. Bhd. - A/C Pledged Securities Account For Tan Siew Koon (TAN6238M)	1,980,400	0.37
16	Malacca Equity Noms (T) Sdn Bhd - A/C Exempt An For Phillip Capital Management Sdn Bhd (EPF)	1,835,200	0.35
17	AllianceGroup Noms (T) Sdn Bhd - A/C Pledged Securities Account For Lim Chai Beng (7001398)	1,772,900	0.33
18	CGS-CIMB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Goalkey System Sdn Bhd (MY1461)	1,670,000	0.31
19	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account For Tam Seng @ Tam Seng Sen (E-PTS)	1,600,000	0.30
20	Zulkifli bin Mohamad Basar	1,558,500	0.29

SHAREHOLDINGS STATISTICS (CONT'D.)

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONT'D.)
(Without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares	%
21	Maybank Noms (T) Sdn Bhd - A/C Pledged Securities Account For Abd Talib bin Bachek	1,423,900	0.27
22	Malacca Equity Noms (T) Sdn Bhd - A/C Exempt An For Phillip Capital Management Sdn Bhd	1,397,700	0.26
23	CGS-CIMB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Khor Kim Hock (B B KLANG-CL)	1,239,600	0.23
24	Tee Chee Keng	1,230,000	0.23
25	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account For Tan Lim Soon (E-KPG)	1,100,000	0.21
26	Public Noms (T) Sdn Bhd - A/C Pledged Securities Account For Lee Kong Wai (E-SPG)	1,014,100	0.19
27	Public Invest Noms (T) Sdn Bhd - A/C Exempt An For Phillip Securities Pte Ltd (CLIENTS)	1,000,000	0.19
28	CGS-CIMB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Arshad bin Ayub (MY1393)	1,000,000	0.19
29	CGS-CIMB Noms (T) Sdn Bhd - A/C Pledged Securities Account For Zalaraz Sdn Bhd (MY3113)	950,000	0.18
30	Low Tong Meng	878,000	0.17

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
Name		No. of Shares	%	No. of Shares	%
Sindora Berhad		265,500,000	50.05	-	-
Dato' Ir. Abdul Hak bin Md. Amin - CimSec Noms (T) Sdn Bhd - A/C CIMB For Abdul Hak Bin Md Amin (PB) - Kenanga Capital Sdn Bhd - A/C For Abdul Hak Bin Md Amin - Kenanga Capital Sdn Bhd - A/C For Abdul Hak Bin Md Amin (Account 2) - Maybank Secs Noms (T) Sdn Bhd - A/C For Abdul Hak Bin Md Amin	 36,680,000 22,000,000 21,620,000 4,141,700	84,441,700	15.92	22,061,900	4.16

ANALYSIS OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	931	38.30	442,098,900	83.34
- Others	1,475	60.67	86,765,700	16.35
Foreigners	25	1.03	1,635,400	0.31
TOTAL	**2,431**	**100.00**	**530,500,000**	**100.00**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Seventh (27th) Annual General Meeting **("AGM")** of E.A. Technique (M) Berhad (**"EAT"** or the **"Company"**) will be conducted entirely through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 30 June 2021 at 2.30 pm, for the transaction of the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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) Datuk Mohd Nasir Bin Ali - Rule 27.1 **Ordinary Resolution 1**
(ii) Aziah Binti Ahmad - 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 2021.
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 1 July 2021 until the next AGM of the Company ("Relevant Period").
Please refer to Explanatory Note D **Ordinary Resolution 4**

5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 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**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

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

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**

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
31 May 2021

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

NOTES:

(A) IMPORTANT NOTICE

1. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 27th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 27th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide for Shareholders on 27th AGM and take note of Notes (2) to (7) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 23 June 2021.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV 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.

4. 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 via RPV.

5. 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.

6. 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.

7. 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.

8. 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.

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak, and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide for Shareholders on 27th AGM**

10. 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 twenty-four (24) 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
    In the case of an appointment made in hard copy form, the proxy form must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic form
    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Administrative Guide For Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.

12. Last date and time for lodging the proxy form is **Tuesday, 29 June 2021 at 2.30 p.m.**

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) 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.

14. For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. 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 27th 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D.)

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 seven (7), two (2) Directors are to retire in accordance with Rule 27.1. Hence, Datuk Mohd Nasir Bin Ali and Aziah Binti Ahmad are standing for re-elections as Directors of the Company and being eligible, have offered themself 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 RM256,000 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	2021	2020
Board of Directors		
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
Investment 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

MEETING ALLOWANCE (PER MEETING)	CHAIRMAN	NEDs / MEMBER
Board of Directors	RM2,000	RM1,000
Audit Committee	RM2,000	RM1,000
Tender Committee	RM2,000	RM1,000
Nomination Committee	RM2,000	RM1,000
Remuneration Committee	RM2,000	RM1,000
Risk Committee	RM2,000	RM1,000
Investment 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. Ernst & Young PLT ("E&Y") as Auditors of the Company and collectively agreed that E&Y met the relevant criteria as prescribed by Paragraph 15.21 of the Listing Requirements.

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 31 May 2021 to Shareholders of the Company.

Statement Accompanying Notice Of Annual 27th General Meeting

(PURSUANT TO PARAGRAPH 8.72 (2) OF BURSA MALAYSIA SECURITIES BERHAD 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 27th 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 15 July 2020.

FORM OF PROXY

No. of shares held	
CDS Account No.	

E.A. TECHNIQUE (M) BERHAD
Registration No. 199301001779 (256516-W)
(Incorporated in Malaysia)

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 27th Annual General Meeting of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("the Broadcast Venue") on Wednesday, 30 June 2021 at 2.30 p.m. or any adjournment thereof, and to vote as indicated below:

RESOLUTIONS		For	Against	Abstain
1.	To re-elect Director – Datuk Mohd Nasir bin Ali			
2.	To re-elect Director – Aziah binti Ahmad			
3.	To approve payment of Directors' fees			
4.	To approve payment of Directors' remuneration			
5.	To re-appoint Messrs. Ernst & Young as auditors			
6.	Authority to allot & issue shares			
7.	Proposed Share Buy-Back Renewal			

(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. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 27th Annual General Meeting in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, participate (including posing questions to the Board) and vote remotely at the 27th Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online.
2. For the purpose of determining who shall be entitled to attend this Annual General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as of 23 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to attend, participate, speak, and vote in this Annual General Meeting via RPV.
3. A member who is entitled to attend, participate, speak, and vote at this Annual General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak, and vote in his/her place. A proxy may but need not be a member of the Company. **In view that this is a fully virtual Annual General Meeting, we strongly advise the members who are unable to attend, participate, speak, and vote in this Annual General Meeting via RPV to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.**
4. (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.
5. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act 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.
6. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV **must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online**

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STAMP

E.A. TECHNIQUE (M) BERHAD
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Fold here

7. 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 twenty-four (24) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Annexure to the proxy form – Electronic Submission of Proxy Form via TIIH Online for General Meeting.
8. Please ensure ALL the particulars as required in the proxy form are completed, signed, and dated accordingly.
9. Last date and time for lodging the proxy form is Tuesday, 29 June 2021 at 2.30 p.m.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the Annual 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. To attend, participate and vote remotely, the attorney should refer to the Information for Shareholders on 27th Annual General Meeting for further details.

PERSONAL DATA PRIVACY

By Submitting an instrument appointing a proxy(ies) and/or representatives(s), the members accept and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 May 2021.

E.A. TECHNIQUE (M) BERHAD
199301001779 (256516-W)

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