



ANNUAL REPORT  
**2023**

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## CORPORATE PROFILE

**At Nam Cheong, we believe in meeting our clients' need through three basic principles:**

### **QUALITY. RELIABILITY. DELIVERY.**

The company emphasises on its strong procurement philosophies and takes pride in building top notch OSVs, thereby aspiring to revolutionise Nam Cheong into a global household brand and steers the future of shipbuilding.

Our extensive track record and comprehensive knowledge about the offshore support vessel market enable us to strategically envisage and identify the most appropriate vessels to construct for our prospective customers. Coupled with our cutting edge engineering expertise, our ultimate mission is to make certain that the customers receive quality and suitable vessels on schedule. This allows them to execute their projects in a timely manner and enhance their efficiency.

Nam Cheong Limited ("NCL") and its subsidiaries (the "Group") are an offshore marine group headquartered in Kuala Lumpur, Malaysia.

The Group's history can be traced back to the 1960s with the incorporation of its principal operating subsidiary, Nam Cheong Dockyard Sdn. Bhd. ("NCD"), in Malaysia as a private limited company (under the Malaysia Companies Act 1965) on 5 December 1968, which was then engaged primarily in the construction of barges and fishing vessels in Malaysia.

In 2007, the Group expanded its shipbuilding operations, with part of their scope being the engagement, supervision and monitoring of the PRC Contractors where the Group's shipbuilding operations are outsourced to the PRC Contractors. In May 2011, NCL was listed on the Mainboard of the SGX-ST through a reverse takeover of Eagle Brand Holdings Limited. On 25 April 2011, Eagle Brand Holdings Limited changed its name to Nam Cheong Limited.







## VISION

OUR VISION IS TO CREATE CONSISTENT VALUE GROWTH THROUGH INNOVATIVE SUPPLY CHAIN SOLUTIONS AND UNIQUE PARTNERSHIPS.

TO REALISE THIS VISION, WE PRACTISE A CLIENT VALUE ADDING BUSINESS MODEL THAT GIVES STRATEGIC CAPABILITIES TO THE OIL AND GAS INDUSTRY.

## MISSION

TIMELY DELIVERY OF RELIABLE VESSELS AND CHARTERING SERVICES TO OUR CUSTOMERS, THUS SAVING THEM INVALUABLE TIME AND ENHANCING THEIR OPERATIONS.

## CORPORATE PROFILE & BUSINESS OVERVIEW

The Group's core business is the provision of Offshore Support Vessels ("OSVs") used in the offshore oil and gas exploration and production ("E&P") and oilfield services industries, including Safety Standby Vessels ("SSVs"), Anchor Handling Tug Supply ("AHTS") vessels, Platform Supply Vessels ("PSVs") accommodation work barges and maintenance work vessels, through its vessel chartering and shipbuilding division.

The Group's customers consist primarily of national and international oil majors, oil field service providers and ship owners as well as marine services operators operating in the offshore oil and gas industry in Malaysia, Singapore, Indonesia, Vietnam, the People's Republic of China ("PRC"), Netherlands, India, Tunisia, the Middle East, the United States and West Africa and Latin America.

At present, the OSVs provided by the Group include:

### ANCHOR HANDLING TUG SUPPLY (AHTS)

AHTS vessels are designed to provide anchor handling for offshore drilling rigs, tow offshore drilling rigs, barges and other types of OSVs, and also transport supplies and equipment to and from offshore drilling rigs, production platforms and other types of offshore support vessels and installations. The Group's AHTS vessels range from 5,000 bhp to 12,000 bhp, which can produce between 60 and 150 tonnes of bollard pull. The vessels are generally between 60 metres to 78 metres long and are equipped with fire-fighting and fuel-efficient capabilities.

### ACCOMMODATION WORK BARGES (AWB)

AWB are vessels specifically designed to house and accommodate crew. Depending on the size and specifications, the capacity of accommodation barges may vary from 150 to 500 people.

### MAINTENANCE WORK VESSEL (MWW)

MWW are vessels designed as a platform for the loading and unloading of cargo or as a temporary workspace for the handling of equipment and materials. Measuring up to 78 metres in length, the Group's accommodation workboats are installed with DP2 and have a carrying capacity of up to 200 people. The workboats are currently built for operation in Asia but can be upgraded in size to operate in Europe if required by customers.

### PLATFORM SUPPLY VESSEL (PSV)

PSV are designed for the transportation of supplies and equipment to and from offshore oil and gas support production platforms, offshore drilling rigs and other types of offshore vessels and installations. The Group's PSVs measure up to 80 metres in length and have a speed of up to 15 knots. Typically, they can carry loads of up to 4,000 DWT and are equipped with fire-fighting and fuel-efficient capabilities as well as DPS.





### SHIP CHARTERING

The Group started vessel chartering operations since 2007. These operations are carried out through our subsidiaries, SKOSV Sdn Bhd and SKOM Sdn Bhd. The Group currently has a fleet of more than 25 vessels, comprising AHTS, PSV, MWV, AWB, Safety Standby Vessel and Landing Craft. From bareboat charter, we moved to time chartering which succeed by a team of professionals who commits to strive the highest standard of quality, health, safety, security & environment.

We hold a valid Petronas license and are being seen as one of the largest OSV providers in Malaysia to the national oil company and international oil majors.

### SHIPBUILDING

The Group's shipbuilding was conducted solely in its 12.6-hectare Miri shipyard located in Kuala Baram, Sarawak, Malaysia, and East Malaysia prior to 2006. However, due to an increase in the demand for its vessels, the Group started outsourcing the construction of vessels to yards in the PRC.

The Group builds vessels on both a build-to-order and build-to-stock basis. For build-to-order vessels, it typically commences the construction process only upon securing a firm order from a customer. For build-to-stock vessels, however, it commences the construction of the vessels in

anticipation of future or potential orders and seeks to sell the vessels to customers at a later stage when the selling prices are favorable. The Group initiates the design and engineering of vessels contracts after it has assessed the market demand for vessels and the availability of major equipment for vessels with identified specifications.

The Group's strategic focus is on building OSVs such as AHTS vessels, accommodation workboats, accommodation barges, and since 2011, Platform Supply Vessels ("PSVs") which comply with the technical specifications required to operate in the North Sea, including the requirements of the Norwegian Maritime Directorate and Det Norske Veritas ("DNV"), as well as alternative PSVs designed specifically for Asian waters.

The Group secures its sale contracts through negotiations and is awarded contracts mainly based on its track record, capacity, pricing, technical product specifications and technical financial capabilities. The Group has developed strong relationships with its customers over the years and has gained a reputation for building reliable, high quality vessels.

The Group typically builds vessels based on standard proven designs, which are widely accepted, and specifications that are able to meet the requirements of its customers.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**TAN SRI DATUK TIONG SU KOUK**  
(Executive Chairman)

**TIONG CHIONG HIIUNG**  
(Executive Vice Chairman cum Finance Director)

**LEONG SENG KEAT**  
(Chief Executive Officer)

**AJAIB HARI DASS**  
(Lead Independent Director)

**YEE KIT HONG**  
(Independent Director)

**KAN YUT KEONG, BENJAMIN**  
(Independent Director)

**DATUK LIM TONG LEE**  
(Independent Director)\*

**TAN BOON YONG THOMAS**  
(Independent Director)\*

**YEOH SENG HUAT GEOFFREY**  
(Independent Director)\*

\* Appointed on 1 April 2024

### AUDIT COMMITTEE

**YEE KIT HONG** (Chairman)

**AJAIB HARI DASS**

**KAN YUT KEONG, BENJAMIN**

### NOMINATING COMMITTEE

**AJAIB HARI DASS** (Chairman)

**YEE KIT HONG**

**TIONG CHIONG HIIUNG**

### REMUNERATION COMMITTEE

**AJAIB HARI DASS** (Chairman)

**YEE KIT HONG**

**KAN YUT KEONG, BENJAMIN**

### COMPANY SECRETARY

**KONG WEI FUNG**

**CHEOK HUI YEE**

### ASSISTANT SECRETARY

**CONYERS CORPORATE SERVICES (BERMUDA) LIMITED**

### REGISTERED OFFICE

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2 Church Street  
Hamilton HM 11  
Bermuda  
Tel: (441) 295 5950  
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### CORRESPONDENCE ADDRESS AND CONTACT

9 Raffles Place, #26-01 Republic Plaza  
Singapore 048619  
Tel: (65) 6236 3333 (General enquiries)/  
(65) 6438 2990 (Investor relations)  
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### BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE

**MUFG FUND SERVICES (BERMUDA) LIMITED**  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12, Bermuda

### SINGAPORE SHARE TRANSFER AGENT

**IN.CORP CORPORATE SERVICES PTE. LTD.**  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712  
Tel: (65) 6990 8220  
Fax: (65) 6395 0670

### AUDITOR

**FOO KON TAN LLP**  
(a principal member of HLB International)  
Chartered Accountants  
1 Raffles Place  
#04-61/62 One Raffles Place Tower 2  
Singapore 048616  
Tel: (65) 6336 3355  
Fax: (65) 6337 2197

### AUDIT PARTNER-IN-CHARGE

**MR ONG SOO ANN**  
(Appointed from the financial year ended 31 December 2021)







# FINANCIAL HIGHLIGHTS





|   | 2023      | Restated<br>2022 | % changes |
|---|-----------|------------------|-----------|
| <b>Group Statement of Profit or Loss (RM'ooo)</b>     |           |                  |           |
| Revenue   | 475,273   | 365,721          | 30%       |
| Gross Profit  | 168,600   | 100,693          | 67%       |
| Net Profit After Tax                                  | 162,923   | 61,530           | >100%     |
| <b>Group Statement of Financial Position (RM'ooo)</b> |           |                  |           |
| Total Assets  | 911,335   | 694,583          | 31%       |
| Total Liabilities                                     | 1,413,521 | 1,319,260        | 7%        |
| Shareholders' Deficit                                 | (502,186) | (624,677)        | (20%)     |
| Borrowings  | 1,043,578 | 990,693          | 5%        |
| <b>Financial Ratios</b>                               |           |                  |           |
| Earnings Per Share                                    |           |                  |           |
| Basic (sen)   | 194.85    | 74.61            |           |
| Diluted (sen)   | 191.52    | 73.31            |           |
| Net Liability Value Per Share (sen)                   | (622.2)   | (785.7)          |           |

## CHAIRMAN'S STATEMENT



### DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Nam Cheong Limited ("**Nam Cheong**", together with its subsidiaries, the "**Group**"), I am pleased to present to you our Annual Report for the financial year ended 31 December 2023 ("**FY2023**").

### ON TRACK TOWARDS BUSINESS RECOVERY

In FY2023, the Group achieved encouraging financial results and notable milestones in our restructuring journey. Firstly, our revenue crossed the RM400 million mark for the first time since 2015. This achievement signifies a turning point from a prolonged period of business downturn, reflecting the effectiveness of our strategic efforts to transition from shipbuilding to vessel chartering.

In addition to our financial improvement, we made meaningful headway in the restructuring process. On 20 April 2023, the Group entered into the debt restructuring master agreement ("**DRMA**") with its financial institution creditors. The conclusion of the DRMA is subject to three critical conditions: 1) the resumption of stock trading on the Singapore Exchange ("**SGX-ST**"); 2) the sanctioning of the New NCL Scheme by the High Court of Malaya, and

3) the approval of the proposed restructuring scheme by our shareholders.

We are delighted to share that all three conditions have been fulfilled and the restructuring process has been concluded, paving the way for the Group's future sustainable growth.

As we move forward, these milestones signify our commitment and dedication to delivering long-term sustainable value to our stakeholders.

### ROBUST FINANCIAL PERFORMANCE

For FY2023, we closed the year with a total revenue of RM475.3 million from our vessel chartering business, up 30% year-on-year ("**yoy**"). The increase was driven by improved daily charter rates. As per the last 3 years, the shipbuilding division did not record any revenue in FY2023, as there was no scheduled vessel sale and delivery.

In the same tandem, FY2023 gross profit also saw a 67% yoy increase to RM168.6 million. Gross profit margin improved significantly by 8.0 percentage points and closed at 35.5% as compared to 27.5% for FY2022.



Moreover, other income saw a surge of 48% yoy to RM90.5 million in FY2023. This increase was primarily attributed to the reversal of inventories previously written down totalling RM31.2 million as a result of the successful delivery of a vessel from the Non-Fujian Group Shipyard in FY2023.

Consequently, the Group's net profit for FY2023 more than doubled that of FY2022, reaching RM162.9 million.

This marks the third consecutive year of positive results for the Group, with FY2023 emerging as a particularly robust financial period. The consistent enhancement of our business fundamentals highlights the Group's steady momentum towards recovery.

#### FAVOURABLE TIDES IN 2024

Looking ahead to 2024, the global oil market continues to gain momentum, with the Intercontinental Exchange ("ICE") benchmark Brent Crude price averaging US\$82.2 per barrel for FY2023<sup>1</sup>. This favourable oil price environment is particularly beneficial for the upstream Marine and Offshore sectors, driving demand for offshore support vessels ("OSVs").

In Malaysia, Petronas has recently announced its commitment to sustain and grow Malaysia's oil and gas production to two million barrels of oil equivalent per day by 2025 and beyond<sup>2</sup>. This commitment is expected to catalyse production activities, thereby enhancing overall vessel utilisation for OSV providers, including our Group.

The supportive outlook for OSV providers is further bolstered by the limited supply of OSVs resulting from minimal investments in new vessels in recent years<sup>3</sup>. As a result, the vessel charter rate is expected to improve, buoyed by the positive demand-supply dynamics.

As mentioned earlier, the Group successfully resumed the trading of its shares on the SGX-ST on 14 March 2024. Moving forward, we will continue to focus on enhancing our operation efficiency as we actively look out for growth opportunities.

With this favourable industrial growth momentum and the conclusion of our restructuring, we remain confident in our ability to deliver resilient results for FY2024 and beyond.

#### APPRECIATION

As we progressively navigate through the business headwinds, we warmly welcome Datuk Lim Tong Lee, Mr Thomas Tan Boon Yong and Mr Geoffrey Yeoh Seng Huat aboard as new Independent Directors. Their expertise and fresh ideas are key to sustaining our growth and success.

Meanwhile, I would like to extend our deepest appreciation to Mr Ajaib Hari Dass, Mr Yee Kit Hong and Mr Benjamin Kan Yut Keong who will be retiring as Independent Directors following the upcoming Annual General Meeting on 30 May 2024, in accordance with the 9-year term limit rule set out by the Singapore Institute of Directors. Thank you for your invaluable contributions during your tenure. Your unequivocal support, which has helped Nam Cheong navigate through the countless challenges, positions us in calmer waters before passing on the baton. I wish you all the best in your future endeavours.

Next, we wish to extend our heartfelt gratitude to all stakeholders for their unwavering support, and to our shareholders for their enduring confidence in the Group. Additionally, I would like to extend my appreciation to the Board, management team, and colleagues for their collective commitment and dedication, which have enabled us to navigate through numerous market challenges.

With our improving fundamentals and supportive outlook in the OSV market, we hope to sustain our business recovery in the coming year. Thank you for your continued support.

Faithfully,

#### TAN SRI DATUK TIONG SU KOUK

Executive Chairman

13 May 2024

<sup>1</sup> Bloomberg: ICE benchmark Brent crude price

<sup>2</sup> Petronas: the Petronas Activity Outlook 2024 to 2026 (PAO 2024-2026)

<sup>3</sup> Kenanga Research: Oil & Gas, Petronas Activity Outlook 2024-2026

## FINANCIAL & OPERATIONS REVIEW

### REVENUE AND PROFITABILITY

During the financial year ended 31 December 2023 ("FY2023"), the Group generated a total revenue of RM475.3 million solely from its vessel chartering business, up 30% yoy. The increase was mainly driven by improved daily charter rates. Correspondingly, gross profit grew by 67% yoy to RM168.6 million, with gross profit margin increased by 8.0ppts to 35.5%.

Other income was higher at RM90.5 million in FY2023 as compared to RM61.3 million recorded in FY2022, mainly attributable to the reversal of inventories written down of RM31.2 million, as a result of the successful delivery of a vessel from the Non-Fujian Group Shipyard in FY2023.

Administrative expenses increased by RM4.9 million or 13% from RM38.3 million to RM43.2 million in tandem with the increase in revenue.

Other operating expenses was lower at RM12.0 million in FY2023 as compared to RM20.0 million recorded in FY2022 mainly due to lower foreign exchange loss recognised in FY2023.

Finance costs decreased to RM27.4 million in FY2023 as compared to RM30.0 million recorded in FY2022, mainly due to the decrease in finance cost related to vessel financing during the year.

Consequently, the Group delivered a net profit after tax of RM162.9 million in FY2023 as compared to a net profit of RM61.5 million in FY2022.

### BUSINESS SEGMENTS

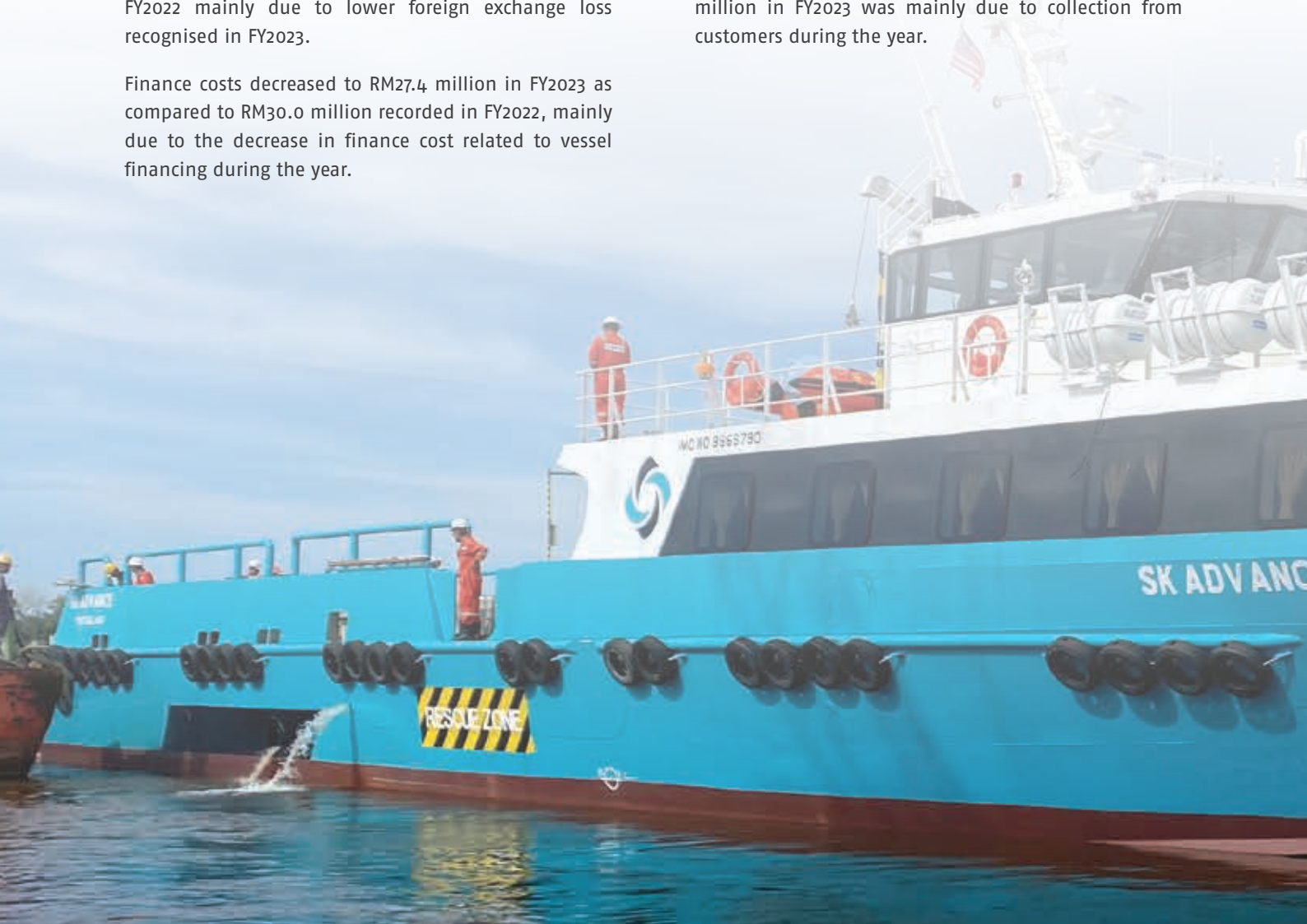
Chartering segment has been the sole revenue generator for the Group's revenue, contributing RM475.3 million and RM365.7 million to the Group's revenue in FY2023 and FY2022 respectively.

### SHARE OF RESULTS FROM JOINT VENTURES AND ASSOCIATE

Share of profit of equity accounted joint ventures increased to RM5.7 million for FY2023, up from RM1.4 million recorded in FY2022, mainly driven by improved daily charter rates and higher vessel utilisation during the reporting period. Whereas the share of profit of associates of RM4.1 million in FY2023 was consistent with the RM4.5 million recorded in FY2022.

### CASH FLOWS

Net cash generated from operating activities of RM24.3 million in FY2023 was mainly due to collection from customers during the year.





Net cash used in investing activities of RM19.8 million in FY2023 was mainly due to the payment made for acquisition of property, plant and equipment of RM78.3 million, which was partially offset by proceeds received from disposal of property, plant and equipment amounted to RM61.6 million during the year.

Net cash used in financing activities of RM8.5 million in FY2023 was mainly due to increase in fixed deposit pledged as security for bank facilities, restricted cash and dividend paid to non-controlling interest of a subsidiary amounted to RM3.4 million, RM1.9 million and RM1.5 million respectively.

#### **TOTAL ASSETS**

Total assets of the Group increased by 31.2% or RM216.7 million from RM694.6 million as at 31 December 2022 ("FY2022") to RM911.3 million as at 31 December 2023 ("FY2023") mainly due to:

- (i) Property, plant and equipment increased by RM117.0 million or 27.4% from RM426.8 million to RM543.8 million as at FY2023 mainly due to acquisition of vessels amounting to RM115.1 million; and

- (ii) Trade and other receivables increased by RM74.0 million or 41.1% from RM180.2 million as at FY2022 to RM254.2 million as at FY2023 in tandem with the increase in revenue during the year.

#### **TOTAL LIABILITIES**

Total liabilities of the Group increased by 7.1% or RM94.2 million from RM1.319 billion as at FY2022 to RM1.414 billion as at FY2023 mainly due to the following:

- (i) Borrowings increased by RM52.9 million or 5.4% from RM990.7 million as at FY2022 to RM1.043 billion as at FY2023 as a result of fluctuation of foreign currency exchange rates; and
- (ii) Trade and other payables increased by RM38.3 million or 14.2% from RM269.0 million to RM307.3 million mainly due to the increase in interest payable on borrowings, as well as fluctuation of foreign currency exchange rates.



## BOARD OF DIRECTORS



**TAN SRI DATUK TIONG SU KOUK**

Executive Chairman

Date of Appointment: 28 April 2011

In 1998, Tan Sri Datuk Tiong Su Kouk had through a series of equity injections increased his shareholding interest in Nam Cheong Dockyard Sdn Bhd ("NCD"). In the subsequent year, Tan Sri Datuk Tiong has obtained majority shareholding control and has since assumed an active role in the management of the Group.

Tan Sri Datuk Tiong has more than 20 years of solid experience in the shipbuilding industry. He oversees the Group's strategic direction and shipbuilding operations in the Company's shipyard located at Miri and the People's Republic of China contractors' shipyards. With his extensive experience and involvement in the shipbuilding industry, he has built a wide network of Malaysian and foreign business contacts over the years. He has played a significant role in steering the Group from being primarily involved in the construction of barges and fishing vessels in Malaysia to building of offshore support vessels ("OSVs"), transforming the Group into one of the leading providers of OSVs in Malaysia.

Tan Sri Datuk Tiong is also the founder of CCK Consolidated Holdings Berhad ("CCK"), a company listed on the Main Market of Bursa Securities Malaysia Bhd. Under his stewardship, CCK and its subsidiaries ("CCK Group") has progressed from a small family-run business to one of Sarawak's largest integrated poultry producers in Malaysia. Tan Sri Datuk Tiong also sits on various school boards and boards of other private limited companies.

Tan Sri Datuk Tiong was awarded the Pingat Bintang Sarawak by the head of the Sarawak state in 1987 and Johan Setia Mahkota by Seri Paduka Baginda Yang di-Pertuan Agong in 2000 for his noteworthy contributions to the community.

In 1999, Tan Sri Datuk Tiong was appointed as a Member of MAPEN II (Majlis Perundingan Ekonomi Negara Kedua). Tan Sri Datuk Tiong is also the Honorary Life President of the World Federation of Foochow Association, Permanent Honorary Chairman and Inaugurator of The World Zhang Clan Association, Honorary Life President of the Federation of Foochow Association of Malaysia and Honorary President of the Associated Chinese Chambers of Commerce and Industry of Sarawak.

Tan Sri Datuk Tiong was conferred the Panglima Jasa Negara (P.J.N.) which carries the title "Datuk" by Seri Paduka Baginda Yang di-Pertuan Agong on the occasion of His Excellency's 75th Birthday 2 June 2001.

Tan Sri Datuk Tiong was subsequently conferred the Panglima Setia Mahkota (P.S.M.) which carries the title "Tan Sri" by Seri Paduka Baginda Yang di-Pertuan Agong XIV, Almu'tasimu Billahi Muhibbuddin Tuanku Alhaj Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah on the occasion of His Excellency's 88th Birthday on 4 June 2016.



## BOARD OF DIRECTORS



### MR TIONG CHIONG HIIUNG

Executive Vice Chairman

Finance Director

Member of Nominating Committee

Date of Appointment: 1 July 2014

Mr Tiong Chiong Hiiung joined the Group in 1993.

Mr Tiong holds a degree in Bachelor of Economics from Monash University, Australia in 1989. In 1997, he became the Managing Director of CCK Group of Companies ("CCK Group") where he oversees the overall management and operations of the CCK Group. He has played a pivotal role in transforming the CCK Group's operations into one of the pioneer poultry producer in Malaysia today.

Mr Tiong oversees the Group's general corporate and financial affairs. He was involved in crafting the human resource policies and had initiated the implementation of the employee salary structure for the Group. He had also initiated the development of the corporate management system where policies, procedures and detailed processes of different functions are documented and monitored for the betterment of the Group.

In 2014, Mr Tiong was appointed as the Executive Vice Chairman of the Group where he serves to strengthen the Group's financial health in light of the increasing demands of an evolving and dynamic business. He also assists the Executive Chairman in reviewing various Board matters and in supporting the implementation of growth and business strategy.

Mr Tiong was appointed as the Financial Director of the Group in 2017. He provides guidance to the Finance team in financial strategies and control towards a healthier financial performance for the Group. His vast experience in corporate strategies planning and financial management provides an assurance to the Group's commitment in business continuity and growth.

Mr Tiong is a licensed company secretary by the Companies Commission of Malaysia. He also sits on the boards of various private limited companies.

## BOARD OF DIRECTORS



**MR LEONG SENG KEAT**

Chief Executive Officer

Date of Appointment: 21 May 2013

Mr Leong Seng Keat joined the Group in 2005.

Mr Leong graduated from the Chisholm Institute of Technology, Australia in 1990 with a Bachelor of Engineering degree, majoring in Electrical and Computing. Before joining the Group, Mr Leong has accumulated more than 15 years of experiences in the management of information technology. He is very well versed with the different phases of development and changes in the life of a corporation.

Mr Leong joined Group as an Executive Director in the early days and brought with him his vast experience in sales and management. He has successfully marketed and pioneered the sale of the Group's vessels to the international market.

In 2013, Mr Leong was appointed as the Chief Executive Officer for the Group. He spearheads the management team in working towards the visions of the Group. Under his leadership, the Group progresses steadily in its expansion of global market sales and innovation in price performance vessels with fuel efficient features. Mr Leong predominantly guides the Group towards maintaining a steady performance in the dynamic industry. He also oversees and manages the Group's overall corporate and strategic directions, works closely with the management team intrinsically for significant expansion of market share and operations, delegating and directing agendas and communicating with the Board. In 2016, Mr Leong has established a ship management arm for Group, SKOM Sdn Bhd, creating yet another significant milestone for the Company. Under his assiduous supervision, the Company and its subsidiaries has grown to be a proven vessels operator with about 30 vessels in active operation.

Mr Leong is a frequent and well sought-after speaker and panellist at various domestic and international offshore and marine conferences due to his invaluable sales and management experience and in-depth knowledge about offshore and marine industry.

Mr Leong has been a member of American Bureau of Shipping (ABS) Southeast Asia Regional Committee since 2008.



**MR AJAIB HARI DASS**

Lead Independent Director

Chairman of Nominating Committee

Chairman of Remuneration Committee

Member of Audit Committee

Date of Appointment: 28 April 2011

Mr Ajaib Hari Dass joined the Board of Directors in 2011.

Mr Hari Dass graduated from the University of London in 1974 with a Bachelor of Law (Honours) degree and was called to the English Bar at the Middle Temple in 1975. Mr Hari Dass was admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1976. Mr Hari Dass has set up Haridass Ho & Partners in 1985. As the founding partner and consultant for the Firm, Mr Hari Dass is internationally accredited by Chambers & Partners as a "Senior Statesman" in the niche practice of shipping law in Singapore.

Mr Hari Dass has more than 47 years of legal experience and specializes in shipping and admiralty matters, both litigious and non-litigious in nature as well as matters relating to ship sale and purchase and financing aspects of such transaction. On the admiralty/shipping front, he handles marine insurance claims, collision claims, salvage and cargo claims, oil pollution and bunker supply disputes, charterparty disputes, bills of lading, towage and shipbuilding/construction disputes. He also has an active practice in international sale of goods, commercial and banking litigation. He has handled several major arbitration cases in Singapore in the capacity as arbitrator and as well as counsel.

Mr Hari Dass is an independent director of the listed company, Mertis Energy Limited. He is also a director of Singapore LNG Corporation Pte Ltd. He is a Senior Accredited Specialist (Maritime & Shipping) with Singapore Academy of Law, a panel member of Singapore International Arbitration Centre (SIAC), Singapore Chamber of Maritime Arbitration (SCMA), a principal mediator of the Singapore Mediation Centre as well as a member of the MPA National Maritime Safety at Sea Council. He is also a Commissioner for Oaths, a Notary Public and had served as a Justice of the Peace.





### **MR YEE KIT HONG**

**Independent Director**  
**Chairman of Audit Committee**  
**Member of Nominating Committee**  
**Member of Remuneration Committee**  
 Date of Appointment: 28 April 2011

Mr Yee Kit Hong joined the Board of Directors in 2011.

Mr Yee graduated from the University of Singapore with a Bachelor of Accountancy. As a qualified professional accountant, he has over 30 years of extensive experience in the field of audit, management consultancy, accountancy, and taxation. Mr Yee is a fellow of the Institute of Chartered Accountant, England and Wales, the Institute of Singapore Chartered Accountants, and a full member of the Institute of Directors. He is presently a partner in Kit Yee & Co., Chartered Accountants Singapore and JH Tan & Associates, Chartered Accountants Singapore. Prior to establishing the practice, he was a Tax Manager with Ernst & Young.

In 2003, Mr Yee was conferred the award of Public Service Medal (PBM) by the Singapore government as recognition for his noteworthy public services.



### **MR KAN YUT KEONG, BENJAMIN**

**Independent Director**  
**Member of the Audit Committee**  
**Member of the Remuneration Committee**  
 Date of Appointment: 1 October 2014

Mr Kan Yut Keong, Benjamin joined the Board of Directors in 2014.

Mr Kan graduated from the University of Hull in the United Kingdom with B.Sc. Economics (Hons). He then articulated with Grant Thornton in London and was admitted as Member of the Institute of Chartered Accountants in England & Wales in 1983. He is also a member of the Institute of Certified Public Accountants of Singapore and the Malaysian Institute of Accountants.

Mr Kan was with PricewaterhouseCoopers, Singapore for more than 30 years. At that time, he covered insolvency services, management consulting and in the last 12 years, he built a new business unit focussing on corporate finance related activities. Following significant growth in the first 4 years, the partnership decided to form a separate licensed business entity, PricewaterhouseCoopers Corporate Finance Pte Ltd and in 2002 obtained a Capital Market Services licence from the Monetary Authority of Singapore. Mr Kan remained as its Managing Director until he retired from the partnership in June 2014.

Mr Kan has over 35 years of extensive advisory experience working in the Asian region and the United Kingdom. His clients include the public sector, multinational corporation, government linked companies as well as many emerging local companies.

In June 2018, Mr Kan joined the board of the Mainboard listed PropNex Limited.

## BOARD OF DIRECTORS



**DATUK LIM TONG LEE**

Independent Director

Date of Appointment: 1 April 2024

Datuk Lim Tong Lee, aged 57, has more than 30 years working experience in Investment Banking field covering area of Corporate Finance and Private Equity. He began his career in 1990 as an auditor with Ernst & Young in Malaysia, where he was involved in audits works for clients in various industries. Datuk Lim was promoted to Senior Auditor in 1994. He left Ernst & Young in 1995 and joined AmInvestment Bank Bhd. as an Executive in its Corporate Finance division and was primarily involved in corporate advisory works. Datuk Lim left AmInvestment Bank Bhd. in 1997 to join a property development company as General Manager of Corporate Finance, where he was responsible for planning its initial public offering (IPO). He left the property development company and rejoined AmInvestment Bank Bhd. in 1999 as Manager in Corporate Finance division managing corporate advisory works.

In 2007, Datuk Lim was posted by AmInvestment Bank Bhd. to AmFraser Securities Pte. Ltd. in Singapore as the Director/ Head of Corporate Finance, where he was involved in leading the corporate finance department. In 2013, He left AmFraser Securities Pte. Ltd. and joined AmWater Investments Management Pte. Ltd. Singapore, as the Chief Investment Officer overseeing private equity investments in water projects in North Asia. He left Amwater Investments Management Pte. Ltd. in 2014 and joined Venstar Capital Management Pte. Ltd. in Singapore as a Senior Vice President where he was involved in private equity investments around North and South East Asia. He left the company and joined KGI Securities Pte. Ltd. in 2015 as Head of Corporate Finance. In 2017, he left KGI Securities Pte. Ltd. Datuk Lim is the founder of Altitude Capital (Asia) Sdn. Bhd., where he provides corporate strategy and advisory works through the company since 2017.

In 2020, Datuk Lim was conferred 'Darjah Pangkuan Seri Melaka' from the Governor of Malacca State, Malaysia which carries the title of "Datuk".

Datuk Lim sits on the board of two other listed companies in Singapore and one other listed company and few private limited companies in Malaysia.



**MR TAN BOON YONG THOMAS**

Independent Director

Date of Appointment: 1 April 2024

Mr Tan Boon Yong Thomas graduated from the National University of Singapore in 1987 with a Bachelor in Laws (Hons.) and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1988. Mr Tan commenced his practice as an Advocate & Solicitor with Haridass Ho & Partners in 1988. He was appointed Partner in 1994 and subsequently Managing Partner in 2012. Mr Tan was also a Senior Accredited Specialist (Maritime & Shipping Law), with the Singapore Academy of Law from 2019 – 2022.

Mr Tan is primarily a dispute resolution lawyer with a concentration of interest in admiralty and shipping matters, marine insurance and international sale of goods transactions. He acted in admiralty and shipping disputes, sale of goods and general commercial disputes, including joint ventures and partnerships in the courts and arbitration. Admiralty and shipping disputes include all types of charter party disputes, collisions, supply and delivery of goods and services for vessels, shipbuilding and ship repair contracts, and demolition contracts, general commercial disputes include warehousing and logistics services, transportation, and joint ventures. He is also actively involved in mediation and other forms of alternative dispute resolution.



### MR YEOH SENG HUAT GEOFFREY

**Independent Director**

Date of Appointment: 1 April 2024

Mr Yeoh Seng Huat Geoffrey graduated from the London School of Economics, BSc (Econ) with First Class Honours and is a Fellow of the Association of Chartered Certified Accountants.

Mr Yeoh began his career in the Chase Manhattan Bank, Singapore in 1980. During his tenure at the Chase Manhattan Bank, he was a Vice President involved in Corporate Banking, Corporate Finance and Debt Syndication with assignments in Singapore, New York, Hong Kong and Jakarta. He joined United Overseas Bank as the Head of Corporate Banking and Corporate Finance in 1991 to 1996.

Mr Yeoh then took on senior management roles in a number of publicly listed companies in Singapore. He held positions as the Executive Director for Econ International Limited, a major civil engineering company and subsequently in Jasper Investments Ltd, an owner-operator of offshore drilling rigs in the oil & gas service industry and then as Chief Financial Officer with PACC Offshore Services Holdings Ltd, the largest Asian based operator of offshore support vessels.

He has previously served as independent director for a number of SGX listed companies, the more recent ones being World Class Global Limited, Hoe Leong Corporation Limited and Global Testing Corporation Limited.



### MR TIONG CHIONG SOON (JOSEPH)

**Executive Director (Operations)**

Mr Tiong Chiong Soon (Joseph) joined the Group as the Group General Manager in 2009.

Mr Joseph Tiong supervises the Group's shipbuilding operation, vessels' repair works, procurement and sourcing of equipment required for the shipbuilding and chartering operation. Since the set-up the ship management arm of the Group, SKOM Sdn Bhd, he has been instrumental in supervising the Group's chartering business strategies and affairs.

Mr Joseph Tiong graduated from the University of Oklahoma, USA in 1994, of which he holds a Bachelor of Business. He started his career with CCK Consolidated Holdings Berhad, where he is principally responsible for all the purchasing function and retail division of the CCK Group of Companies ("CCK Group"). In 1997, he was appointed the Executive Director of CCK Group. He has an excellent rapport with suppliers thus ensuring timely delivery of products of the highest quality for the CCK Group.

Mr Joseph Tiong also sits on the boards of various private limited companies.



## BOARD OF DIRECTORS



**MR LEONG JUIN ZER JONATHAN**  
Executive Director (Commercial)

Mr Leong Juin Zer Jonathan joined the Group in 2013. He graduated from the University of Bristol, United Kingdom in 2013 with a degree in Law.

Mr Jonathan Leong joined the Group as a Management Trainee. He first joined the Corporate Affairs division in 2013, where he assisted in the drafting and negotiation of shipbuilding contracts for newbuild projects of the Group. He subsequently served and rotated in a few different departments of the Group before being permanently placed into the Group's Business Development team. He was also involved in the Group's corporate communications and investor relations.

In 2015 Mr Jonathan Leong was permanently placed into the Group's Business Development team, where he was tasked with not only contributing to the major business transactions of the Group at the time, but also to develop an alternative stream of revenue for the Group within the oil and gas segment, as well as studying several new potential asset classes for the Group's built-to-stock business strategy.

In 2018 Mr Jonathan Leong was promoted to Manager of the Chartering team, and was principally responsible in securing the cashflow needed by the Group through successful expansion of the chartering business. In 2020, Mr Jonathan Leong was appointed as the Executive Director of the Commercial division, where he leads the Commercial team to further expand the business unit through the provision of offshore support vessels chartering and other related services.

## KEY EXECUTIVES



**MR CHONG CHUNG FEN**  
Chief Financial Officer

Mr Chong Chung Fen joined the Group in 2008 as an Accountant. Appointed as the Group's Chief Financial Officer in March 2020, Mr Chong oversees the corporate finance, financial planning and risk management, treasury, statutory reporting, taxation and investor relations of the Group. Over the years, he contributed significantly in the major corporate exercises undertaken by the Group, which includes successfully listing the Company on the Singapore Exchange, private placement, establishment and issuance medium term notes, acquisitions, joint ventures and financial restructuring.

Mr Chong was the Financial Controller of the Group where he leads the finance and accounts team before his most recent role as the Group's Chief Financial Officer. Prior to joining the Group, he was the Personal Assistant to Director at The Navigators Asia and Audit Manager at Ernst & Young Kuala Lumpur.

Mr Chong holds a bachelor's degree in Commerce (Corporate Finance) from the University of Adelaide. He is also a member of CPA Australia and Malaysian Institute of Accountants.



**MR LOO HIN LOY**  
General Manager  
(Marine Operations)

Mr Loo Hin Loy joined the Group in December 2022 as the Head of Marine Operations. He has over 35 years of experience in the marine industry with the last 19 years in offshore fleet management to support the Oil and Gas industry. Mr Loo is a qualified Marine Engineer and holds a Class One Certificate of Competency for Marine Engineer (UK) and a BTEC Higher National Diploma in Marine Engineering (UK). He brings to the Group extensive knowledge of vessel management and operations.

Mr Loo started his seagoing career as a Marine Engineer with MISC (Malaysia) and was a Chief Engineer onboard LNG Tankers for 7 years before being seconded to France as the Technical Manager for MISC LNG Europe Liaison Office in 2003. His first venture into oil and gas industry was as a Regional Operations Manager for Svitzer Middle East (UAE), a subsidiary of AP Moller, looking after 45 tugs and pilotage/mooring operations of LNG & Oil Terminals in seven middle eastern countries. Mr Loo next served as Country Manager in Indonesia for a Fast Crew Boat Owner, Fleet Manager with MEO (Singapore) for 80 OSVs. He then joined Emas Offshore (Singapore) as a General Manager managing 55 Offshore Support Vessels. Mr Loo was the Director of Offshore with Marco Polo Marine (Singapore) overseeing operations of 16 OSVs, before joining the Group.

## KEY EXECUTIVES



**MR KWAN SENG FATT**  
General Manager  
(Shipbuilding and Engineering)

Mr Kwan Seng Fatt, the General Manager for Shipbuilding and Engineering, oversees ship design and product development, engineering, procurement and project management in shipbuilding and repairs for the Group. He is responsible in rejuvenating the Group's shipbuilding to a new era with the successful building of first aluminium fast crew vessel in 2023 and future plans to build higher value sophisticated "green" offshore support vessels.

Mr Kwan holds a Master of Science degree in Marine Engineering from the University of Newcastle upon Tyne (UK) and a First-Class Engineer Certificate of Competency (Motorship) (Singapore). He is also a registered Chartered Engineer of Engineering Council (UK) and a Chartered Marine Engineer of the Institute of Marine Engineers, Scientists and Technologists (UK).

He has over 38 years of experience in new shipbuilding, ship repairs, ship design & development, marine engineering systems, procurement of equipment, project management and other related services.

Prior to his current appointment, he was the Senior Vice President (Engineering) with Jaya Shipbuilding & Engineering Pte Ltd (a subsidiary of Jaya Holdings Ltd) for more than 5 years. During his tenure with the company, he headed the ship design, product development and functional engineering, project procurement of major equipment for new shipbuilding and ship repairs of offshore support vessels and other related services.

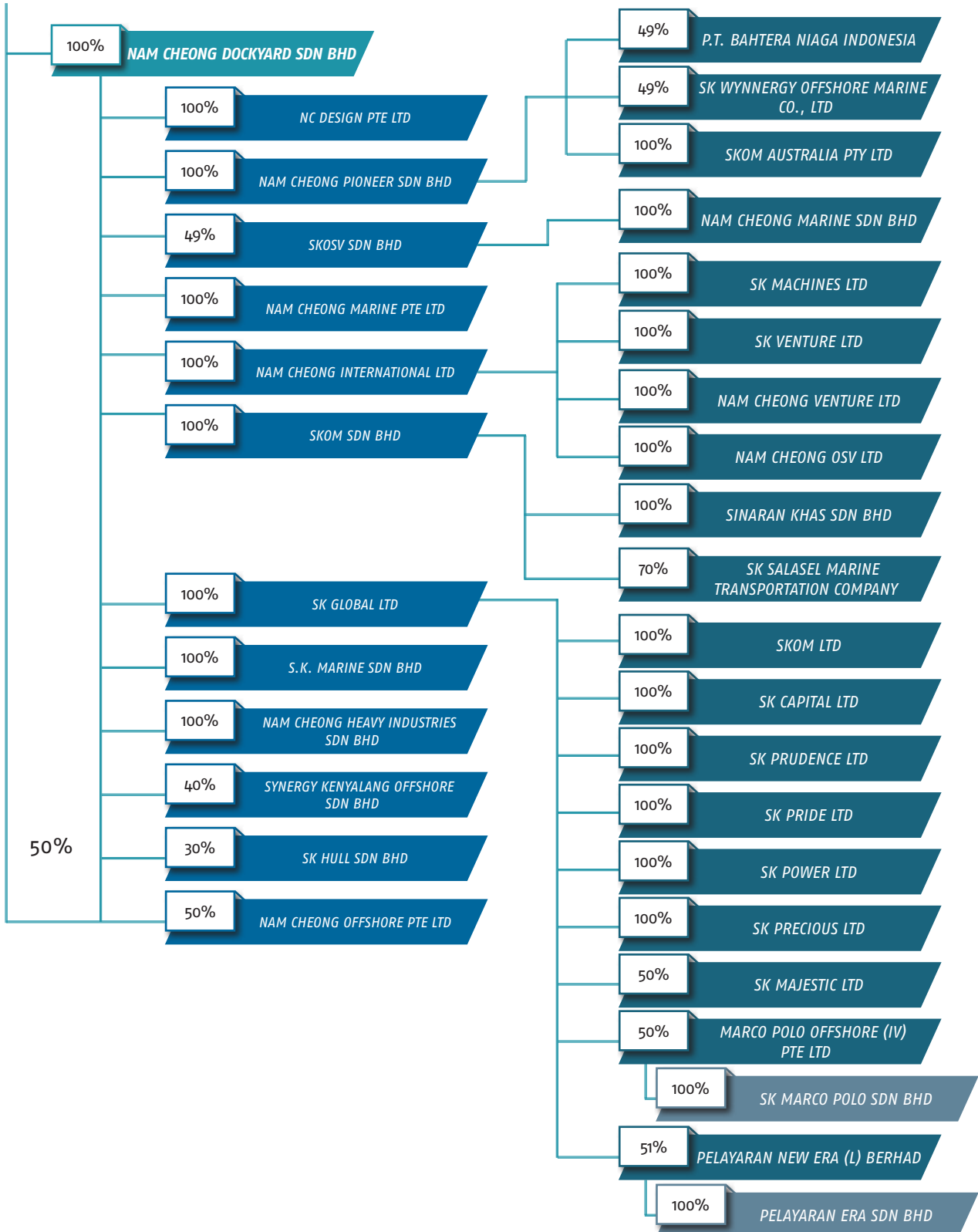
Mr Kwan was also the Vice President (Engineering) of ST Marine Ltd (a company of ST Engineering Ltd) (a major shipbuilding and marine engineering company in Singapore), where he had served for more than 22 years in various positions in the areas of ship design/development and engineering for commercial, naval, para-military and offshore support vessels, shipbuilding processes, project management, information technology, and several other special projects. He had also served as the Engineer Officer on board foreign-going merchant ships for more than 7 years, including the rank of Chief Engineer with Neptune Orient Lines Limited, Singapore.



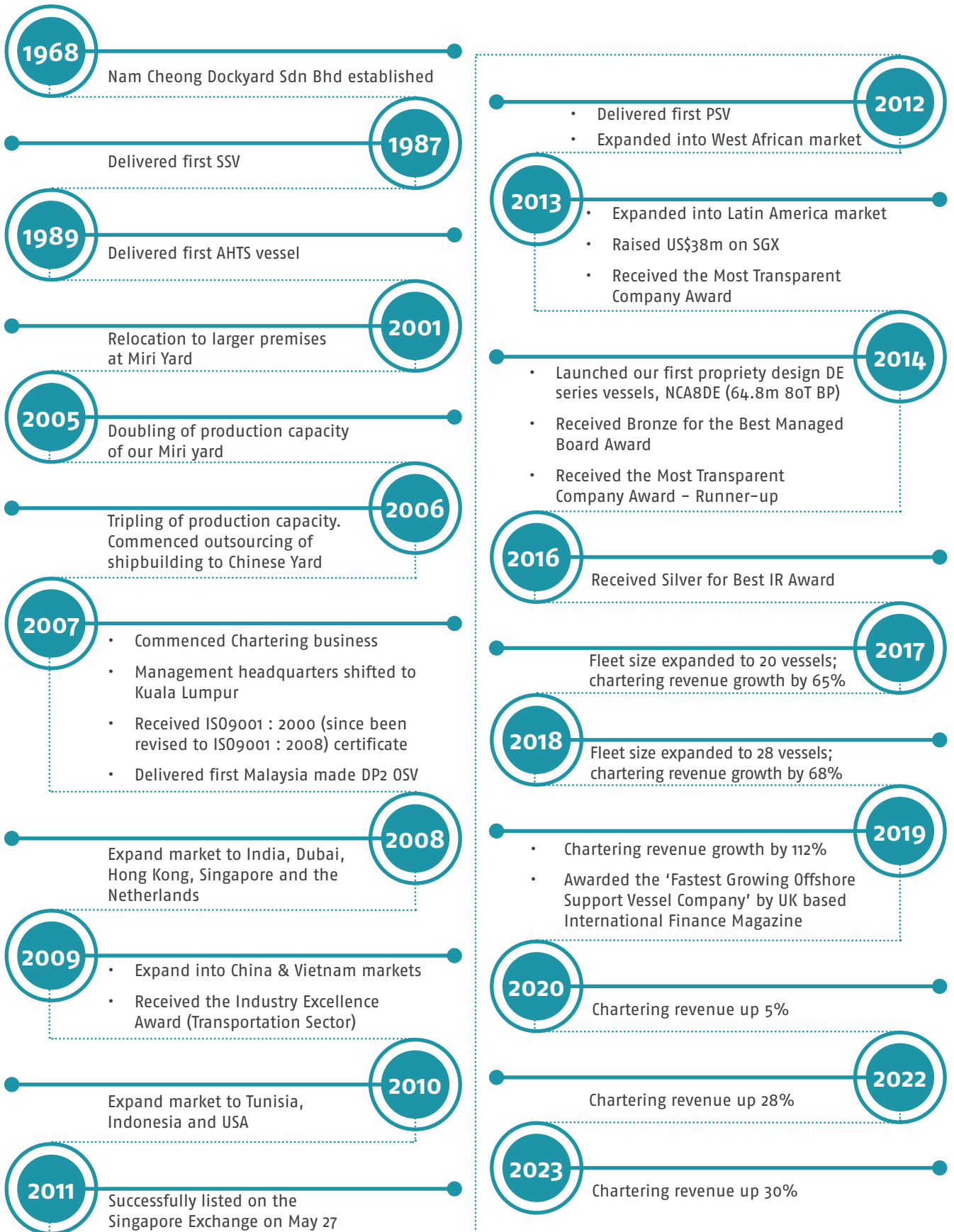
# CORPORATE STRUCTURE



## NAM CHEONG LIMITED



# CORPORATE MILESTONES



## SHAREHOLDERS' INFORMATION

### DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS |               | NO. OF SHARES      |               |
|-----------------------|---------------------|---------------|--------------------|---------------|
|                       |                     | %             |                    | %             |
| 1 – 99                | 5,207               | 53.56         | 48,327             | 0.01          |
| 100 – 1,000           | 3,147               | 32.37         | 1,179,225          | 0.30          |
| 1,001 – 10,000        | 995                 | 10.23         | 3,250,281          | 0.83          |
| 10,001 – 1,000,000    | 354                 | 3.64          | 26,997,355         | 6.88          |
| 1,000,001 AND ABOVE   | 19                  | 0.20          | 360,778,142        | 91.98         |
| <b>TOTAL</b>          | <b>9,722</b>        | <b>100.00</b> | <b>392,253,330</b> | <b>100.00</b> |

### TWENTY LARGEST SHAREHOLDERS

| NO.          | NAME   | NO. OF SHARES      | %            |
|--------------|--|--------------------|--------------|
| 1            | TIONG SU KOUK                                    | 129,547,371        | 33.03        |
| 2            | DBS NOMINEES (PRIVATE) LIMITED                   | 47,906,794         | 12.21        |
| 3            | CITIBANK NOMINEES SINGAPORE PTE. LTD.            | 35,652,838         | 9.09         |
| 4            | RHB BANK NOMINEES PTE. LTD.                      | 31,198,464         | 7.95         |
| 5            | PHILLIP SECURITIES PTE. LTD.                     | 23,205,110         | 5.92         |
| 6            | MAYBANK SECURITIES PTE. LTD.                     | 20,577,371         | 5.25         |
| 7            | S.K. TIONG ENTERPRISE SDN. BHD.                  | 11,486,856         | 2.93         |
| 8            | CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. | 11,481,308         | 2.93         |
| 9            | UOB KAY HIAN PRIVATE LIMITED                     | 11,453,079         | 2.92         |
| 10           | RAFFLES NOMINEES (PTE.) LIMITED                  | 11,323,191         | 2.89         |
| 11           | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED  | 7,563,014          | 1.93         |
| 12           | HUNG YUNG ENTERPRISE SDN. BHD.                   | 6,399,096          | 1.63         |
| 13           | HSBC (SINGAPORE) NOMINEES PTE. LTD.              | 5,856,145          | 1.49         |
| 14           | KGI SECURITIES (SINGAPORE) PTE. LTD.             | 1,332,740          | 0.34         |
| 15           | NG KAH HOCK (HUANG JIAFU)                        | 1,260,000          | 0.32         |
| 16           | MAYBANK NOMINEES (SINGAPORE) PTE. LTD.           | 1,252,034          | 0.32         |
| 17           | LEE EE @ LEE ENG                                 | 1,201,063          | 0.31         |
| 18           | OCBC SECURITIES PRIVATE LIMITED                  | 1,078,072          | 0.27         |
| 19           | DB NOMINEES (SINGAPORE) PTE. LTD.                | 1,003,596          | 0.26         |
| 20           | BPSS NOMINEES SINGAPORE (PTE.) LTD.              | 1,000,000          | 0.25         |
| <b>TOTAL</b> |  | <b>361,778,142</b> | <b>92.24</b> |



## SHAREHOLDERS' INFORMATION

### List of Substantial Shareholders as at 22 April 2024

|                               |   |   |
|-------------------------------|---|---|
| Number of equity securities   | : | 392,253,330 (excluding treasury shares and subsidiary holdings) |
| Class of equity securities    | : | Ordinary share of HK\$0.001 each                                |
| Voting rights                 | : | One vote per share  |
| Number of treasury shares     | : | 66,785  |
| Number of subsidiary holdings | : | 1,143,564   |

| Name of Substantial Shareholders               | Direct Interest |        | Deemed Interest |        |
|--|-----------------|--------|-----------------|--------|
|  | No. of Shares   | %      | No. of Shares   | %      |
| Tan Sri Datuk Tiong Su Kouk <sup>(1)</sup>     | 129,869,371     | 33.109 | 18,194,860      | 4.638  |
| S.K. Tiong Enterprise Sdn. Bhd. <sup>(2)</sup> | 11,486,856      | 2.928  | 136,577,375     | 34.819 |
| Hung Yung Enterprise Sdn. Bhd. <sup>(3)</sup>  | 6,399,096       | 1.631  | 141,665,135     | 36.116 |
| Puan Sri Datin Wong Bak Hee <sup>(4)</sup>     | 308,408         | 0.079  | 147,755,823     | 37.668 |
| RHB Bank Berhad <sup>(5)</sup>                 | –               | –      | 42,443,970      | 10.82  |
| Employees Provident Fund Board <sup>(6)</sup>  | –               | –      | 42,443,970      | 10.82  |

#### Notes:

- (1) Tan Sri Datuk Tiong Su Kouk is deemed to have an interest in the shares held by his wife, Puan Sri Datin Wong Bak Hee (308,408 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares) and Philip Securities Pte. Ltd. (500 shares) by virtue of Section 4 and 133 of the Securities and Futures Act 2001.
- (2) S.K. Tiong Enterprise Sdn. Bhd. is deemed to have an interest in the shares held by Tan Sri Datuk Tiong Su Kouk (129,869,371 shares), Puan Sri Datin Wong Bak Hee (308,408 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares) and Philip Securities Pte. Ltd. (500 shares) by virtue of Section 4 and 133 of the Securities and Futures Act 2001.
- (3) Hung Yung Enterprise Sdn. Bhd. is deemed to have an interest in the shares held by Tan Sri Datuk Tiong Su Kouk (129,869,371 shares), Puan Sri Datin Wong Bak Hee (308,408 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares) and Philip Securities Pte. Ltd. (500 shares) by virtue of Section 4 and 133 of the Securities and Futures Act 2001.
- (4) Puan Sri Datin Wong Bak Hee is deemed to have an interest in the shares held by her husband, Tan Sri Datuk Tiong Su Kouk (129,869,371 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares) and Philip Securities Pte. Ltd. (500 shares) by virtue of Section 4 and 133 of the Securities and Futures Act 2001.
- (5) RHB Bank Berhad is deemed to be interested in the 42,443,970 shares held in its RHB Bank Nominees Pte. Ltd. (as nominee).
- (6) Employees Provident Fund Board is deemed to have an interest in the shares held by RHB Bank Berhad.

#### Percentage of Shareholding in Public hands

Based on the information available to the Company as at 22 April 2024, approximately 61.9% of the issued ordinary shares of the Company is held by the public hand, therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

## CORPORATE GOVERNANCE

Nam Cheong Limited ("Company") is committed to continually upholding the highest standards of corporate governance business integrity and professionalism in all activities undertaken by the Company. Its Board of Directors ("Board"), its Management and its subsidiaries (collectively the "Group") has established self-regulating and monitoring mechanisms to ensure that effective corporate governance is implemented at all times when executing its responsibilities to protect and enhance long-term shareholder value and financial performance of the Group.

The Group observes and adheres to the general principles and guidelines set out in the Code of Corporate Governance 2018 ("Code"). Where there have been deviations from the Code, the Company has sought to provide appropriate explanation for each deviation in this report.

The following illustrates the Group's corporate governance processes and structures that are in place during the financial year ended 31 December 2023 ("FY 2023"), with specific reference to the principles and guidelines of the Code, which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

### **BOARD MATTERS**

#### **THE BOARD'S CONDUCT OF ITS AFFAIRS**

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**Principle 1:** *The company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the company.*

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The Board comprises of fiduciaries who act objectively at all times in the best interests of the Company and shareholders and hold the Management accountable for long-term performances and financial stability of the Group. The Board supervises the Management by providing overall strategy, guidance and direction to the Group. To instil tenets of good corporate governance, the Board, together with the Company have established a code of conduct and ethics which sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability and responsibility within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in this annual report. The principal functions of the Board are as follows:

- (a) To decide on matters in relation to the Group's operations which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- (b) To oversee the business and affairs of the Company, and together with the Management, establish the strategies and financial objectives to be implemented by Management, and monitor the performance of Management;
- (c) To oversee processes for evaluating the adequacy and effectiveness of internal controls and risk management systems;
- (d) To set and review the Company's values and standards (including ethical standards) periodically; and
- (e) To consider sustainability issues such as environmental and social factors as part of its strategic formulation.

## CORPORATE GOVERNANCE

In addition to its statutory duties, the Board reserves the following key matters for its decision:

- (a) Major funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of capital and other resources;
- (b) The annual budgets and financial plans of the Group;
- (c) Annual and quarterly financial reports;
- (d) Internal controls and risk management strategies and execution; and
- (e) Appointment of directors and key management staff, including review of their performance and remuneration packages.

Directors understand the Company's business as well as their directorship duties, including their roles as executive, non-executive and independent directors.

Where a new director is appointed to the Board, a formal letter setting out his/her duties, obligations and responsibilities is issued to the newly-appointed Director. The Board ensures that all incoming directors will receive extensive, comprehensive and tailored induction upon joining the Board. These include, but are not limited to, a briefing of his/her duties, obligations and responsibilities and how to effectively and objectively discharge these duties in good faith, as well as a comprehensive orientation program to ensure familiarity with the Group's businesses, financial related matters and governance practices. For FY 2023, there is no new Director appointed for the Board.

Directors are provided with opportunities to develop and maintain their skills and knowledge. They are encouraged to attend relevant courses/training conducted by Singapore Institute of Directors, Singapore Exchange Securities Trading Limited, as may be relevant to the objectives and effective discharge of their responsibilities, particularly on relevant new laws, regulations and changing commercial risks, at the expense of the Group. During the financial year, each Board of the Directors have attended the sustainability training course organised by Singapore Institute of Directors.

The schedule of all the Board and Board Committee meetings as well as the Annual General Meeting ("AGM") for the next calendar year is planned well in advance. The Board meets every quarterly and on special warranted meetings by particular circumstances. To enhance effective participation and communication, Directors who are unable to attend the meeting in person, will participate via tele-conference, electronic or other communication facilities which permits all parties to communicate with each other simultaneously.

The Board has set up and is primarily supported by four Board Committees, which are the Audit Committee ("AC"), the Remuneration Committee ("RC"), the Nominating Committee ("NC") and the Risk Management Committee ("RMC") to assist in the execution of its responsibilities and to strengthen the Board's effectiveness. To undertake the respective responsibilities more efficiently, each committee has its own defined terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of each committee members and respective activities are elaborated under principle 4 for the NC, principle 6 for the RC, principle 9 for the RMC and principle 10 for the AC respectively.



## CORPORATE GOVERNANCE

Directors' participation in the board committee meetings is consistent. The number of meetings held by the Board and Board Committees and the attendance for during the FY 2023 are as follows:

|                             | Board Meeting            | Audit Committee | Remuneration Committee | Nominating Committee |
|-----------------------------|--------------------------|-----------------|------------------------|----------------------|
| <b>No. of meetings held</b> | 4                        | 4               | 1                      | 1                    |
|                             | No. of meetings attended |                 |                        |                      |
| Tan Sri Datuk Tiong Su Kouk | 4                        | N.A.            | N.A.                   | N.A.                 |
| Mr Leong Seng Keat          | 4                        | N.A.            | N.A.                   | N.A.                 |
| Mr Tiong Chiong Hiiung      | 4                        | N.A.            | N.A.                   | 1                    |
| Mr Ajaib Hari Dass          | 4                        | 4               | 1                      | 1                    |
| Mr Yee Kit Hong             | 4                        | 4               | 1                      | 1                    |
| Mr Kan Yut Keong, Benjamin  | 4                        | 4               | 1                      | N.A.                 |

Directors with multiple board representations ensure that sufficient time and attention are given to the Company's affairs.

In the Board meetings or special warranted meetings by particular circumstances, whereby Directors are updated on the Group businesses, operational activities and possible changes of business risks, the Company's policy is to ensure the Board is equipped with complete, adequate and timely information prior to meetings and on periodic basis to enable Directors to make informed decisions as part of their duties and responsibilities. The Company shall at the Directors' requests or at any time, provides with further additional explanation, briefing or informal discussion on any aspect of the Group's operations or business issues. Where the Board's approval is required, matters are to be communicated transparently to the Management in writing.

The Company recognises the essentiality of keeping the Board abreast of the ongoing affairs of the Group to enable them to make informed decisions and discharge their duties and responsibilities. All scheduled Board, Board Committee and Company's strategic meetings' materials are sent to Directors not less than a week in advance of the meeting for Directors to be adequately prepared for the meeting. Such meetings' materials consist of information including, without limitation explanatory background facts, purposes and vision, financial projections and impacts, risk analysis, project and business updates, sustainability and recommendations. Senior Management and key personnel from the Company attend Board, Board Committee and strategic meetings to address any additional query from Directors. The Company has abolished the provision of hard copy of all meeting papers to Directors, and instead, align with the Group's sustainability effort, minutes and contents of meeting are provided in soft copy manner ahead of the meetings.

Directors also at all times have independent and unrestricted access to the Company Secretary, Management and when required, external advisers at the Company's expenses.

The Company Secretaries works closely with the Management in setting the agenda for Board meetings. They or, when unavailable, an authorized designate, attends all Board meetings and ensures that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and its Board Committees, and between Management and non-executive Directors. Where required, the Company Secretaries also organise orientation and training for new Directors, as well as provides updates and advises Directors on all governance matters. The Company's Constitution provides that the appointment and removal of the Company Secretaries is subject to the approval of the Board.

# CORPORATE GOVERNANCE

## BOARD COMPOSITION AND GUIDANCE

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**Principle 2:** *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

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Currently, the Board comprises eight members of whom six are Independent Directors:

### Executive Directors

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)  
 Mr Tiong Chiong Hiiung (Executive Vice Chairman cum Finance Director)  
 Mr Leong Seng Keat (Chief Executive Officer (“CEO”))

### Independent Directors

Mr Ajaib Hari Dass (Lead)  
 Mr Yee Kit Hong  
 Mr Kan Yut Keong, Benjamin  
 Datuk Lim Tong Lee\*  
 Mr Tan Boon Yong Thomas\*  
 Mr Yeoh Seng Huat Geoffrey\*

\* Appointed on 1 April 2024.

The Board comprises Directors who are all of high calibre members with wealth of experiences in the Company’s business segment. They bring a wide range of invaluable experiences, skills, knowledge, extensive business network and expertise in specialised fields, including but without limitation to admiralty matters, shipbuilding and vessel chartering, strategic planning, audit management, taxation, mergers and acquisitions, corporate finance and restructuring, accounting, financing, marketing and business development and legal. The size, composition, range of experience and the varied expertise of current Board members allow discussions on policy, strategy and performance to be critical, informed and effective.

The Board ensures that there is effective representation to its shareholders and issues of strategy, performance and resources are fully disclosed and examined to take into account the long-term interests of the shareholders, employees, customers, suppliers and the industries in which the Group conducts its business.

The Directors complete an annual declaration of independence, whereby they are required to assess their independence taking into account the above requirements, which is then put to the NC for review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgment may be impaired, but are not in themselves conclusive, and they are also required to disclose any relationship with the Company, its related corporations or its officers which may interfere with, the exercise of their independent business judgment in the best interests of the Company, or would otherwise deem them to be not independent. No individual or group of individuals dominates the Board’s decision-making. The roles of the Executive Chairman, the Executive Vice Chairman cum Finance Director and the CEO are assumed by different persons.

The Board has a healthy proportion of independent and non-executive directors, where such independent and non-executive directors comprising majority of the Board. The Independent Directors contribute to the Board processes by constructively challenging, developing, monitoring and reviewing the Management’s performance against pre-determined goals, strategies and objectives. Their views and opinions provide alternative perspectives to the Group’s business and operations. The Independent Directors exercise independent judgment and discretion on the Group’s business activities and transactions, particularly in situations involving conflicts of interest and other complexities. To facilitate a more effective check on the Management, the Independent Directors also meet on a need-be basis without the presence of the Management. Where required, the chairman of such meetings provides feedback to the Board and/or Management as appropriate.

## CORPORATE GOVERNANCE

The NC reviews annually whether a Director or potential candidate for the Board is considered an independent director bearing in mind the Code's definition of an "independent director" and guidance as to the relationships, the existence of which would deem a Director not to be independent (Principle 2). Under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under the SGX-ST Listing Manual, a director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years, and whose remuneration is determined by the RC.

The Company, adhering to the Code's definition, determines annually on the Independent Directors' independence. The NC has assessed the independence of each Independent Director and considers that Mr Ajaib Hari Dass, Mr Yee Kit Hong and Mr Kan Yut Keong, Benjamin are, and continue to be, independent. Each member of the NC has abstained from deliberations in respect of the assessment on his own independence.

With effect from January 1, 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier. The Company confirms that the Mr Ajaib Hari Dass and Mr Yee Kit Hong, both being Directors serving the Board above 9 years, have been re-elected to continue to serve as Independent Non-Executive Directors of the Company in pursuant to the Two-Tier Voting in the Company's AGM held on 30 April 2021.

On 11 January 2023, Singapore Exchange Regulation ("SGX RegCo") had announced that it will limit to nine years the tenure of independent directors serving on the board of issuers listed on Singapore Exchange Securities Trading Limited. The new requirements impose a hard tenure limit for Independent Directors of nine years, beyond which such directors will no longer be considered independent. However, such directors may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. To provide issuers sufficient time for board appointments, SGX RegCo has established transitional arrangements and will implement the nine-year limit at the issuer's AGMs for the financial year ending on or after 31 December 2023. During the transitional period, long-serving independent directors whose tenure exceeds the nine-year limit may continue to be considered independent until the conclusion of the next AGM of the issuer for the financial year ending on or after 31 December 2023.

In view of the announcement made by SGX RegCo on 11 January 2023, Mr Ajaib Hari Dass, Mr Yee Kit Hong and Mr Kan Yut Keong, Benjamin will be retiring as an Independent Director of the Company after the conclusion of the forthcoming AGM scheduled to be held on 30 May 2024.

Following the review and recommendation of the NC, the Board has appointed Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey as new Independent Directors of the Company.

Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey appointment as new Independent Director are subject to election of shareholders at the upcoming AGM. Refer to pages 166 to 176 of the Annual Report for detailed information of Datuk Lim Tong Lee, Mr Thomas Tan Boon Yong and Mr Yeoh Seng Huat Geoffrey.



## CORPORATE GOVERNANCE

The Board considers continuity and stability of the Board important, especially in these volatile oil market period which impacts the Company's business direction, the independent directors have many years of business, financial, legal and industry experience and are able to serve the present needs of the Company with their vast experience and knowledge as well as comprehensive understanding of the Group's business and the markets. The Board will on a continual basis, review the need for progressive refreshing of its Board, taking into account the need to maintain or enhance its balance and diversity in line with the Code. Reconstituting the Board early to comply with the Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the Board.

The Board noted that under Principles 2.2 and 2.3 of the Code, independent directors and non-executive directors are to make up a majority of the Board respectively, where the Chairman is not independent. The Board and the NC have ascertained that for the period under review, three out of its nine Directors are independent and non-executive.

On 30 May 2024, Mr Leong Seng Keat will be retiring as a Director of the Company and remains as Chief Executive Officer of the Company.

Notwithstanding Principles 2.2 and 2.3 of the Code, the NC takes the view that a Board's size should not be determined solely and arbitrarily on the basis that majority of the Board must consist independent and non-executive directors. The continued services of current size of the Board are crucial and critical as its valuable experience and expertise contribute to the Group's decision-making process. The Directors have contributed significantly in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management to the best interest of the Group as it performs its duties in good faith, which by means are more prudent measures than ascertaining majority independence of the Board size. Moreover, given that the dynamic business nature of the Company which constantly render uncertain situations and new external challenges, preserving the Board would avoid undue disruption and help to maintain institutional knowledge and continuity in the Board. It is therefore more important to harness the relevant expertise of these Directors to tide through this period as opposed to reconstituting the Board to comply with the Code. In concurrence with the NC, the Board is of the view that the current size of the Board is appropriate for the nature of the Group's business and the scope of its operations and there is a strong independence element in the Board.

The Board and NC will nonetheless continue to exercise due and careful review, taking into consideration other factors, in assessing the independence of the Board. These factors include, inter alia, whether the directors have any interest, business, relationship and/or any other material contractual relationships with the Group which could reasonably be perceived to compromise their independence and interfere with the exercise of their independent business judgment with a view to the best interest of the Group.

The Company puts in place a Board Diversity Policy in recognition of the need and benefits of embracing diversity at the Board level to enhance stewardship and decision-making capabilities in line with the Company's operating environment. A well-balanced Board with Directors from diverse backgrounds can provide fresh perspectives to solve business issues, foster growth, create value and enhance corporate governance. A diverse Board reduces the risks of group-thinking whereby conformity and biases may lead to tunnel vision and sub-optimal decisions for the Company. The Board is committed to greater diversity and adopting it as a strategic imperative. All Board appointments will continue to be made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The NC will review the Company's progress towards meeting the targets set for promoting and achieving adequate diversity on the Board and keep the Board updated. The Board Diversity Policy is available at the Company's website at the URL [http://www.namcheong.com.my/pdf/general/NamCheong\\_Board\\_Diversity\\_Policy.pdf](http://www.namcheong.com.my/pdf/general/NamCheong_Board_Diversity_Policy.pdf).

Key information regarding the Directors, including directorship and chairmanship both present and those held over the preceding five years in other listed companies, and other principal commitments, are set out in the Board of Directors' section and on pages 14 to 19 which provide further information on them.

## CORPORATE GOVERNANCE

### EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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**Principle 3:** *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

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The roles of the Executive Chairman and CEO of the Company are undertaken separately by different persons. Tan Sri Datuk Tiong Su Kouk, the Executive Chairman, Mr Tiong Chiong Hiiung, the Executive Vice Chairman cum Finance Director and Mr Leong Seng Keat, the CEO, are the pillars in propelling the growth of the Group. They provide strong leadership and strategic vision for the Company by undertaking the formulation and execution of overall business strategies and policies and charter the corporate direction of the Group.

The role of the Executive Chairman includes:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promoting a culture of transparency at the Board;
- (d) ensuring that the Directors receive complete, adequate and timely information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations within the Board and between the Board and the Management;
- (g) facilitating the effective contribution of Non-Executive Directors in particular; and
- (h) promoting high standards of corporate governance.

The Executive Vice Chairman cum Finance Director is responsible predominantly in corporate strategies planning and financial management, as an assurance to the Group's commitment in business continuity and growth.

The CEO is responsible primarily in the overall management and operation of the Group in accordance with Group's pre-determined goals, strategies and objectives.

All strategic and major decisions which are made by the Executive Chairman, Executive Vice Chairman cum Finance Director and CEO are reviewed and approved by the Board. The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Company discloses the following:

- Tan Sri Datuk Tiong Su Kouk, Executive Chairman, is the father of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; the father-in-law of Mr Leong Seng Keat, CEO; and the grandfather of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.

## CORPORATE GOVERNANCE

- Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director, is the son of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother of Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; the brother-in-law of Mr Leong Seng Keat, CEO; and the uncle of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Leong Seng Keat, CEO, is the son-in-law of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother-in-law of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; and the father of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Tiong Chiong Soon (Joseph), Executive Director of Operations, is the son of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the brother of Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director; the brother-in-law of Mr Leong Seng Keat, CEO; and the uncle of Mr Leong Juin Zer Jonathan, Executive Director of Commercial.
- Mr Leong Juin Zer Jonathan, Executive Director of Commercial, is the grandson of Tan Sri Datuk Tiong Su Kouk, Executive Chairman; the nephew of both Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon (Joseph), Executive Director of Operations; and the son of Mr Leong Seng Keat, CEO.

Notwithstanding the family relationship, each of Executive Chairman, Executive Vice Chairman cum Finance Director and the CEO has clearly defined roles and responsibilities in the Company and no one individual has unfettered powers of decision-making.

Mr Ajaib Hari Dass, the Lead Independent Director of the Company is responsible for co-ordinating and leading the Independent Directors, providing non-executive perspectives and contributing well balanced viewpoints, to enable the Board to exercise independent decision making and to further ensure that an appropriate balance of power and authority in the spirit of good corporate governance are executed.

Mr Ajaib Hari Dass is also available to the shareholders should they require alternative advices apart from contacts with the Chairman or Management.

### BOARD MEMBERSHIP

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**Principle 4:** *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

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The NC is regulated by a set of written terms of reference endorsed by the Board. The NC comprises three members, a majority of whom are independent, including the Chairman of the NC who is not associated in any way with the substantial shareholders of the Company. The Lead Independent Director, Mr Ajaib Hari Dass is the Chairman of the NC.

The members of the NC as at the date of this Report are:

Mr Ajaib Hari Dass (Chairman)  
 Mr Yee Kit Hong  
 Mr Tiong Chiong Hiiung



## CORPORATE GOVERNANCE

The functions of the NC include the following:

- (a) To identify candidates for nomination and make recommendations to the Board on all board appointments;
- (b) To re-nominate directors, having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.
- (c) To determine annually whether a director is independent;
- (d) To review the balance and diversity of skills, experience, gender, knowledge and competencies of the Board, and its size and composition;
- (e) To develop and recommend to the Board a process for evaluation of the performance of the Board, Board Committees and directors;
- (f) To assess the effectiveness of the Board, the Board Committees and the contribution by each individual director to the effectiveness of the Board;
- (g) To review and recommend to the Board the succession plans for directors, in particular, the Chairman and the Chief Executive Officer;
- (h) To review and recommend the training and professional development programmes for the Board; and
- (i) To review the succession plans and the development programmes for key executive/editorial positions.

Where there is a requirement for selection, nomination or re-nomination of directors to the Board, the NC will shortlist candidates with the appropriate profile for such nomination or re-nomination and recommends them to the Board for approval. It looks out for suitable candidates to ensure continuity of Board talent. Some of the selection criteria used are integrity, independent-mindedness, diversity, ability to commit time and effort to the Board, track record of good decision-making, experience in high-performing companies and financial literacy. The Committee may seek advice from external search consultants where necessary.

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and orderly renewal of the Board and key executives. The Company strive to have a concrete succession plan over the next 5 years.

The NC has adopted internal guidelines addressing competing time commitments that arise when Directors serve on multiple boards and have other principal commitments. As a guide, a director should not have more than six listed company board representations and other principal commitments.

The NC monitors and assesses annually whether Directors who have multiple board representations and other principal commitments, are able to give sufficient time and attention to the affairs of the Company and diligently discharge his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director, his actual conduct on the Board and Board Committees, and his attendance record at meetings, in making this determination.

## CORPORATE GOVERNANCE

The NC is satisfied that in FY 2023, despite their other listed company board representations and other principal commitments, each of the Directors was able to give sufficient time and attention to the affairs of the Company, and was able to adequately and diligently carry out his duties as a Director of the Company.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals, and at least once every three years. These Directors may offer themselves for re-election, if eligible. The NC has reviewed and recommended the re-election of Mr Tiong Chiong Hiiung, who is retiring under the Company's Bye-Law 86(1) at the forthcoming AGM.

The newly appointed Directors, namely, Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey will also be seeking re-election pursuant to Bye-Law 85(6) where any directors appointed by the Board shall retire at the next annual general meeting of the Company and shall be eligible for re-election at that meeting.

The Board has accepted the recommendation and the retiring Directors will be offering themselves for re-election. The additional information of the re-election Directors, Mr Tiong Chiong Hiiung, Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey are set out on pages 166 to 177 of this Annual Report.

### BOARD PERFORMANCE

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**Principle 5:** *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

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The NC reviews the performance of the Board on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has a process for assessing the effectiveness of the Board as a whole.

The Board evaluation process involves having Directors complete a questionnaire seeking their views on various aspects of the performance of the Board and Board Committees, such as Board composition, information, process and accountability. The Company Secretaries compile Directors' responses to the questionnaire into a consolidated report. The report is discussed at the NC meeting and also shared with the Board. The NC assessed the performance of the Board as a whole, based on performance criteria (determined by the NC and approved by the Board), such as the Board's composition and size, the Board's access to information, Board processes, Board accountability, standard of conduct and performance of the Board's principal functions and fiduciary duties, and guidance to and communication with Management and stakeholders. The performance criteria do not change from year to year, unless the NC is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the Code.

During FY 2023, the NC had conducted a performance evaluation of the Board on areas including board composition, board information, board process, internal control and risk management, board accountability, CEO and top management's performances and standard of conduct. The NC confirms that all Directors have effectively contributed to the performance evaluation of the Board. No external facilitator had been engaged by the Board for this purpose.

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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**Principle 6:** *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remunerations.*

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The RC is regulated by a set of written terms of reference endorsed by the Board. The RC comprises the three members and all three are independent and non-executive, including the Chairman.

The members of the RC as at the date of this report are:

Mr Ajaib Hari Dass (Chairman)  
Mr Yee Kit Hong  
Mr Kan Yut Keong, Benjamin

The functions of the RC include the following:

- (a) To review and recommend to the Board of Directors a framework of remuneration for the Board, Chief Executive Officer ("CEO") and key executives;
- (b) To review and recommend to the Board the specific remuneration packages for each director, the CEO and key executives;
- (c) To review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, benefits in kind and termination payments;
- (d) To review and administer the share and other incentive scheme(s) adopted by the Group and to decide on the allocations to eligible participants under the said scheme(s); and
- (e) To review the Company's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, so as to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The recommendations of the RC would be submitted for review and approval by the entire Board. To ensure the RC's ability to exercise unbiased judgment in its deliberations and act in the best interests of the Group as well as the shareholders, each member of the RC shall abstain from voting on any resolutions in respect of his or his associates' remuneration package. No individual Director shall be involved in deciding his own remuneration.

The RC also reviews the Company's obligations arising in the event of termination of the Directors and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC may seek expert advice inside and/or outside of the Company on remuneration of Directors and staff. During FY 2023, the RC did not require the service of an external remuneration consultant.



# CORPORATE GOVERNANCE

## LEVEL AND MIX OF REMUNERATION

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**Principle 7:** *The level and structure of remuneration of the Board and key management personnel area appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

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The RC and the Board in determining the level and structure of remuneration of the Board and key management personnel will ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, its long-term interests and risk policies. In designing the remuneration packages, the RC ensure that the level and mix remuneration is competitive, relevant and appropriate to strike a balance in remunerating the Board, the Company and the key management personnel. The RC takes into consideration the salary payment and employment experiences within the same industry, in comparable companies, the performance of the Group and the performance of the relevant individual. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes, and the time horizon of risks.

The remuneration framework for Directors, CEO and key management personnel is aligned with the interest of shareholders and relevant stakeholders and appropriate to attract, retain and motivate them for the long-term success of the Group.

Tan Sri Datuk Tiong Su Kouk, the Executive Chairman, Mr Tiong Chiong Hiiung, the Executive Vice Chairman cum Finance Director and Mr Leong Seng Keat, the CEO are paid based on their respective service agreements with the Group. The service agreements are for an initial period of three years each, with an automatic renewal for a further three years on the same terms and conditions, unless terminated prior to the renewal by either party giving six months' written notice.

The remuneration package of the Executive Directors includes a variable or performance related bonus which is based on the performance of the Company and the relevant individual, and have been designed to align their interests with those of shareholders and to promote the long-term success of the Group. Directors' fees are tabled annually for shareholders' approval at the AGM.

The non-executive and Independent Directors do not have any service agreements with the Company. They are paid with Directors' fees, which are determined by the Board, appropriate to the level of their skills, experiences and contribution, taking into consideration factors such as the responsibilities, effort and time spent for serving the Board and Board Committees. Non-Executive Directors' fees comprise of a basic fee, fees in respect of service on Board Committees and attendance fees, and are subject to the approval of shareholders at the AGM. Other than the Directors' fees, the Non-Executive Directors and Independent Directors do not receive any other remuneration from the Company.

The Group adopts a remuneration policy for the CEO, Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable allowance, bonus and benefits-in-kind that is linked to the Group and based on each individual's performance.

Having reviewed and considered the variable component of the Executive Directors and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow the Group to reclaim incentive components of their remuneration paid in prior years in exception circumstance of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Group should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

## CORPORATE GOVERNANCE

### DISCLOSURE OF REMUNERATION

**Principle 8:** The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Align with Principle 8 of the Code, the Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

For the period under review, the executive Directors' and the CEO's remuneration package includes the salary and a variable bonus element and performance share grant, which are based on the Company's and individual performance and have been designed to align their interests with those of shareholders.

Non-executive and Independent Directors are paid Directors' fees, subject to the approval of shareholders at the AGM. Directors' fees comprise a basic retainer fee, fees in respect of service on Board Committees, attendance fees, and, where appropriate, fees for participation in special projects, adhoc committees and subsidiary boards. The Directors' fees are appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the Directors, such that the independence of the non-executive Directors is not compromised by their compensation.

A breakdown showing the level and mix of each individual Director's and the CEO's remuneration for FY 2023 is as follows:

| Remuneration                | Salary<br>SGD<br>(%) | Director's Fees<br>& Meeting<br>Allowances<br>SGD<br>(%) | Variable or<br>Performance<br>Related Income/<br>Bonus and<br>Benefits-In-Kind<br>SGD<br>(%) | Total<br>Compensation<br>SGD<br>(%) |
|-----------------------------|----------------------|--|--|-------------------------------------|
| Tan Sri Datuk Tiong Su Kouk | 540,000<br>(99.1%)   | 5,000<br>(0.9%)  | –  | 545,000<br>(100%)                   |
| Mr Tiong Chiong Hiiung      | 432,000<br>(84.7%)   | 6,000<br>(1.2%)  | 72,000<br>(14.1%)  | 510,000<br>(100%)                   |
| Mr Leong Seng Keat          | 414,000<br>(37.2%)   | 5,000<br>(0.4%)  | 693,908<br>(62.4%)   | 1,112,908<br>(100%)                 |
| Mr Ajaib Hari Dass          | –                    | 99,540<br>(100%)   | –  | 99,540<br>(100%)                    |
| Mr Yee Kit Hong             | –                    | 98,780<br>(100%)   | –  | 98,780<br>(100%)                    |
| Mr Kan Yut Keong, Benjamin  | –                    | 84,860<br>(100%)   | –  | 84,860<br>(100%)                    |

The RC has recommended to the Board an amount of S\$299,180 per year as Directors' Fees for FY 2023. These recommendations have been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval. The Board concurred with the RC that the proposed Director's Fees for FY 2023 are appropriate and not excessive, taking into consideration the level of skills, expertise and contributions by the Directors and factors such as the responsibilities, effort and time spent for serving the Board and Board Committees. No Director was involved in deciding his own remuneration.

## CORPORATE GOVERNANCE

The key management personnel's (who are not Directors or the CEO of the Company) remuneration package includes the salary and a variable bonus element which are based on the Company's and individual performance.

For FY 2023, the remuneration of the top 5 key management personnel (who are not also directors or the CEO of the Company) in bands no wider than S\$250,000 is disclosed as follows:

| Key Management Personnel           |  | Salary<br>% | Variable or<br>Performance<br>Related Income/<br>Bonus and<br>Benefits-In-Kind<br>% | Total<br>Compensation<br>% |
|------------------------------------|--|-------------|---|----------------------------|
| <b><u>S\$250,001 and above</u></b> |  |             |   |                            |
| Tiong Chiong Soon (Joseph)         | Executive Director<br>(Operations)                   | 86.38       | 13.62   | 100                        |
| <b><u>S\$250,000 and below</u></b> |  |             |   |                            |
| Leong Juin Zer Jonathan            | Executive Director<br>(Commercial)                   | 67.33       | 32.67   | 100                        |
| Chong Chung Fen                    | Chief Financial<br>Officer                           | 81.65       | 18.35   | 100                        |
| Loo Hin Loy                        | General Manager<br>(Marine Operations)               | 75.85       | 24.15   | 100                        |
| Kwan Seng Fatt                     | General Manager<br>(Shipbuilding and<br>Engineering) | 100.00      | 0.00  | 100                        |

The Company has not disclosed the upper limits for the higher remuneration bands, given the confidentiality and commercial sensitivity attached to remuneration matters, and the competition for talent in the job market in relation to the skillsets of these personnel in the industry.

For FY 2023, the aggregate total remuneration for the key management personnel (who are not also Directors or the CEO of the Company) amounted to S\$1,005,636.

The RC ensures the remuneration paid to the CEO, Directors, and key management personnel are clearly linked to the achievement of their individual performance targets. The performance targets, as determined by the RC, are meant to motivate a high degree of business performance, while the remuneration remains at a practical level. The individual performance target is aligned to the overall strategic, financial, and operational goals of the Group, ensuring that the Group and its people grow together. The performance target, while differs individually, is based on the same criteria. Actual performance is measured against pre-agreed performance targets, which includes financial and non-financial performance indicators and all other actions and performances that support the Group's long-term financial soundness, risk management framework, internal controls to safeguard the shareholders' interests and the Group's assets.

Save for Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan, there is no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the financial year, in bands no wider than S\$100,000. Both Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan's relationship with the Director or the CEO or substantial shareholder of the Company are set out in pages 33 to 34 of this Corporate Governance Report.

## CORPORATE GOVERNANCE

The above remuneration bands will include performance shares granted to staff under the Nam Cheong Management Incentive Plan 2024 (the "Plan"). The Plan is administered by the RC.

Staff who participate in the Plan are a selected group of employees of such rank and service period as the RC may determine or as selected by the RC. Further details on the Plan and the incentives issued, can be found in the Directors' Statement and Notes to the Financial Statements.

Shareholders approved Nam Cheong Management Incentive Plan (the "Plan") during the special general meeting held on 29 February 2024. The objectives of the Plan are to attract, retain, incentivise and motivate the Company's employees' performance and contribution, to attract skilled employees to contribute to the Group and create value for shareholders.

Shareholders also approved the termination of the Nam Cheong Management Incentive Plan 2018.

### **ACCOUNTABILITY AND AUDIT**

#### **RISK MANAGEMENT AND INTERNAL CONTROLS**

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**Principle 9:** *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

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The Risk Management Committee ("RMC") oversees the risk governance in the Group to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The RMC monitors and assists the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The RMC provides risk management report to the Board no less than twice a year.

The RMC is led by the CEO, Mr Leong Seng Keat, and together with Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director, Mr Tiong Chiong Soon (Joseph), Executive Director of Operations, Mr Chong Chung Fen (Chief Financial Officer ("CFO")), are members of the RMC. The RMC reviews regularly the Group's policies and procedures, business and operational activities, to identify areas of significant risks as well as to determine appropriate measures to control and mitigate these risks and subsequently report these findings to the AC and Board.

The risk management and internal audit exercises are conducted by internal auditors which are appointed from an independent advisory firm, Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") (formerly Axcelasia Columbus Sdn Bhd) to monitor and manage the risks across the Group via an Enterprise Risk Management ("ERM") framework. Tricor Group had in April 2020 acquired Axcelasia Sdn Bhd, a wholly owned subsidiary of Axcelasia Inc., a company incorporated in Malaysia and listed on the Singapore Exchange.

The internal auditors provide an annual audit plan, which focuses on material internal control systems including financial, operational, IT and compliance controls and the risk management processes. They also provide advices on security and control in new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management and corporate governance processes. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC. The internal auditors also provide internal review of the Sustainability Reporting process which serves as a safeguard to provide an independent and objective view of the robustness of internal controls on environmental, social, and corporate governance information disclosed by the Company.



## CORPORATE GOVERNANCE

The internal auditors recommend a risk reporting structure, together with reporting frequency and roles and responsibilities for implementation by the Group. Key risks were assessed and risk action plans were developed for the top risks of the Group. This ERM framework and risk management activities is reviewed, updated and improved regularly to enhance the Group's capability in risks identification, assessment and management in the light of challenging business environment.

The Board acknowledged the recommendations and is committed to continuously implementing a suitable ERM framework for the Group. During the financial year in review, follow-up was performed internally on the risk action plans implementation status. Results of the follow-up were reported to the AC. Risk ratings were also re-assessed during the financial year to communicate and reflect the Management's views on the challenges expected ahead based on available information.

The Company has appointed Foo Kon Tan LLP as external auditors for the Group. In performing the audit of the financial statements of the Group, the external auditors perform test over the operating effectiveness of certain controls that they intend to rely on, that are relevant to the preparation of its financial statements. The external auditors will also highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinions on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC. The AC has reviewed the adequacy and effectiveness of the action taken by Management on the opinions and recommendations made by the external auditors in this respect.

The Board requires, discloses and confirmed that it has received assurance from:

- (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal controls systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and regular reviews performed by Management, the AC, the RMC and the Board is of the concurrence that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the financial year to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies. Notwithstanding the foregoing, the Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen and mitigated against as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Board is accountable to all shareholders for the management of the Group and to provide a balanced and understandable assessment of the Group's performance, position and prospects which extends to interim and other price sensitive public reports. The Board updates shareholders on the operations and financial position of the Group through quarterly and full year results announcements in addition to the timely announcements of other matters as prescribed by the relevant rules and regulations.

The Board has also undertaken adequate steps to ensure compliance with regulatory requirements, including requirements under the SGX-ST Listing Manual, by establishing written policies where appropriate.

## CORPORATE GOVERNANCE

To ensure the Board fulfils its responsibilities, the Company is accountable to the Board by providing the Board with the necessary updates in relation to the performance of the Group. The Board emphasize on transparency in the conduct of the Company's affairs, whilst preserving the Company's commercial interests.

The Management team provides the Board with information including management accounts, which the Board may require from time to time, in the discharge of its duties, to make a balanced and informed assessment of the Company's performance, position and prospects.

### AUDIT COMMITTEE

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**Principle 10:** *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

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The AC is regulated by a set of written terms of reference, which sets out their authority, duties and responsibilities. The AC comprises three Non-Executive Directors, all of whom are Independent Directors.

The members of the AC as at the date of this Annual Report are:

Mr Yee Kit Hong (Chairman)  
Mr Ajaib Hari Dass  
Mr Kan Yut Keong, Benjamin

The members of the AC bring with them invaluable experience and professional expertise in the financial, legal, consultancy and administration fields. The Board is of the view that the Chairman and members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including Mr Yee Kit Hong, AC Chairman and Mr Kan Yut Keong, Benjamin, are equipped with solid accounting and related financial management expertise or experience, as determined by the Board in its business judgment.

None of the AC members is a former partner or director of the Group's existing auditing firm or auditing corporation within a period of two years commencing on the date of cessation of being a partner of the auditing firm or director of the auditing corporation; and in any case, nor they have any financial interest in the Group's existing auditing firm.

The AC performs the functions as set out in the Code including the following:

- (a) To review the annual audit plans and audit reports of external and internal auditors;
- (b) To review the balance sheet and profit and loss accounts of the Company and the consolidated balance sheet and profit and loss accounts of the Group before they are submitted to the Board for approval;
- (c) To review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (d) To review the assurances from the CEO and the CFO on the financial records and financial statements;
- (e) To review the auditors' evaluation of the system of internal accounting controls;
- (f) To review annually on the adequacy and effectiveness of the Company's internal controls and risk management systems;

## CORPORATE GOVERNANCE

- (g) To review the scope, adequacy, independence, effectiveness and results of the Company's external audit and internal audit function;
- (h) To review the scope, results and effectiveness of the external audit, and the independence and objectivity of the external auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;
- (i) To make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (j) To review the Company's policies, including the whistle-blowing policy, and to ensure that such policies arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (k) To oversee any internal investigation into cases of fraud and irregularities;
- (l) To review any interested person transaction;
- (m) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function; and
- (n) To ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

Apart from the above functions, the AC shall commission and review the findings of internal assessments, review and discuss on matters with the internal and external auditors where there is any suspected fraud or irregularity, failure of internal controls, or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the operating results or the financial position of the Company. The AC will also ensure that the appropriate follow-up and necessary actions are taken. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its function properly. It has also set in place arrangements to ensure independent investigation of matters such as improprieties in financial reporting.

Where necessary, the AC meets with the internal auditors and the external auditors without the presence of the Management, at least once a year. The audit partner of the external auditors is rotated every five years, in accordance with the requirements of the SGX-ST Listing Manual.

Quarterly financial statements and the accompanying announcements are reviewed by the AC before presentation to the Board for approval, to ensure the integrity of information to be released.

During the financial year, the AC reviewed amongst others, the quarterly financial statements prior to approving or recommending their release to the Board, as applicable; the auditors' evaluation of the system of internal accounting controls; the adequacy and effectiveness of the Company's internal controls; the annual audit plan of the internal and external auditors and the results of the audits performed by them; and potential interested person transactions. It also reviewed the scope, results and effectiveness of the internal audit and external audit functions; the independence and objectivity of the external auditors and the non-audit services rendered by them; and the re-appointment of the external auditors and their remuneration.

## CORPORATE GOVERNANCE

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with training conducted by professionals or external consultants.

Under Rules 712, a company must appoint a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit.

The AC has conducted an annual review of the performance of the external auditors by taking into consideration the Audit Quality Indicators Disclosure Framework recommended by ACRA as reference. The external auditors audit the Company's accounts, its Singapore-incorporated subsidiaries and its affiliated firm audits its significant foreign-incorporated subsidiaries and associated companies. The Board, concurs with the AC that the appointment of the collaborated firm shall not in any way compromises the standard and effectiveness of the audit of the Company. The AC has also reviewed the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, before confirming their re-nomination. Details of the aggregate amount of fees paid to the external auditors for FY 2023, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 139. For FY 2023, there are no non-audit services provided by the auditors.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

The internal auditors conduct a full review of the Group's internal controls and risk management system. The audit work carried out by the internal auditors is guided by the International Standards for the Professional Practice of Internal Auditors laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal auditors are from integrated professional services group which have experiences in providing tax advisory, business consulting, enterprise management system applications and business process which outsource services to public listed companies, private companies, multinational corporations and government linked entities. The internal auditors of the Group are led by professionals with diverse professional experience in internal audits, risk management and corporate governance advisory. None of the internal auditors have any relationships or conflict of interest with the Group, which could impair their objectivity and independence.

The internal audit function is primarily under the purview of the AC, which determines the appointment, termination and remuneration of the head of internal auditors function, as recommended by the Company but ultimately approved by the AC.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high-risk areas.

The internal auditors provide an annual audit plan, which focuses on material internal control systems including financial, operational, IT and compliance controls, and the risk management processes. They also provide advices on security and control in new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management and corporate governance processes. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.



## CORPORATE GOVERNANCE

During the period of audit, the internal auditors have full and unfettered access to all of the Group's documents, records, properties and personnel, including access to the AC and carries out its function in accordance with the standards set by international recognised professional bodies.

The internal auditors carry out their functions under the direction of the AC and reports their findings and makes recommendations to the AC and administratively to the Management and the Board. The internal audit reports are submitted to the AC for deliberation and their findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management of the Company is tracked and discussed with the AC. Annually, the AC will review the adequacy and effectiveness of the internal auditors to ensure that it is sufficiently resourced and able to perform its functions effectively and objectively.

Based on the audit reports and management controls in place, the AC is satisfied that the Group's internal audit function is adequately resourced to perform its function effectively, and in addition, is staffed by suitably qualified and experienced professionals with the relevant experience and has appropriate standing within the Group. The Board, with the AC's concurrence is satisfied that the internal control systems (including financial, operational, compliance and information technology controls) provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements are reliable.

Based on the above, the AC is satisfied with the independence of the internal audit function.

The Company has put in place a code of conduct and ethics which shall be read in line with other policies, including the whistleblowing policy. The whistleblowing policy is clearly cascaded to each employee upon joining the Group and the policy forms an integral part of the employees' handbook of the Group. The whistleblowing policy, endorsed by the AC, sets out the procedures whereby employees of the Group and any other persons may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The Company is committed to keep the identity of the whistleblower strictly confidential and being protected from reprisal. Reports and concerns of improprieties are made directly to the members of the Audit Committee. The whistle-blowing policy is clearly cascaded to each employee upon joining the Group and the policy is makes an integral part of the employees' handbook of the Group. The whistleblowing system provides: (i) an avenue for employees to raise concerns without fear of unfair treatment and define a way to handle such concerns; (ii) whistleblower who report in good faith protection against possible retaliation; and (iii) Management to be informed at an early stage of such act of misconduct. The Company shall fully investigate any received disclosures or reports promptly and assures that all such disclosures and reports, including the identity of the whistleblower shall be treated strictly confidential. Where required, a separate independent function will be formed to investigate the whistleblowing reports, and reports to the AC, who is responsible for the overview and monitoring of whistleblowing. For the financial year under review, neither the AC nor the Company has received any reports related to whistleblowing. For more information on the Company's code of conduct and ethics, please refer to the Company's website at [http://namcheong.com.my/pdf/general/NamCheong\\_Code\\_of\\_Conduct\\_F.pdf](http://namcheong.com.my/pdf/general/NamCheong_Code_of_Conduct_F.pdf).

The Company has adopted an internal policy, which is in line with Rule 1207(19) of the SGX-ST Listing Manual, with respect to dealings in securities of the Company.

The Company and its officers are prohibited from dealing in the securities of the Company at least two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results or when they are in possession of any unpublished price sensitive information of the Group. In compliance with Rule 1207(19) of the SGX-ST Listing Manual, quarterly reminders of the restrictions in dealing in the securities of the Company are issued to all Directors and officers of the Company.

## CORPORATE GOVERNANCE

In addition, Directors and officers are reminded not to deal with the Company's securities for a short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and the officers are required to notify their dealings in the Company's shares within two business days of the transaction.

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

### **SHAREHOLDER RIGHTS AND ENGAGEMENT**

#### **SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

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**Principle 11:** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

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The Company encourages shareholders' participation, and ensures that shareholders have the opportunities to participate and vote effectively at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

All Directors, including the chairmen of the AC, NC, RC and RMC, and senior Management, are in attendance at the AGMs and Special General Meetings (if any) to allow shareholders the opportunity to voice their views and ask Directors or Management questions regarding the Company. The CFO and the external auditors are also present to address the shareholders' queries on the Company's financial related matters, the conduct of the audit and the preparation of the content of auditors' report.

The general meeting procedures allow shareholders to raise questions relation to each resolution tabled for approval, and to participate, engage and openly communicate their views on matters relating to the Group. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company explains the reasons and material implications in the notice of meeting. There are no bundled resolutions tabled for the upcoming AGM.

Resolutions to be passed at the general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Bye-Laws of the Company currently does not allow a shareholder to vote in absentia at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead.

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. The Company practises fair and equitable treatment to all shareholders and stakeholders and to facilitate the exercise of ownership rights, the Company provides all material information which would materially affect the price or value of the Company's shares in an accurate and timely manner via SGXNET, so as to enable shareholders to make informed decisions.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed to conduct the voting process and verify votes after each resolution. The results of the electronic poll voting are announced instantaneously at the meeting.

## CORPORATE GOVERNANCE

The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from Board and Management. The aforesaid, together with the results of the electronic polling generated from the general meeting is promptly announced on SGXNET after the general meeting.

As of FY 2023, the Company does not have a formal dividend policy. The Company is working through its restructuring arrangement for the financial year to enhance the Group's financial strength. Therefore, no interim and final dividends have been declared for FY 2023.

### ENGAGEMENT WITH SHAREHOLDERS

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**Principle 12:** *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

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The Company is fully committed in maintaining and improving its level of corporate transparency and disclosure. The Company has an investor relations policy which adheres to fair disclosure principles and engagement with shareholders and stakeholders. The Investor Relations Policy is available at the Company's website at the URL [http://www.namcheong.com.my/pdf/general/NamCheong\\_Investor\\_Relations\\_Policy.pdf](http://www.namcheong.com.my/pdf/general/NamCheong_Investor_Relations_Policy.pdf).

Other than the routine announcements made via SGXNET in accordance with the requirements of the SGX-ST Listing Manual, the Group has issued additional announcements and press releases to update shareholders and investing stakeholders on the activities of the Company so as to ensure that all shareholders and investing stakeholders have access to material information at the same time. In addition, shareholders and the investing stakeholders can access to the Company's website at [www.namcheong.com.my](http://www.namcheong.com.my) for more information of the Group, including the corporate profile and financial information of the Company, corporate governance related matters and other salient information about the Company. The Group provides descriptive and detailed disclosure whenever possible and avoids boilerplate disclosure.

The Group does not practise selective disclosure. Price-sensitive information is first publicly released before the Group meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules). Subsequent to the release of the results, investor relations personnel are available by e-mail or telephone to answer questions from shareholders and the media as long as the information requested does not conflict with SGX-ST's rules of fair disclosure. In the event where there is inadvertent disclosure made to a select group, the Company endeavours to made the same disclosure publicly to all others as promptly as possible.

The Group seeks to deliver steady value growth in its business and has determined that sustainability is a long-term voyage to build an enduring and high performing business. The Company will issue a standalone Sustainability Report by 30 April 2024 which shall adhere to SGX's Sustainability Reporting guidelines and where applicable, provide the needful disclosure of Corporate Social Responsibility policies and practices. The Company's Sustainability Report will primarily focus on the Group's stakeholder engagement; material environmental; social and governance factors; safety management system; environmental protection; climate risk reporting; compliance; human resources overview; community giving and business resilience. For the Company's Sustainability Report, a copy of which shall be made available at the Company's website by 30 April 2024.

# CORPORATE GOVERNANCE

## MANAGING STAKEHOLDERS RELATIONSHIPS

### ENGAGEMENT WITH SHAREHOLDERS

**Principle 13:** *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Company adopts a balanced approach towards the needs and interests of key stakeholders group, taking into account the best interests of the Company and manage its relationships with such groups. The Company communicates with the key stakeholders through multiple platforms and communication channels to ensure perseverance of long-term value with the key stakeholders.

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET. The Company maintains a current corporate website to communicate and engage with stakeholders.

## OTHER CORPORATE GOVERNANCE MATTERS

### INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of any interested person transactions.

All interested person transactions are subject to review by the AC to ensure that such transactions are carried out on normal commercial terms or entered into on an arm's length basis and are not prejudicial to the interests of the Group and its minority shareholders.

For FY 2023, the Group has carried out interested person transactions with the following company/persons:

| Name of Interested Person                    | Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 |
|--|--|--|
| S.K. Tiong Properties Sdn Bhd <sup>(i)</sup> | S\$249,972   | Not applicable   |

Notes on nature of relationship:

- (i) Tan Sri Datuk Tiong Su Kouk, Executive Chairman of the Company, the father of Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Tiong Chiong Soon (Joseph), Executive Director of Operations, the father-in-law of Mr Leong Seng Keat, CEO, and the grandfather of Leong Juin Zer Jonathan, Executive Director of Commercial holds shares representing more than 30% of the issued capital in S.K. Tiong Properties Sdn Bhd ("SKTP"). During the period under review, Nam Cheong Dockyard Sdn Bhd, a wholly-owned subsidiary of the Company, and SKOM Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had rented office space from SKTP in the amount of S\$252,815.00

The Group does not have a general mandate for recurrent interested person transactions.



# CORPORATE GOVERNANCE

## MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements, the service agreements between the Executive Directors and the Company, and above, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, any directors or controlling shareholders which are either still subsisting as at the end of FY 2023 or if not then subsisting, entered into since the end of the previous financial year.

## USE OF PROCEEDS<sup>1</sup>

The Company has fully utilised RM30.0 million raised pursuant to the Proposed Private Placement (the “Net Proceeds”) which was applied towards the payment of the Conversion Cash to the Scheme Creditors under the Proposed Scheme.

The utilisation of the Net Proceeds is in accordance with the use of proceeds as disclosed in Section 9.11 of the circular to Shareholders dated 7 February 2024.

<sup>1</sup> Unless otherwise defined, all capitalised terms used shall bear the same meanings as ascribed to them in the Circular to Shareholders dated 7 February 2024.

# DIRECTORS' REPORT

For the financial year ended 31 December 2023

The directors submit this annual report to the members together with the audited financial statements of Nam Cheong Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 and statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors:

- (a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with International Financial Reporting Standards; and
- (b) at the date of this report, after considering the matters as described in Note 2(e) to the financial statements with respect to the Group's and the Company's ability to continue as going concern, and premised on the positive outcome of the assumptions described in Note 2(e), there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this report, authorised these financial statements for issue.

## Names of directors

The directors of the Company in office at the date of this report are:

|  |  |
|--|--|
| Tan Sri Datuk Tiong Su Kouk                          | Executive Chairman                           |
| Tiong Chiong Hiiung                                  | Executive Vice Chairman cum Finance Director |
| Leong Seng Keat                                      | Chief Executive Officer                      |
| Ajaib Hari Dass                                      | Lead Independent Director                    |
| Yee Kit Hong   | Independent Director                         |
| Kan Yut Keong, Benjamin                              | Independent Director                         |
| Datuk Lim Tong Lee (Appointed on 1 April 2024)       | Independent Director                         |
| Yeoh Seng Huat, Geoffrey (Appointed on 1 April 2024) | Independent Director                         |
| Tan Boon Yong, Thomas (Appointed on 1 April 2024)    | Independent Director                         |

In accordance with Bye-Law 86(1) of the Company's Bye-Laws, Tiong Chiong Hiiung retires and being eligible, offer himself for re-election.

## Arrangements to enable directors to acquire shares or debentures

Except as disclosed under this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

For the financial year ended 31 December 2023

## Directors' interests in shares or debentures

None of the directors who held office at the end of the financial year was interested in shares or debentures of the Company and its related corporations, except as follows:

|                                     | Holdings registered<br>in the name of director |                      | Holdings in which<br>director is deemed<br>to have an interest |                      |
|-------------------------------------|--|----------------------|--|----------------------|
|                                     | As at<br>1.1.2023                              | As at<br>31.12.2023# | As at<br>1.1.2023  | As at<br>31.12.2023# |
| The Company –<br>Nam Cheong Limited | <u>Number of ordinary shares</u>               |                      |  |                      |
| Tan Sri Datuk Tiong Su Kouk         | 376,168,263                                    | <b>436,168,263</b>   | 1,879,486,230  | <b>1,819,486,230</b> |
| Tiong Chiong Hiiung                 | 14,259,240                                     | <b>14,259,240</b>    | 9,629,881  | <b>9,629,881</b>     |
| Leong Seng Keat                     | 2,915,790                                      | <b>2,915,790</b>     | 94,117,527   | <b>94,117,527</b>    |

# There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

## Share plan

Pursuant to a resolution passed in the special general meeting on 20 August 2018, the Nam Cheong Group 2013 Share Grant Plan ("2013 Plan") was terminated and replaced with Nam Cheong Management Incentive Plan ("NCMI Plan"). There will be no further awards shall be granted under the 2013 Plan upon its termination. The NCMI Plan was subsequently terminated on 29 February 2024 and replaced with Nam Cheong Management Incentive Plan 2024. There will be no further awards shall be granted under the NCMI Plan upon its termination.

The NCMI Plan is administered by the Remuneration Committee. The committee members are duly authorised and appointed by the Board of directors. The members of the Remuneration Committee as at the date of the report are Mr Ajaib Hari Dass, Mr Yee Kit Hong and Mr Kan Yut Keong, Benjamin.

The salient features of the NCMI Plan is as follows:

- The NCMI Plan is a share incentive plan.
- The NCMI Plan is proposed on the basis that it is important to attract, retain and incentivise Participants whose contributions are essential to the successful implementation of the Scheme, the long-term growth, well-being and prosperity of the Group.
- The NCMI Plan will give Participants an opportunity to have a personal equity interest in the Group and will help to achieve better and long-term performance.

The purpose of adopting the NCMI Plan is to align the interests of directors, employees, especially key executives, with the interests of shareholders.

### (i) Eligibility

Employees (including executive directors) of Group Companies and Associated Companies, as the case may be, whose employment have been confirmed and who have attained the age of 21 years, provided that such persons are not undischarged bankrupts and have not entered into compositions with their respective creditors at the relevant time, may be eligible to participate in the Plan at the absolute discretion of the Committee.

Controlling Shareholders and their Associates are also eligible to participate in the Plan provided that they meet the aforesaid eligibility criteria and that all conditions for their participation in the Plan as may be required by the Listing Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

## DIRECTORS' REPORT

For the financial year ended 31 December 2023

### Share plan (Cont'd)

#### (i) Eligibility (Cont'd)

Directors and employees of an Associated Company may also be eligible to participate in the Plan at the discretion of the Committee, where the Committee considers that such persons have the ability to contribute significantly to the overall performance and prosperity of the Group. The Company believes that extending the Plan to include such persons is an appropriate and efficient means of further aligning their interests with those of the Shareholders and would serve to incentivise their further and continued contribution to the Group.

There shall be no restriction on the eligibility of any Participant to participate in any other share option schemes or share schemes implemented or to be implemented by the Company or any other Group Company.

#### (ii) Grant of awards

Awards may be granted at any time during the period when the NCMI Plan is in force. The selection of a Participant and the quantum of the Award shall be determined at the absolute discretion of the Committee. Awards shall be time-based and/or performance-based and released in tranches over such number of years as may be determined by the Committee in its absolute discretion.

Awards are personal to the selected Participant and shall not be transferred, assigned, charged, pledged or otherwise disposed of, in whole or in part, unless with the approval of the Committee.

Awards are granted to the Participants in consideration for their performance and contribution to the Company.

#### (iii) Size and duration

The NCMI Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the date on which the NCMI Plan is adopted by the Company in general meeting, provided always that the NCMI Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The NCMI Plan may be terminated at any time by the Committee or by resolution of the Company in general meeting, subject to all relevant approvals which may be required, and if the NCMI Plan is terminated, no further grants of Shares shall be made by the Company.

Notwithstanding the expiry or termination of the NCMI Plan, any Awards which have been granted in accordance with the NCMI Plan will continue to remain valid.

The total number of Shares (and cash equivalents) to be issued and/or transferred under the NCMI Plan and any other share-based incentive schemes of the Company will be subject to a maximum limit of 15 per cent (15%) of the Company's total issued Shares (excluding treasury shares) from time to time.



## DIRECTORS' REPORT

For the financial year ended 31 December 2023

### Share plan (Cont'd)

#### (iv) Events prior to vesting

An Award, to the extent not yet released, shall forthwith become void and cease to have effect on the occurrence of any of the following events:

- (a) a Participant, ceasing for any reason whatsoever (including but not limited to retirement, redundancy, ill health, injury, disability or death), to be in the employment of the Group or in the event the Company by which the Participant is employed ceases to be a company in the Group;
- (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (c) a Participant commits any breach of any of the terms of his Award;
- (d) misconduct on the part of a Participant as determined by the Committee in its discretion; and/or
- (e) a take-over, winding-up or reconstruction of the Company.

The conditional shares awarded under the NCMI Plan to the selected management staff are described below:

|                     |  |
|---------------------|--|
| Plan description:   | Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a one-year performance period.  |
| Date of grant:      | 4 March 2019 and 9 March 2020  |
| Performance period: | 1 January 2018 to 31 December 2018 and 1 January 2019 to 31 December 2019  |
| Vesting condition:  | Based on meeting stated performance conditions over a one-year performance period, 50% of award will vest. Balance will vest over the subsequent one year with fulfilment of service requirements. |
| Payout:             | 0% – 100% depending on the achievement of pre-set performance targets over the performance period.   |

The details of shares awarded during the financial year pursuant to the NCMI Plan are as follows:

| Grant date<br>NCMI Plan   | At<br>grant date    | At the<br>beginning<br>of the<br>financial<br>year | Shares<br>released<br>during the<br>financial<br>year | Shares<br>lapsed<br>during the<br>financial<br>year | At the<br>end<br>of the<br>financial<br>year |
|---|---------------------|--|---|---|--|
| <b>4 March 2019</b>   |                     |  |   |   |  |
| For management of the Group   | up to<br>21,053,820 | -  | -   | -   | -  |
| For executive director  | up to<br>42,107,648 | -  | -   | -   | -  |
| For controlling shareholders of the<br>Company (and their associates) | 7,017,940           | -  | -   | -   | -  |
| <b>9 March 2020</b>   |                     |  |   |   |  |
| For management of the Group   | up to<br>21,053,820 | -  | -   | -   | -  |
| For executive director  | up to<br>42,107,648 | -  | -   | -   | -  |
| For controlling shareholders of the<br>Company (and their associates) | 7,017,940           | -  | -   | -   | -  |

# DIRECTORS' REPORT

For the financial year ended 31 December 2023

## Audit Committee

The Audit Committee during the financial year and at the date of this report comprises the following members, all of whom are independent and non-executive directors of the Company:

Yee Kit Hong (Chairman)  
Ajaib Hari Dass  
Kan Yut Keong, Benjamin

The Audit Committee has met three times since the last Annual General Meeting and has carried out its functions in accordance with the Singapore Exchange Securities Trading Limited Listing Manual and the Code of Corporate Governance, including reviewing the following, where relevant, with the executive directors and external and internal auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the directors of the Company;
- (d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the cooperation and assistance given by the management to the Company's internal and external auditors;
- (f) the re-appointment of the external auditors of the Company;
- (g) the adequacy and effectiveness of the Group's risk management process and internal controls, including financial, operational, compliance and information technology controls, via reviews carried out by the internal auditors;
- (h) interested person transactions; and
- (i) the whistle blowing policy.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee also recommends on the appointment of the external auditor and reviews the level of audit and non-audit fees. It is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the external auditor, Foo Kon Tan LLP, is to be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing the auditors for the Company, the subsidiaries and the significant associates and joint ventures, Rules 712 and 715 of the SGX Listing Manual have been compiled.

# DIRECTORS' REPORT

For the financial year ended 31 December 2023

**Independent auditor**

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....  
TAN SRI DATUK TIONG SU KOUK

.....  
LEONG SENG KEAT

Dated: 13 May 2024

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of Nam Cheong Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Qualified Opinion

#### 1. Impairment assessment of cost of investment in subsidiaries and amount due from subsidiaries (Note 4)

As at 31 December 2023, the Company's cost of investment in subsidiaries and the amount due from subsidiaries (which formed part of net investment in subsidiaries) amounted to RM1,144,799,000 and RM1,561,733,000 respectively. Allowance for impairment amounting to RM1,144,799,000 and RM1,561,733,000 respectively were provided as at year end. As at 31 December 2023, the impairment assessment provided by management was not prepared in accordance with IAS 36 Impairment of Assets, and therefore we were unable to obtain sufficient appropriate audit evidence to assess whether the impairment provided should be reversed, either in full or partially. We were, therefore, unable to assess whether the carrying amount of nil balance for the cost of investment in subsidiaries and the amount due from subsidiaries as at 31 December 2023 was correctly stated.

#### 2. Inventories (Note 8)

As at 31 December 2023, the Group's inventories included work in progress at net realisable value of RM23,001,000. This work in progress represents costs incurred for unsold vessels under construction and include certain work in progress vessels which have been written down to nil value. The allowances for write-down on inventories as at 31 December 2023 amounted to RM76,705,000. We were unable to obtain sufficient appropriate audit evidence to assess whether the allowance for write down on these inventories are appropriate as management did not carry out any assessment as at year end. We were unable to establish whether the circumstances that previously caused the inventories to be written down still exist as at year end.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Basis for Qualified Opinion (Cont'd)

### 3. Unquoted debt securities at FVOCI (Note 7)

As at 31 December 2023, the Group's other investments include unquoted debt securities at FVOCI which has been recorded at nil value after fair value adjustment and impairment. Management was unable to provide us with sufficient appropriate audit evidence on the appropriateness of the fair value adjustments and impairment provided. Accordingly, we were unable to assess whether the fair value of the investment was correctly stated as at year end as well as the adequacy and appropriateness of the disclosures in Note 7.

### 4. Foreign currency translation reserve as at 31 December 2022 and 1 January 2022 and the impact on other comprehensive income (Note 14)

We were unable to obtain sufficient appropriate audit evidence about the foreign currency translation reserves as at 31 December 2022 and 1 January 2022 amounting to RM185,901,000 and RM213,335,000 respectively arising from the prior year adjustments in Note 32 (iv) because management was not able to provide reconciliation to support the balances as at 31 December 2022 and 1 January 2022 and the possible impact on the other comprehensive income for the financial year ended 31 December 2023. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards based on Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## 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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis of Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Resolution of disclaimer of opinion issued for the financial year ended 31 December 2022

The audit report dated 12 April 2023 on the financial statements for the previous year ended 31 December 2022 contained a disclaimer of opinion on the following matters:

#### 1. Liabilities and going concern

##### 1(a) Liabilities with Non-Fujian Group Shipyards

###### Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the liabilities and going concern as the Group was unable to provide us independently verifiable supporting evidence to corroborate management's representation that the balance sum of the remaining ten shipbuilding contracts (the "Contracts") had not been incurred and all liabilities related to the Contracts had been accounted for as at 31 December 2022. We were unable to assess the financial impact of any provision for onerous contracts, provision for restructuring expenses and/or contingent liabilities that may arise from the default on contractual obligations.

There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the Group's liabilities in respect of the work performed on the Contracts as at 31 December 2022 and potential contingent liabilities that may arise from the default on contractual obligations.

###### Financial year ended 31 December 2023

As disclosed in Note 2(e), written agreements have been entered into with Non-Fujian Group Shipyards and the confirmation of balances from third party has been received and prior year error has been corrected retrospectively (see Note 32) in the comparative information presented in the financial statements. The disclaimer opinion on liabilities solely in respect of this outstanding exposure of liabilities with Non-Fujian Group Shipyards was discharged.

##### 1(b) Going concern in relation to Debt Restructuring Exercise

###### Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the going concern as the Scheme Meeting is yet to convene to approve the New NCL Scheme. There is no assurance or reasonable certainty that the New NCL Scheme will be approved or successfully concluded.

There were no practicable audit procedures that we could perform to form an opinion on whether management has considered all relevant events and conditions when making assessment on the Group's and the Company's ability to continue as going concern.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

Resolution of disclaimer of opinion issued for the financial year ended 31 December 2022 (Cont'd)

### 1. Liabilities and going concern (Cont'd)

1(b) Going concern in relation to Debt Restructuring Exercise (Cont'd)

Financial year ended 31 December 2023

With the completion of debt restructuring exercise on 30 March 2024, which occurred subsequent to the financial year ended 31 December 2023, the disclaimer opinion on going concern solely in respect of this debt restructuring exercise matter will be discharged. The resolution of this point is discussed in more detail under the Key Audit Matters – Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements).

### 2. Provision for financial guarantee

Financial year ended 31 December 2022

The audit opinion for the financial year ended 31 December 2022 was disclaimed in respect of the provision for financial guarantee to its joint venture, P.T. Bahtera Niaga Indonesia ("BNI") in respect of a term loan granted to BNI. In 2020, BNI has defaulted the term loan repayment and letter of demand was issued to the Company.

There was no independent bank confirmation from the bank, and we were unable to satisfy ourselves that the provision made by management was adequate, as we have no evidence to suggest that the bank will not charge the Company a financial penalty or accrue interest on the outstanding amount due to them. There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the adequacy of the provision for financial guarantee. Consequently, we were unable to determine whether any adjustment was required which may have a consequential significant effect on the profit or loss for the year ended 31 December 2022 and statement of financial position as at 31 December 2022.

Financial year ended 31 December 2023

In the current financial year, we were able to perform alternative procedure by obtaining confirmation from the scheme manager to confirm that it would be reasonable to assume the maximum claim by the bank in relation to the proportionate guarantee provided by the Company in respect of the loan facility granted to BNI. In addition, with the prior years' understatement now corrected retrospectively (see Note 32) as presented in the comparative information presented in the financial statements, the disclaimer opinion in respect of term loan granted to BNI was discharged.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements)

#### Risk:

As at 31 December 2023, the Group's and Company's current liabilities exceeded their current assets by RM1,027,936,000 and RM869,999,000 respectively. In addition, the Group's and the Company's total liabilities exceeded their total assets by RM502,186,000 and RM869,999,000 respectively.

The financial statements have been prepared by management on a going concern basis, the validity of which is premised on the future cash flow forecast of the Group for the next 12 months from the end of the reporting period.

During the financial year, the Group has entered into written agreements with the Non-Fujian Group Shipyards to extend the delivery period for certain contracts as well as to terminate the remaining contracts to reduce its financial exposure. Consequently, the ability of the Group and the Company to continue as going concerns is mainly subject to the completion of the Restructuring Exercise as disclosed in Note 2(e).

As disclosed in Note 2(e) to the financial statements, the Group has breached the payments for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt during the previous financial years. In assessing whether the Group and the Company can meet their debt obligation for at least 12 months from the reporting period, a cash flow forecast prepared by the management took into consideration of the completion of debt restructuring exercise; and the written agreement entered with Non-Fujian Group Shipyards for the settlement of remaining shipbuilding contracts. The key assumptions include sufficient cash inflows are generated by the Group's chartering segment, based on reasonable expectations of daily charter rates, vessel utilisation and low default rates by its customers, to generate sufficient operating cash inflows.

Based on the cash flow forecast and having regard to the completion of the Restructuring Exercise (the pro forma consolidated financial statements after the completion of the debt restructuring exercise showed the Group's financial position turning from a net current liabilities and net liabilities position to a net current assets and net assets position respectively), the Directors believe that the Group has sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for at least 12 months from the date of this report.

In the previous financial year, the Group announced the New NCL Scheme ("Scheme") to restructure the debt of the Group to rehabilitate the Group as a going concern. During the financial year, the Group and the Company obtained creditors' approval for the Scheme on 3 November 2023. The Scheme was subsequently sanctioned by the High Court of Malaya on 21 December 2023. Subsequent to the financial year ended 31 December 2023, the proposed resolutions related to the restructuring was approved by the Company's shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring. As such, the Group concluded the debt restructuring exercise via Scheme and the Debt Restructuring Master Agreement ("DRMA").

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

Assessment of the going concern basis in preparation of the financial statements (refer to Note 2(e) to the financial statements) (Cont'd)

Risk: (Cont'd)

Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the Scheme on or before 14 March 2024, the Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

We have identified this as a key audit matter because of the level of subjectivity associated with the assumptions applied in the assessment of the going concern of the Group and of the Company that is required to be made by the Directors of the Company, including expectations of future events that are believed to be reasonable under the circumstances and concluding whether there is any material uncertainty.

Our audit procedures included the following:

1. Reviewed management's assessment of the Group's ability to continue as a going concern through discussions, inquiry and inspection of supporting documentation;
2. Evaluated management's plans for future actions in relation to its going concern assessment (e.g. debt restructuring and fund raising through equity) to assess whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances;
3. Requested cash flow forecast from management, evaluated the reliability of underlying data generated to prepare the forecast, and determine whether there is adequate support for assumptions underlying the forecast;
4. Considered whether any additional facts or information have become available since the date on which management made its assessment;
5. Evaluated whether sufficient appropriate audit evidence has been obtained regarding the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements;
6. Reviewed the details of the Scheme and DRMA, and assessed the impact to the Group's financial position and cash flows;
7. Inquired the status of the debt settlement arrangement with the other shipyards, and evaluated its validity, feasibility and effectiveness; and
8. Considered the adequacy of the Group's and the Company's disclosures in relation to going concern basis in preparation of the financial statements.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Impairment assessment of property, plant and equipment (refer to Note 3 to the financial statements)

#### Risk:

As at 31 December 2023, the Group's property, plant and equipment amounted to RM543,837,000 as disclosed in Note 3 to the financial statements. The carrying amount of the Group's vessels and leasehold lands and buildings amounted to RM540,936,000, representing 99% of the Group's property, plant and equipment and 59% of the Group's total assets as at 31 December 2023. The Group considered the existence of impairment indicators for vessels and leasehold lands and building and thereon assessed the recoverable amounts of certain vessels and leasehold lands and buildings with carrying amounts of RM1,414,000 and RM15,839,000 respectively. The Group assessed all the vessels to be profit generating except for three vessels which were idle during the financial year ended 31 December 2023. The leasehold lands and buildings held by the Group under shipbuilding segment have reported no revenue in the current and prior years. An impairment loss exists when the net carrying amount of the vessels, leasehold lands and buildings exceeds their recoverable amount, defined as the higher of the fair value less cost of disposal and value-in-use. Significant judgement is involved in the impairment assessment to determine the recoverable amounts.

Management has appointed independent professional valuers to ascertain the recoverable amounts based on the fair value less cost of disposal of vessels and leasehold lands and buildings, determined by reference to the valuation reports, and has considered the reasonableness of the valuations. In preparing the valuation reports, the professional valuers have considered various factors, including the current market conditions of the vessels and leasehold lands and buildings, recent market sales of similar vessels and leaseholds land and buildings, specifications and conditions of each vessel and leasehold lands and buildings as well as the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. No impairment provision was recorded for the vessels and leasehold lands and buildings during the financial year.

Due to the significant judgment involved in estimating the recoverable amounts and the significance of the carrying amounts of the vessels and leasehold lands and buildings, we have determined this as a key audit matter.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Impairment assessment of property, plant and equipment (refer to Note 3 to the financial statements) (Cont'd)

Our audit procedures included the following:

1. Reviewed management's assessment of impairment of property, plant and equipment based on external and internal sources of information for indications of impairments.
2. Assessed the appropriateness of management's identification of the cash generating unit ("CGU") to which the property, plant and equipment belongs.
3. Read the terms of engagement of the management's expert engaged by the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.
4. Evaluated whether the management's expert had the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity.
5. Engaged an auditor's expert to assist us in evaluating the valuation methodologies and assessing the appropriateness of key assumptions used, inter alia, the specifications and the age of the vessels and leasehold lands and buildings, and the reasonableness of estimates used by the management's expert.
6. Assessed the competency, capability and objectivity of the auditor's expert.
7. Evaluated management's assessment of impairment by comparing the carrying amounts of the vessels and leasehold lands and buildings with their recoverable amounts determined based on fair value less cost of disposal, which is higher than value-in-use, to determine if any impairment loss is required.
8. Considered the adequacy of the Group's disclosures in relation to impairment of property, plant and equipment.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

Impairment of trade and other receivables (including amounts due from joint ventures and associates) (refer to Note 9 to the financial statements)

Risk:

As at 31 December 2023, the Group's trade and other receivables (including amounts due from joint ventures and associates) amounted to RM254,206,000 representing 28% of the Group's total assets. The Group uses a provision matrix to calculate the expected credit losses ("ECL") for trade and other receivables (including amounts due from joint ventures and associates).

The recoverability of trade and other receivables (including amounts due from joint ventures and associates) is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of trade debtors, management provides lifetime expected credit losses using a provision matrix. The provision matrix is based on historical observed default rates, existing market conditions, adjusted for forward looking information at each reporting period. For other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised based on lifetime expected credit loss. The determination of ECL requires the use of management judgement and estimates, and is sensitive to changes in circumstances and economic conditions.

This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to the assumptions used in the ECL model such as forward-looking macroeconomic factors.

Our audit procedures included the following:

1. Assessed the Group's processes and key controls relating to the monitoring of trade and other receivables (including amounts due from joint ventures and associates) including the process in determining whether a debtor is credit-impaired and the Group's processes in collating the key data sources and assumptions for data used in the ECL model.
2. Tested management's assumptions used to determine the ECLs on the trade and other receivables (including amounts due from joint ventures and associates), by considering the Group's historical credit loss experience, ageing analysis of outstanding receivables, and comparison to forward-looking macroeconomic information affecting the recoverability of trade and other receivables (including amounts due from joint ventures and associates).
3. Considered the age of the debts as well as the trend of collections to identify the collection risks.
4. Obtained receivables confirmations and reviewed for collectability by way of obtaining evidence of receipts from the debtors subsequent to the balance sheet date.

Further, we assessed the adequacy of the Group's disclosures on trade and other receivables (including amounts due from joint ventures and associates), and the related credit risk in Note 29.1 to the financial statements.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Other information

Management is responsible for the other information. The other information comprises information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the abovementioned for the year. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, 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.
- b) 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 internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)**

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Ong Soo Ann.

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore,

13 May 2024



## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

|   | Note | 31 December 2023<br>RM'000 | The Group<br>31 December 2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
|---|------|----------------------------|---|--|
| <b>ASSETS</b>   |      |                            |   |  |
| <b>Non-Current Assets</b>                               |      |                            |   |  |
| Property, plant and equipment                           | 3    | 543,837                    | 426,784   | 390,324                                |
| Associates  | 5    | 9,415                      | 5,210   | 680                                    |
| Joint ventures  | 6    | 8,996                      | 3,315   | 1,996                                  |
| Other investments                                       | 7    | -                          | -   | -                                      |
|   |      | <b>562,248</b>             | <b>435,309</b>  | <b>393,000</b>                         |
| <b>Current Assets</b>                                   |      |                            |   |  |
| Inventories   | 8    | 23,959                     | 13,604  | 23,968                                 |
| Trade and other receivables                             | 9    | 254,206                    | 180,205   | 156,751                                |
| Prepayments   | 10   | 6,511                      | 1,789   | 5,143                                  |
| Cash and bank balances                                  | 11   | 57,340                     | 59,394  | 25,472                                 |
| Fixed deposits  | 11   | 6,887                      | 3,471   | 1,233                                  |
| Current tax recoverable                                 |      | 184                        | 811   | 706                                    |
|   |      | <b>349,087</b>             | <b>259,274</b>  | <b>213,273</b>                         |
| <b>Total assets</b>                                     |      | <b>911,335</b>             | <b>694,583</b>  | <b>606,273</b>                         |
| <b>EQUITY</b>   |      |                            |   |  |
| <b>Capital and Reserves</b>                             |      |                            |   |  |
| Share capital   | 12   | 3,977                      | 3,904   | 3,836                                  |
| Share premium   | 12   | 312,471                    | 310,850   | 309,357                                |
| Treasury shares   | 13   | (4,097)                    | (4,097)   | (4,097)                                |
| Reserves  | 14   | 141,168                    | 181,500   | 208,934                                |
| Accumulated losses                                      |      | (962,693)                  | (1,119,967)   | (1,179,287)                            |
| <b>Equity attributable to owners<br/>of the Company</b> |      | <b>(509,174)</b>           | <b>(627,810)</b>                                      | <b>(661,257)</b>                       |
| Non-controlling interests                               |      | 6,988                      | 3,133   | 923                                    |
| <b>Total equity</b>                                     |      | <b>(502,186)</b>           | <b>(624,677)</b>                                      | <b>(660,334)</b>                       |
| <b>Non-Current Liabilities</b>                          |      |                            |   |  |
| Deferred tax liabilities                                | 15   | 8,143                      | 6,365   | 2,839                                  |
| Borrowings  | 16   | 262                        | 1,097   | 9,873                                  |
| Trade and other payables                                | 17   | 28,093                     | -   | -                                      |
|   |      | <b>36,498</b>              | <b>7,462</b>  | <b>12,712</b>                          |
| <b>Current Liabilities</b>                              |      |                            |   |  |
| Borrowings  | 16   | 1,043,316                  | 989,596   | 947,276                                |
| Trade and other payables                                | 17   | 279,191                    | 268,971   | 259,783                                |
| Provision for financial guarantee                       | 18   | 51,874                     | 49,613  | 45,448                                 |
| Current tax payable                                     |      | 2,642                      | 3,618   | 1,388                                  |
|   |      | <b>1,377,023</b>           | <b>1,311,798</b>                                      | <b>1,253,895</b>                       |
| <b>Total liabilities</b>                                |      | <b>1,413,521</b>           | <b>1,319,260</b>                                      | <b>1,266,607</b>                       |
| <b>Total equity and liabilities</b>                     |      | <b>911,335</b>             | <b>694,583</b>  | <b>606,273</b>                         |

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

|                                     | Note | 31 December 2023<br>RM'000 | The Company<br>31 December 2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
|-------------------------------------|------|----------------------------|---|--|
| <b>ASSETS</b>                       |      |                            |   |  |
| <b>Non-Current Asset</b>            |      |                            |   |  |
| Subsidiaries                        | 4    | -                          | -   | -                                      |
| <b>Current Assets</b>               |      |                            |   |  |
| Trade and other receivables         | 9    | 152                        | 152   | 152                                    |
| Prepayments                         | 10   | 127                        | 92  | 78                                     |
| Cash and bank balances              | 11   | 171                        | 38  | 77                                     |
| Current tax recoverable             |      | 41                         | -   | -                                      |
| <b>Total assets</b>                 |      | <b>491</b>                 | <b>282</b>  | <b>307</b>                             |
| <b>EQUITY</b>                       |      |                            |   |  |
| <b>Capital and Reserves</b>         |      |                            |   |  |
| Share capital                       | 12   | 3,977                      | 3,904   | 3,836                                  |
| Share premium                       | 12   | 312,471                    | 310,850   | 309,357                                |
| Treasury shares                     | 13   | (4,097)                    | (4,097)   | (4,097)                                |
| Reserves                            | 14   | 778,608                    | 778,608   | 778,608                                |
| Accumulated losses                  |      | (1,960,958)                | (1,937,464)   | (1,888,302)                            |
| <b>Total equity</b>                 |      | <b>(869,999)</b>           | <b>(848,199)</b>  | <b>(800,598)</b>                       |
| <b>Current Liabilities</b>          |      |                            |   |  |
| Borrowings                          | 16   | 758,223                    | 713,606   | 672,477                                |
| Trade and other payables            | 17   | 60,393                     | 85,262  | 82,980                                 |
| Provision for financial guarantee   | 18   | 51,874                     | 49,613  | 45,448                                 |
| <b>Total liabilities</b>            |      | <b>870,490</b>             | <b>848,481</b>  | <b>800,905</b>                         |
| <b>Total equity and liabilities</b> |      | <b>491</b>                 | <b>282</b>  | <b>307</b>                             |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

|   | Note | The Group<br>Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000<br>(Restated) |
|---|------|---|--|
| Revenue   | 19   | 475,273   | 365,721  |
| Cost of sales   |      | (306,673)   | (265,028)  |
| Gross profit  |      | 168,600   | 100,693  |
| Other income  | 20   | 90,500  | 61,344   |
| Administrative expenses   |      | (43,215)  | (38,319)   |
| Other operating expenses  |      | (12,022)  | (20,042)   |
| Finance costs   | 21   | (27,407)  | (30,041)   |
| Share of results of associates, net of tax                            | 5    | 4,131   | 4,528  |
| Share of results of joint ventures, net of tax                        | 6    | 5,696   | 1,361  |
| Profit before taxation  | 22   | 186,283   | 79,524   |
| Taxation  | 23   | (23,360)  | (17,994)   |
| <b>Profit for the year</b>  |      | <b>162,923</b>  | <b>61,530</b>  |
| <b>Other comprehensive loss:</b>                                      |      |   |  |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |      |   |  |
| Foreign currency translation loss on consolidation                    |      | (40,691)  | (27,434)   |
| <b>Other comprehensive loss for the year, net of tax of nil</b>       |      | <b>(40,691)</b>                                       | <b>(27,434)</b>  |
| <b>Total comprehensive income for the year</b>                        |      | <b>122,232</b>  | <b>34,096</b>  |
| <b>Profit attributable to:</b>  |      |   |  |
| Owners of the Company   |      | 157,274   | 59,320   |
| Non-controlling interests   |      | 5,649   | 2,210  |
|   |      | <b>162,923</b>  | <b>61,530</b>  |
| <b>Total comprehensive income attributable to:</b>                    |      |   |  |
| Owners of the Company   |      | 116,583   | 31,886   |
| Non-controlling interests   |      | 5,649   | 2,210  |
|   |      | <b>122,232</b>  | <b>34,096</b>  |
| <b>Earnings per share</b>   |      |   |  |
| - Basic (Malaysia sen)  | 24   | 194.85  | 74.61  |
| - Diluted (Malaysia sen)  | 24   | 191.52  | 73.31  |

*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 2023

|  | Share capital<br>RM'000 | Share premium<br>RM'000 | Treasury shares<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Capital reserve<br>RM'000 | Fair value reserve<br>RM'000 | Accumulated losses<br>RM'000 | Equity attributable to owners of the Company<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
|--|-------------------------|-------------------------|---------------------------|--|---------------------------|------------------------------|------------------------------|--|-------------------------------------|------------------------|
| <b>Balance at 1 January 2023, as restated</b>                          | 3,904                   | 310,850                 | (4,097)                   | 185,901  | -                         | (4,401)                      | (1,119,967)                  | (627,810)  | 3,133                               | (624,677)              |
| Profit for the year  | -                       | -                       | -                         | -  | -                         | -                            | 157,274                      | 157,274  | 5,649                               | 162,923                |
| Other comprehensive income for the year                                | -                       | -                       | -                         | -  | -                         | -                            | -                            | -  | -                                   | -                      |
| - Foreign currency translation loss                                    | -                       | -                       | -                         | (40,691)                                       | -                         | -                            | -                            | (40,691)   | -                                   | (40,691)               |
| Total other comprehensive loss for the year                            | -                       | -                       | -                         | (40,691)                                       | -                         | -                            | -                            | (40,691)   | -                                   | (40,691)               |
| <b>Total comprehensive (loss)/income for the year</b>                  | -                       | -                       | -                         | (40,691)                                       | -                         | -                            | 157,274                      | 116,583  | 5,649                               | 122,232                |
| Contributions by and distributions to owners                           |                         |                         |                           |  |                           |                              |                              |  |                                     |                        |
| - Issuance of term loan shares (Note 12)                               | 73                      | 1,621                   | -                         | -  | -                         | -                            | -                            | 1,694  | -                                   | 1,694                  |
| - Dilution of interest – SSB (Note 4)                                  | -                       | -                       | -                         | -  | 359                       | -                            | -                            | 359  | 276                                 | 635                    |
| - Non-controlling interests arising from incorporation of a subsidiary | -                       | -                       | -                         | -  | -                         | -                            | -                            | -  | 17                                  | 17                     |
| - Dividend paid to non-controlling interest of a subsidiary            | -                       | -                       | -                         | -  | -                         | -                            | -                            | -  | (2,087)                             | (2,087)                |
| <b>Transactions with owners in their capacity as owners</b>            | 73                      | 1,621                   | -                         | -  | 359                       | -                            | -                            | 2,053  | (1,794)                             | 259                    |
| <b>Balance at 31 December 2023</b>                                     | 3,977                   | 312,471                 | (4,097)                   | 145,210  | 359                       | (4,401)                      | (962,693)                    | (509,174)  | 6,988                               | (502,186)              |

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 2023

|   | Share capital<br>RM'000 | Share premium<br>RM'000 | Treasury shares<br>RM'000 | Foreign currency translation reserve<br>RM'000 | Fair value reserve<br>RM'000 | Accumulated losses<br>RM'000 | Equity attributable to owners of the Company<br>RM'000 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
|---|-------------------------|-------------------------|---------------------------|--|------------------------------|------------------------------|--|-------------------------------------|------------------------|
| <b>Balance at 1 January 2022, as previously reported</b>    | 3,836                   | 309,357                 | (4,097)                   | 316,775  | (4,401)                      | (1,298,230)                  | (676,760)  | 923                                 | (675,837)              |
| Prior year adjustments (Note 32)                            | -                       | -                       | -                         | (103,440)                                      | -                            | 118,943                      | 15,503   | -                                   | 15,503                 |
| <b>Balance at 1 January 2022, as restated</b>               | 3,836                   | 309,357                 | (4,097)                   | 213,335  | (4,401)                      | (1,179,287)                  | (661,257)  | 923                                 | (660,334)              |
| Profit for the year, as restated                            | -                       | -                       | -                         | -  | -                            | 59,320                       | 59,320   | 2,210                               | 61,530                 |
| Other comprehensive loss for the year                       | -                       | -                       | -                         | (27,434)                                       | -                            | -                            | (27,434)   | -                                   | (27,434)               |
| - Foreign currency translation loss, as restated            | -                       | -                       | -                         | (27,434)                                       | -                            | -                            | (27,434)   | -                                   | (27,434)               |
| <b>Total comprehensive (loss)/income for the year</b>       | -                       | -                       | -                         | (27,434)                                       | -                            | 59,320                       | 31,886   | 2,210                               | 34,096                 |
| Contributions by and distributions to owners                | -                       | -                       | -                         | -  | -                            | -                            | -  | -                                   | -                      |
| - Issuance of term loan shares (Note 12)                    | 68                      | 1,493                   | -                         | -  | -                            | -                            | 1,561  | -                                   | 1,561                  |
| <b>Transactions with owners in their capacity as owners</b> | 68                      | 1,493                   | -                         | -  | -                            | -                            | 1,561  | -                                   | 1,561                  |
| <b>Balance at 31 December 2022, as restated</b>             | 3,904                   | 310,850                 | (4,097)                   | 185,901  | (4,401)                      | (1,119,967)                  | (627,810)  | 3,133                               | (624,677)              |

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 2023

|  | Note     | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000<br>(Restated) |
|--|----------|--|--|
| <b>Cash Flows from Operating Activities</b>                                  |          |  |  |
| Profit before taxation   |          | 186,283                                  | 79,524   |
| Adjustments for:   |          |  |  |
| Depreciation of property, plant and equipment                                | 3        | 26,448                                   | 29,014   |
| Gain on lease termination  | 22       | -  | (446)  |
| Gain on waiver of debts  | 20       | -  | (13,213)   |
| Gain on discounting of trade payables  | 20       | (5,227)                                  | -  |
| Reversal of inventories write-down   | 8        | (31,151)                                 | -  |
| Reversal of impairment losses on other investments                           | 7        | (72)                                     | (277)  |
| Impairment losses on trade and other receivables reversed, net               | 20       | (1,230)                                  | (889)  |
| Interest expense   | 21       | 27,407                                   | 30,041   |
| Interest income  | 20       | (1,760)                                  | (1,100)  |
| Gain on disposal of property, plant and equipment                            | 3, B, 20 | (44,318)                                 | (44,380)   |
| Property, plant and equipment written off                                    | 22       | 10                                       | -  |
| Share of post-tax results of equity-accounted joint ventures                 | 6        | (5,696)                                  | (1,361)  |
| Share of post-tax results of equity-accounted associates                     | 5        | (4,131)                                  | (4,528)  |
| Bad debts written off  | 22       | -  | 92   |
| Project deposit written off  | 22       | -  | 241  |
| <b>Operating profit before working capital changes</b>                       |          | <b>146,563</b>                           | <b>72,718</b>  |
| Changes in inventories   |          | (10,989)                                 | (15,580)   |
| Changes in trade and other receivables                                       |          | (100,949)                                | 28,795   |
| Changes in prepayments   |          | (4,722)                                  | 3,392  |
| Changes in trade and other payables  |          | 19,962                                   | (6,967)  |
| <b>Cash generated from operations</b>  |          | <b>49,865</b>                            | <b>82,358</b>  |
| Interest paid  |          | (3,666)                                  | (5,366)  |
| Income taxes paid  |          | (21,897)                                 | (12,756)   |
| <b>Net cash generated from operating activities</b>                          |          | <b>24,302</b>                            | <b>64,236</b>  |
| <b>Cash Flows from Investing Activities</b>                                  |          |  |  |
| Repayment from associates  |          | 7,544                                    | 8,734  |
| Advances to joint ventures   |          | (12,456)                                 | (9,248)  |
| Interest received  |          | 1,760                                    | 1,100  |
| Proceeds from disposal of property, plant and equipment                      | 3, B     | 61,649                                   | 77,833   |
| Purchase of property, plant and equipment                                    | 3, B     | (78,258)                                 | (93,539)   |
| <b>Net cash used in investing activities</b>                                 |          | <b>(19,761)</b>                          | <b>(15,120)</b>  |
| <b>Cash Flows from Financing Activities</b>                                  |          |  |  |
| Repayments of borrowings   | A        | (828)                                    | (3,964)  |
| Repayments of lease liabilities  | A        | (793)                                    | (7,663)  |
| Repayments of lease liabilities interest                                     |          | (95)                                     | (842)  |
| Dividend paid to non-controlling interests of a subsidiary                   | C        | (1,452)                                  | -  |
| Proceeds from issuance of shares to non-controlling interest of a subsidiary |          | 17                                       | -  |
| Increased in restricted cash   | A        | (1,942)                                  | (2,856)  |
| Fixed deposits pledged as security for bank facilities                       | A        | (3,380)                                  | (2,384)  |
| <b>Net cash used in financing activities</b>                                 |          | <b>(8,473)</b>                           | <b>(17,709)</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                  |          | <b>(3,932)</b>                           | <b>31,407</b>  |
| Cash and cash equivalents at beginning of the year                           |          | 57,336                                   | 26,416   |
| Effect of foreign exchange fluctuations on cash and cash equivalents         |          | (28)                                     | (487)  |
| <b>Cash and cash equivalents at end of the year</b>                          | 11       | <b>53,376</b>                            | <b>57,336</b>  |

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 2023

Note:

## A. Reconciliation of movements of liabilities and assets to cash flows arising from financing activities

|                           | Note | At 1<br>January<br>2023<br>RM'000<br>(Restated) | Cash<br>Flows<br>RM'000 | Foreign<br>exchange<br>RM'000 | Interest<br>Expenses<br>RM'000 | New<br>leases<br>RM'000 | Termination<br>of lease<br>RM'000 | At 31<br>December<br>2023<br>RM'000 |
|---------------------------|------|---|-------------------------|-------------------------------|--------------------------------|-------------------------|-----------------------------------|-------------------------------------|
| <i>Liabilities</i>        |      |   |                         |                               |                                |                         |                                   |                                     |
| Bilateral facilities debt | 16   | 101,802   | (828)                   | 2,596                         | -                              | -                       | -                                 | 103,570                             |
| Term loans                | 16   | 887,001   | -                       | 51,911                        | -                              | -                       | -                                 | 938,912                             |
| Lease liabilities         | 16   | 1,890   | (888)                   | (1)                           | 95                             | -                       | -                                 | 1,096                               |
| <i>Asset</i>              |      |   |                         |                               |                                |                         |                                   |                                     |
| Restricted cash           | 11   | (2,856)   | (1,942)                 | -                             | -                              | -                       | -                                 | (4,798)                             |
| Fixed deposits (pledged)  | 11   | (2,673)   | (3,380)                 | -                             | -                              | -                       | -                                 | (6,053)                             |

|                           | Note | At 1<br>January<br>2022<br>RM'000<br>(Restated) | Cash<br>Flows<br>RM'000 | Foreign<br>exchange<br>RM'000 | Interest<br>Expenses<br>RM'000 | New<br>leases<br>RM'000 | Termination<br>of lease<br>RM'000 | At 31<br>December<br>2022<br>RM'000<br>(Restated) |
|---------------------------|------|---|-------------------------|-------------------------------|--------------------------------|-------------------------|-----------------------------------|---|
| <i>Liabilities</i>        |      |   |                         |                               |                                |                         |                                   |   |
| Bilateral facilities debt | 16   | 102,626   | (3,964)                 | 3,140                         | -                              | -                       | -                                 | 101,802   |
| Term loans                | 16   | 837,107   | -                       | 49,894                        | -                              | -                       | -                                 | 887,001   |
| Lease liabilities         | 16   | 17,416  | (8,505)                 | 1,330                         | 842                            | 1,652                   | (10,845)                          | 1,890   |
| <i>Asset</i>              |      |   |                         |                               |                                |                         |                                   |   |
| Restricted cash           | 11   | -   | (2,856)                 | -                             | -                              | -                       | -                                 | (2,856)   |
| Fixed deposits (pledged)  | 11   | (289)   | (2,384)                 | -                             | -                              | -                       | -                                 | (2,673)   |

## B. Property, plant and equipment

During the financial year ended 31 December 2023, the Group acquired property, plant and equipment with an aggregate cost of RM116,288,000 (2022 – RM104,403,000). Cash payments of RM73,319,000 (2022 – RM93,539,000) were made to purchase property, plant and equipment, RM42,969,000 (2022 – RM7,920,000) were offset with receivables and the balance of RM Nil (2022 – RM2,944,000) are recorded in trade and other payables.

In the previous financial year ended 31 December 2022, the Group returned the vessels to the original supplier with an aggregate cost of RM52,495,000 and resultant carrying amount of RM12,306,000.

The Group has disposed of plant and equipment with a total carrying amount of RM17,331,000 (2022 – RM58,452,000) for a sales consideration of RM61,649,000 (2022 – RM102,832,000), of which RM61,649,000 (2022 – RM77,833,000) has been received and RM Nil (2022 – RM24,999,000) outstanding is recorded under trade and other receivables. This resulted gain on disposal of RM44,318,000 (2022 – RM44,380,000) was recognised as "other income" in profit or loss.

## C. Dividend paid

During the financial year ended 31 December 2023, SKOSV Sdn. Bhd. ("SSB"), a 70% indirect owned subsidiary of the Company declared dividend paid amounting to RM6,955,000 (2022: RM Nil). The dividend paid to its 30% non-controlling shareholder amounting to RM2,087,000 (2022: RM Nil) has subsequently being offset with the subscription of additional shares in SSB on 31 July 2023 amounting to RM635,000 (2022: RM Nil).

*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 2023

## 1 General information

The financial statements of Nam Cheong Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Report.

The Company is incorporated as a limited liability company and domiciled in Bermuda. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 with effect from 14 November 2023. (2022: 80, Robinson Road #02-00 Singapore 068898).

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## 2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") including related Interpretations promulgated by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

### Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

The material accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(a) Basis of preparation (Cont'd)

### Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

#### Significant influence over associates

The Group has interests in associates as listed in Note 5. The Group assesses that it has significant influence over an investee when the Group has the power to participate in the financial and operating policy decisions of the investee. Management is of the view that the Group has significant influence over the associates because there is an agreement with the other shareholders whereby the Group has the right to appoint its representatives in the investee's board of directors.

#### Joint arrangements

The Group has interests in joint arrangements as listed in Note 6. The Group has joint control over these arrangements as under the contractual agreements, joint consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

#### Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's deferred taxation at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 15 and Note 23 to the financial statements, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(a) Basis of preparation (Cont'd)

### Key sources of estimation uncertainty

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

#### Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group's business is capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to profit or loss. Management estimates the useful lives of property, plant and equipment to be within 3 to 99 years. In particular, management estimates the useful life of vessels to be 5 to 25 years. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 3 to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation rate on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by RM2,645,000 (2022 – RM2,901,000).

#### Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that they may be impaired.

Management performed an impairment assessment of its property, plant and equipment. The estimated recoverable amounts are based on valuation reports obtained from independent professional valuers, having appropriate recognised professional qualifications and experience in the assets being valued. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value. The carrying amount of the Group's property, plant and equipment at the end of the reporting period and the basis used to determine the recoverable amount are disclosed in Note 3 to the financial statements.

A decrease of 5% in the recoverable amount of the Group's property, plant and equipment will not increase any impairment losses that had been provided on the Group's property, plant and equipment.

#### Impairment of investments in subsidiaries, associates and joint ventures

The Group and the Company assess at the end of each reporting period whether there is any indication that the investments in subsidiaries, associates and joint ventures may be impaired. If any indication exists, the investments in subsidiaries, associates or joint ventures is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Group and the Company to make an estimate of the expected selling prices of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Group's and the Company's investments in subsidiaries, associates and joint ventures at the end of the reporting period are disclosed in Notes 4, 5 and 6 to the financial statements, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(a) Basis of preparation (Cont'd)

### Key sources of estimation uncertainty (Cont'd)

#### Impairment of investments in subsidiaries, associates and joint ventures (Cont'd)

As the investments in subsidiaries are fully impaired, any reasonably possible rate of change in fair value less costs of disposal will not change the impairment amount.

As the investments in certain joint ventures that have impairment indicators are fully impaired, any reasonably possible rate of change in fair value less costs of disposal will not change the impairment amount.

#### Net realisable value of inventories

The Group reviews the net realisable value of inventories at the end of each reporting period, and applies judgement and makes allowance for inventories, in particular, vessels for which selling prices may have declined due to business environment and market conditions. Management estimates the net realisable value of the vessels based on assessment of projected timing of sales, prevailing customer demand, committed sales prices, estimated future pricing, recent sales activities and market positioning of the vessels. The net realisable value of the vessels is based on the valuations performed by independent professional valuers. The estimated selling price may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8 to the financial statements. If the net realisable values of the inventories decrease by 10% below cost from management's estimates will not increase any write down to net realisable value of the inventories.

#### Allowance for expected credit losses of trade and other receivables (Note 9)

Allowance for expected credit losses ("ECL") of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's trade receivables is disclosed in Note 29.1.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(a) Basis of preparation (Cont'd)

### Key sources of estimation uncertainty (Cont'd)

#### Allowance for expected credit losses of trade and other receivables (Note 9) (Cont'd)

The Group and the Company apply the 3-stage general approach to determine ECL for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The carrying amount of the Group's and the Company's trade and other receivables are disclosed in Note 9. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's and the Company's trade and other receivables.

The accounting policies used by the Group and the Company have been applied consistently to all periods presented in these financial statements, except as explained in Note 2(b), which addresses changes in accounting policies.

## 2(b) Adoption of new and revised IFRS effective for the current financial year

On 1 January 2023, the Group and the Company have adopted all the new and revised IFRS, IFRIC and amendments to IFRS, effective for the current financial year that are relevant to them. The adoption of these new and revised IFRS pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods:

| Reference   | Description  | Effective date<br>(Annual periods<br>beginning on<br>or after) |
|---|--|--|
| IFRS 17   | Insurance Contracts  | 1 January 2023   |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies  | 1 January 2023   |
| Amendments to IAS 8                               | Definition of Accounting Estimates   | 1 January 2023   |
| Amendments to IAS 12                              | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023   |
| Amendments to IAS 12                              | International Tax Reform – Pillar Two Model Rules                                | 1 January 2023   |



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(c) New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised IFRS, IFRIC and amendments to IFRS that have been issued but are not yet effective to them.

Management anticipates that the adoption of these new and revised IFRS pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application:

| Reference                        | Description   | Effective date<br>(Annual periods<br>beginning on<br>or after) |
|----------------------------------|---|--|
| Amendments to IAS 1              | Classification of Liabilities as Current or Non-current                               | 1 January 2024   |
| Amendments to IAS 1              | Non-Current Liabilities with Covenants  | 1 January 2024   |
| Amendments to IFRS 16            | Lease Liability in a Sale and Leaseback   | 1 January 2024   |
| Amendments to IAS 7 and IFRS 7   | Supplier Finance Arrangements   | 1 January 2024   |
| Amendments to IAS 21             | Lack of Exchangeability   | 1 January 2025   |
| IFRS 18                          | Presentation and Disclosure in Financial Statements                                   | 1 January 2027   |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Yet to be determined   |

## 2(d) Material accounting policy information

### Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 to like transactions and events in similar circumstances.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Consolidation (Cont'd)

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 (including goodwill), less liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS. The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

|  |                  |
|--|------------------|
| Leasehold lands                          | 11.5 to 99 years |
| Buildings                                | 3 to 50 years    |
| Launching ways, plant and machinery      | 10 years         |
| Furniture, fixtures and office equipment | 5 to 10 years    |
| Motor vehicles                           | 5 years          |
| Vessels                                  | 5 to 25 years    |
| Renovations                              | 10 years         |

No depreciation is provided for construction-in-progress.

Certain plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of 5 years in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

The depreciation methods, estimated useful lives and residual values of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Property, plant and equipment (Cont'd)

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the entity and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as an expense in profit or loss during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss with "other income and other operating expenses".

### Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate statement of financial position, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

### Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for its investment in associate using the equity method from the date on which they become an associate, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. The profit or loss reflects the share of results of operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Associates (Cont'd)

The Group determines at the end of each reporting period whether there is any indication that the investment in the associate is impaired. If there is objective evidence that the Group's net investment in an associate is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### Joint ventures

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group's interest in joint ventures are accounted for using the equity method from the date on which the investee becomes a joint venture, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Joint ventures (Cont'd)

Under the equity method, an investment in joint venture is recognised initially in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. The profit or loss reflects the share of results of operations of the joint venture. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any indication that the investment in the joint venture is impaired. If there is objective evidence that the Group's net investment in a joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of results and reserves of joint ventures acquired or disposed of are included in the financial statements from the date of acquisition up to the date of disposal or cessation of joint control over the relevant activities of the arrangements.

### Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Financial assets

#### Classification

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income ("FVOCI"); and
- fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies investments in debt instruments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

#### *Investments in debt instruments*

Investments in debt instruments mainly comprise trade and other receivables, cash and bank balances and fixed deposits. There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- *Amortised cost*: Investments in debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.
- *FVOCI*: Investments in debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and 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 presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- *FVTPL*: Investments in debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Financial assets (Cont'd)

#### Measurement (Cont'd)

##### *Investments in equity instruments*

The Group subsequently measures all its investments in equity instruments, including listed and unlisted equity securities, at their fair values. Such equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains or losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as dividend income within "other income".

##### Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component. Other receivables generally arise from transactions outside the normal operating activities of the Group. Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

##### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Financial assets (Cont'd)

#### Foreign exchange gains or losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income and operating expenses' line item;
- for debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other income and operating expenses' line item. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserves;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the fair value gain or loss; and
- for equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserves.

#### **Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVOCI. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Impairment of financial assets (Cont'd)

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default,
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Impairment of financial assets (Cont'd)

#### (ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the receivables which meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

#### (iii) Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Impairment of financial assets (Cont'd)

#### (v) Measurement and recognition of expected credit losses (Cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables, are each assessed as a separate group, while loans to related parties are assessed for expected credit losses on an individual basis);
- past-due status;
- nature, size and industry of debtors;
- nature of collaterals for finance lease receivables; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies as set out below.

#### (i) Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost mainly include borrowings, trade and other payables, lease liabilities and provision for financial guarantee.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### (ii) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

#### (iii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (iv) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income and operating expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Borrowings

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position if the loan facility agreements include an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed after the reporting period and before the authorisation of the financial statements for issue not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

### Financial guarantee contracts

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

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

### Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Purchase cost on weighted-average basis; and
- Work in progress: Costs that are directly attributable to the construction of built-to-stock vessels, which comprise, costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs of completion and estimated costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits with maturity of less than three months.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of fixed deposits pledged and bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of new ordinary shares that have been issued. Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

### Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury shares account, and the realised gain or loss on sale, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

### Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

### 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 resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Group reviews the provisions annually and where in its opinion, the provision is inadequate or excessive, due adjustment is made.

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. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

### Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

### Leases

- (i) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

- (a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Leases (Cont'd)

(i) The Group as lessee (Cont'd)

(a) Lease liability (Cont'd)

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented within "borrowings" in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Leases (Cont'd)

#### (i) The Group as lessee (Cont'd)

##### (b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

|                 |                 |
|-----------------|-----------------|
| Leasehold lands | 11.5 – 99 years |
| Buildings       | 3 – 5 years     |

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within “property, plant and equipment” in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

#### (ii) The Group as lessor

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short-term accumulating compensated absences such as paid annual leave is recognised as expense when employees render services that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave is recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when reliable estimate can be made of the amount of the obligation.

#### Defined contribution plans

The Group and the Company participates in the defined contribution plans as provided by the laws of the countries in which it has operations. Defined contribution plans are provided at rates stipulated by the regulations and are contributed to funds managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The subsidiaries in Malaysia make contributions to the Employees' Provident Fund ("EPF"), while the Singapore incorporated subsidiaries make contributions to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The fixed contribution into separate entities such as the EPF and CPF on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid and it has been charged to profit or loss in the period to which the contributions relate.

#### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

### Share-based payment

The Group's Share Grant Plan is accounted for as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based payment expense is amortised and recognised in profit or loss on a straight-line basis over the vesting period. At the end of each reporting period, the Group revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to profit or loss, with a corresponding adjustment to equity over the remaining vesting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

### Current and non-current classification

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

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Current and non-current classification (Cont'd)

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

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

### Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any).

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Revenue recognition

The Group recognises revenue from the following major sources:

- (i) Sale of vessels
- (ii) Chartering income

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

#### Sale of vessels

Revenue from sale of vessels is recognised at a point in time when the vessel is delivered to the customer, all criteria for acceptance have been satisfied, and the customer obtains control of the vessel, including the legal title to the vessel and the significant risks and rewards of ownership of the vessel.

#### Chartering income

Revenue from vessels under time charter is recognised over time as services are rendered. Income from bareboat charter, which comprise short-term operating leases, is recognised on a straight-line basis over the period of the charter.

### Other income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

### Functional currencies

#### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Malaysia ringgit, which is also the functional currency of the Company.

### Conversion of foreign currencies

#### Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other operating expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(d) Material accounting policy information (Cont'd)

### Conversion of foreign currencies (Cont'd)

#### Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at the average exchange rates for the year; and
- (iii) All resulting currency translation differences are recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income, and accumulated in the currency translation reserve in the consolidated statement of changes in equity.

### **Operating segments**

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

Segment results that are reported to the executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

### **Earnings per share**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share awards granted to employees.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(e) Going concern

During the financial year 2020, the Group breached the payment for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt. Consequently, all the non-current borrowings became repayable on demand and were classified as current liabilities. Subsequent to the financial reporting period, on 30 March 2024, the Group concluded its debt restructuring exercise which has fully resolved the breaches in the prior financial years.

### **Schemes of Arrangement**

#### Schemes of Arrangement in 2018 (the "2018 Schemes")

During the financial year ended 31 December 2018, the Group concluded the debt restructuring exercise via 2018 Schemes. The Group and the Company obtained creditors' approval for the 2018 Schemes on 22 January 2018 and 24 January 2018, respectively, upon which the Group and the Company applied to The High Court of the Republic of Singapore and The High Court of Malaya for the sanction of the 2018 Schemes. Nam Cheong Dockyard Sdn. Bhd. ("NCD") Scheme and Nam Cheong International Ltd. ("NCI") Scheme were sanctioned by the Malaysia Court on 12 July 2018, subsequent to which the Nam Cheong Limited ("NCL") Scheme was sanctioned by the Singapore Court on 3 August 2018. On 20 August 2018, the NCL Scheme was approved by the Company's shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring.

Following the issuance and allotment of the Rights Shares and Non-sustainable Debt Shares by the Company on 26 September 2018, and together with the payment by the Company under the Cash Out Option to eligible creditors pursuant to the 2018 Schemes on 28 September 2018, the Group and the Company have fulfilled the necessary steps to implement the 2018 Schemes.

During the previous financial year, the Group breached the payment for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt.

#### Scheme of Arrangement in 2024 (the "2024 Scheme")

The Group and the Company obtained creditors' approval for the 2024 Scheme on 3 November 2023. The 2024 Scheme was subsequently sanctioned by the High Court of Malaya on 21 December 2023. Subsequently, on 29 February 2024, the proposed resolutions related to the restructuring was approved by the Company's shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring. On 30 March 2024, the Group concluded the debt restructuring exercise via 2024 Scheme and the Debt Restructuring Master Agreement ("DRMA").

Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024, the 2024 Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

### Non-sustainable Debt

#### Under 2018 Schemes

Pursuant to the 2018 Schemes, each Non-sustainable Debt Share is allotted and issued at a conversion price of S\$0.045. Pursuant to the 2018 Schemes, an aggregate of 3,348,250,793 and 416,918,605 Non-Sustainable Debt Shares were allotted and issued in the financial year 2018 and 2021 respectively.

#### Under 2024 Scheme

Pursuant to the 2024 Scheme, an aggregate of 176,193,435 Conversion Shares were allotted and issued at an issue price of S\$0.40 per Conversion Shares to the Scheme Creditors in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the 2024 Scheme.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(e) Going concern (Cont'd)

### Schemes of Arrangement (Cont'd)

#### Bilateral Facilities Debt Under 2018 Schemes

Pursuant to 2018 Schemes, the Bilateral Facilities Debt is excluded from the 2018 Schemes. The maturity date of the Bilateral Facilities Debt was 31 December 2020. The Group breached the payment for Bilateral Facilities Debt amounting to RM100,568,000 which was due on 31 December 2020.

#### Under 2024 Scheme

Subsequently, the Group has on 30 March 2024 concluded the debt restructuring exercise. Pursuant to 2024 Scheme the maturity date of the Bilateral Facilities Debt has been restructured and extended to 31 March 2026.

#### Sustainable Debt

##### Under 2018 Schemes

US\$221,619,000 (equivalent to RM923,043,135) of the Sustainable Debt was restructured as the Term Loan. The tenure of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. There will be no repayment of the principal from 2018 to 2020. The principal shall be repaid in eight half-yearly instalments from 2021 to 2024 in the percentage of 10%, 20%, 30% and 40%, respectively. The Group breached the payment for Term Loan Principal of 10% and 20% which was due on 31 December 2021 and 31 December 2022 respectively. The Group also breached the payment for Term Loan Cash Interest for the interest period from 1 January 2020 to 30 June 2020 which was due on 30 June 2020, interest period from 1 July 2020 to 31 December 2020 which was due on 31 December 2020, interest period from 1 January 2021 to 30 June 2021 which was due on 30 June 2021, interest period from 1 July 2021 to 31 December 2021 which was due on 31 December 2021, interest period from 1 January 2022 to 30 June 2022 which was due on 30 June 2022 and interest period from 1 July 2022 to 31 December 2022 which was due on 31 December 2022.

##### Under 2024 Scheme

Approximately RM215,000,000 and RM200,000,000 of the Sustainable Debt was restructured as Restructured Term Loan ("RTL") 1B and RTL B respectively. The tenure of both RTL 1B and RTL B is from 30 March 2024 to 31 March 2031. Interest rates range between 3% to cost of fund plus 2% per annum. The principal of RTL 1B shall be repaid in 14 semi-annual instalments ranges between RM7,500,000 to RM27,500,000 per instalment commencing 30 September 2024. Whereas the principal of RTL B shall be repaid in 7 annual instalments ranges between RM13,000,000 to RM52,000,000 per instalment commencing 31 March 2025.

### Non-Fujian Group Shipyards ("NFGS")

As at 31 December 2022, seven shipbuilding contracts had been mutually terminated, while the shipbuilding contracts for another five vessels had been fully settled. The Group has reached an understanding without a written agreement with the NFGS in relation to the remaining ten shipbuilding contracts to delay construction or delivery of the vessels, with a view to extend the contract period or terminate the shipbuilding contracts to minimise any financial exposure.

As at 31 December 2023, the Group has entered into written agreements with the NFGS in relation to the remaining ten shipbuilding contracts to delay construction or delivery of four vessels, with a view to extend the contract period and terminate the shipbuilding contracts for six vessels to minimise any financial exposure. Based on the written agreements entered into and payments made by the Group, the outstanding exposure to NFGS under the remaining four shipbuilding contracts is US\$13.2 million (RM60.7 million). This outstanding exposure shall be repaid by monthly instalments ranging between RM764,000 to RM2,853,000 per month commencing 1 February 2024 and bearing interest at 5% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2(e) Going concern (Cont'd)

### **Assessment of the Group's and the Company's ability to continue as going concern**

As at 31 December 2023, the Group had net current liabilities and net liabilities of RM1,027,936,000 (2022 – RM1,052,524,000 (restated)) and RM502,186,000 (2022 – RM624,677,000 (restated)) respectively. The Company also had net current liabilities and net liabilities of RM869,999,000 (2022 – RM848,199,000 (restated)) as at 31 December 2023.

In assessing whether the Group and the Company can meet their debt obligation for at least 12 months from the reporting period, a cash flow forecast prepared by the management took into consideration of the completion of debt restructuring exercise; and the written agreement entered with Non-Fujian Group Shipyards for the settlement of remaining shipbuilding contracts. The key assumptions include sufficient cash inflows are generated by the Group's chartering segment, based on reasonable expectations of daily charter rates, vessel utilisation and low default rates by its customers, to generate sufficient operating cash inflows.

Based on the cash flows forecast and having regard to the completion of the Restructuring Exercise (the pro forma consolidated financial statements after the completion of the debt restructuring exercise showed the Group's financial position turning from a net current liabilities and net liabilities position to a net current assets and net assets position respectively), barring any further unforeseen adverse, macroeconomic and industry-wide circumstances, the Directors believe that the Group will have sufficient working capital and financial resources to meet their obligations as and when they fall due for at least the next twelve months from the end of the reporting period.

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 3 Property, plant and equipment

| The Group                       | Leasehold lands<br>RM'000 | Buildings<br>RM'000 | Launching<br>ways,<br>plant and<br>machinery<br>RM'000 | Furniture,<br>fixtures<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Vessels<br>RM'000 | Renovations<br>RM'000 | Construction<br>in progress<br>RM'000 | Total<br>RM'000 |
|---------------------------------|---------------------------|---------------------|--|---|-----------------------------|-------------------|-----------------------|---------------------------------------|-----------------|
| <u>Cost</u>                     |                           |                     |  |   |                             |                   |                       |                                       |                 |
| At 1 January 2022               | 18,440                    | 31,768              | 14,879   | 1,969   | 3,048                       | 1,044,059         | 2,149                 | 2,548                                 | 1,118,860       |
| Transfers from inventories      | -                         | -                   | -  | -   | -                           | 25,944            | -                     | -                                     | 25,944          |
| Additions*                      | -                         | 1,652               | 102  | 128   | 445                         | 102,076           | -                     | -                                     | 104,403         |
| Disposals                       | -                         | -                   | -  | -   | (627)                       | (337,529)         | -                     | -                                     | (338,156)       |
| Return of vessels to supplier** | -                         | -                   | -  | -   | -                           | (52,495)          | -                     | -                                     | (52,495)        |
| Termination of lease            | -                         | -                   | -  | -   | -                           | (23,397)          | -                     | -                                     | (23,397)        |
| Write-offs                      | -                         | (997)               | -  | -   | -                           | -                 | -                     | -                                     | (997)           |
| Exchange differences            | -                         | -                   | -  | 11  | -                           | 39,302            | -                     | -                                     | 39,313          |
| At 31 December 2022             | 18,440                    | 32,423              | 14,981   | 2,108   | 2,866                       | 797,960           | 2,149                 | 2,548                                 | 873,475         |
| Transfers from inventories      | -                         | -                   | -  | -   | -                           | 31,151            | -                     | -                                     | 31,151          |
| Additions*                      | 629                       | -                   | 215  | 285   | -                           | 115,144           | 15                    | -                                     | 116,288         |
| Disposals                       | -                         | -                   | -  | -   | -                           | (29,334)          | -                     | -                                     | (29,334)        |
| Write-offs                      | -                         | -                   | (514)  | (51)  | (247)                       | -                 | -                     | -                                     | (812)           |
| Exchange differences            | -                         | -                   | -  | 10  | 13                          | 34,842            | -                     | -                                     | 34,865          |
| At 31 December 2023             | 19,069                    | 32,423              | 14,682   | 2,352   | 2,632                       | 949,763           | 2,164                 | 2,548                                 | 1,025,633       |

\* Comprises property, plant and equipment of RM115,659,000 (2022 - RM102,751,000) and right-of-use assets of RM629,000 (2022 - RM1,652,000) (Note 27).

\*\* During the previous financial year ended 31 December 2022, the Group returned the vessels to the original supplier with an aggregate cost of RM52,495,000.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

| 3 | Property, plant and equipment (cont'd)            | The Group                    |                     |  |   |                             |                   |                       | Total<br>RM'000 |                                       |  |  |
|---|---|------------------------------|---------------------|--|---|-----------------------------|-------------------|-----------------------|-----------------|---------------------------------------|--|--|
|   |   | Leasehold<br>lands<br>RM'000 | Buildings<br>RM'000 | Launching<br>ways,<br>plant and<br>machinery<br>RM'000 | Furniture,<br>fixtures<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Vessels<br>RM'000 | Renovations<br>RM'000 |                 | Construction<br>in progress<br>RM'000 |  |  |
|   | Accumulated depreciation<br>and impairment losses |                              |                     |  |   |                             |                   |                       |                 |                                       |  |  |
|   | At 1 January 2022                                 | 5,545                        | 29,256              | 14,299   | 1,128   | 2,997                       | 672,189           | 1,083                 | 2,039           | 728,536                               |  |  |
|   | Depreciation                                      | 405                          | 815                 | 232  | 257   | 47                          | 27,104            | 154                   | -               | 29,014                                |  |  |
|   | Disposals   | -                            | -                   | -  | -   | (627)                       | (279,077)         | -                     | -               | (279,704)                             |  |  |
|   | Return of vessels to supplier                     | -                            | -                   | -  | -   | -                           | (40,189)          | -                     | -               | (40,189)                              |  |  |
|   | Termination of lease                              | -                            | -                   | -  | -   | -                           | (12,998)          | -                     | -               | (12,998)                              |  |  |
|   | Write-offs  | -                            | (997)               | -  | -   | -                           | -                 | -                     | -               | (997)                                 |  |  |
|   | Exchange differences                              | -                            | -                   | -  | 11  | -                           | 23,018            | -                     | -               | 23,029                                |  |  |
|   | At 31 December 2022                               | 5,950                        | 29,074              | 14,531   | 1,396   | 2,447                       | 390,047           | 1,237                 | 2,039           | 446,691                               |  |  |
|   | Depreciation                                      | 347                          | 817                 | 151  | 225   | 106                         | 24,647            | 155                   | -               | 26,448                                |  |  |
|   | Disposals   | -                            | -                   | -  | -   | -                           | (12,003)          | -                     | -               | (12,003)                              |  |  |
|   | Write-offs  | -                            | -                   | (514)  | (41)  | (247)                       | -                 | -                     | -               | (802)                                 |  |  |
|   | Exchange differences                              | -                            | -                   | -  | 9   | 13                          | 21,440            | -                     | -               | 21,462                                |  |  |
|   | At 31 December 2023                               | 6,297                        | 29,891              | 14,168   | 1,589   | 2,289                       | 424,131           | 1,392                 | 2,039           | 481,796                               |  |  |
|   | Carrying amount                                   |                              |                     |  |   |                             |                   |                       |                 |                                       |  |  |
|   | At 31 December 2023                               | 12,772                       | 2,532               | 514  | 763   | 343                         | 525,632           | 772                   | 509             | 543,837                               |  |  |
|   | At 31 December 2022                               | 12,490                       | 3,349               | 450  | 712   | 449                         | 407,913           | 912                   | 509             | 426,784                               |  |  |

Property, plant and equipment include right-of-use assets with carrying amount of RM12,772,000 and RM2,532,000 (2022 - RM12,490,000 and RM3,349,000) as at 31 December 2023 related to leasehold lands and buildings, respectively.

Property, plant and equipment pledged as security for borrowings at the end of the reporting period comprise leasehold lands, buildings and vessels with carrying amount of RM5,489,000 (2022 - RM5,651,000), RM1,528,000 (2022 - RM1,573,000) and RM38,506,000 (2022 - RM39,685,000), respectively (Note 16).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 3 Property, plant and equipment (Cont'd)

For the financial year ended 31 December 2023, additions to property, plant and equipment (excluding right-of-use assets) amount to RM115,659,000 (2022 – RM102,751,000), of which RM72,690,000 (2022 – RM93,539,000) has been paid, RM42,969,000 (2022 – RM7,920,000) were offset with receivables and RM Nil (2022 – RM1,292,000) outstanding is recorded under trade and other payables.

Conditions and restrictions on the Group's leasehold lands are as follows:

- (i) the land shall be used only for industrial purposes;
- (ii) the industrial activity to be carried out as prescribed under the Natural Resource Environment Order 1994;
- (iii) the development or redevelopment and use of the land shall be in accordance with plans, sections and elevations approved by the Government;
- (iv) no residential accommodation other than accommodation for a watchman;
- (v) no transfer affecting the lands may be effected without the consent in writing of the Director of Lands and Surveys; and
- (vi) no sublease affecting the lands may be effected without the consent in writing of the Director of Lands and Surveys.

### **Impairment testing**

The Group has net current liabilities of RM1,027,936,000 (2022 – RM1,052,524,000 (restated)) and net capital deficit of RM502,186,000 (2022 – RM624,677,000 (restated)) as at 31 December 2023. However, the Group have reported a net profit during the year of RM162,923,000 (2022 – RM61,530,000 (restated)) as most of the Group's chartering vessels are profit generating except for three vessels which were idle during the financial year. The Group engaged a firm of independent professional valuers to determine the market values of the chartering vessels. The valuation of the vessels was based on "as is, where is" sales at their current locations, between a willing buyer and a willing seller. As the valuation of the three vessels were higher than the carrying amount of the vessels, management has assessed that no impairment is required for the three idle vessels.

As at 31 December 2023, the valuation of the vessels was based on the direct comparison method which involves the analysis of comparable sales of similar vessels and adjusting the sale prices to that reflective of the subject vessels. The estimates of fair value of vessels involves consideration of items such as actual recent sales of similar vessels, the vessel's age, market conditions, among others, which are unobservable inputs. The fair value measurement is categorised as Level 3 under the fair value hierarchy.

As at 31 December 2022, the comparison were made with reference to disposal of similar vessels to third party to assess whether there is impairment. As the disposal prices were higher than the carrying amount of the vessels, management has assessed that no impairment is required for the three vessels.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 3 Property, plant and equipment (Cont'd)

### Impairment testing (Cont'd)

The leasehold lands and buildings held by the Group under shipbuilding segment have reported no revenue in the current and prior years. The Group also carried out an assessment of the recoverable amount of the leasehold lands and buildings as at 31 December 2023 and 2022. The recoverable amount of the leasehold lands and buildings were based on the fair value less costs of disposal (Level 3 valuation). The fair value was based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller. The valuation of leasehold lands were based on the direct comparison method which involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the subject properties. The valuation of buildings was determined using the cost approach. The cost approach is based on the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history. No impairment losses were recognised for the financial years ended 31 December 2023 and 2022 as the recoverable amounts were higher than the carrying amounts of the leasehold lands and buildings.

## 4 Subsidiaries

| The Company                              | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|--|----------------------------|----------------------------|
| Unquoted equity investments, at cost     | 1,143,476                  | 1,143,476                  |
| Employee share grants, at cost           | 1,323                      | 1,323                      |
| Less: Allowance for impairment losses    | <b>(1,144,799)</b>         | <b>(1,144,799)</b>         |
|  | -                          | -                          |
| Amount due from subsidiaries (non-trade) | <b>1,561,733</b>           | 1,474,243                  |
| Less: Allowance for impairment loss      | <b>(1,561,733)</b>         | <b>(1,474,243)</b>         |
|  | -                          | -                          |
| Carrying amount                          | -                          | -                          |

The non-trade amount due from subsidiaries is unsecured and bears interest at 4% (2022 - 4%) per annum. The settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less impairment loss.

### Incorporation of subsidiaries in the Group

On 26 August 2022, the Company's indirect wholly-owned subsidiary, Nam Cheong Pioneer Sdn. Bhd., incorporated a wholly-owned subsidiary, SKOM Australia Pty Ltd ("SKOMA"), in Australia, with a cash consideration of AUD1 (equivalent to RM3.12).

On 1 September 2022, the Company's indirect wholly-owned subsidiary, SKOM Sdn. Bhd., incorporated a wholly-owned subsidiary, Sinaran Khas Sdn. Bhd., in Malaysia, with a cash consideration of RM1.

On 1 March 2023, the Company's indirect wholly-owned subsidiary, SKOM Sdn. Bhd., incorporated a 70% owned subsidiary, SK Salasel Marine Transportation Company ("SK Salasel"), in Saudi Arabia. SKOM Sdn. Bhd. has subscribed 3,500 ordinary shares of SK Salasel with a cash consideration of SAR 35,000 (equivalent to RM41,860).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4 Subsidiaries (Cont'd)

### Dilution in Interest in SSB

On 31 July 2023, SSB, a 70% indirect owned subsidiary of the Company issued additional 63,500 new ordinary shares, at an issue price of RM10 each, of which Nam Cheong Dockyard Sdn. Bhd., a direct subsidiary of the Company did not subscribe any additional shares.

Following the changes, the equity interest in SSB has reduced to 49%. However, the Group retains control of SSB as the Group has more than one half of the voting rights by virtue of the Group's majority representation on SSB's board of directors. There is no material effect on the financial results and financial position of the Group.

The effect of changes in the equity interest that is attributable to the owners of the Company is as follows:

|   | 31 December 2023<br>RM'000 |
|---|----------------------------|
| Net assets value disposed by issuing 63,500 new ordinary shares, being share of non-controlling interest at 51% | 276                        |
| Capital contribution from non-controlling interests   | (635)                      |
| Difference recognised in capital reserve  | <u>359</u>                 |

### Impairment testing

Movement in the allowance for impairment of subsidiaries is as follows:

| The Company                  | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|------------------------------|----------------------------|----------------------------|
| At 1 January                 | 2,619,042                  | 2,563,618                  |
| Impairment losses recognised | <u>87,490</u>              | <u>55,424</u>              |
| At 31 December               | <u>2,706,532</u>           | <u>2,619,042</u>           |

At the end of the reporting period, the Company carried out a review of the recoverable amount of its investments in subsidiaries, primarily Nam Cheong International Ltd., SKOM Sdn. Bhd., Nam Cheong Pioneer Sdn. Bhd. and SK Pride Ltd., due to the significant cash outflows from operations incurred by the Group. The review led to the recognition of an impairment loss of RM87,490,000 (2022 - RM55,424,000) in the Company's profit or loss.

The recoverable amount was determined based on fair value less costs of disposal, which was based on the revalued net assets of the subsidiaries. In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. The fair value measurement is categorised as Level 3 under the fair value hierarchy. In view that the subsidiaries had significant net liabilities, management has determined that the recoverable amount which is based on fair value less costs of disposal to be RM Nil.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4 Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

| Name   | Principal activities | Country of incorporation/<br>Principal place of business | Percentage of effective equity held |                    |
|--|----------------------|--|-------------------------------------|--------------------|
|  |                      |  | 31 December 2023 %                  | 31 December 2022 % |
| <b><u>Held by the Company</u></b>                    |                      |  |                                     |                    |
| Nam Cheong Dockyard Sdn. Bhd. <sup>(2)</sup>         | Shipbuilding         | Malaysia   | 100                                 | 100                |
| Nam Cheong Offshore Pte. Ltd. <sup>(1)</sup>         | Shipbuilding         | Singapore  | 100                                 | 100                |
| <b><u>Held by Subsidiaries</u></b>                   |                      |  |                                     |                    |
| Nam Cheong International Ltd. <sup>(2)</sup>         | Shipbuilding         | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| S.K. Marine Sdn. Bhd. <sup>(2)</sup>                 | Vessel chartering    | Malaysia   | 100                                 | 100                |
| Nam Cheong Heavy Industries Sdn. Bhd. <sup>(2)</sup> | Dormant              | Malaysia   | 100                                 | 100                |
| Nam Cheong Marine Pte. Ltd. <sup>(1)</sup>           | Vessel chartering    | Singapore  | 100                                 | 100                |
| Nam Cheong Marine Sdn. Bhd. <sup>(4)</sup>           | Dormant              | Malaysia   | 70                                  | 70                 |
| NC Design Pte. Ltd. <sup>(1)</sup>                   | Design services      | Singapore  | 100                                 | 100                |
| Nam Cheong Pioneer Sdn. Bhd. <sup>(2)</sup>          | Investment holding   | Malaysia   | 100                                 | 100                |
| SKOSV Sdn. Bhd. <sup>(2)</sup>                       | Vessel chartering    | Malaysia   | 49                                  | 70                 |
| Nam Cheong OSV Ltd. <sup>(2)</sup>                   | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| Nam Cheong Venture Ltd. <sup>(2)</sup>               | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Venture Ltd. <sup>(2)</sup>                       | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Machines Ltd. <sup>(2)</sup>                      | Trading              | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4 Subsidiaries (Cont'd)

| Name  | Principal activities | Country of incorporation/<br>Principal place of business | Percentage of effective equity held |                    |
|---|----------------------|--|-------------------------------------|--------------------|
|   |                      |  | 31 December 2023 %                  | 31 December 2022 % |
| <b>Held by Subsidiaries (Cont'd)</b>                        |                      |  |                                     |                    |
| SK Global Ltd. <sup>(2)</sup>                               | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Pride Ltd. <sup>(2)</sup>                                | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Power Ltd. <sup>(2)</sup>                                | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Precious Ltd. <sup>(2)</sup>                             | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SK Prudence Ltd. <sup>(2)</sup>                             | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SKOM Sdn. Bhd. <sup>(2)</sup>                               | Vessel chartering    | Malaysia   | 100                                 | 100                |
| SK Capital Ltd. <sup>(2)</sup>                              | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| SKOM Ltd. <sup>(2)</sup>                                    | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 100                                 | 100                |
| Sinaran Khas Sdn Bhd <sup>(2) (5)</sup>                     | Vessel chartering    | Malaysia   | 100                                 | 100                |
| SKOM Australia Pty Ltd <sup>(3) (6)</sup>                   | Dormant              | Australia  | 100                                 | 100                |
| SK Salasel Marine Transportation Company <sup>(3) (7)</sup> | Vessel chartering    | Saudi Arabia   | 70                                  | -                  |

- (1) Audited by Foo Kon Tan LLP, Singapore.  
(2) Audited by HLB Ler Lum Chew PLT, Malaysia.  
(3) Not required to be audited.  
(4) Audited by Crowe Malaysia PLT, Malaysia.  
(5) Incorporated on 1 September 2022  
(6) Incorporated on 26 August 2022  
(7) Incorporated on 1 March 2023



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4 Subsidiaries (Cont'd)

### Summarised financial information of subsidiaries with material non-controlling interests

Summarised consolidated financial information in respect of the subsidiary, SSB, which has material non-controlling interests, is set out below. The summarised financial information below represents amounts before intra-group eliminations, and for profit or loss, the amounts included in the Group's results after acquisition.

#### Summarised consolidated statement of financial position

|   | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|---|----------------------------|----------------------------|
| Current assets  | 244,472                    | 158,134                    |
| Non-current assets  | 3,403                      | 4,491                      |
| Current liabilities   | (159,240)                  | (93,515)                   |
| Non-current liabilities   | -                          | (4)                        |
| Net assets  | 88,635                     | 69,106                     |
| Less: Equity contribution made by holding company                   | (68,000)                   | (56,000)                   |
| Equity attributable to owners of the Company                        | 20,635                     | 13,106                     |
| Material subsidiaries with non-controlling interests                | 7,416                      | 3,133                      |
| Individually immaterial subsidiaries with non-controlling interests | (428)                      | -                          |
| Non-controlling interests   | 6,988                      | 3,133                      |

#### Summarised consolidated statement of profit or loss and other comprehensive income

|   | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|---|----------------------------|----------------------------|
| Revenue   | 430,630                    | 397,306                    |
| Profit for the year                             | 19,529                     | 7,366                      |
| Other comprehensive income for the year         | -                          | -                          |
| Total comprehensive income for the year         | 19,529                     | 7,366                      |
| Attributable to:                                |                            |                            |
| - owners of the Company                         | 13,799                     | 5,156                      |
| - non-controlling interests                     | 5,730                      | 2,210                      |
|   | 19,529                     | 7,366                      |
| Dividend paid to non-controlling interests      | 2,087                      | -                          |
| Issuance of shares to non-controlling interests | 635                        | -                          |

#### Other summarised financial information

|  | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|--|----------------------------|----------------------------|
| Net cash outflow from operating activities | (21,581)                   | (20,606)                   |
| Net cash outflow from investing activities | (6,410)                    | (4,194)                    |
| Net cash inflow from financing activities  | 19,709                     | 66,436                     |
| Net cash (outflow)/inflow for the year     | (8,282)                    | 41,636                     |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 5 Associates

| <b>The Group</b>                        | <b>31 December 2023</b><br>RM'000 | 31 December 2022<br>RM'000 |
|---|-----------------------------------|----------------------------|
| Unquoted equity investment, at cost     | 492                               | 492                        |
| Share of post-acquisition results       | 8,847                             | 4,716                      |
| Exchange difference                     | 76                                | 2                          |
| <b>Balance at end of financial year</b> | <b>9,415</b>                      | <b>5,210</b>               |

Movement in the allowance for impairment of associate is as follows:

| <b>The Group</b>              | <b>31 December 2023</b><br>RM'000 | 31 December 2022<br>RM'000 |
|-------------------------------|-----------------------------------|----------------------------|
| At 1 January                  | -                                 | 17,288                     |
| Derecognition of an associate | -                                 | (17,288)                   |
| <b>At 31 December</b>         | <b>-</b>                          | <b>-</b>                   |

On 8 February 2022, an associate, SK Hull Sdn. Bhd. ("SK Hull") increased its registered capital from RM1,000,000 to RM1,633,334, in which Nam Cheong Dockyard Sdn. Bhd. ("NCD"), a direct subsidiary of the Company did not subscribe any additional shares. Following the changes, the equity interest in SK Hull reduced from 49% to 30% with the recognition as associate remained.

On 18 February 2022, an associate, P.T. Pelayaran Nasional Bina Buana Raya Tbk ("BBR") performed a share consolidation, reducing the number of shares to 3,578,050,832. The equity interest in BBR remained at 30% following this change.

On 11 March 2022, BBR completed its rights issue exercise and its number of shares increased to 8,479,490,328 in which Nam Cheong Pioneer Sdn. Bhd. ("NCP"), an indirect subsidiary of the Company did not subscribe any additional shares. Following the changes, the interest in BBR reduced to 12.6% and was derecognised as an associate. Accordingly, BBR was reclassified to other investments as financial assets at fair value through profit or loss and no gain or loss has been recognised for the difference between the carrying amount of BBR and the fair value of the retained interest in BBR.

No impairment losses were recognised for the financial years ended 31 December 2023 and 31 December 2022 as the recoverable amounts of the investment in the associates, SK Majestic and SK Hull were higher than the carrying amount of the investment.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 5 Associates (Cont'd)

Details of the associate are as follows:

| <u>Name</u>                      | <u>Principal activities</u> | <u>Country of incorporation/<br/>Principal place of business</u> | <u>Percentage of effective equity held</u> |                       |
|----------------------------------|-----------------------------|--|--|-----------------------|
|                                  |                             |  | <b>31 December 2023</b><br>%               | 31 December 2022<br>% |
| SK Hull Sdn. Bhd. <sup>(1)</sup> | Offshore facilities         | Malaysia   | <b>30</b>                                  | 30                    |
| SK Majestic Ltd. <sup>(1)</sup>  | Vessel chartering           | Federal Territory of Labuan<br>Malaysia                          | <b>50</b>                                  | 50                    |

(1) Audited by HLB Ler Lum Chew PLT, Malaysia.

The principal activities of the associate are in line with the Group's strategy to expand the vessel chartering business.

Under the shareholders' agreement entered into between SK Global Ltd ("SKG"), the indirect wholly owned subsidiary and three new shareholders ("new SH"), the new SH were granted supermajority voting rights. Consequently, although the Group owned 50% equity interest in SK Majestic Ltd ("SKMJ"). Accordingly, the Group has the ability to exercise significant influence, but not control, over its financial and operating policies.

All these associates are accounted for using the equity method in these consolidated financial statements.

The financial information of the associates are summarised below. There have been no dividends received from the associates.

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 5 Associates (cont'd)

### Statement of financial position

|  | SK Hull Sdn. Bhd. |                  | SK Majestic Ltd. |                  | Total            |                  |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|
|  | 31 December 2023  | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|  | RM'000            | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Assets and liabilities</b>          |                   |                  |                  |                  |                  |                  |
| Current assets                         | 15,202            | 21,214           | 8,294            | 1,067            | 23,496           | 22,281           |
| Non-current assets                     | 782               | 1,231            | 15,347           | 15,601           | 16,129           | 16,832           |
| Total assets                           | 15,984            | 22,445           | 23,641           | 16,668           | 39,625           | 39,113           |
| Current liabilities                    | (4,270)           | (15,356)         | (11,587)         | (9,863)          | (15,857)         | (25,219)         |
| Non-current liabilities                | (275)             | (673)            | -                | -                | (275)            | (673)            |
| Total liabilities                      | (4,545)           | (16,029)         | (11,587)         | (9,863)          | (16,132)         | (25,892)         |
| Net assets                             | 11,439            | 6,416            | 12,054           | 6,805            | 23,493           | 13,221           |
| Proportion of the Group's ownership    | 30%               | 30%              | 50%              | 50%              |                  |                  |
| Share of net assets                    | 3,432             | 1,925            | 6,027            | 3,268            | 9,459            | 5,193            |
| Associate's losses in excess of equity | -                 | -                | -                | -                | -                | -                |
|  | 3,432             | 1,925            | 6,027            | 3,268            | 9,459            | 5,193            |

### Statement of profit or loss and other comprehensive income

|                                    | SK Hull Sdn. Bhd. |                  | SK Majestic Ltd. |                  | Total            |                  |
|------------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|                                    | 31 December 2023  | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|                                    | RM'000            | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Income and expenses</b>         |                   |                  |                  |                  |                  |                  |
| Revenue                            | 17,574            | 20,469           | 6,598            | 6,607            | 24,172           | 27,076           |
| Operating expenses                 | (11,194)          | (14,615)         | (79)             | 40               | (11,273)         | (14,575)         |
| Depreciation and amortisation      | (441)             | (169)            | (1,108)          | (930)            | (1,549)          | (1,099)          |
| Interest expense                   | (40)              | (17)             | -                | -                | (40)             | (17)             |
| Profit before taxation             | 5,899             | 5,668            | 5,411            | 5,717            | 11,310           | 11,385           |
| Taxation                           | (876)             | (1,111)          | (162)            | (510)            | (1,038)          | (1,621)          |
| Profit for the year                | 5,023             | 4,557            | 5,249            | 5,207            | 10,272           | 9,764            |
| Other comprehensive income ("OCI") | -                 | -                | -                | 53               | -                | 53               |
| Total comprehensive income         | 5,023             | 4,557            | 5,249            | 5,260            | 10,272           | 9,817            |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 5 Associates (Cont'd)

### Statement of profit or loss and other comprehensive income (Cont'd)

|  | SK Hull Sdn. Bhd. |                  | SK Majestic Ltd. |                  | Total            |                  |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|
|  | 31 December 2023  | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|  | RM'000            | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| Proportion of the Group's ownership          | 30%               | 30%              | 50%              | 50%              |                  |                  |
| Share of post-tax profit for the year        | 1,506             | 1,367            | 2,625            | 2,630            | 4,131            | 3,997            |
| Share of unrealised profit                   | -                 | 601              | -                | (27)             | -                | 574              |
| Return of profit due to dilution in interest | -                 | (43)             | -                | -                | -                | (43)             |
|  | 1,506             | 1,925            | 2,625            | 2,603            | 4,131            | 4,528            |

Reconciliation of summarised financial information presented to the carrying amount of the Group's investment in the associates are as follows:

|   | SK Hull Sdn. Bhd. |                  | SK Majestic Ltd. |                  | Total            |                  |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|
|   | 31 December 2023  | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|   | RM'000            | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Share of net assets</b>                              |                   |                  |                  |                  |                  |                  |
| At 1 January  | 1,925             | -                | 3,285            | 680              | 5,210            | 27,069           |
| Profit for the year                                     | 1,507             | 1,925            | 2,624            | 2,603            | 4,131            | 4,528            |
| Derecognition of an associate                           | -                 | -                | -                | -                | -                | (26,389)         |
| Exchange differences                                    | -                 | -                | 74               | 2                | 74               | 2                |
| At 31 December  | 3,432             | 1,925            | 5,983            | 3,285            | 9,415            | 5,210            |
| Carrying amount of the Group's investment in associates | 3,432             | 1,925            | 5,983            | 3,285            | 9,415            | 5,210            |

The investment in associate had no contingent liabilities and capital commitments at 31 December 2023 and 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6 Joint ventures

| The Group                            | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|--------------------------------------|----------------------------|----------------------------|
| Unquoted equity investments, at cost | 15,849                     | 15,849                     |
| Share of post-acquisition results    | (5,359)                    | (11,055)                   |
| Allowance for impairment loss        | (1,430)                    | (1,430)                    |
| Exchange differences                 | (64)                       | (49)                       |
|                                      | <b>8,996</b>               | <b>3,315</b>               |

Movement in the allowance for impairment of joint venture is as follows:

| The Group                    | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|------------------------------|----------------------------|----------------------------|
| At 1 January and 31 December | <b>1,430</b>               | <b>1,430</b>               |

The Group has interest in joint ventures through separate structure vehicles incorporated and operating in Malaysia, Indonesia and Republic of China, Taiwan. The contractual arrangements provide the Group with only the rights to the net assets of the joint arrangements. Under IFRS 11 *Joint Arrangements*, these joint arrangements are classified as joint ventures and have been accounted for in the consolidated financial statements using the equity method.

The Group carried out a review of the recoverable amount of the investment in the joint venture, Pelayaran New Era (L) Bhd. due to persistent operating losses and cash outflows incurred by the joint venture. The recoverable amount was based on fair value less costs of disposal, which was determined to be the adjusted net assets of the joint venture. In deriving the adjusted net assets of the joint venture, the fair values of the underlying assets are estimated based on their expected selling prices, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. The fair value measurement is categorised as Level 3 under the fair value hierarchy. In view that the joint venture had significant net liabilities, management has determined that the recoverable amount which is based on fair value less costs of disposal to be RM Nil. The review led to a provision of impairment loss of RM1,430,000 in the Group's profit or loss in the previous financial years and no reversal of impairment during the financial years ended 31 December 2023 and 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 6 Joint ventures (Cont'd)

Details of the joint ventures are as follows:

| Name   | Principal activities | Country of incorporation/<br>Principal place of business | Percentage of effective equity held |                    |
|--|----------------------|--|-------------------------------------|--------------------|
|  |                      |  | 31 December 2023 %                  | 31 December 2022 % |
| Synergy Kenyalang Offshore Sdn. Bhd. ("SKO") <sup>(1)</sup>                | Vessel chartering    | Malaysia   | 40                                  | 40                 |
| P.T. Bahtera Niaga Indonesia ("BNI") <sup>(2)</sup>                        | Vessel chartering    | Indonesia  | 49                                  | 49                 |
| Marco Polo Offshore (IV) Pte Ltd ("MPO") <sup>(2)</sup>                    | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 50*                                 | 50*                |
| SK Marco Polo Sdn. Bhd. ("SKMP") <sup>(1)</sup>                            | Vessel chartering    | Malaysia   | 50*                                 | 50*                |
| Pelayaran New Era (L) Bhd. ("PNEL") <sup>(1)</sup>                         | Vessel chartering    | Federal Territory of Labuan, Malaysia                    | 51*                                 | 51*                |
| Pelayaran Era Sdn. Bhd. ("PESB") <sup>(1)</sup>                            | Vessel chartering    | Malaysia   | 51*                                 | 51*                |
| SK Wynnergy Offshore Marine Company Limited ("SK Wynnergy") <sup>(2)</sup> | Vessel chartering    | Republic of China, Taiwan                                | 49                                  | 49                 |

(1) Audited by HLB Ler Lum Chew PLT, Malaysia.

(2) Reviewed by HLB Ler Lum Chew PLT, Malaysia.

\* Although the Group holds 50% and above ownership interest of its joint ventures, management has assessed that the holdings are joint arrangements as there are contractual agreements with the parties resulting in the Group having joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. As the joint arrangements provide the Group with rights to the net assets of the arrangements, the arrangements are joint ventures to the Group.

The principal activities of the joint ventures are in line with the Group's strategy to expand the vessel chartering business.

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6 Joint ventures (Cont'd)

The financial information of the material joint ventures is summarised below.

### Statement of financial position

|   | MPO              |                  | SKO              |                  | PNEL             |                  | SK Winnergy      |                  | Total            |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|   | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Assets and liabilities</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and cash equivalents                           | 262              | 259              | 2,947            | 3,185            | 131              | 248              | 5,839            | 5,835            | 9,179            | 9,537            |
| Trade receivables                                   | 29,289           | 20,748           | 693              | 157              | 9,753            | 5,999            | 18,148           | 41,417           | 57,883           | 68,321           |
| Current assets                                      | 29,551           | 21,007           | 3,640            | 3,342            | 9,884            | 6,247            | 23,987           | 47,252           | 67,062           | 77,848           |
| Non-current assets                                  | 19,291           | 19,923           | -                | -                | 38,326           | 40,672           | 47,588           | 52,081           | 105,205          | 112,676          |
| Total assets  | 48,842           | 40,930           | 3,640            | 3,342            | 48,210           | 46,919           | 71,575           | 99,333           | 172,267          | 190,524          |
| Current liabilities*                                | (57,690)         | (51,466)         | (6,493)          | (6,189)          | (46,323)         | (4,849)          | (56,188)         | (91,966)         | (166,694)        | (19,816)         |
| Non-current liabilities**                           | (66,027)         | (63,413)         | -                | -                | (125)            | (125)            | -                | -                | (66,152)         | (63,538)         |
| Total liabilities                                   | (123,717)        | (114,811)        | (6,493)          | (6,189)          | (46,448)         | (4,870)          | (56,188)         | (91,966)         | (232,846)        | (261,654)        |
| Net (liabilities)/assets                            | (74,875)         | (73,949)         | (2,853)          | (2,847)          | 1,762            | (1,701)          | 15,387           | 7,367            | (60,579)         | (71,130)         |
| Proportion of the Group's ownership                 | 50%              | 50%              | 40%              | 40%              | 51%              | 51%              | 49%              | 49%              | 50%              | 50%              |
| Share of net (liabilities)/assets                   | (37,438)         | (36,975)         | (1,141)          | (1,139)          | 899              | (868)            | 7,540            | 3,315            | (30,140)         | (35,667)         |
| Joint venture's losses in excess of equity interest | 37,438           | 36,975           | 1,141            | 1,139            | 867              | 868              | -                | -                | 39,446           | 38,982           |
|   | -                | -                | -                | -                | 1,766            | -                | 7,540            | 3,315            | 9,306            | 3,315            |

\* Includes current financial liabilities (excluding trade and other payables and provisions)

\*\* Includes non-current financial liabilities (excluding trade and other payables and provisions)

(66,027) (63,413) (66,027) (63,413)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6 Joint ventures (Cont'd)

Statement of profit or loss and other comprehensive income

|   | MPO              |                  | SIO              |                  | PNEL             |                  | SK Wynnery       |                  | Total            |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|   | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Income and expenses</b>                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Revenue   | 1,743            | 4,507            | 27               | -                | 7,177            | 2,517            | 43,767           | 39,103           | 52,714           | 46,127           |
| Operating expenses                                  | (2,286)          | (3,568)          | (14)             | (15,076)         | (3,398)          | 1,226            | (30,268)         | (33,688)         | (55,966)         | (51,106)         |
| Depreciation and amortisation                       | (583)            | (1,478)          | -                | (2,384)          | (776)            | (758)            | (2,897)          | (2,659)          | (4,056)          | (7,279)          |
| Interest income                                     | -                | -                | -                | -                | 939              | -                | 398              | 22               | 1,337            | 22               |
| Interest expense                                    | -                | -                | -                | -                | (479)            | (528)            | (975)            | -                | (1,454)          | (528)            |
| (Loss)/Profit before taxation                       | (926)            | (539)            | 13               | (17,460)         | 3,463            | 2,457            | 10,025           | 2,778            | 12,575           | (12,764)         |
| Taxation  | -                | -                | (19)             | (1,232)          | -                | -                | (2,005)          | -                | (2,024)          | (1,232)          |
| (Loss)/Profit for the year                          | (926)            | (539)            | (6)              | (18,692)         | 3,463            | 2,457            | 8,020            | 2,778            | 10,551           | (13,996)         |
| Total comprehensive (loss)/income for the year      | (926)            | (539)            | (6)              | (18,692)         | 3,463            | 2,457            | 8,020            | 2,778            | 10,551           | (13,996)         |
| Proportion of the Group's ownership                 | 50%              | 50%              | 40%              | 40%              | 51%              | 51%              | 49%              | 49%              | 51%              | 49%              |
| Share of post-tax (losses)/profits                  | (463)            | (270)            | (2)              | (7,477)          | 1,766            | 1,253            | 3,930            | 1,361            | 5,231            | (5,133)          |
| Joint venture's losses in excess of equity interest | 463              | 270              | 2                | 7,477            | -                | (1,253)          | -                | -                | 465              | 6,494            |
| Net share of post-tax (losses)/profits              | -                | -                | -                | -                | 1,766            | -                | 3,930            | 1,361            | 5,696            | 1,361            |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6 Joint ventures (Cont'd)

Statement of profit or loss and other comprehensive income

Reconciliation of summarised financial information presented to the carrying amount of the Group's investments in the joint ventures is as follows:

|  | MPO              |                  | SICO             |                  | PNEL             |                  | SK Wynnenergy    |                  | Total            |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|  | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <b>Share of net assets</b>                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| At 1 January   | 19,322           | 19,322           | 8,197            | 8,197            | 1,430            | 1,430            | 3,315            | 1,996            | 32,264           | 30,945           |
| Investment in joint venture                                  | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Profit for the year  | -                | -                | -                | -                | 1,766            | -                | 3,930            | 1,361            | 5,696            | 1,361            |
| Exchange differences   | -                | -                | -                | -                | -                | -                | (64)             | (42)             | (64)             | (42)             |
| At 31 December   | 19,322           | 19,322           | 8,197            | 8,197            | 3,196            | 1,430            | 7,181            | 3,315            | 37,896           | 32,264           |
| Elimination of accumulated unrealised profits                | (19,322)         | (19,322)         | (8,197)          | (8,197)          | -                | -                | 49               | -                | (27,470)         | (27,519)         |
| Impairment loss  | -                | -                | -                | -                | (1,430)          | (1,430)          | -                | -                | (1,430)          | (1,430)          |
| Carrying amount of the Group's investments in joint ventures | -                | -                | -                | -                | 1,766            | -                | 7,230            | 3,315            | 8,996            | 3,315            |

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 6 Joint ventures (Cont'd)

The joint ventures have no contingent liabilities and capital commitments as at 31 December 2023 and 31 December 2022.

The Group has not recognised losses relating to MP0, BNI and SK0 where its share of losses exceeds the Group's carrying amount of its investment in the joint venture. The Group's cumulative share of unrecognised losses were RM46,444,000 (2022 – RM40,575,000). The Group has no obligation with respect to these losses.

### 7 Other investments

| The Group  | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|--|----------------------------|----------------------------|
| <b>Non-current</b>   |                            |                            |
| Quoted equity shares at FVTPL  |                            |                            |
| - PT Pelayaran Nasional Bina Buana Raya Tbk, listed in Indonesia,<br>12.6% | -                          | -                          |
| Unquoted debt securities at FVOCI  |                            |                            |
| - SGD corporate variable rate notes – issued in Singapore                  | 6,013                      | 5,819                      |
| Fair value changes   | (4,401)                    | (4,401)                    |
| Exchange differences   | 1,032                      | 1,179                      |
|  | 2,644                      | 2,597                      |
| Allowance for impairment loss  | (2,644)                    | (2,597)                    |
|  | -                          | -                          |
| <b>Balance at end of financial year</b>                                    | <b>-</b>                   | <b>-</b>                   |

Movement in the allowance for impairment of other investments is as follows:

| The Group                     | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|-------------------------------|----------------------------|----------------------------|
| At 1 January                  | 2,597                      | 2,726                      |
| Reversal of impairment losses | (72)                       | (277)                      |
| Exchange differences          | 119                        | 148                        |
| <b>At 31 December</b>         | <b>2,644</b>               | <b>2,597</b>               |

Investment in quoted equity shares offer the Group the opportunity for return through dividend income and fair value gains.

The debt securities are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, they are classified as FVOCI.

The Group assessed that the investments were credit-impaired in consideration of the investee's continued deterioration in its financial performance and position subsequent to an extension of the debt repayment in 2017, and had recognised an impairment loss of RM2,707,000 in profit or loss during the financial year ended 31 December 2018.

The average effective interest rate of the quoted debt securities is 1.49% to 1.51% (2022 – 1.49% to 1.51%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 8 Inventories

| The Group   | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|---|----------------------------|----------------------------|
| <i>At cost:</i>                                       |                            |                            |
| Raw materials   | 958                        | 35                         |
| Work in progress                                      | -                          | 5                          |
| <i>At net realisable value:</i>                       |                            |                            |
| Work in progress                                      | 23,001                     | 13,564                     |
|   | <b>23,959</b>              | <b>13,604</b>              |
| Inventories recognised as an expense in cost of sales | 112                        | 118                        |

Work in progress represents costs incurred for unsold vessels under construction.

### Movement in allowance for write-down on inventories

| The Group                          | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|------------------------------------|----------------------------|----------------------------|
| Balance at 1 January               | (56,267)                   | (140,718)                  |
| Allowance (made)/utilised          | (49,792)                   | 92,526                     |
| Reversal of inventories write-down | 31,151                     | -                          |
| Exchange differences               | (1,797)                    | (8,075)                    |
| Balance at 31 December             | <b>(76,705)</b>            | <b>(56,267)</b>            |

Reversal of inventories write-down amounting to RM31,151,000 (2022: RM Nil) is recognised during the financial year. This inventory has been written down to nil value in previous financial years in view of the dispute with NFGS. During the year, the Group entered into written agreements with NFGS for the settlement of the remaining shipbuilding contracts. Arising from the agreements, the completed vessel was delivered to the Group during the financial year. This vessel was subsequently transferred to property, plant and equipment for the Group's own use at cost, for chartering purpose. The net realisable value is assessed to be higher than the cost based on valuation carried out as at year end. Accordingly, the inventory write-down of RM31,151,000 was reversed.

The net realisable values of the vessels under construction are determined with reference to the valuation report prepared by a firm of independent professional valuers. The fair values are based on "as is, where is" sales at their current locations, between a willing buyer and a willing seller. The valuation is based on direct comparison method which involves the analysis of comparable sales of similar vessels and adjusting the sale prices to that reflective of the subject vessels. The estimates of fair value of vessels involves consideration of items such as actual recent sales of similar vessels, the vessel's age, market conditions, among others, which are unobservable inputs. The fair value measurement is categorised as Level 3 under the fair value hierarchy.

*The remainder of the page is intentionally left blank.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9 Trade and other receivables

|   | The Group                     |                               | The Company                   |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
| <b>Non-current</b>                              |                               |                               |                               |                               |
| Trade receivables from a third party (a)        | 7,585                         | 8,600                         | -                             | -                             |
| Less: Allowance for impairment losses           | (7,585)                       | (8,600)                       | -                             | -                             |
|   | -                             | -                             | -                             | -                             |
| <b>Current</b>                                  |                               |                               |                               |                               |
| Trade receivables from third parties            | 226,269                       | 107,476                       | -                             | -                             |
| Trade receivables from joint ventures           | 21,500                        | 39,169                        | -                             | -                             |
| Trade receivables from an associate             | -                             | 18                            | -                             | -                             |
| Less: Allowance for impairment losses           | (21,452)                      | (22,675)                      | -                             | -                             |
|   | 226,317                       | 123,988                       | -                             | -                             |
| Amounts due from subsidiaries (non-trade) (b)   | -                             | -                             | 15,737                        | 66,371                        |
| Amounts due from joint ventures (non-trade) (c) | 41,103                        | 45,954                        | 62                            | 59                            |
| Amount due from an associate (non-trade) (d)    | 1,762                         | 8,572                         | -                             | -                             |
| Deposits  | 4,291                         | 23,974                        | 152                           | 152                           |
| Other receivables                               | 13,791                        | 7,984                         | -                             | -                             |
| Less: Allowance for impairment losses           |                               |                               |                               |                               |
| - amounts due from subsidiaries (non-trade)     | -                             | -                             | (15,737)                      | (66,371)                      |
| - amounts due from joint ventures (non-trade)   | (29,374)                      | (25,502)                      | (62)                          | (59)                          |
| - amounts due from associate (non-trade)        | (635)                         | (1,542)                       | -                             | -                             |
| - other receivables                             | (3,049)                       | (3,223)                       | -                             | -                             |
|   | 27,889                        | 56,217                        | 152                           | 152                           |
| Financial assets at amortised cost              | 254,206                       | 180,205                       | 152                           | 152                           |
| <b>Total trade and other receivables</b>        | <b>254,206</b>                | <b>180,205</b>                | <b>152</b>                    | <b>152</b>                    |

Trade and other receivables are denominated in the following currencies:

|                      | The Group                     |                               | The Company                   |                               |
|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                      | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
| Malaysia ringgit     | 214,803                       | 101,748                       | -                             | -                             |
| Singapore dollar     | 6,171                         | 154                           | 152                           | 152                           |
| Taiwan Dollar        | 8,338                         | 23,389                        | -                             | -                             |
| United States dollar | 23,648                        | 54,914                        | -                             | -                             |
| Others               | 1,246                         | -                             | -                             | -                             |
|                      | 254,206                       | 180,205                       | 152                           | 152                           |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9 Trade and other receivables (Cont'd)

The Group's trading terms with its customer are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Current trade receivables with credit period ranges from one to two months (2022 – one to two months) are non-interest bearing.

- (a) Non-current trade receivables from a third party, which relate to the remaining balances of the selling prices of two vessels to a customer under a credit arrangement, are secured by a personal guarantee of the chairman of the customer, bear interest at a rate of 6% per annum and are to be settled by 30 September 2022. On 3 August 2023, the Group has entered into new settlement agreements with the customer, of which the remaining balance bear no interest and are to be settled by 30 June 2025. Interest income of RM Nil (2022 – RM452,000) was recognised for the year ended 31 December 2023. The non-current trade receivables are credit-impaired as at 31 December 2023 and 31 December 2022.
- (b) The non-trade amounts due from subsidiaries, comprising advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.
- (c) The non-trade amounts due from joint ventures, comprising mainly advances to Marco Polo Offshore (IV) Pte Ltd of RM20,981,054 (2022 – RM20,066,847), are unsecured, bear interest at 7.25% (2022 – 7.25%) per annum, and are repayable on demand.
- (d) The non-trade amount due from an associate, comprising advances to and payments on behalf of the associate, are unsecured, interest-free and repayable on demand.

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that have difficulty in settling their debts. Trade and other receivables that are impaired are not secured by any collateral or credit enhancements.

The ageing analysis of trade receivables are as follows:

| The Group                   | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|-----------------------------|----------------------------|----------------------------|
| Not impaired:               |                            |                            |
| Not past due                | 22,739                     | 33,687                     |
| Past due 1 to 3 months      | 100,166                    | 48,550                     |
| Past due 3 to 6 months      | 46,552                     | 4,846                      |
| Past due more than 6 months | 56,860                     | 36,905                     |
|                             | <b>226,317</b>             | 123,988                    |
| Past due and impaired       | 29,037                     | 31,275                     |
|                             | <b>255,354</b>             | 155,263                    |

Comprises trade receivables from a third party (non-current) of RM7,585,000 (2022 – RM8,600,000), trade receivables from third parties (current) of RM226,269,000 (2022 – RM107,476,000), trade receivables from joint ventures of RM21,500,000 (2022 – RM39,169,000) and trade receivables from associate of RM Nil (2022 – RM18,000).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 9 Trade and other receivables (Cont'd)

Movement in the allowance for impairment of trade receivables is as follows:

| The Group                    | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|------------------------------|----------------------------|----------------------------|
| At 1 January                 | 31,275                     | 31,576                     |
| Impairment losses recognised | 1,418                      | 8,244                      |
| Impairment losses reversed   | (4,230)                    | (10,842)                   |
| Allowance utilised           | -                          | (48)                       |
| Exchange differences         | 574                        | 2,345                      |
| <b>At 31 December</b>        | <b>29,037</b>              | <b>31,275</b>              |

Comprises allowance for impairment of non-current trade receivables of RM7,585,000 (2022 - RM8,600,000) and current trade receivables of RM21,452,000 (2022 - RM22,675,000). Reversal of impairment losses amounting to RM4,230,000 (2022: RM10,842,000) is recognised when the amount is recovered.

Movement in allowance for impairment of other receivables is as follows:

|                              | The Group                     |                               | The Company                   |                               |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                              | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
| At 1 January                 | 30,267                        | 27,205                        | 66,430                        | 103,759                       |
| Impairment losses recognised | 1,615                         | 6,763                         | 15,468                        | -                             |
| Impairment losses reversed   | (33)                          | (5,054)                       | (66,099)                      | (26,015)                      |
| Allowance utilised           | -                             | -                             | -                             | (11,314)                      |
| Exchange differences         | 1,209                         | 1,353                         | -                             | -                             |
| <b>At 31 December</b>        | <b>33,058</b>                 | <b>30,267</b>                 | <b>15,799</b>                 | <b>66,430</b>                 |

Comprises allowance for impairment of amount due from joint ventures of RM29,374,000 (2022 - RM25,502,000), allowance for impairment of amount due from associate of RM635,000 (2022 - RM1,542,000) and allowance of impairment of other receivables of RM3,049,000 (2022 - RM3,222,000). Reversal of impairment losses of the Group and the Company amounting to RM33,000 and RM5,053,000 (2022: RM66,099,000 and RM26,015,000) is recognised when the amount is recovered.

## 10 Prepayments

The prepayments mainly relate to prepaid amounts to suppliers to secure the purchase of inventories and for operating expenses.

## 11 Cash and bank balances and fixed deposits

|                        | The Group                     |                               | The Company                   |                               |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                        | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
| Cash in banks          | 57,264                        | 59,330                        | 171                           | 38                            |
| Cash on hand           | 76                            | 64                            | -                             | -                             |
| Cash and bank balances | 57,340                        | 59,394                        | 171                           | 38                            |
| Fixed deposits         | 6,887                         | 3,471                         | -                             | -                             |
|                        | <b>64,227</b>                 | <b>62,865</b>                 | <b>171</b>                    | <b>38</b>                     |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 11 Cash and bank balances and fixed deposits (Cont'd)

The Group's fixed deposits mature on varying dates between 1 day and 12 months (2022 – 1 day and 8 months) from the end of the reporting period. The interest rates on the fixed deposits range from 2.60% to 3.10% (2022 – 0.7% to 3.35%) per annum.

As at 31 December 2023, the Group's fixed deposits of RM6,053,000 (2022 – RM2,673,000) and cash in banks of RM4,798,000 (2022 – RM2,856,000) were pledged as security for bankers' guarantees granted to the Group and restricted for secured loan interest payments respectively.

Cash and bank balances and fixed deposits are denominated in the following currencies:

|                               | The Group                     |                               | The Company                   |                               |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                               | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
| <b>Cash and bank balances</b> |                               |                               |                               |                               |
| Malaysia ringgit              | 40,274                        | 46,477                        | -                             | -                             |
| Singapore dollar              | 3,237                         | 2,130                         | 171                           | 38                            |
| United States dollar          | 13,561                        | 10,690                        | -                             | -                             |
| Euro                          | 9                             | 8                             | -                             | -                             |
| Japanese yen                  | 18                            | 19                            | -                             | -                             |
| Indonesian Rupiah             | 73                            | 68                            | -                             | -                             |
| Others                        | 168                           | 2                             | -                             | -                             |
|                               | <b>57,340</b>                 | <b>59,394</b>                 | <b>171</b>                    | <b>38</b>                     |
| <b>Fixed deposits</b>         |                               |                               |                               |                               |
| Malaysia ringgit              | 6,887                         | 3,471                         | -                             | -                             |
|                               | <b>64,227</b>                 | <b>62,865</b>                 | <b>171</b>                    | <b>38</b>                     |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

|                              | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|------------------------------|----------------------------|----------------------------|
| <b>The Group</b>             |                            |                            |
| Cash and bank balances       | 57,340                     | 59,394                     |
| Fixed deposits               | 6,887                      | 3,471                      |
|                              | <b>64,227</b>              | <b>62,865</b>              |
| Less: Restricted cash        | (4,798)                    | (2,856)                    |
| Less: Fixed deposits pledged | (6,053)                    | (2,673)                    |
|                              | <b>53,376</b>              | <b>57,336</b>              |

## 12 Share capital and share premium

### Share capital

|                                  | 31 December<br>2023<br>'000 | 31 December<br>2022<br>'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <b>The Group and The Company</b> |                             |                             |                               |                               |
|                                  |                             |                             |                               |                               |
| <b>Authorised share capital</b>  |                             |                             |                               |                               |
| Ordinary shares                  | 12,000,000                  | 12,000,000                  | 163,145                       | 163,145                       |
| <b>Issued and fully paid</b>     |                             |                             |                               |                               |
| At 1 January                     | 7,950,937                   | 7,823,587                   | 3,904                         | 3,836                         |
| Issuance of term loan shares     | 127,279                     | 127,350                     | 73                            | 68                            |
| At 31 December                   | <b>8,078,216</b>            | <b>7,950,937</b>            | <b>3,977</b>                  | <b>3,904</b>                  |

The ordinary shares of the Company have par value of HK\$0.001 each.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 12 Share capital and share premium (Cont'd)

On 8 March 2022, pursuant to the terms of the Schemes of Arrangement, an aggregate of 127,349,912 Term Loan Shares were issued and allotted by the Company for Review Year 4 in relation to the Interest Periods from 1 January 2021 to 30 June 2021 and from 1 July 2021 to 31 December 2021.

On 14 March 2023, pursuant to the terms of the Schemes of Arrangement, an aggregate of 127,278,701 Term Loan Shares were issued and allotted by the Company for Review Year 5 in relation to the Interest Periods from 1 January 2022 to 30 June 2022 and from 1 July 2022 to 31 December 2022.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restriction at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### Share premium

|                              | The Group and the Company  |                            |
|------------------------------|----------------------------|----------------------------|
|                              | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
| At 1 January                 | 310,850                    | 309,357                    |
| Issuance of term loan shares | 1,621                      | 1,493                      |
| At 31 December               | <b>312,471</b>             | 310,850                    |

Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value.

## 13 Treasury shares

| The Group and The Company    | 31 December<br>2023<br>'000 | 31 December<br>2022<br>'000 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
|                              | Number of ordinary shares   |                             |                               |                               |
| At 1 January and 31 December | <b>6,678</b>                | 6,678                       | <b>4,097</b>                  | 4,097                         |

The Company acquired its own shares for subsequent issue pursuant to grant of share awards granted under the Nam Cheong Group 2013 Share Grant Plan (the "2013 Plan") which was terminated and replaced with Nam Cheong Management Incentive Plan (the "NCMI Plan") in August 2018. As at 31 December 2023 and 31 December 2022, the amount in Treasury Shares relates to the excess of the price paid to acquire treasury shares and the amount reversed from treasury shares upon grant of the share awards.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 14 Reserves

|                                      | The Group                     |   |  |
|--------------------------------------|-------------------------------|---|--|
|                                      | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Foreign currency translation reserve | 145,210                       | 185,901                                     | 213,335                                |
| Fair value reserve                   | (4,401)                       | (4,401)                                     | (4,401)                                |
| Capital reserve                      | 359                           | -   | -                                      |
|                                      | <b>141,168</b>                | <b>181,500</b>                              | <b>208,934</b>                         |

|                 | The Company                   |                               |                          |
|-----------------|-------------------------------|-------------------------------|--------------------------|
|                 | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000 | 1 January 2022<br>RM'000 |
| Capital surplus | <b>778,608</b>                | <b>778,608</b>                | <b>778,608</b>           |

### Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

### Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income until the assets are derecognised or impaired.

### Capital surplus

Capital surplus represents the difference arising from the reverse takeover exercise in 2011.

### Capital reserve

Capital reserve represents the difference arising from the changes in the equity of subsidiaries without loss in control, and effects of transactions with non-controlling interests.

## 15 Deferred tax liabilities

| The Group   | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|---|----------------------------|----------------------------|
| At 1 January                                      | 6,365                      | 2,839                      |
| Recognised in profit or loss:                     |                            |                            |
| - Current year provision (Note 23)                | 3,079                      | 444                        |
| - (Over)/Under provision in prior years (Note 23) | (1,301)                    | 3,082                      |
| At 31 December                                    | <b>8,143</b>               | <b>6,365</b>               |

The deferred tax liabilities relate to temporary differences on property, plant and equipment.

The deferred tax liabilities to be recovered after 1 year from the reporting date is amounting to RM8,143,000 (2022 - RM6,365,000).

As at 31 December 2023, the undistributed earnings related to subsidiaries is amounting to RM37,316,000 (2022 - RM8,904,000). No deferred tax liabilities arise from the undistributed earnings as the immediate holding companies of those subsidiaries are incorporated in the same country as the subsidiaries and were in net liabilities position at the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16 Borrowings

|  | Year of maturity | Currency       | 31 December<br>2023<br>RM'000 | The Group                                   |  |
|--|------------------|----------------|-------------------------------|---|--|
|  |                  |                |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Bilateral facilities<br>debt (secured)         | 2020             | RM             | 44,732                        | 44,732                                      | 44,732                                 |
|  |                  | USD            | 58,838                        | 57,070                                      | 57,894                                 |
|  |                  |                | <b>103,570</b>                | 101,802                                     | 102,626                                |
| Term loan –<br>sustainable debt<br>(unsecured) | 2021 to 2024     | RM             | 114,870                       | 114,870                                     | 114,870                                |
|  |                  | SGD            | 671,809                       | 626,273                                     | 584,937                                |
|  |                  | USD            | 152,233                       | 145,858                                     | 137,300                                |
|  |                  | <b>938,912</b> | 887,001                       | 837,107                                     |  |
| Lease liabilities                              | 2022 to 2025     | RM             | 1,096                         | 1,890                                       | 17,416                                 |
|  |                  |                | <b>1,043,578</b>              | 990,693                                     | 957,149                                |
| Represented by:                                |                  |                |                               |   |  |
| Non-current                                    |                  |                | 262                           | 1,097                                       | 9,873                                  |
| Current  |                  |                | 1,043,316                     | 989,596                                     | 947,276                                |
|  |                  |                | <b>1,043,578</b>              | 990,693                                     | 957,149                                |

|  | Year of maturity | Currency | 31 December<br>2023<br>RM'000 | The Company                                 |  |
|--|------------------|----------|-------------------------------|---|--|
|  |                  |          |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Term loan –<br>sustainable debt<br>(unsecured) | 2021 to 2024     | SGD      | 758,223                       | 713,606                                     | 672,477                                |
| Represented by:                                |                  |          |                               |   |  |
| Current  |                  |          | 758,223                       | 713,606                                     | 672,477                                |
|  |                  |          | <b>758,223</b>                | 713,606                                     | 672,477                                |

The maturity analysis of lease liabilities of the Group at the end of the reporting period are as follows:

|                                 | 31 December<br>2023<br>RM'000 | The Group                     |                          |
|---------------------------------|-------------------------------|-------------------------------|--------------------------|
|                                 |                               | 31 December<br>2022<br>RM'000 | 1 January 2022<br>RM'000 |
| Undiscounted lease payment due: |                               |                               |                          |
| – Year 1                        | 866                           | 859                           | 8,354                    |
| – Year 2                        | 265                           | 1,130                         | 10,544                   |
|                                 | 1,131                         | 1,989                         | 18,898                   |
| Less: Unearned interest cost    | (35)                          | (99)                          | (1,482)                  |
|                                 | <b>1,096</b>                  | 1,890                         | 17,416                   |
| Presented as:                   |                               |                               |                          |
| – Non-current                   | 262                           | 1,097                         | 9,873                    |
| – Current                       | 834                           | 793                           | 7,543                    |
|                                 | <b>1,096</b>                  | 1,890                         | 17,416                   |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16 Borrowings (Cont'd)

### Schemes of Arrangement in 2018 (the "2018 Schemes")

During the financial year ended 31 December 2018, the Group concluded the debt restructuring exercise via 2018 Schemes. The Group and the Company obtained creditors' approval for the 2018 Schemes on 22 January 2018 and 24 January 2018, respectively, upon which the Group and the Company applied to The High Court of the Republic of Singapore and The High Court of Malaya for the sanction of the 2018 Schemes. Nam Cheong Dockyard Sdn. Bhd. ("NCD") Scheme and Nam Cheong International Ltd. ("NCL") Scheme were sanctioned by the Malaysia Court on 12 July 2018, subsequent to which the Nam Cheong Limited ("NCL") Scheme was sanctioned by the Singapore Court on 3 August 2018. On 20 August 2018, the NCL Scheme was approved by the Company's shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring.

Following the issuance and allotment of the Rights Shares and Non-sustainable Debt Shares by the Company on 26 September 2018, and together with the payment by the Company under the Cash Out Option to eligible creditors pursuant to the 2018 Schemes on 28 September 2018, the Group and the Company have fulfilled the necessary steps to implement the 2018 Schemes.

Since the previous financial year, the Group breached the payment for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt until the completion of the debt restructuring exercise on 30 March 2024.

### Term Loan – Sustainable Debt

#### Under 2018 Schemes

US\$221,619,000 (equivalent to RM923,043,135) of the Sustainable Debt was restructured as the Term Loan. The tenure of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. There will be no repayment of the principal from 2018 to 2020. The principal shall be repaid in eight half-yearly instalments from 2021 to 2024 in the percentage of 10%, 20%, 30% and 40%, respectively. The Group breached the payment for Term Loan Principal of 10% and 20% which was due on 31 December 2021 and 31 December 2022 respectively. The Group also breached the payment for Term Loan Cash Interest for the interest period from 1 January 2020 to 30 June 2020 which was due on 30 June 2020, interest period from 1 July 2020 to 31 December 2020 which was due on 31 December 2020, interest period from 1 January 2021 to 30 June 2021 which was due on 30 June 2021, interest period from 1 July 2021 to 31 December 2021 which was due on 31 December 2021, interest period from 1 January 2022 to 30 June 2022 which was due on 30 June 2022 and interest period from 1 July 2022 to 31 December 2022 which was due on 31 December 2022.

### Bilateral Facilities Debt

#### Under 2018 Schemes

Pursuant to 2018 Schemes, the Bilateral Facilities Debt is excluded from the 2018 Schemes. The maturity date of the Bilateral Facilities Debt was 31 December 2020. The Group breached the payment for Bilateral Facilities Debt amounting to RM100,568,000 which was due on 31 December 2020.

In view of the breach of covenants as at 31 December 2023, the Bilateral Facilities Debt and the Sustainable Debt are presented as current liabilities on the consolidated statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 16 Borrowings (Cont'd)

#### Lease Liabilities

As at 31 December 2023, the lease liabilities amounting to RM1,096,000 (2022 – RM1,890,000), of which RM834,000 (2022 – RM793,000) is payable within a year and RM262,000 (2022 – RM1,097,000) is payable after one year.

Borrowings are secured by the underlying assets, comprising leasehold land, buildings and vessels with carrying amount of RM5,489,000 (2022 – RM5,651,000), RM1,528,000 (2022 – RM1,573,000) and RM38,506,000 (2022 – RM39,685,000), respectively.

Borrowings bear effective interest rates per annum ranging as follows:

|                           | <b>31 December<br/>2023<br/>%</b> | <b>The Group<br/>31 December<br/>2022<br/>%</b> | <b>1 January 2022<br/>%</b> |
|---------------------------|-----------------------------------|---|-----------------------------|
| Bilateral facilities debt | <b>3.10 to 8.51</b>               | 3.10 to 6.95                                    | 3.10 to 5.90                |
| Term loan                 | <b>4.0</b>                        | 4.0   | 4.0                         |
| Lease liability           | <b>3.83 to 5.48</b>               | 3.83 to 5.48                                    | 5.48 to 6.00                |

The maturities of the borrowings at the end of the reporting period are as follows:

|  | <b>31 December<br/>2023<br/>RM'000</b> | <b>The Group<br/>31 December<br/>2022<br/>RM'000<br/>(Restated)</b> | <b>1 January 2022<br/>RM'000<br/>(Restated)</b> |
|--|--|---|---|
| Due not later than one year                            | <b>1,043,316</b>                       | 989,596   | 947,276   |
| Due later than one year and not later than two years   | <b>262</b>                             | 834   | 7,856   |
| Due later than two years and not later than five years | <b>-</b>                               | 263   | 2,017   |
|  | <b>1,043,578</b>                       | 990,693   | 957,149   |

Borrowings are denominated in the following currencies:

|                      | <b>31 December<br/>2023<br/>RM'000</b> | <b>The Group<br/>31 December<br/>2022<br/>RM'000<br/>(Restated)</b> | <b>1 January 2022<br/>RM'000<br/>(Restated)</b> |
|----------------------|--|---|---|
| Ringgit Malaysia     | <b>160,698</b>                         | 161,492   | 177,018   |
| United States dollar | <b>211,071</b>                         | 202,928   | 195,194   |
| Singapore dollar     | <b>671,809</b>                         | 626,273   | 584,937   |
|                      | <b>1,043,578</b>                       | 990,693   | 957,149   |



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16 Borrowings (Cont'd)

Borrowings bear effective interest rates per annum ranging as follows:

|           | 31 December<br>2023<br>% | The Company              |                     |
|-----------|--------------------------|--------------------------|---------------------|
|           |                          | 31 December<br>2022<br>% | 1 January 2022<br>% |
| Term loan | 4.0                      | 4.0                      | 4.0                 |

The maturities of the borrowings at the end of the reporting period are as follows:

|                             | 31 December<br>2023<br>RM'000 | The Company                                 |  |
|-----------------------------|-------------------------------|---|--|
|                             |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Due not later than one year | 758,223                       | 713,606                                     | 672,477                                |

Borrowings are denominated in the following currencies:

|                  | 31 December<br>2023<br>RM'000 | The Company                                 |  |
|------------------|-------------------------------|---|--|
|                  |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Singapore dollar | 758,223                       | 713,606                                     | 672,477                                |

## 17 Trade and other payables

|   |     | 31 December<br>2023<br>RM'000 | The Group                                   |  |
|---|-----|-------------------------------|---|--|
|   |     |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| <b>Non-Current</b>                        |     |                               |   |  |
| Trade payables – third parties            | (a) | 28,093                        | -   | -                                      |
|   |     | 28,093                        | -   | -                                      |
| <b>Current</b>                            |     |                               |   |  |
| Trade payables – third parties            | (a) | 116,853                       | 156,178                                     | 175,999                                |
| Amounts due to joint ventures (trade)     |     | 22,267                        | 13,596                                      | 11,825                                 |
| Amounts due to associates (trade)         |     | 5,870                         | -   | -                                      |
| Accrued expenses                          |     | 20,572                        | 10,949                                      | 8,848                                  |
| Deposits received                         |     | 12,195                        | 11,659                                      | 13,452                                 |
| Other payables                            | (b) | 8,378                         | 10,679                                      | 10,098                                 |
| Amounts due to joint ventures (non-trade) | (d) | 63                            | 63  | -                                      |
| Amounts due to associates (non-trade)     | (e) | 1,193                         | -   | -                                      |
| Interest payable                          |     | 89,354                        | 64,921                                      | 38,934                                 |
|   |     | 276,745                       | 268,045                                     | 259,156                                |
| Financial liabilities at amortised cost   |     | 304,838                       | 268,045                                     | 259,156                                |
| Dividend payable                          |     | 146                           | 146   | 146                                    |
| Service tax payable                       |     | 2,077                         | 638   | 481                                    |
| Withholding tax payable                   |     | 223                           | 142   | -                                      |
|   |     | 307,284                       | 268,971                                     | 259,783                                |
| Present as:                               |     |                               |   |  |
| - Current                                 |     | 279,191                       | 268,971                                     | 259,783                                |
| - Non-current                             |     | 28,093                        | -   | -                                      |

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 17 Trade and other payables (Cont'd)

|   | 31 December<br>2023<br>RM'000 | The Company                                 |  |
|---|-------------------------------|---|--|
|   |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| <b>Current</b>                          |                               |   |  |
| Accrued expenses                        | 1,724                         | 1,579                                       | 2,627                                  |
| Other payables                          | (b)<br>259                    | 234   | 8                                      |
| Amounts due to subsidiaries (non-trade) | (c)<br>1,000                  | 41,481                                      | 52,903                                 |
| Interest payable                        | 57,264                        | 41,822                                      | 27,296                                 |
|   | <b>60,247</b>                 | <b>85,116</b>                               | <b>82,834</b>                          |
| Financial liabilities at amortised cost | 60,247                        | 85,116                                      | 82,834                                 |
| Dividend payable                        | 146                           | 146   | 146                                    |
|   | <b>60,393</b>                 | <b>85,262</b>                               | <b>82,980</b>                          |

Trade and other payables (excluded dividend payable, service tax payable and withholding tax payable) are denominated in the following currencies:

|                      | 31 December<br>2023<br>RM'000 | The Group                                   |  |
|----------------------|-------------------------------|---|--|
|                      |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Malaysia ringgit     | 129,161                       | 77,405                                      | 66,928                                 |
| Singapore dollar     | 67,491                        | 44,598                                      | 29,985                                 |
| United States dollar | 105,145                       | 146,005                                     | 158,549                                |
| Euro                 | 26                            | 29  | 3,694                                  |
| Others               | 3,015                         | 8   | -                                      |
|                      | <b>304,838</b>                | <b>268,045</b>                              | <b>259,156</b>                         |

|                      | 31 December<br>2023<br>RM'000 | The Company                                 |  |
|----------------------|-------------------------------|---|--|
|                      |                               | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Malaysia ringgit     | 414                           | 466   | 10,292                                 |
| Singapore dollar     | 59,578                        | 84,405                                      | 72,536                                 |
| United States dollar | 255                           | 245   | 6                                      |
|                      | <b>60,247</b>                 | <b>85,116</b>                               | <b>82,834</b>                          |

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 17 Trade and other payables (Cont'd)

- (a) Trade payables amounting to RM55,613,000 (2022: RM Nil) which includes non-current trade payables of RM28,093,000 (2022: RM Nil) are bearing interest at 5% per annum. The remaining other trade payables are non-interest bearing and the trade credit terms granted to the Group range from 30 to 60 days (2022 - 30 to 60 days).
- (b) Other payables are non-interest bearing and are settled on an average period of six months (2022 - six months).
- (c) The non-trade amounts due to subsidiaries, comprising advances from and payments made on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.
- (d) The non-trade amounts due to joint ventures, comprising advances from and payments made on behalf by the joint ventures, are unsecured, interest-free and repayable on demand.
- (e) The non-trade amounts due to associates, comprising advances from and payments made on behalf by the associates, are unsecured, interest-free and repayable on demand.

### 18 Provision for financial guarantee

|                                   | <b>The Group and The Company</b>       |   |  |
|-----------------------------------|--|---|--|
|                                   | <b>31 December<br/>2023<br/>RM'000</b> | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
| Provision for financial guarantee | <b>51,874</b>                          | 49,613                                      | 45,448                                 |

The Company has provided financial guarantee to its joint venture, P.T. Bahtera Niaga Indonesia ("BNI") in respect of term loan granted to BNI.

In the financial year 2020, BNI has defaulted the term loan repayment and letter of demand was issued to the Company. Consequently, the Group and the Company have recognised a provision for the liabilities of the joint venture which it is obliged to settle with the banks due to the guarantee as mentioned above.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 19 Revenue

| The Group  | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000 |
|--|--|--|
| <u>Revenue from contracts with customers:</u>              |  |  |
| Shipbuilding   | -  | -  |
| Time chartering  | 474,844                                  | 364,881                                  |
| Bareboat chartering  | 429                                      | 840                                      |
| <b>Total revenue of the Group</b>                          | <b>475,273</b>                           | <b>365,721</b>                           |
| <b>Over time (Time chartering and bareboat chartering)</b> | <b>475,273</b>                           | <b>365,721</b>                           |

The shipbuilding division did not record any revenue in the financial year ended 31 December 2023 and 31 December 2022 as there was no scheduled delivery of vessel sale.

## 20 Other income

| The Group   | Note | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000<br>(Restated) |
|---|------|--|--|
| Gain on disposal of property, plant and equipment         |      | 44,318                                   | 44,380   |
| Gain on waiver of debts                                   |      | -  | 13,213   |
| Gain on discounting of trade payable                      |      | 5,227                                    | -  |
| Insurance claim proceeds                                  |      | -  | 712  |
| Impairment losses on trade and other receivables reversed |      | 1,230                                    | 889  |
| Interest income   |      | 1,760                                    | 1,100  |
| Rental income   |      | 32                                       | -  |
| Reversal of inventories written-down                      | 8    | 31,151                                   | -  |
| Foreign exchange gain, net                                |      | 6,292                                    | -  |
| Reversal of impairment loss on other investments          |      | 72                                       | 277  |
| Miscellaneous income                                      |      | 418                                      | 773  |
|   |      | <b>90,500</b>                            | <b>61,344</b>  |

In the financial year ended 31 December 2022, gain on waiver of debts was recognised in relation to the debts waived by trade creditor and financial creditors as a result of the successful negotiation and settlement with the trade creditors.

## 21 Finance costs

| The Group                   | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000<br>(Restated) |
|-----------------------------|--|--|
| Interest expenses           |  |  |
| - Bilateral facilities debt | 5,459                                    | 4,421  |
| - Term loans                | 21,853                                   | 24,653   |
| - Trade payables            | -  | 125  |
| - Lease liabilities         | 95                                       | 842  |
|                             | <b>27,407</b>                            | <b>30,041</b>  |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22 Profit before taxation

| The Group  | Note | Year ended 31<br>December 2023<br>RM'000 | Year ended 31<br>December 2022<br>RM'000<br>(Restated) |
|--|------|--|--|
| Profit before taxation is arrived at after (crediting)/charging: |      |  |  |
| Audit fees:  |      |  |  |
| - auditor of the Company   |      | 340                                      | 308  |
| - other auditors – network firms                                 |      | 187                                      | 174  |
| Bunker costs   |      | 4,898                                    | 23,089   |
| Communication and information technology costs                   |      | 18,814                                   | 9,989  |
| Crew costs   |      | 111,786                                  | 85,118   |
| Engine and desk stores   |      | 52,854                                   | 29,158   |
| Charter fees   |      | 48,298                                   | 59,429   |
| Insurance  |      | 5,125                                    | 4,430  |
| Ship repair costs  |      | 2,510                                    | 2,879  |
| Depreciation of property, plant and equipment                    | 3    | 26,448                                   | 29,014   |
| Employee benefits expense  |      |  |  |
| - salaries, wages and other benefits                             |      | 22,372                                   | 18,451   |
| - defined contribution plans                                     |      | 1,892                                    | 1,460  |
| Foreign exchange loss, net                                       |      | -  | 20,094   |
| Gain on lease termination  |      | -  | (446)  |
| Bad debts written off  |      | -  | 92   |
| Late payment charges   |      | 2,968                                    | 2,485  |
| Project deposit written off                                      |      | -  | 241  |
| Property, plant and equipment written off                        | 3    | 10                                       | -  |
| Restructuring expenses   |      | 3,100                                    | 309  |

Employee benefits expense includes the remuneration of directors and other key management personnel as disclosed in Note 25 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 23 Taxation

| The Group                               | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000 |
|---|--|--|
| Current taxation                        |  |  |
| - Current year                          | 20,484                                   | 15,518                                   |
| - Under/(Over) provision in prior years | 1,098                                    | (1,050)                                  |
|   | <b>21,582</b>                            | <b>14,468</b>                            |
| Deferred taxation (Note 15)             |  |  |
| - Current year                          | 3,079                                    | 444                                      |
| - (Over)/Under provision in prior years | (1,301)                                  | 3,082                                    |
|   | <b>1,778</b>                             | <b>3,526</b>                             |
|   | <b>23,360</b>                            | <b>17,994</b>                            |

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on profits as a result of the following:

| The Group   | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000<br>(Restated) |
|---|--|--|
| Profit before taxation  | 176,455                                  | 73,635   |
| Share of results of equity-accounted associate and joint ventures       | 9,828                                    | 5,889  |
|   | <b>186,283</b>                           | <b>79,524</b>  |
| Tax at statutory rates applicable to different jurisdictions            | 27,904                                   | 17,054   |
| Expenses not deductible for tax purposes                                | 5,136                                    | 6,294  |
| Income not subject to tax   | (10,149)                                 | (7,355)  |
| Utilisation of previously unrecognised deferred tax assets              | (395)                                    | (50)   |
| Deferred tax assets not recognised on tax losses                        | 1,067                                    | 19   |
| Under/(Over) provision of income tax expenses in respect of prior years | 1,098                                    | (1,050)  |
| (Over)/Under provision of deferred tax in prior years                   | (1,301)                                  | 3,082  |
|   | <b>23,360</b>                            | <b>17,994</b>  |

Non-taxable income mainly relates to reversal of impairment loss on trade and other receivables, gain on disposal of property, plant and equipment, reversal of inventories written-down and waiver of debts. Non-deductible expenses mainly relate to impairment of trade and other receivables and depreciation of non-qualifying property, plant and equipment.

### Singapore

The corporate income tax rate applicable to the Company and Singapore-incorporated subsidiaries is 17% (2022 - 17%) for the financial year ended 31 December 2023.

### Malaysia

The corporate income tax rate applicable to the subsidiaries incorporated in Malaysia is 24% (2022 - 24%) for the financial year ended 31 December 2023.

The corporate income tax rate applicable to the subsidiaries incorporated in the Federal Territory of Labuan, Malaysia is 3% (2022 - 3%) for the financial year ended 31 December 2023.

### Australia

The corporate income tax rate applicable to the subsidiary incorporated in Australia ranges from 25% to 30% (2022 - 26% to 30%), depending on annual turnover. SKOMA does not have any tax expenses in the current financial year as there is no taxable income.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 23 Taxation (Cont'd)

As at 31 December 2023, the Group has unused tax losses of approximately RM221,638,000 (2022 – RM218,717,000) and unabsorbed capital allowances of approximately RM67,774,000 (2022 – RM49,485,000). The unused tax losses and unabsorbed capital allowances are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets of RM68,758,000 (2022 – RM68,086,000) have not been recognised in respect of these items due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

## 24 Earnings per share

### Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders of RM157,274,000 (2022 – RM59,320,000 (restated)), and a weighted average number of ordinary shares outstanding of 80,716,000 (2022 – 79,508,000 (restated)), calculated as follows:

#### Weighted average number of ordinary shares

| The Group   | Year ended<br>31 December 2023<br>'000 | Year ended<br>31 December 2022<br>'000<br>(Restated) |
|---|--|--|
| Issued ordinary shares at end of the year (Note 12) | 8,078,216                              | 7,950,937  |
| Treasury shares                                     | (6,678)                                | (6,678)  |
| Share consolidation *                               | (7,990,824)                            | (7,864,751)  |
| <b>Weighted average number of ordinary shares</b>   | <b>80,716</b>                          | <b>79,508</b>  |

- \* On 12 March 2024, the Company completed a share consolidation of every 100 existing issued ordinary shares into 1 consolidated ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share as at 31 December 2023 and 31 December 2022 has been adjusted for the effect of the share consolidation.

### Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders of RM157,274,000 (2022 – RM59,320,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 82,120,000 (2022 – 80,912,000 (restated)), calculated as follows:

#### Weighted average number of ordinary shares

| The Group   | Year ended<br>31 December 2023<br>'000 | Year ended<br>31 December 2022<br>'000<br>(Restated) |
|---|--|--|
| Weighted average number of ordinary shares (basic)          | 80,716                                 | 79,508   |
| Effect of contingently issuable shares                      | 1,404                                  | 1,404  |
| <b>Weighted average number of ordinary shares (diluted)</b> | <b>82,120</b>                          | <b>80,912</b>  |

Contingently issuable shares relate to share awards granted in the previous financial years, pursuant to the Nam Cheong Management Incentive Plan ("NCMI Plan").

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 25 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties made at terms agreed between the parties:

| The Group   | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000 |
|---|--|--|
| Joint venture   |  |  |
| - interest income   | 964                                      | 82                                       |
| - loan to joint venture   | 5,967                                    | 12,423                                   |
| Other related parties in which directors and key management have interest |  |  |
| - purchases <sup>(a) (b)</sup>  | 346                                      | 767                                      |
| - rental expense <sup>(c)</sup>   | 859                                      | 839                                      |

- (a) Mr Tiong Chiong Soon, a key executive of the Company and the son of Tan Sri Datuk Tiong Su Kouk, has a direct interest of more than 30% in Top Line Works (2008) Sdn. Bhd. ("TLW"). During the financial year, Nam Cheong Dockyard Sdn. Bhd., a wholly-owned subsidiary of the Company, purchased shipbuilding materials from TLW. As at 31 December 2023 and 31 December 2022, there was no outstanding amount due to TLW.
- (b) Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company has an indirect interest of more than 30% in CCK Fresh Mart Sdn. Bhd. ("CCKFM"). During the financial year, Nam Cheong Dockyard Sdn. Bhd., a wholly-owned subsidiary of the Company, and SKOM Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, purchased fresh food from CCKFM.
- (c) Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company has a direct interest of more than 30% in S.K. Tiong Properties Sdn. Bhd. ("SKTP"). During the financial year, Nam Cheong Dockyard Sdn. Bhd., a wholly-owned subsidiary of the Company, and SKOM Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, had rented office space from SKTP. As at 31 December 2023 and 31 December 2022, there was no outstanding amount due to SKTP.

The directors are of the opinion that all the transactions above have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 25 Significant related party transactions

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

| <b>The Group</b>             | <b>Year ended<br/>31 December 2023<br/>RM'000</b> | <b>Year ended<br/>31 December 2022<br/>RM'000</b> |
|------------------------------|---|---|
| Short-term employee benefits | 11,555  | 9,820   |
| Post-employment benefits     | 246   | 164   |
| Share grant plan             | -   | -   |
|                              | <b>11,801</b>                                     | <b>9,984</b>                                      |

These include the following directors' remuneration:

| <b>The Group</b>          | <b>Year ended<br/>31 December 2023<br/>RM'000</b> | <b>Year ended<br/>31 December 2022<br/>RM'000</b> |
|---------------------------|---|---|
| Directors of the Company  | 8,383   | 6,752   |
| Directors of subsidiaries | 2,028   | 1,935   |
|                           | <b>10,411</b>                                     | <b>8,687</b>                                      |

## 26 Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

| <b>The Group</b> | <b>Year ended<br/>31 December 2023<br/>RM'000</b> | <b>Year ended<br/>31 December 2022<br/>RM'000</b> |
|------------------|---|---|
| Vessels          | 14,776  | 14,133  |

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 27 Leases

Where the Group is the lessee,

The Group leases office, warehouse and factory facilities. The leases typically run for a period of one to three years, with an option to renew the lease after that date. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements.

The office, warehouse and factory leases were entered into as leases of buildings. The Group also leases four plots of land which have a remaining tenure of 1 month to 41 years (2022 – 1 month to 42 years).

The Group leases office equipment with contract terms of one to three years. These leases are short-term or are leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets relate to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see Note 3).

| The Group                        | Leasehold lands<br>RM'000 | Buildings<br>RM'000 | Vessels<br>RM'000 |
|----------------------------------|---------------------------|---------------------|-------------------|
| At 1 January 2022                | 12,895                    | 2,512               | 17,548            |
| Additions to right-of-use assets | -                         | 1,652               | -                 |
| Depreciation charge for the year | (405)                     | (815)               | (7,149)           |
| Written off for the year         | -                         | -                   | (10,399)          |
| At 31 December 2022              | <b>12,490</b>             | <b>3,349</b>        | -                 |
| Additions to right-of-use assets | <b>629</b>                | -                   | -                 |
| Depreciation charge for the year | <b>(347)</b>              | <b>(817)</b>        | -                 |
| At 31 December 2023              | <b>12,772</b>             | <b>2,532</b>        | -                 |

Amounts recognised in profit or loss under IFRS 16 are as follows:

| The Group  | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000 |
|--|--|--|
| Interest on lease liabilities (Note 21)  | <b>95</b>                                | 842                                      |
| Expenses relating to short-term leases   | <b>103</b>                               | 107                                      |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <b>56</b>                                | 59                                       |

Total cash outflows for all leases in the year amount to RM1,047,000 (2022 – RM8,671,000).

As at 31 December 2023, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

The Group's lease liabilities are secured by the lessor's title to the leased assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 27 Leases (Cont'd)

Where the Group is the lessor,

### Operating lease

The Group leases out its vessels under time and bareboat charter. The Group has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the end of the reporting period.

|                         |               |
|-------------------------|---------------|
| <b>The Group</b>        | RM'000        |
| <b>31 December 2023</b> |               |
| Less than one year      | <b>77,683</b> |
| <b>31 December 2022</b> |               |
| Less than one year      | <b>41,148</b> |

The other leases are primarily for a period of 10 to 30 days with daily extension, for which the lease payments have been fully received or included in trade receivables at the end of the reporting period.

*The remainder of the page is intentionally left blank*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28 Operating segments

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

- (i) Shipbuilding; and
- (ii) Vessel chartering.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss before tax. Income taxes are managed on a group basis and are not allocated to operating segments.

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

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense.

Inter segment sales and transfers are carried out on arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude income tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as income tax payable and deferred tax liabilities.

*The remainder of the page is intentionally left blank.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28 Operating segments (Cont'd)

Segment additions to non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

|  | Shipbuilding                |                             | Chartering                  |                             | Others                      |                             | Eliminations                |                             | Total                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | Year ended 31 December 2023 | Year ended 31 December 2022 | Year ended 31 December 2023 | Year ended 31 December 2022 | Year ended 31 December 2023 | Year ended 31 December 2022 | Year ended 31 December 2023 | Year ended 31 December 2022 | Year ended 31 December 2023 | Year ended 31 December 2022 |
| The Group  | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      | RM'000                      |
| Revenue  | -                           | -                           | 475,273                     | -                           | -                           | -                           | -                           | -                           | 475,273                     | 365,721                     |
| - External revenue   | -                           | -                           | 475,273                     | -                           | -                           | -                           | -                           | -                           | 475,273                     | 365,721                     |
| <b>Results</b>   | <b>22,165</b>               | <b>(9,707)</b>              | <b>204,501</b>              | <b>(9,456)</b>              | <b>(13,347)</b>             | <b>(27,347)</b>             | <b>(13,347)</b>             | <b>(11,626)</b>             | <b>203,862</b>              | <b>103,676</b>              |
| Operating profit/(loss)  | -                           | -                           | (24,147)                    | (16,607)                    | 13,347                      | (15,631)                    | 13,347                      | 11,626                      | (27,407)                    | (30,041)                    |
| Finance costs  | -                           | -                           | -                           | 4,131                       | -                           | 4,528                       | -                           | -                           | 4,131                       | 4,528                       |
| Share of results of associates                                   | -                           | -                           | 1,766                       | 3,930                       | -                           | 1,361                       | -                           | -                           | 5,696                       | 1,361                       |
| Share of results of joint ventures                               | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Profit/(loss) before tax   | 22,165                      | (9,707)                     | 182,120                     | (18,002)                    | (37,089)                    | (37,089)                    | -                           | -                           | 186,283                     | 79,524                      |
| <i>Profit or loss</i>  |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Depreciation of property, plant and equipment                    | (4,762)                     | (1,339)                     | (21,683)                    | (3)                         | (3)                         | (3)                         | -                           | 85                          | (26,448)                    | (29,014)                    |
| Gain on waiver of debts  | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           | 13,213                      |
| Gain on discounting of trade payable                             | 5,227                       | -                           | -                           | -                           | -                           | -                           | -                           | -                           | 5,227                       | -                           |
| Reversal of impairment on other investments                      | -                           | -                           | 72                          | -                           | -                           | -                           | -                           | -                           | 72                          | 277                         |
| Reversal of inventories write-down                               | 31,151                      | -                           | -                           | -                           | -                           | -                           | -                           | -                           | 31,151                      | -                           |
| Impairment losses on trade and other receivables (made)/reversed | (362)                       | (3,771)                     | 135                         | 1,457                       | -                           | 3,685                       | -                           | -                           | 1,230                       | 889                         |
| Interest income  | 80                          | 1,241                       | 714                         | 13,951                      | (12,985)                    | 12,027                      | (12,985)                    | (12,638)                    | 1,760                       | 1,100                       |
| Gain on disposal of property, plant and equipment                | -                           | -                           | 444,318                     | -                           | -                           | -                           | -                           | -                           | 444,318                     | 44,380                      |
| Property, plant and equipment written off                        | -                           | -                           | (10)                        | -                           | -                           | -                           | -                           | -                           | (10)                        | -                           |
| Restructuring expenses   | -                           | -                           | -                           | (3,100)                     | (309)                       | (309)                       | -                           | -                           | (3,100)                     | (309)                       |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28 Operating segments (Cont'd)

| The Group                       | Shipbuilding     |                  | Chartering       |                  | Others           |                  | Eliminations     |                  | Total            |                  |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|                                 | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| <i>Assets and liabilities</i>   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Additions to non-current assets | 102,790          | 2,266            | 44,649           | 128,081          | -                | -                | -                | -                | 147,439          | 130,347          |
| Investment in associate         | -                | -                | 9,415            | 5,210            | -                | -                | -                | -                | 9,415            | 5,210            |
| Investments in joint ventures   | 1,018,748        | 225,549          | 6,613            | 3,315            | 2,383            | 3,315            | -                | -                | 8,996            | 3,315            |
| Segment assets                  | 2,287,255        | 1,471,368        | 1,616,011        | 1,032,874        | 4,665            | 27,442           | (1,728,273)      | (592,093)        | 911,151          | 693,772          |
| Segment liabilities             |                  |                  | 1,986,628        | 1,564,520        | 1,218,549        | 1,244,833        | (4,089,696)      | (2,971,444)      | 1,402,736        | 1,309,277        |

Reconciliation of the segment assets and liabilities to the Group's total assets and liabilities are as follows:

| The Group                | Shipbuilding     |                  | Chartering       |                  | Others           |                  | Eliminations     |                  | Total            |                  |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                          | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
|                          | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           | RM'000           |
| Segment assets           | 1,018,748        | 225,549          | 1,616,011        | 1,032,874        | 4,665            | 27,442           | (1,728,273)      | (592,093)        | 911,151          | 693,772          |
| Tax recoverable          | 142              | 811              | -                | -                | 42               | -                | -                | -                | 184              | 811              |
| Total assets             | 1,018,890        | 226,360          | 1,616,011        | 1,032,874        | 4,707            | 27,442           | (1,728,273)      | (592,093)        | 911,335          | 694,583          |
| Segment liabilities      | 2,287,255        | 1,471,368        | 1,986,628        | 1,564,520        | 1,218,549        | 1,244,833        | (4,089,696)      | (2,971,444)      | 1,402,736        | 1,309,277        |
| Deferred tax liabilities | -                | -                | 8,143            | 6,358            | -                | -                | -                | -                | 8,143            | 6,358            |
| Income tax payable       | 167              | 711              | 2,244            | 2,888            | 231              | 19               | -                | 7                | 2,642            | 3,618            |
| Total liabilities        | 2,287,422        | 1,472,079        | 1,997,015        | 1,573,766        | 1,218,780        | 1,244,852        | (4,089,696)      | (2,971,437)      | 1,413,521        | 1,319,260        |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28 Operating segments (Cont'd)

For management purposes, revenue and non-current assets are grouped into the country or region that exhibit similar economic environment. Revenue and non-current assets information based on the geographical location of customers and assets respectively is as follows:

| The Group                 | Year ended<br>31 December 2023<br>RM'000 | Year ended<br>31 December 2022<br>RM'000 |
|---------------------------|--|--|
| <b>Revenue</b>            |  |  |
| Malaysia                  | 475,273                                  | 365,721                                  |
| <hr/>                     |  |  |
| The Group                 | 31 December 2023<br>RM'000               | 31 December 2022<br>RM'000               |
| <b>Non-current assets</b> |  |  |
| Malaysia                  | 562,246                                  | 435,304                                  |
| Singapore                 | 2  | 5  |
|                           | <b>562,248</b>                           | <b>435,309</b>                           |

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position.

| The Group                     | 31 December 2023<br>RM'000 | 31 December 2022<br>RM'000 |
|-------------------------------|----------------------------|----------------------------|
| Property, plant and equipment | 543,837                    | 426,784                    |
| Associates                    | 9,415                      | 5,210                      |
| Joint ventures                | 8,996                      | 3,315                      |
|                               | <b>562,248</b>             | <b>435,309</b>             |

### Major customers

Details of customers which individually contributed 10 percent or more of the Group's total revenue are as follows:

During the financial year ended 31 December 2023, revenue from three customers (2022 - three customers) in respect of the Group's chartering segment amounted to RM322,307,000 (2022 - RM198,025,000).

## 29 Financial risk management

The Group's and the Company's risk management policies set out the overall business strategies and their risk management philosophy. 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, interest rate risk and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 29.3) and foreign currency risk (Note 29.4).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

### 29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group and the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

The Group's trade receivables comprise five major debtors (2022 – four major debtors) that represented 83% (2022 – 79%) of net trade receivables.

The Group and the Company have trade and other receivables and cash and bank balances and fixed deposits that are subject to the expected credit loss model. While cash and bank balances and fixed deposits are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

#### **Trade receivables**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the GDP and the unemployment rate of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

### 29.1 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

On that basis, below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

| The Group                 | Current<br>RM'000 | Past due<br>1 to 90<br>days<br>RM'000 | Past due<br>91 to 180<br>days<br>RM'000 | Past due<br>more than<br>180 days<br>RM'000 | Total<br>RM'000 |
|---------------------------|-------------------|---------------------------------------|---|---|-----------------|
| <b>31 December 2023</b>   |                   |                                       |   |   |                 |
| Gross carrying amount     | 22,739            | 100,166                               | 48,177                                  | 84,272                                      | 255,354         |
| Expected credit loss rate | -                 | -                                     | 3%                                      | 33%   | 11%             |
| Loss allowance            | -                 | -                                     | 1,625                                   | 27,412                                      | 29,037          |
| <b>31 December 2022</b>   |                   |                                       |   |   |                 |
| Gross carrying amount     | 33,687            | 48,550                                | 8,995                                   | 64,031                                      | 155,263         |
| Expected credit loss rate | -                 | -                                     | 46%                                     | 42%   | 20%             |
| Loss allowance            | -                 | -                                     | 4,149                                   | 27,126                                      | 31,275          |

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

Further details of credit risks on trade and other receivables are disclosed in Note 9.

#### Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECL. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. During the financial year ended 31 December 2023, net loss allowance of RM1,582,000 (2022 - RM1,710,000) was made for other receivables.

#### Amounts due from subsidiaries (non-trade)

Non-trade amounts due from subsidiaries have been fully impaired taking into account the finances, business performance, and a forward-looking analysis of the financial performance of the business activities undertaken by the subsidiaries.

#### Amounts due from associate and joint ventures (non-trade)

The non-trade amounts due from associate and joint ventures being debt instruments carried at amortised costs, are considered to have low credit risk and any loss allowance recognised during the period was therefore limited to 12-month expected credit losses. Management considers the amount to be low credit risk when they have a low risk of default and the debtors have a strong capacity to meet its contractual cash flow obligations in the near future.

#### Bank balances and fixed deposits

Bank balances and fixed deposits are held with financial institutions of high credit rating for which no material credit losses are expected to be incurred.

#### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

### 29.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

| The Group                                   | Carrying amount<br>RM'000 | Contractual cash flows<br>RM'000 | Less than 1 year<br>RM'000 | Between 2 and 5 years<br>RM'000 | More than 5 years<br>RM'000 |
|---|---------------------------|----------------------------------|----------------------------|---------------------------------|-----------------------------|
| <b>31 December 2023</b>                     |                           |                                  |                            |                                 |                             |
| Bilateral facilities debt (Note 16)         | 103,570                   | 108,815                          | 108,815                    | -                               | -                           |
| Term loan (Note 16)                         | 938,912                   | 976,492                          | 976,492                    | -                               | -                           |
| Lease liabilities (Note 16)                 | 1,096                     | 1,131                            | 866                        | 265                             | -                           |
| Trade and other payables (Note 17)          | 307,284                   | 307,284                          | 279,191                    | 28,093                          | -                           |
| Provision for financial guarantee (Note 18) | 51,874                    | 51,874                           | 51,874                     | -                               | -                           |
|   | <b>1,387,334</b>          | <b>1,430,194</b>                 | <b>1,401,836</b>           | <b>28,358</b>                   | -                           |
| <b>31 December 2022 (Restated)</b>          |                           |                                  |                            |                                 |                             |
| Bilateral facilities debt (Note 16)         | 101,802                   | 106,618                          | 106,618                    | -                               | -                           |
| Term loan (Note 16)                         | 887,001                   | 922,503                          | 922,503                    | -                               | -                           |
| Lease liabilities (Note 16)                 | 1,890                     | 1,989                            | 859                        | 1,130                           | -                           |
| Trade and other payables (Note 17)          | 268,045                   | 268,045                          | 268,045                    | -                               | -                           |
| Provision for financial guarantee (Note 18) | 49,613                    | 49,613                           | 49,613                     | -                               | -                           |
|   | <b>1,308,351</b>          | <b>1,348,768</b>                 | <b>1,347,638</b>           | <b>1,130</b>                    | -                           |
| <b>1 January 2022 (Restated)</b>            |                           |                                  |                            |                                 |                             |
| Bilateral facilities debt (Note 16)         | 102,626                   | 106,912                          | 106,912                    | -                               | -                           |
| Term loan (Note 16)                         | 837,107                   | 869,775                          | 869,775                    | -                               | -                           |
| Lease liabilities (Note 16)                 | 17,416                    | 18,898                           | 8,354                      | 10,544                          | -                           |
| Trade and other payables (Note 17)          | 259,156                   | 259,156                          | 259,156                    | -                               | -                           |
| Provision for financial guarantee (Note 18) | 45,448                    | 45,448                           | 45,448                     | -                               | -                           |
|   | <b>1,261,753</b>          | <b>1,300,189</b>                 | <b>1,289,645</b>           | <b>10,544</b>                   | -                           |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

### 29.2 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows: (Cont'd)

| The Company                                 | Carrying Amount<br>RM'000 | Contractual cash flows<br>RM'000 | Less than 1 year<br>RM'000 | Between 2 and 5 years<br>RM'000 | More than 5 years<br>RM'000 |
|---|---------------------------|----------------------------------|----------------------------|---------------------------------|-----------------------------|
| <b>31 December 2023</b>                     |                           |                                  |                            |                                 |                             |
| Term loan (Note 16)                         | 758,223                   | 788,552                          | 788,552                    | -                               | -                           |
| Trade and other payables (Note 17)          | 60,247                    | 60,247                           | 60,247                     | -                               | -                           |
| Provision for financial guarantee (Note 18) | 51,874                    | 51,874                           | 51,874                     | -                               | -                           |
|   | <b>870,344</b>            | <b>900,673</b>                   | <b>900,673</b>             | -                               | -                           |
| <b>31 December 2022 (Restated)</b>          |                           |                                  |                            |                                 |                             |
| Term loan (Note 16)                         | 713,606                   | 742,151                          | 742,151                    | -                               | -                           |
| Trade and other payables (Note 17)          | 85,116                    | 85,116                           | 85,116                     | -                               | -                           |
| Provision for financial guarantee (Note 18) | 49,613                    | 49,613                           | 49,613                     | -                               | -                           |
|   | <b>848,335</b>            | <b>876,880</b>                   | <b>876,880</b>             | -                               | -                           |
| <b>1 January 2022 (Restated)</b>            |                           |                                  |                            |                                 |                             |
| Term loan (Note 16)                         | 672,477                   | 698,704                          | 698,704                    | -                               | -                           |
| Trade and other payables (Note 17)          | 82,834                    | 82,834                           | 82,834                     | -                               | -                           |
| Provision for financial guarantee (Note 18) | 45,448                    | 45,448                           | 45,448                     | -                               | -                           |
|   | <b>800,759</b>            | <b>826,986</b>                   | <b>826,986</b>             | -                               | -                           |

As disclosed in Note 2(e) to the financial statements, the directors are satisfied that the Group and the Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months from the end of the reporting period.

### 29.3 Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from bilateral facilities debt and bank balances at floating rates. Term loan, lease liability, long-term trade payables and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 29 Financial risk management (Cont'd)

#### 29.3 Interest rate risk

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

|                                  | The Group                     |   | The Company                   |   |
|----------------------------------|-------------------------------|---|-------------------------------|---|
|                                  | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000<br>(Restated) | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000<br>(Restated) |
| <b>Fixed rate instruments</b>    |                               |   |                               |   |
| Financial asset                  |                               |   |                               |   |
| - fixed deposits                 | 6,887                         | 3,471                                       | -                             | -   |
| Financial liabilities            |                               |   |                               |   |
| - term loan                      | (938,912)                     | (887,001)                                   | (758,223)                     | (713,606)                                   |
| - lease liabilities              | (1,096)                       | (1,890)                                     | -                             | -   |
| - trade payables                 | (55,613)                      | -   | -                             | -   |
|                                  | <b>(995,621)</b>              | <b>(888,891)</b>                            | <b>(758,223)</b>              | <b>(713,606)</b>                            |
|                                  | <b>(988,734)</b>              | <b>(885,420)</b>                            | <b>(758,223)</b>              | <b>(713,606)</b>                            |
| <b>Variable rate instruments</b> |                               |   |                               |   |
| Financial asset                  |                               |   |                               |   |
| - bank balances                  | 57,264                        | 59,330                                      | 171                           | 38  |
| Financial liability              |                               |   |                               |   |
| - bilateral facilities debt      | (103,570)                     | (101,802)                                   | -                             | -   |
|                                  | <b>(46,306)</b>               | <b>(42,472)</b>                             | <b>171</b>                    | <b>38</b>                                   |

#### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or 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.

#### Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates on variable rate borrowings had been 50 (2022 - 50) basis points higher/lower with all other variables held constant, the Group's results net of tax and equity would have been RM232,000 (2022 - RM212,000) lower/higher, arising mainly as a result of higher/lower interest expenses on floating rate bilateral facilities debt, offset by higher/lower interest income from floating rate bank balances.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

### 29.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, primarily Malaysia ringgit and United States dollar. The foreign currency in which these transactions are denominated is primarily Singapore dollar. Consequently, the Group is exposed to movements in foreign currency exchange rates.

As at the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

|                             | SGD<br>RM'000<br>(Restated) | USD<br>RM'000<br>(Restated) | The Group<br>TWD<br>RM'000 | EURO<br>RM'000 | Total<br>RM'000<br>(Restated) |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------------|-------------------------------|
| <b>31 December 2023</b>     |                             |                             |                            |                |                               |
| Trade and other receivables | 6,169                       | 22,245                      | 8,338                      | -              | 36,752                        |
| Cash and bank balances      | 2,314                       | 3,268                       | -                          | 9              | 5,850                         |
| Borrowings                  | (54,446)                    | -                           | -                          | -              | (54,446)                      |
| Trade and other payables    | (66,071)                    | 2,339                       | -                          | (26)           | (63,758)                      |
| <b>Net exposure</b>         | <b>(112,034)</b>            | <b>27,852</b>               | <b>8,338</b>               | <b>(17)</b>    | <b>(75,861)</b>               |
| <b>31 December 2022</b>     |                             |                             |                            |                |                               |
| Trade and other receivables | 152                         | 34,061                      | 23,389                     | -              | 57,602                        |
| Cash and bank balances      | 1,560                       | 4,711                       | -                          | 8              | 6,368                         |
| Borrowings                  | (51,243)                    | -                           | -                          | -              | (51,243)                      |
| Trade and other payables    | (44,224)                    | (1,360)                     | -                          | (29)           | (45,621)                      |
| <b>Net exposure</b>         | <b>(93,775)</b>             | <b>37,412</b>               | <b>23,389</b>              | <b>(21)</b>    | <b>(32,894)</b>               |
| <b>1 January 2022</b>       |                             |                             |                            |                |                               |
| Trade and other receivables | 153                         | 2,694                       | 24,312                     | 2,011          | 29,189                        |
| Cash and bank balances      | 1,336                       | 5,010                       | -                          | 82             | 6,428                         |
| Borrowings                  | (48,289)                    | -                           | -                          | -              | (48,289)                      |
| Trade and other payables    | (29,874)                    | (507)                       | -                          | (3,694)        | (34,075)                      |
| <b>Net exposure</b>         | <b>(76,674)</b>             | <b>7,197</b>                | <b>24,312</b>              | <b>(1,601)</b> | <b>(46,747)</b>               |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29 Financial risk management (Cont'd)

### 29.4 Foreign currency risk (Cont'd)

As at the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows: (Cont'd)

|                             | The Company                 |                             | Total<br>RM'000<br>(Restated) |
|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
|                             | SGD<br>RM'000<br>(Restated) | USD<br>RM'000<br>(Restated) |                               |
| <b>31 December 2023</b>     |                             |                             |                               |
| Trade and other receivables | 152                         | -                           | 152                           |
| Cash and bank balances      | 171                         | -                           | 171                           |
| Borrowings                  | (758,223)                   | -                           | (758,223)                     |
| Trade and other payables    | (59,578)                    | (255)                       | (59,833)                      |
| <b>Net exposure</b>         | <b>(817,478)</b>            | <b>(255)</b>                | <b>(817,733)</b>              |
| <b>31 December 2022</b>     |                             |                             |                               |
| Trade and other receivables | 152                         | -                           | 152                           |
| Cash and bank balances      | 38                          | -                           | 38                            |
| Borrowings                  | (713,606)                   | -                           | (713,606)                     |
| Trade and other payables    | (84,405)                    | (245)                       | (84,650)                      |
| <b>Net exposure</b>         | <b>(797,821)</b>            | <b>(245)</b>                | <b>(798,066)</b>              |
| <b>1 January 2022</b>       |                             |                             |                               |
| Trade and other receivables | 152                         | -                           | 152                           |
| Cash and bank balances      | 77                          | -                           | 77                            |
| Borrowings                  | (672,477)                   | -                           | (672,477)                     |
| Trade and other payables    | (72,536)                    | (6)                         | (72,542)                      |
| <b>Net exposure</b>         | <b>(744,784)</b>            | <b>(6)</b>                  | <b>(744,790)</b>              |

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD"), United States dollar ("USD"), New Taiwan dollar ("TWD") and other exchange rate (against the respective functional currencies of group entities), with all other variables held constant, of the Group's results net of tax and equity.

| The Group                     | 31 December<br>2023<br>RM'000 | 31 December<br>2022<br>RM'000<br>(Restated) | 1 January 2022<br>RM'000<br>(Restated) |
|-------------------------------|-------------------------------|---|--|
|                               | SGD                           |   |  |
| - strengthened 5% (2022 - 5%) | (5,602)                       | (4,689)                                     | (3,834)                                |
| - weakened 5% (2022 - 5%)     | 5,602                         | 4,689                                       | 3,834                                  |
| USD                           |                               |   |  |
| - strengthened 5% (2022 - 5%) | 1,393                         | 1,871                                       | 360                                    |
| - weakened 5% (2022 - 5%)     | (1,393)                       | (1,871)                                     | (360)                                  |
| TWD                           |                               |   |  |
| - strengthened 5% (2022 - 5%) | 417                           | 1,169                                       | 1,216                                  |
| - weakened 5% (2022 - 5%)     | (417)                         | (1,169)                                     | (1,216)                                |
| EURO                          |                               |   |  |
| - strengthened 5% (2022 - 5%) | (1)                           | (1)   | (80)                                   |
| - weakened 5% (2022 - 5%)     | 1                             | 1   | 80                                     |
| <b>The Company</b>            |                               |   |  |
| SGD                           |                               |   |  |
| - strengthened 5% (2022 - 5%) | (40,874)                      | (39,891)                                    | (37,239)                               |
| - weakened 5% (2022 - 5%)     | 40,874                        | 39,891                                      | 37,239                                 |
| USD                           |                               |   |  |
| - strengthened 5% (2022 - 5%) | (13)                          | (12)  | *                                      |
| - weakened 5% (2022 - 5%)     | 13                            | 12  | *                                      |

\* denote RM300

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 30 Capital management

The Group's and the Company's objectives when managing capital are:

- (a) To safeguard the Group's and the Company's ability to continue as going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group and the Company review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

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

The Group and the Company are not subject to externally imposed capital requirements.

No gearing ratio has been presented as the Group and the Company had a deficit in shareholders' funds at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31 Financial instruments

### Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

| The Group   | Amortised<br>cost<br>RM'000 | Other financial<br>liabilities at<br>amortised<br>cost<br>RM'000 | Total<br>RM'000  |
|---|-----------------------------|--|------------------|
| <b>31 December 2023</b>                             |                             |  |                  |
| <b>Financial assets</b>                             |                             |  |                  |
| Trade and other receivables (Note 9)                | 254,206                     | -  | 254,206          |
| Cash and bank balances and fixed deposits (Note 11) | 64,227                      | -  | 64,227           |
|   | <b>318,433</b>              | <b>-</b>   | <b>318,433</b>   |
| <b>Financial liabilities</b>                        |                             |  |                  |
| Bilateral facilities debt (Note 16)                 | -                           | 103,570  | 103,570          |
| Term loan (Note 16)                                 | -                           | 938,912  | 938,912          |
| Lease liabilities (Note 16)                         | -                           | 1,096  | 1,096            |
| Trade and other payables (Note 17)                  | -                           | 307,284  | 307,284          |
| Provision for financial guarantee (Note 18)         | -                           | 51,874   | 51,874           |
|   | <b>-</b>                    | <b>1,402,736</b>   | <b>1,402,736</b> |
| <b>31 December 2022 (Restated)</b>                  |                             |  |                  |
| <b>Financial assets</b>                             |                             |  |                  |
| Trade and other receivables (Note 9)                | 180,205                     | -  | 180,205          |
| Cash and bank balances and fixed deposits (Note 11) | 62,865                      | -  | 62,865           |
|   | <b>243,070</b>              | <b>-</b>   | <b>243,070</b>   |
| <b>Financial liabilities</b>                        |                             |  |                  |
| Bilateral facilities debt (Note 16)                 | -                           | 101,802  | 101,802          |
| Term loan (Note 16)                                 | -                           | 887,001  | 887,001          |
| Lease liabilities (Note 16)                         | -                           | 1,890  | 1,890            |
| Trade and other payables (Note 17)                  | -                           | 268,045  | 268,045          |
| Provision for financial guarantee (Note 18)         | -                           | 49,613   | 49,613           |
|   | <b>-</b>                    | <b>1,308,351</b>   | <b>1,308,351</b> |
| <b>1 January 2022 (Restated)</b>                    |                             |  |                  |
| <b>Financial assets</b>                             |                             |  |                  |
| Trade and other receivables (Note 9)                | 156,751                     | -  | 156,751          |
| Cash and bank balances and fixed deposits (Note 11) | 26,703                      | -  | 26,703           |
|   | <b>183,454</b>              | <b>-</b>   | <b>183,454</b>   |
| <b>Financial liabilities</b>                        |                             |  |                  |
| Bilateral facilities debt (Note 16)                 | -                           | 102,626  | 102,626          |
| Term loan (Note 16)                                 | -                           | 837,107  | 837,107          |
| Lease liabilities (Note 16)                         | -                           | 17,416   | 17,416           |
| Trade and other payables (Note 17)                  | -                           | 259,156  | 259,156          |
| Provision for financial guarantee (Note 18)         | -                           | 45,448   | 45,448           |
|   | <b>-</b>                    | <b>1,261,753</b>   | <b>1,261,753</b> |



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31 Financial instruments (Cont'd)

### Accounting classifications of financial assets and financial liabilities (Cont'd)

The carrying amounts of financial assets and financial liabilities in each category are as follows: (Cont'd)

| The Company   | Amortised<br>cost<br>RM'000 | Other financial<br>liabilities at<br>amortised<br>cost<br>RM'000 | Total<br>RM'000 |
|---|-----------------------------|--|-----------------|
| <b>31 December 2023</b>                             |                             |  |                 |
| <b>Financial assets</b>                             |                             |  |                 |
| Trade and other receivables (Note 9)                | 152                         | -  | 152             |
| Cash and bank balances and fixed deposits (Note 11) | 171                         | -  | 171             |
|   | <b>323</b>                  | <b>-</b>   | <b>323</b>      |
| <b>Financial liabilities</b>                        |                             |  |                 |
| Term loan (Note 16)                                 | -                           | 758,223  | 758,223         |
| Trade and other payables (Note 17)                  | -                           | 60,247   | 60,247          |
| Provision for financial guarantee (Note 18)         | -                           | 51,874   | 51,874          |
|   | <b>-</b>                    | <b>870,334</b>   | <b>870,334</b>  |
| <b>31 December 2022 (Restated)</b>                  |                             |  |                 |
| <b>Financial assets</b>                             |                             |  |                 |
| Trade and other receivables (Note 9)                | 152                         | -  | 152             |
| Cash and bank balances and fixed deposits (Note 11) | 38                          | -  | 38              |
|   | <b>190</b>                  | <b>-</b>   | <b>190</b>      |
| <b>Financial liabilities</b>                        |                             |  |                 |
| Term loan (Note 16)                                 | -                           | 713,606  | 713,606         |
| Trade and other payables (Note 17)                  | -                           | 85,116   | 85,116          |
| Provision for financial guarantee (Note 18)         | -                           | 49,613   | 49,613          |
|   | <b>-</b>                    | <b>848,335</b>   | <b>848,335</b>  |
| <b>1 January 2022 (Restated)</b>                    |                             |  |                 |
| <b>Financial assets</b>                             |                             |  |                 |
| Trade and other receivables (Note 9)                | 152                         | -  | 152             |
| Cash and bank balances and fixed deposits (Note 11) | 77                          | -  | 77              |
|   | <b>229</b>                  | <b>-</b>   | <b>229</b>      |
| <b>Financial liabilities</b>                        |                             |  |                 |
| Term loan (Note 16)                                 | -                           | 672,477  | 672,477         |
| Trade and other payables (Note 17)                  | -                           | 82,834   | 82,834          |
| Provision for financial guarantee (Note 18)         | -                           | 45,448   | 45,448          |
|   | <b>-</b>                    | <b>800,759</b>   | <b>800,759</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 31 Financial instruments (Cont'd)

#### Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, bilateral facilities debt, term loan and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

#### Financial liabilities not measured at fair value but for which fair values are disclosed \*

| The Group               | Carrying amount<br>RM'000 | Total<br>RM'000 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 |
|-------------------------|---------------------------|-----------------|-------------------|-------------------|-------------------|
| <b>31 December 2023</b> |                           |                 |                   |                   |                   |
| Trade payables          | <b>28,093</b>             | <b>28,093</b>   | -                 | -                 | <b>28,093</b>     |

\* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 31 Financial instruments (Cont'd)

### Fair value hierarchy

#### Impairment testing of non-financial assets based on fair value less costs of disposal

The following table shows the valuation technique and significant unobservable inputs used in measuring the fair value less costs of disposal of leasehold lands, buildings and vessels classified as property, plant and equipment and inventories (work in progress).

|                | <b>Valuation technique</b>            | <b>Inter-relationship between key unobservable inputs and fair value measurement</b>  | <b>Significant unobservable inputs</b>   |
|----------------|---------------------------------------|---|--|
| Vessels        | Direct comparison method              | The estimated fair value would increase/(decrease) if prices of comparable vessels were higher/(lower).   | Prices of comparable vessels   |
| Leasehold land | Direct comparison method              | The estimated fair value would increase/(decrease) if price per square metre of comparable land was higher/(lower).   | Price per square metre of comparable land  |
| Buildings      | Depreciated Replacement Cost approach | The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>- allowance for depreciation due to age was lower/(higher); or</li> <li>- obsolescence factor was lower/(higher)</li> </ul> | <ul style="list-style-type: none"> <li>- Allowance for depreciation due to age</li> <li>- Obsolescence factor</li> </ul> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32 Prior year adjustments

Prior year adjustments have been made to the comparative figures as follows:

### The Group

- (i) The Group adjusted the overstatement of loan principal amounted to RM5,203,000 (1 January 2022: RM7,929,000) which is not adjusted when it was waived in previous Schemes for the financial year ended 31 December 2022. (Note 16)
- (ii) The Group adjusted the understatement of interest charged for the loan principal and late payment charges for the loan repayment amounted to RM1,010,000 and RM4,668,000 (1 January 2022: overstatement of interest charged amounted to RM2,907,000 and understatement of late payment charges of RM2,183,000) respectively, which is not taken up when it was incurred for the financial year ended 31 December 2022. Further, the Group adjusted the overstatement of trade payables amounted to RM8,262,000 in which written termination agreement has been entered in the financial year ended 31 December 2021. (Note 17)
- (iii) The Group adjusted the understatement of provision for financial guarantees amounted to RM1,488,000 (1 January 2022: RM1,412,000) which is not provided when it was obliged to settle with the for the financial year ended 31 December 2022. (Note 18)
- (iv) The Group reclassified foreign translation loss from foreign currency translation reserve to accumulated losses due to wrongly classified in prior years. (Note 14)
- (v) On 12 March 2024, the Group completed a share consolidation of every 100 existing issued ordinary shares into 1 consolidated ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share as at 31 December 2022 has been adjusted for the effect of the share consolidation.

### The Company

- (i) The Company adjusted the overstatement of loan principal amounted to RM5,934,000 (1 January 2022: RM8,661,000) which is not adjusted when it was waived in previous Schemes for the financial year ended 31 December 2022. (Note 16)
- (ii) The Company adjusted the overstatement of interest charged for the loan principal amounted to RM51,000 (1 January 2022: RM51,000), which is not taken up when it was incurred for the financial year ended 31 December 2022. (Note 17)
- (iii) The Company adjusted the understatement of provision for financial guarantees amounted to RM1,488,000 (1 January 2022: RM1,412,000) which is not provided when it was obliged to settle with the for the financial year ended 31 December 2022. (Note 18)

The effects of the overall adjustment have been accounted for retrospectively and the effects on prior years have been taken up as prior year adjustments in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32 Prior year adjustments (Cont'd)

The following table summarises the impacts on the Group's consolidated financial statements:

| <b>The Group</b>  |              | As previously<br>reported<br>RM'000 | Adjustment<br>RM'000 | As<br>restated<br>RM'000 |
|---|--------------|-------------------------------------|----------------------|--------------------------|
| <b>(i) Consolidated statement of financial position</b> |              |                                     |                      |                          |
| At 1 January 2022:                                      |              |                                     |                      |                          |
| Reserves  | (vi)         | 312,374                             | (103,440)            | 208,934                  |
| Accumulated losses                                      |              | (1,298,230)                         | 118,943              | (1,179,287)              |
| Borrowings  | (i)          | 965,078                             | (7,929)              | 957,149                  |
| Trade and other payables                                | (ii)         | 268,769                             | (2,907)              | 259,783                  |
|   |              |                                     | 2,183                |                          |
|   |              |                                     | (8,262)              |                          |
| <b>Provision for financial guarantee</b>                | <b>(v)</b>   | <b>44,036</b>                       | <b>1,412</b>         | <b>45,448</b>            |
| At 31 December 2022:                                    |              |                                     |                      |                          |
| Reserves  | (vi)         | 287,734                             | (106,234)            | 181,500                  |
| Accumulated losses                                      |              | (1,232,500)                         | 112,533              | (1,119,967)              |
| Borrowings  | (i)          | 995,896                             | (5,203)              | 990,693                  |
| Trade and other payables                                | (ii)         | 271,555                             | 1,010                | 268,971                  |
|   |              |                                     | 4,668                |                          |
|   |              |                                     | (8,262)              |                          |
| <b>Provision for financial guarantee</b>                | <b>(v)</b>   | <b>48,125</b>                       | <b>1,488</b>         | <b>49,613</b>            |
| <b>The Company</b>                                      |              |                                     |                      |                          |
| <b>(i) Consolidated statement of financial position</b> |              |                                     |                      |                          |
| At 1 January 2022:                                      |              |                                     |                      |                          |
| Accumulated losses                                      |              | (1,895,602)                         | 7,300                | (1,888,302)              |
| Borrowings  | (i)          | 681,138                             | (8,661)              | 672,477                  |
| Trade and other payables                                | (ii)         | 83,031                              | (51)                 | 82,980                   |
| <b>Provision for financial guarantee</b>                | <b>(iii)</b> | <b>44,036</b>                       | <b>1,412</b>         | <b>45,448</b>            |
| At 31 December 2022:                                    |              |                                     |                      |                          |
| Accumulated losses                                      |              | (1,941,961)                         | 4,497                | (1,937,464)              |
| Borrowings  | (i)          | 719,540                             | (5,934)              | 713,606                  |
| Trade and other payables                                | (ii)         | 85,313                              | (51)                 | 85,262                   |
| <b>Provision for financial guarantee</b>                | <b>(iii)</b> | <b>48,125</b>                       | <b>1,488</b>         | <b>49,613</b>            |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 32 Prior year adjustments (Cont'd)

The following table summarises the impacts on the Group's consolidated financial statements: (Cont'd)

| The Group   | As previously reported<br>RM'000 | Adjustment<br>RM'000 | As restated<br>RM'000 |
|---|----------------------------------|----------------------|-----------------------|
| <b>(ii) Consolidated statement of profit or loss and other comprehensive income</b> |                                  |                      |                       |
| For the year ended 31 December 2022:  |                                  |                      |                       |
| Other income  | 63,465                           | (2,121)              | 61,344                |
| Impairment losses on trade and other receivables reversed                           | 889                              | (889)                | -                     |
| Other operating expenses  | (20,733)                         | 691                  | (20,042)              |
| Finance costs   | (25,950)                         | (4,091)              | (30,041)              |
| Foreign currency translation loss on consolidation                                  | (24,640)                         | (2,794)              | (27,434)              |
| <b>Profit attributable to:</b>  |                                  |                      |                       |
| Owners of the Company   | 65,730                           | (6,410)              | 59,320                |
| Non-controlling interests   | 2,210                            | -                    | 2,210                 |
|   | 67,940                           | (6,410)              | 61,530                |
| <b>Total comprehensive income attributable to:</b>                                  |                                  |                      |                       |
| Owners of the Company   | 41,090                           | (9,204)              | 31,886                |
| Non-controlling interests   | 2,210                            | -                    | 2,210                 |
|   | 43,300                           | (9,204)              | 34,096                |
| <b>(iii) Earnings per share</b>   |                                  |                      |                       |
| For the year ended 31 December 2022:  |                                  |                      |                       |
| Basic earnings per share (Malaysia sen)   | (v) 0.83                         | 73.78                | 74.61                 |
| Diluted earnings per share (Malaysia sen)   | (v) 0.82                         | 72.49                | 73.31                 |
| <b>(iv) Consolidated statement of cash flows</b>                                    |                                  |                      |                       |
| For the year ended 31 December 2022:  |                                  |                      |                       |
| Net cash generated from operating activities  | 60,997                           | 3,239                | 64,236                |
| Net cash used in investing activities   | (15,579)                         | 459                  | (15,120)              |
| Net cash used in financing activities   | (14,011)                         | (3,698)              | (17,709)              |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 33 Events after the reporting period

On 29 February 2024, the Management Incentive Plan 2018, previously adopted on 20 August 2018, was terminated and was replaced by the Nam Cheong Management Incentive Plan 2024.

On 1 March 2024, the Singapore High Court has granted, amongst other things, the recognition of the Malaysian High Court proceedings in connection with the New NCL Scheme, the Order of the Malaysia High Court Sanctioning the New NCL Scheme, and the New NCL Scheme.

On 11 March 2024, every one-hundred (100) shares registered in the name or standing to the credit of the securities account of each Shareholder were consolidated into one (1) Consolidated Share, and the issued share capital of the Company comprises 79,570,283 Consolidated Shares (excluding treasury shares and subsidiary holdings) after the share consolidation. Any fractional Share in the issued share capital of the Company arising from the Share Consolidation was cancelled and the issued and paid-up shares of the Company were reduced from HK\$8,078,216 divided into 79,571,812.99 Shares (plus 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,283 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value of HK\$0.001 each, by cancelling the paid-up capital of the Company to the extent of HK\$7,997,434.195 in aggregate on the Shares post-Share Consolidation with a par value of HK\$0.10 in issue such that each issued Share post-Share Consolidation with a par value of HK\$0.10 was treated as one (1) fully paid Consolidated Share with a par value of HK\$0.001 ("Capital Reduction"). Upon Capital Reduction taking effect, all of the authorised but unissued Shares post-Share Consolidation with a par value of HK\$0.10 each in the share capital of the Company were cancelled, and the authorised share capital of the Company of HK\$12,000,000 diminished by such amount representing the amount of Shares so cancelled ("Authorised Capital Diminution") and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company was increased to HK\$4,000,000 by the creation of such number of Shares with a par value of HK\$0.001 each as represents the difference between 4,000,000,000 Shares with a par value of HK\$0.001 each and the number of Shares with a par value of HK\$0.001 in issue after the Capital Reduction.

On 12 March 2024, the Company allotted and issued the following:

- (a) 176,193,435 Conversion Shares at an issue price of S\$0.40 per Conversion Share to entitled Scheme Creditors pursuant to the NCL Debt Redemption under the New NCL Scheme;
- (b) 10,981,923 Settlement Shares an issue price of S\$0.0697 per Settlement Share to Sage 3 Sdn Bhd for part settlement of the professional fees in relation to the restructuring; and
- (c) 125,507,689 Placement Shares at an issue price of S\$0.0697 per Placement Shares to Tan Sri Datuk Tiong Su Kouk in relation to the shares placement.

On 30 March 2024, the Group concluded the debt restructuring exercise via 2024 Scheme and the Debt Restructuring Master Agreement ("DRMA"). Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024, the 2024 Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tiong Chiong Hiiung, Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 May 2024 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

|   | MR TIONG CHIONG HIIUNG  | DATUK LIM TONG LEE  | MR TAN BOON YONG THOMAS   | MR YEOH SENG HUAT GEOFFREY  |
|---|---|---|---|---|
| Date of Appointment   | 28 April 2011   | 1 April 2024  | 1 April 2024  | 1 April 2024  |
| Date of last re-appointment   | 29 April 2022   | –   | –   | –   |
| Age   | 57  | 57  | 62  | 68  |
| Country of principal residence  | Malaysia  | Malaysia  | Singapore   | Singapore   |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tiong Chiong Hiiung for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Tiong Chiong Hiiung possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, preparedness, participation, candour and suitability of Datuk Lim Tong Lee for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Datuk Lim Tong Lee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, preparedness, participation, candour and suitability of Mr. Tan Boon Yong Thomas for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Tan Boon Yong Thomas possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, preparedness, participation, candour and suitability of Mr. Yeoh Seng Huat Geoffrey for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Yeoh Seng Huat Geoffrey possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility   | Executive Director<br><br>Mr Tiong Chiong Hiiung is responsible for the Company's general corporate and financial matters.  | Non-Executive   | Non-Executive   | Non-Executive   |



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | MR TIONG CHIONG HIIUNG   | DATUK LIM TONG LEE   | MR TAN BOON YONG THOMAS   | MR YEOH SENG HUAT GEOFFREY  |
|---|--|--|---|---|
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)           | Executive Vice Chairman and Finance Director   | Independent Non-Executive Director   | Independent Non-Executive Director  | Independent Non-Executive Director  |
| Professional qualifications                                     | Bachelor of Economics, Monash University, Australia  | Association of Chartered Certified Accountants (United Kingdom)<br><br>Malaysian Institute of Accountants<br><br>Malaysian Institute of Certified Public Accountants   | LLB (Hons), National University of Singapore<br><br>Advocate and Solicitor of the Supreme Court, Singapore<br><br>Senior Accredited Specialist (Maritime & Shipping Law), Singapore Academy of Law (2019 to 2022) | Fellow of the Association of Chartered Certified Accountants, UK                          |
| Working experience and occupation(s) during the past 10 years   | Mr Tiong Chiong Hiiung joined Central Coldstorage Kuching Sdn Bhd (a subsidiary of CCK Consolidated Holding Bhd, collectively the "CCK Group") as a Managing Director in 1989. He has joined Nam Cheong Dockyard Sdn Bhd (a subsidiary of Nam Cheong Limited, collectively the "Nam Cheong Group") as an Executive Director in 1993.<br><br>Mr Tiong Chiong Hiiung oversees the overall management and operations of the CCK Group. He is primarily responsible for the overall financial, accounting and treasury matters for the Nam Cheong Group. | 2013 to 2014:<br>Chief Investment Officer, AmWater Investments Management Pte. Ltd., Singapore<br><br>2014 to 2015:<br>Senior Vice President, Venstar Capital Management Pte. Ltd., Singapore<br><br>2015 to 2017:<br>Head of Corporate Finance, KGI Securities Pte. Ltd., Singapore<br><br>2017 to Present:<br>Founder, Altitude Capital (Asia) Sdn. Bhd., Malaysia | 2012 to Present:<br>Managing Partner, Messrs Haridass Ho & Partner, Singapore   | 2014 to 2015:<br>Chief Financial Officer, PACC Offshore Services Holdings Ltd., Singapore |
| Shareholding interest in the listed issuer and its subsidiaries | Mr Tiong Chiong Hiiung has a direct interest of 142,592 shares and deemed interest of 96,298 shares. The total shares held by Mr Tiong Chiong Hiiung is 238,890 shares.  | No   | No  | No  |

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|  | MR TIONG CHIONG HIIUNG   | DATUK LIM TONG LEE  | MR TAN BOON YONG THOMAS | MR YEOH SENG HUAT GEOFFREY   |
|--|--|---|-------------------------|--|
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Mr Tiong Chiong Hiiung is the son of Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of Nam Cheong Limited. He is the brother-in-law of Mr Leong Seng Keat, the Chief Executive Officer of Nam Cheong Limited. He is the brother of Mr Tiong Chiong Soon, the Executive Director (Operations) of Nam Cheong Limited. He is the uncle of Mr Leong Juin Zer Jonathan, the Executive Director (Commercial) of Nam Cheong Limited. | No  | No                      | No   |
| Conflict of Interest (including any competing business)  | No   | No  | No                      | No   |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer  | Yes  | Yes   | Yes                     | Yes  |
| Other Principal Commitments* Including Directorships#<br><br>Past (for the last 5 years)<br><br>Present  | Please refer to Annexure A   | <u>Past Directorship(s):</u><br>1. Versalink Holdings Limited<br>2. Siab Holdings Berhad<br>3. Altitude Capital Pte. Ltd.<br>4. LBS Bina Group Berhad<br>5. Valuemax Group Limited<br><br><u>Present Directorship(s):</u><br>1. Altitude Capital (Asia) Sdn. Bhd.<br>2. JB Foods Limited<br>3. Sunrise Shares Holding Ltd.<br>4. Harrisons Holdings (Malaysia) Berhad | No                      | <u>Past Directorship(s):</u><br>1. Hoe Leong Corporation Limited<br>2. World Class Global Limited<br>3. Global Testing Corporation Limited |

## DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG<br>THOMAS | MR YEOH SENG HUAT<br>GEOFFREY |
|---|------------------------|--------------------|----------------------------|-------------------------------|
| <p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b></p>                             |                        |                    |                            |                               |
| <p>a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p> | No                     | No                 | No                         | No                            |

## DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

|  | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG<br>THOMAS | MR YEOH SENG HUAT<br>GEOFFREY |
|--|------------------------|--------------------|----------------------------|-------------------------------|
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No                     | No                 | No                         | No                            |
| c) Whether there is any unsatisfied judgment against him?  | No                     | No                 | No                         | No                            |

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG THOMAS | MR YEOH SENG HUAT GEOFFREY |
|---|------------------------|--------------------|-------------------------|----------------------------|
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?   | No                     | No                 | No                      | No                         |
| e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No                     | No                 | No                      | No                         |

## DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG<br>THOMAS | MR YEOH SENG HUAT<br>GEOFFREY |
|---|------------------------|--------------------|----------------------------|-------------------------------|
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No                     | No                 | No                         | No                            |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?  | No                     | No                 | No                         | No                            |

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG THOMAS | MR YEOH SENG HUAT GEOFFREY   |
|---|------------------------|--------------------|-------------------------|--|
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No                     | No                 | No                      | No   |
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?                          | No                     | No                 | No                      | He was a director of Econ Corporation Limited ("ECL"). ECL and its directors were debarred from tendering for public construction works for a period till March 2009, on grounds of the termination of certain public construction contracts arising from the failure of ECL to complete the relevant contracts. |

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|  | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG THOMAS | MR YEOH SENG HUAT GEOFFREY  |
|--|------------------------|--------------------|-------------------------|---|
| <p>j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> | No                     | No                 | No                      | <p>He joined the Board of Carats Ltd on 29 Aug 2005 as an Independent Director and a member of its Audit Committee ("AC"). On 20 Nov 2005, the AC appointed KPMG LLP as its special auditor to conduct a review of certain transactions which took place prior to his appointment as an Independent Director. The report issued by KPMG LLP was subsequently referred to the Monetary Authority of Singapore and Commercial Affairs Department.</p> |



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE | MR TAN BOON YONG THOMAS | MR YEOH SENG HUAT GEOFFREY |
|---|------------------------|--------------------|-------------------------|----------------------------|
| <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> |                        |                    |                         |                            |
| <p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>                   | No                     | No                 | No                      | No                         |

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

|   | MR TIONG CHIONG HIIUNG | DATUK LIM TONG LEE  | MR TAN BOON YONG<br>THOMAS   | MR YEOH SENG HUAT<br>GEOFFREY  |
|---|------------------------|---|--|--|
| <b>Disclosure applicable to the appointment of Director only</b>  |                        |   |  |  |
| <p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p> | N.A.                   | <p>Independent Director of the following:</p> <p><u>Present Directorship(s):</u></p> <ol style="list-style-type: none"> <li>1. JB Foods Limited</li> <li>2. Sunrise Shares Holding Ltd.</li> <li>3. Harrisons Holdings (Malaysia) Berhad</li> </ol> <p><u>Past Directorship(s):</u></p> <ol style="list-style-type: none"> <li>1. Versalink Holdings Limited</li> <li>2. Siab Holdings Berhad</li> <li>3. LBS Bina Group Berhad</li> <li>4. Valuemax Group Limited</li> </ol> | <p>The director will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> | <p>Independent Director of the following:</p> <ol style="list-style-type: none"> <li>1. Hoe Leong Corporation Limited</li> <li>2. World Class Global Limited</li> <li>3. Global Testing Corporation Limited</li> </ol> |

## ANNEXURE A

### **Past Directorships (for the last 5 years):**

1. Mighty Development Sdn. Bhd. (*Dissolved*)
2. Borneo Specialty Fruits Sdn. Bhd. (*Dissolved*)
3. UGK Resources Sdn. Bhd. (*Dissolved*)

### **Present Directorships:**

1. Ableway Sdn. Bhd.
2. Achiever Development Sdn. Bhd.
3. Aqua Growth Marine Products Sdn. Bhd.
4. Ataskota Sdn. Bhd.
5. Beaufort City Mall Sdn. Bhd.
6. C.S. Choice Food Industries Sdn. Bhd.
7. CCK Consolidated Holdings Bhd.
8. CCK Fresh Mart Sdn. Bhd.
9. CCK Fresh Mart (West Malaysia) Sdn. Bhd.
10. CCK-Pelita Telaga Air Sdn. Bhd.
11. CCK Sea Products Industries Sdn. Bhd.
12. Central Coldstorage Kuching Sdn. Bhd.
13. Central Coldstorage Sarawak Sdn. Bhd.
14. Champion Automobile Sdn. Bhd.
15. CMP Management Services Sdn. Bhd.
16. CT Department Store Sdn. Bhd.
17. Econsmix Concrete Sdn. Bhd.
18. Fabulous Enterprise Sdn. Bhd.
19. Grand Building Contractor Sdn. Bhd.
20. Grand Heights Construction Sdn. Bhd.
21. Hung Yung Enterprise Sdn. Bhd.
22. Kerawang Sdn. Bhd.
23. Kim Guan Siang Sdn. Bhd.
24. Kin Eastern Enterprise Sdn. Bhd.
25. Kuching City Mall Development Sdn. Bhd.
26. Kuching City Mall Realty Sdn. Bhd.
27. Kuotai Development Sdn. Bhd.
28. Pan Far Eastern Sdn. Bhd.
29. S.K. Gold Land Sdn. Bhd.
30. S.K. Tiong Development Sdn. Bhd.
31. S.K. Tiong Enterprise Sdn. Bhd.
32. S.K. Tiong Land Sdn. Bhd.
33. S.K. Tiong Pioneer Sdn. Bhd.
34. S.K. Tiong Properties Sdn. Bhd.
35. S.K. Tiong Realty Sdn. Bhd.
36. Seven Star Enterprise Sdn. Bhd.
37. Starcity Housing Sdn. Bhd.
38. Sumbumi Sdn. Bhd.
39. Tiong Su Kuok Foundation
40. Unit Corporation Sdn. Bhd.
41. Waja Setia Realty Sdn. Bhd.
42. Zhang Agriculture Development (Sabah) Sdn. Bhd.

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