



 **NamCheong**®

**ANNUAL  
REPORT  
2024**

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## CORPORATE PROFILE

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

### QUALITY. RELIABILITY. DELIVERY.

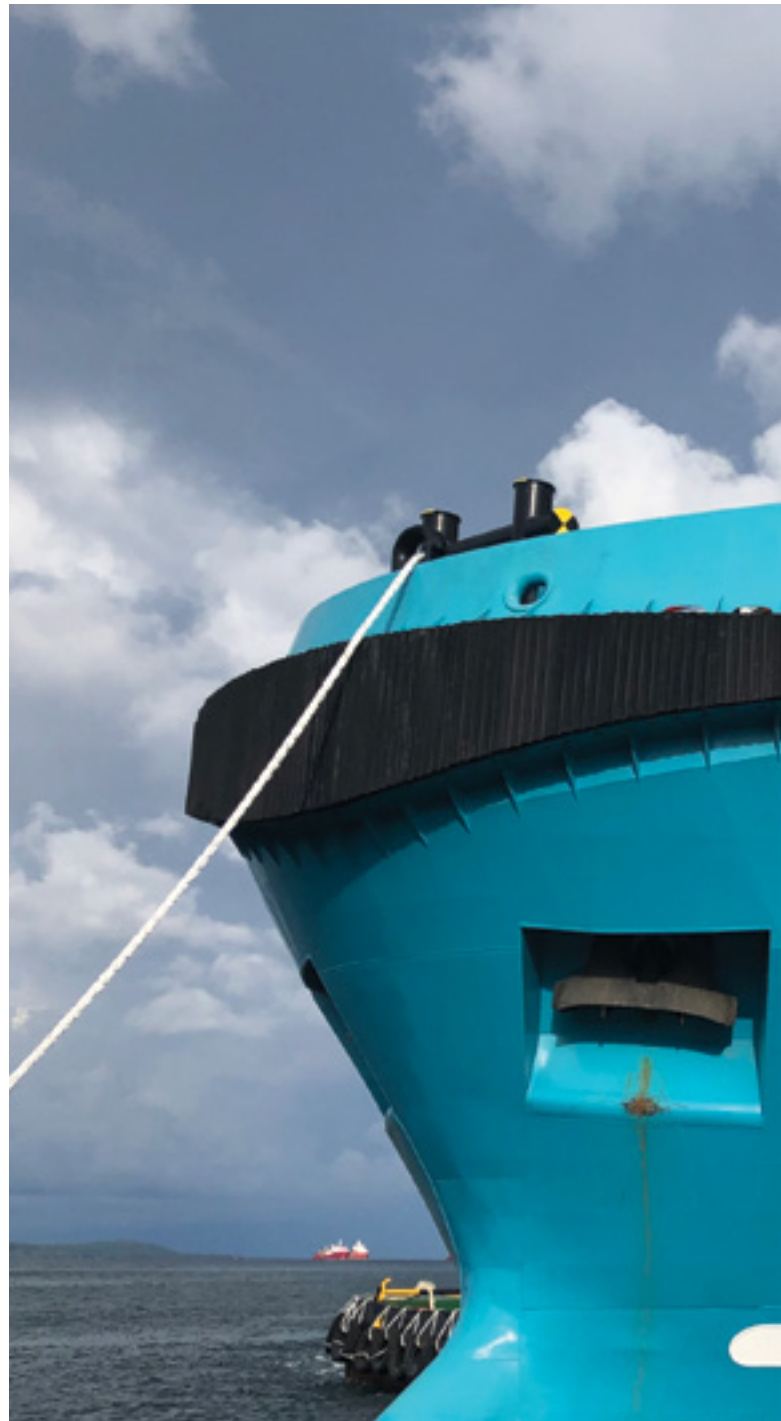
The company emphasises on its strong procurement philosophies and takes pride in building top notch OSVs, thereby aspiring to revolutionise Nam Cheong into a global household brand and steers the future of shipbuilding.

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 one of Southeast Asia's leading Offshore Support Vessel ("OSV") providers originating from Sarawak, 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 Anchor Handling Tug Supply Vessels ("AHTS"), Platform Supply Vessels ("PSV"), Accommodation Work Barges ("AWB"), Maintenance Work Vessels ("MWV"), Safety Standby Vessels ("SSV"), Landing Craft ("LC") and Fast Crew Boat ("FCB"), 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, 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 firefighting 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 (MWV)

MWV 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 PSV 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 37 vessels, comprising AHTS, PSV, MWV, AWB, SSV, LC and FCB. From bareboat charter, we moved to time chartering which succeeded 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 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, MWV, AWB, and since 2011, PSV 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 PSV 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)*

#### DATUK LIM TONG LEE

*(Lead Independent Director)*

#### TAN BOON YONG THOMAS

*(Independent Director)*

#### YEOH SENG HUAT GEOFFREY

*(Independent Director)*

### AUDIT COMMITTEE

#### DATUK LIM TONG LEE *(Chairman)*

#### TAN BOON YONG THOMAS

#### YEOH SENG HUAT GEOFFREY

### NOMINATING COMMITTEE

#### TAN BOON YONG THOMAS *(Chairman)*

#### DATUK LIM TONG LEE

#### TIONG CHIONG HIIUNG

### REMUNERATION COMMITTEE

#### YEOH SENG HUAT GEOFFREY *(Chairman)*

#### DATUK LIM TONG LEE

#### TAN BOON YONG THOMAS

### COMPANY SECRETARY

#### PECK JEN JEN

### ASSISTANT SECRETARY

#### CONYERS CORPORATE SERVICES

**(BERMUDA) LIMITED**

### REGISTERED OFFICE

#### CLARENDON HOUSE

2 Church Street

Hamilton HM 11

Bermuda

Tel: (441) 295 5950

Fax: (441) 292 4720

### CORRESPONDENCE ADDRESS AND CONTACT

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Singapore 048619

Tel: (65) 6236 3333 (General enquiries)/

(65) 6438 2990 (Investor relations)

<http://www.namcheong.com.my>

### BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE

#### APPLEBY GLOBAL CORPORATE SERVICES (BERMUDA) LIMITED

Canon's Court, 22 Victoria Street

PO Box HM 1179

Hamilton HM EX

Bermuda

### SINGAPORE SHARE TRANSFER AGENT

#### IN.CORP CORPORATE SERVICES PTE. LTD.

36 Robinson Road

#20-01 City House

Singapore 068877

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 One Raffles Place Tower Two

Singapore 048616

Tel: (65) 6336 3355

Fax: (65) 6337 2197

### AUDIT PARTNER-IN-CHARGE

#### ONG SOO ANN

(Appointed from the financial year ended

31 December 2021)





## FINANCIAL HIGHLIGHTS

Group Statement of Profit or Loss (RM'000)	2024	2023	% changes
Revenue	684,714	475,273	44%
Gross Profit	363,285	168,600	>100%
Net Profit After Tax	800,198	180,630	>100%

Group Statement of Financial Position (RM'000)	2024	2023	% changes
Total Assets	1,278,872	919,536	39%
Total Liabilities	704,310	1,401,359	-50%
Shareholders' Equity / (Deficit)	574,562	(481,823)	>100%
Borrowings	458,361	1,043,578	-56%



Financial Ratios	2024	2023
Earnings Per Share		
Basic (sen)	236.0	217.5
Diluted (sen)	232.4	213.7
Net Asset / (Liability) Value Per Share (sen)	1.46	-5.97
Net Gearing Ratio (times)	0.56	n/a



## CHAIRMAN'S STATEMENT

“

With a fleet of 37 vessels averaging just eight years in age, Nam Cheong is strategically positioned to capitalise on the tightening supply-demand dynamics and capture growth opportunities in the evolving industry landscape.

”



### DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Nam Cheong Limited (“**Nam Cheong**”, and together with its subsidiaries, the “**Group**”), I am pleased to present to you our Annual Report for the financial year ended 31 December 2024 (“**FY2024**”).

### TAILWINDS DRIVING OSV MARKET GROWTH IN 2024

FY2024 has been another positive year for Malaysia’s offshore sector, backed by a favourable oil price trajectory throughout the year. Brent crude oil prices peaked at USD 93 per barrel in April 2024, amidst concerns over global oil supply disruptions from tensions in the Middle East. Several delays in OPEC+ production increases have provided continued support, keeping oil prices at relatively high levels.<sup>1</sup> As a result, the oil price averaged USD 80 per barrel by the end of 2024, a slight decline from USD 82 per barrel in the preceding year<sup>2</sup>.

Capitalising on favourable oil price trends, Malaysia’s national oil company, Petronas, ramped up its

exploration and production (“**E&P**”) activities in 2024. The company increased its capital expenditure (“**CAPEX**”) by 3% year-on-year (“**yoy**”) to RM54.2 billion, with approximately half allocated to its upstream operations<sup>3</sup>. Against this backdrop, the offshore support vessel (“**OSV**”) market experienced heightened demand, driving robust daily charter rates throughout the year<sup>4</sup>.

### NOTABLE IMPROVEMENTS IN FINANCIAL PERFORMANCE

Favourable industry tailwinds have boosted growth in the Group’s top-line and profitability.

FY2024 revenue, generated solely from the vessel chartering division, grew 44.1% yoy to RM684.7 million. This was mainly driven by fleet expansion, improved daily charter rates, and higher utilisation of larger vessels.

In line with revenue growth, gross profit more than doubled in FY2024 to RM363.3 million, up from RM168.6 million for FY2023. Gross profit margin expanded by 17.6 percentage points yoy to 53.1%.

<sup>1</sup> U.S. Energy Information Administration: A look back at our forecast for global crude oil prices in 2024

<sup>2</sup> Bloomberg: Brent Oil price

<sup>3</sup> Argus: Malaysia’s Petronas reports higher gas output in 2024

<sup>4</sup> Riviera: 2024 in the OSV market: seven key takeaways

Other income increased to RM552.4 million in FY2024 as compared to RM108.2 million in FY2023, mainly attributable to the waiver of debts pursuant to the 2024 Scheme and the Debt Restructuring Master Agreement (“**DRMA**”), which have become fully effective and unconditional on 30 March 2024.

Consequently, the Group delivered a net profit of RM800.2 million in FY2024, compared to RM180.6 million in FY2023. FY2024 marked our third consecutive year of growth in profitability, underscoring the Group’s resilience and ability to navigate business challenges effectively.

### STRATEGIC POSITIONING FOR LONG-TERM GROWTH

In early 2024, the Group successfully concluded its debt restructuring and resumed trading on SGX-ST. Through debt equity conversion, waiver and settlement, and repayments, the Group’s total borrowings were reduced from RM1,043.6 million at the end of FY2023 to RM458.4 million by the end of 2024, effectively lowering our net gearing ratio to 0.56 times. The remaining debt will be repaid under the seven-year repayment plan set out in the DRMA. With a manageable level of instalments, this plan provides us with the flexibility to balance out the debt repayment and business growth moving forward.

In addition, the Group has secured multi-year OSV charter contracts for about one-third of its fleet in end-November 2024, which greatly enhanced our revenue visibility. This aligns with our strategy to maintain a balanced mix of spot and long-term charters, which ensures flexibility to capitalise on rising demand in the active O&G market.

With an improved capital structure and a more concrete growth plan, Nam Cheong is now well-positioned to capture growth opportunities to accelerate its debt repayment program while building up its foundations for long-term growth.

### LOOKING AHEAD INTO 2025

According to Petronas’ activity outlook report for year 2025-2027, it aims to significantly boost Malaysia’s oil and gas output over the next three years. Its plan includes maintaining the country’s oil and gas production at 2 million barrels of oil equivalent per day (“**mmbopd**”) between 2025 and 2027, up from 1.7 mmbopd in 2024, along with expanding exploration and development projects.

This optimistic outlook bodes well for the Group as one of the leading OSV players in Malaysian waters.

Underlying OSV supply constraints, including an ageing fleet, a limited supply of shipyard capacity, limited financing and limited newbuilding, are expected to collectively keep OSV market capacity tight<sup>5</sup>.

With a fleet of 37 vessels averaging just eight years in age, Nam Cheong is strategically positioned to capitalise on the tightening supply-demand dynamics and capture growth opportunities in the evolving industry landscape.

In addition, the current global OSV fleet is getting “long in the tooth”. The global platform supply vessel (“**PSV**”) fleet has an average of 16.4 years, while the anchor handling tug supply (“**AHTS**”) fleet averages 15.2 years<sup>6</sup>. Our shipbuilding business, currently operating at a minimum maintenance level, is well-positioned to leverage the anticipated OSV shipbuilding upcycle when market opportunities arise in the near future.

### APPRECIATION

The achievements of FY2024 would not have been possible without the resilience and dedication of our employees, the steadfast support of our shareholders, and the trust and collaboration of our business partners, creditors, and customers.

I would like to extend my sincere gratitude to the Board of Directors for their strategic leadership and guidance, as well as to our management team for their tireless efforts and unwavering commitment throughout this transformational year.

As we enter 2025, we remain focused on delivering sustainable growth, strengthening our industry leadership, and creating long-term value for all our stakeholders. With a solid foundation and a clear strategy, we are confident in navigating the evolving market landscape and elevating Nam Cheong to new heights.

### TAN SRI DATUK TIONG SU KOUK

Executive Chairman

7 April 2025

<sup>5</sup> Reuters, Malaysia’s Petronas aims to boost oil and gas output over next 3 yrs

<sup>6</sup> Riviera: Offshore index eases off record high, but OSV outlook remains upbeat

## FINANCIAL & OPERATIONS REVIEW

### REVENUE

OSV chartering and shipbuilding are the two main business segments of the Group.

For FY2024, the chartering segment remained the sole revenue generator, contributing RM684.7 million, up 44% yoy from RM475.3 million in the preceding year. This growth was primarily driven by fleet expansion, improved daily charter rates, and higher utilisation of larger vessels.

The shipbuilding segment did not register any revenue for both FY2024 and FY2023 as there was no scheduled vessel delivery during the year.

### PROFITABILITY

Gross profit surged by 116% yoy to RM363.3 million in FY2024, mainly driven by strong revenue growth. Accordingly, the gross margin stood at 53% for FY2024, up 17.6 percentage points.

Other income was higher at RM552.4 million in FY2024 as compared to RM108.2 million recorded in FY2023, mainly attributable to the waiver of debts pursuant to the 2024 Scheme and the DRMA, which became fully effective and unconditional on 30 March 2024.

Selling and administrative expenses increased by 38% yoy to RM59.8 million for FY2024, in tandem with the increase in revenue.

Other operating expenses increased from RM12.0 million in FY2023 to RM14.3 million in FY2024, mainly due to the increase in restructuring expenses. The impact was partially offset by the absence of late payment charges during the year.

Following the conclusion of the debt restructuring, the finance costs decreased by 33% to RM18.4 million for FY2024.

Share of loss of equity accounted joint ventures of RM5.0 million in FY2024 was lower than RM5.7 million share of profit recorded in FY2023, mainly due to lower business activities and higher maintenance costs during the year. Conversely, share of profit of associates of RM27.7 million in FY2024 was higher as compared to RM4.1 million in FY2023, mainly due to the realisation of asset by one of the associates during the year.

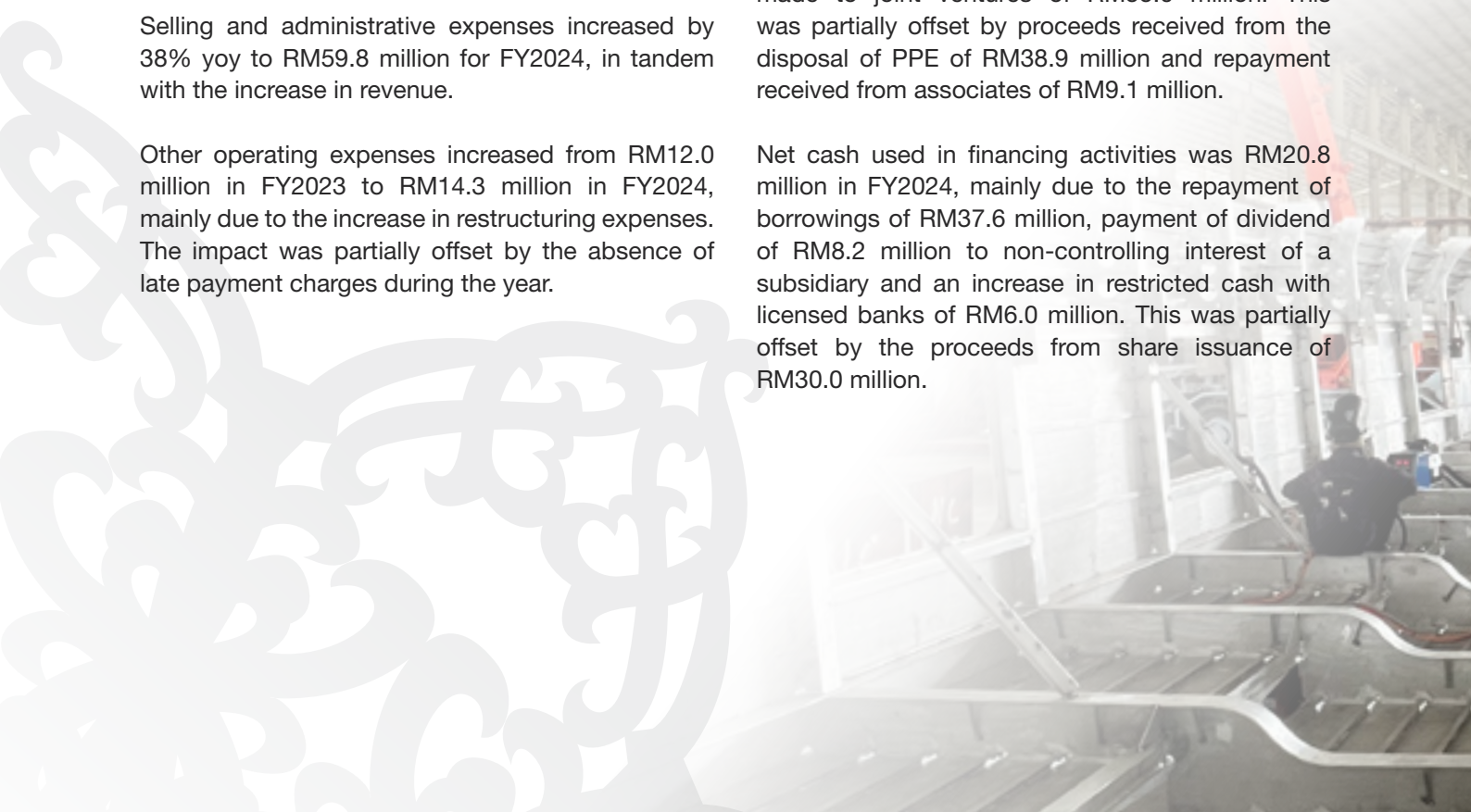
Consequently, the Group recorded a net profit after tax of RM800.2 million in FY2024 as compared to a net profit of RM180.6 million in FY2023.

### CASH FLOW

Net cash from operating activities closed at RM191.1 million in FY2024, mainly due to revenue collection from customers during the year.

Net cash used in investing activities amounted to RM103.9 million in FY2024, mainly due to payments made for the acquisition of property, plant and equipment (“**PPE**”) of RM98.2 million and repayment made to joint ventures of RM55.0 million. This was partially offset by proceeds received from the disposal of PPE of RM38.9 million and repayment received from associates of RM9.1 million.

Net cash used in financing activities was RM20.8 million in FY2024, mainly due to the repayment of borrowings of RM37.6 million, payment of dividend of RM8.2 million to non-controlling interest of a subsidiary and an increase in restricted cash with licensed banks of RM6.0 million. This was partially offset by the proceeds from share issuance of RM30.0 million.



### TOTAL ASSETS

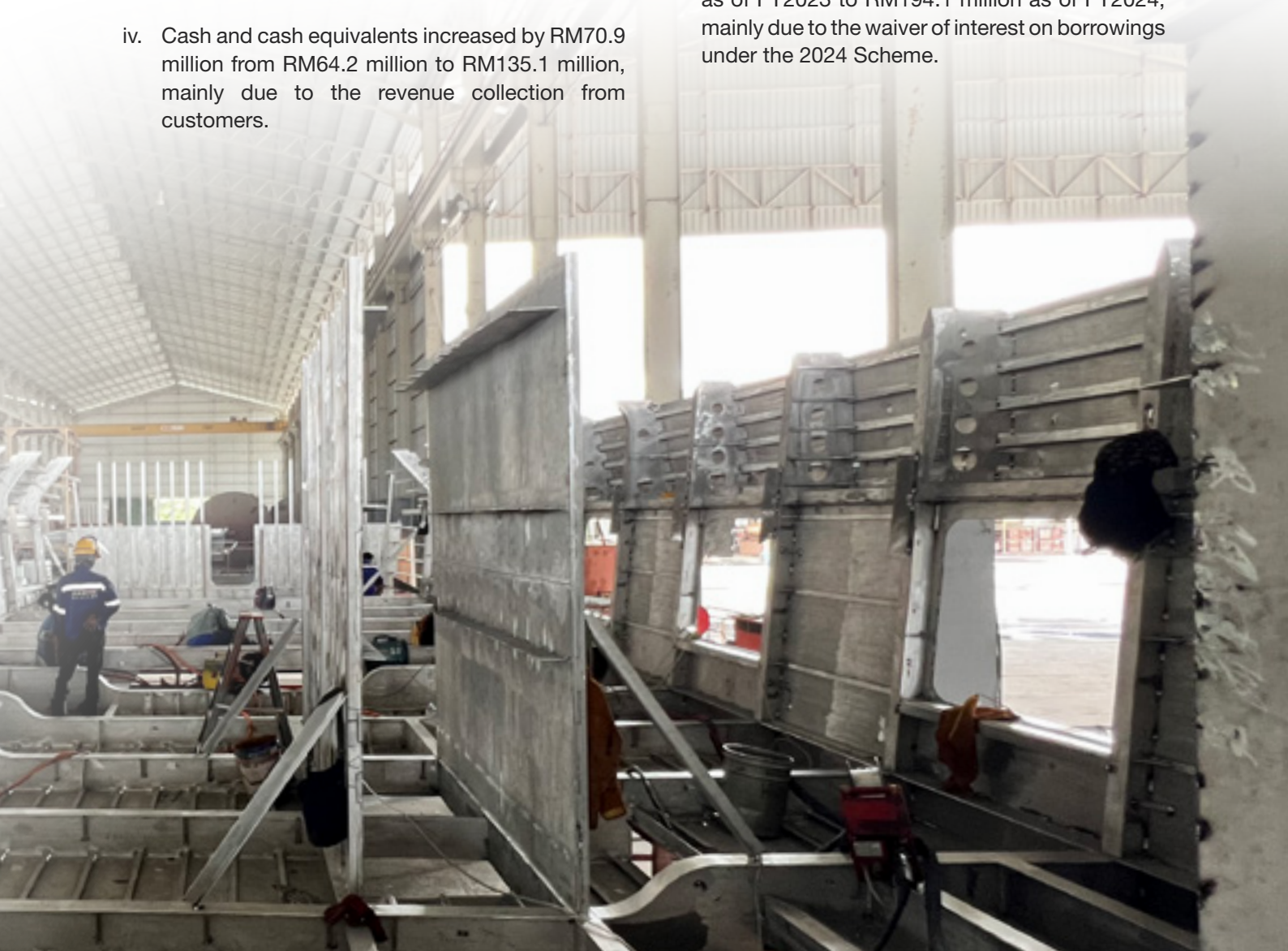
Total assets of the Group increased by 39% or RM359.3 million from RM919.5 million to RM1,278.9 million during the reporting period, mainly due to the following:

- i. PPE increased by RM168.6 million or 31% from RM543.8 million as of FY2023 to RM712.4 million as of FY2024 mainly due to the acquisition of vessels;
- ii. Inventories increased by RM63.4 million from RM30.0 million as of FY2023 to RM93.3 million as of FY2024 mainly due to vessels under construction;
- iii. Prepayments increased by RM21.4 million from RM6.5 million as of FY2023 to RM27.9 million as of FY2024 mainly due to advance payments for inventories; and
- iv. Cash and cash equivalents increased by RM70.9 million from RM64.2 million to RM135.1 million, mainly due to the revenue collection from customers.

### TOTAL LIABILITIES

Following the full effectiveness and unconditional implementation of the 2024 Scheme and the DRMA on 30 March 2024, the Group's total liabilities decreased significantly by 50% or RM697.0 million from RM1,401.4 million as of FY2023 to RM704.3 million as of FY2024. The decline mainly comprised:

- i. Reduction in borrowings by RM585.2 million or 56% from RM1,043.6 million as of FY2023 to RM458.4 million as of FY2024, mainly due to the allotment and issuance of the Conversion Shares by the Company on 12 March 2024, as well as the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024; and
- ii. Decrease in trade and other payables by RM101.0 million or 34% from RM295.1 million as of FY2023 to RM194.1 million as of FY2024, mainly due to the waiver of interest on borrowings under the 2024 Scheme.



## 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 South East Asia.

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.





**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 initiated 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



**DATUK LIM TONG LEE**  
**LEAD INDEPENDENT DIRECTOR**  
**CHAIRMAN OF AUDIT COMMITTEE**  
**MEMBER OF NOMINATING COMMITTEE**  
**MEMBER OF REMUNERATION COMMITTEE**  
 DATE OF APPOINTMENT: 1 APRIL 2024

Datuk Lim Tong Lee has over 30 years of experience in Investment Banking field, with expertise in 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. In 1995, he joined AmInvestment Bank Bhd. as an Executive in its Corporate Finance division and was primarily involved in corporate advisory works. Datuk Lim transitioned to a property development company as General Manager of Corporate Finance in 1997, where he was responsible for planning its initial public offering (IPO). He rejoined AmInvestment Bank Bhd. in 1999 as Manager in Corporate Finance division, continuing to manage 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 joined AmWater Investments Management Pte. Ltd. Singapore, as the Chief Investment Officer overseeing private equity investments in water projects in North Asia. Datuk Lim further expanded his career by joining Venstar Capital Management Pte. Ltd. in 2014 as a Senior Vice President focusing on private equity investments around North and South East Asia.

In 2015, Datuk Lim assumed the role of Head of Corporate Finance at KGI Securities Pte. Ltd. prior to establishing Altitude Capital (Asia) Sdn. Bhd. in 2017, where he has since provided corporate strategy and advisory services.

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 also serves on the board of another listed company in Singapore, a listed company and several private limited companies in Malaysia.



**MR TAN BOON YONG THOMAS**  
**INDEPENDENT DIRECTOR**  
**CHAIRMAN OF NOMINATING COMMITTEE**  
**MEMBER OF AUDIT COMMITTEE**  
**MEMBER OF REMUNERATION COMMITTEE**  
 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**  
**CHAIRMAN OF REMUNERATION COMMITTEE**  
**MEMBER OF AUDIT COMMITTEE**

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.

## KEY EXECUTIVES



### **MR LEONG SENG KEAT** **CHIEF EXECUTIVE OFFICER**

DATE OF APPOINTMENT: 21 MAY 2013

Mr Leong Seng Keat joined the Group in 2005, bringing with him over 15 years of experience in information technology management. He holds a Bachelor of Engineering degree, majoring in Electrical and Computing, which he earned in 1990. Prior to his role at the Group, Mr Leong developed a wealth of expertise across various phases of corporate development and transformation.

Upon joining the Group, Mr Leong contributed significantly to the sales and management operations, playing a pivotal role in introducing the Group's vessels to the international market. His strategic approach and leadership were instrumental in the Company's growth in global sales and market reach.

In 2013, Mr Leong was appointed Chief Executive Officer of the Group. As CEO, he has led the Group's efforts on expanding its global market presence while driving innovation in cost-effective, fuel-efficient vessels. Under his leadership, the Group has made consistent strides in enhancing its performance amidst the evolving dynamics of the industry. Mr Leong oversees the Group's overall corporate and strategic direction, collaborating closely with the Management team to expand market share, drive operational growth and ensure seamless communication with the Board.

In 2016, Mr Leong established a dedicated ship management arm for the Group, SKOM Sdn Bhd, marking yet another major milestone for the Company. Through his meticulous guidance and assiduous supervision, the Group has grown into a leading vessels operator, managing over 30 vessels in active operation.

A respected industry expert, Mr Leong is often invited to speak and serve as a panellist at various offshore and marine conferences, both domestically and internationally. His extensive experience in sales and management, coupled with his in-depth knowledge of the offshore and marine sectors, makes him a sought-after voice in the industry.

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



### **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 setting-up of the 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 with 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.



**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.

**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 major corporate exercises undertaken by the Group, which includes successfully listing the Company on the Singapore Exchange, private placement, establishment and issuance of 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 transitioning to his current 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.

## KEY EXECUTIVES



### **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 36 years of experience in the marine industry with the last 20 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 offshore support vessels. He then joined Emas Offshore (Singapore) as a General Manager managing 55 Offshore Support Vessels. Before joining the Group, Mr Loo was the Director of Offshore with Marco Polo Marine (Singapore) overseeing operations of 16 offshore support vessels.



### **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 of offshore support vessels 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 40 years of experience in new shipbuilding, ship repairs, ship design & development, marine engineering systems, procurement of equipment, project management and other related services.

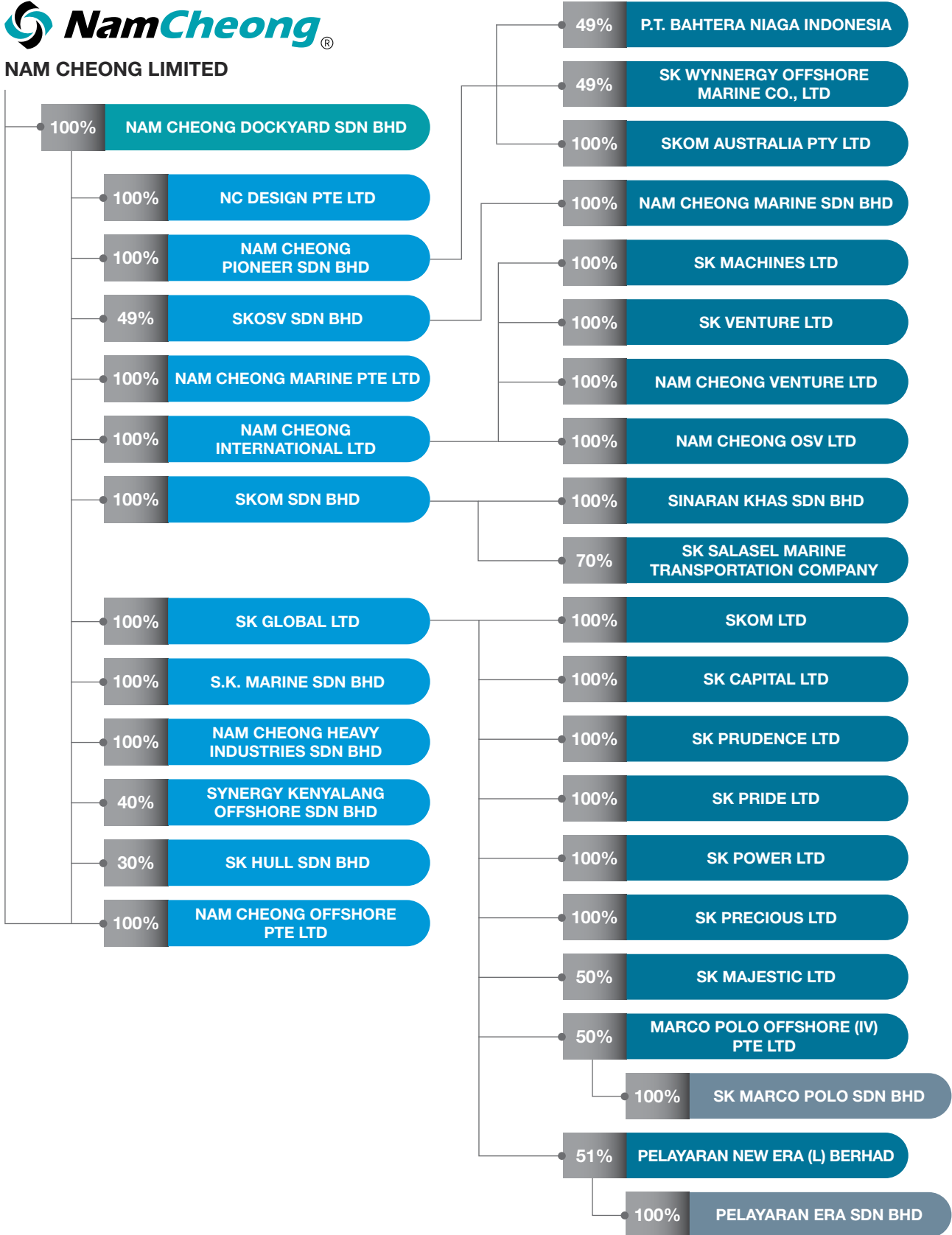
Prior to his current appointment, he was the Senior Vice President (Engineering) with Jaya Shipbuilding & Engineering Pte Ltd (a subsidiary of Jaya Holdings Ltd) for more than 5 years. During his tenure with the company, he headed the ship design, product development and functional engineering, project 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

**1968**

Nam Cheong Dockyard Sdn Bhd established

**1987**

Delivered first SSV

**1989**

Delivered first AHTS vessel

**2001**

Relocation to larger premises at Miri Yard

**2005**

Relocation to larger premises at Miri Yard

**2008**

Expand market to India, Dubai, Hong Kong, Singapore and the Netherlands

**2007**

- Commenced Chartering business
- Management headquarters shifted to Kuala Lumpur
- Received ISO9001 : 2000 (since been revised to ISO9001 : 2008) certificate
- Delivered first Malaysia made DP2 OSV

**2006**

Tripling of production capacity. Commenced outsourcing of shipbuilding to Chinese Yard

**2009**

- Expand into China & Vietnam markets
- Received the Industry Excellence Award (Transportation Sector)

**2010**

Expand market to Tunisia, Indonesia and USA

**2011**

Successfully listed on the Singapore Exchange on May 27

**2012**

- Delivered first PSV
- Expanded into West African market

**2017**

Fleet size expanded to 20 vessels; chartering revenue growth by 65%

**2016**

Received Silver for Best IR Award

**2014**

- Launched our first propriety design DE series vessels, NCA80E (64.8m 80T BP)
- Received Bronze for the Best Managed Board Award
- Received the Most Transparent Company Award - Runner-up

**2013**

- Expanded into Latin America market
- Raised US\$38m on SGX
- Received the Most Transparent Company Award

**2018**

Fleet size expanded to 28 vessels; chartering revenue growth by 68%

**2019**

- Chartering revenue growth by 112%
- Awarded the 'Fastest Growing Offshore Support Vessel Company' by UK based International Finance Magazine

**2020-2023**

Achieved a compound annual growth rate (CAGR) of 14% in revenue

**2024**

- Chartering revenue up 44%
- Secured multi-year OSV charter contracts worth up to RM1.22 billion, significantly extending revenue visibility



# SHAREHOLDERS' INFORMATION

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5,183	55.56	48,662	0.01
100 - 1,000	2,910	31.20	1,068,293	0.27
1,001 - 10,000	864	9.26	2,940,349	0.75
10,001 - 1,000,000	344	3.69	25,073,401	6.39
1,000,001 AND ABOVE	27	0.29	363,122,625	92.58
<b>TOTAL</b>	<b>9,328</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	106,859,423	27.24
2	DBS NOMINEES (PRIVATE) LIMITED	43,717,167	11.15
3	CITIBANK NOMINEES SINGAPORE PTE. LTD.	33,964,384	8.66
4	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	19,437,262	4.96
5	OCBC SECURITIES PRIVATE LIMITED	17,900,536	4.56
6	UOB KAY HIAN PRIVATE LIMITED	17,380,139	4.43
7	PHILLIP SECURITIES PTE. LTD.	16,105,344	4.11
8	ABN AMRO CLEARING BANK N.V.	16,057,195	4.09
9	LEONG SENG KEAT	13,316,474	3.39
10	S.K. TIONG ENTERPRISE SDN. BHD.	11,486,856	2.93
11	TIONG CHIONG SOON	10,810,831	2.76
12	RAFFLES NOMINEES (PTE.) LIMITED	8,593,091	2.19
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,787,198	1.73
14	HUNG YUNG ENTERPRISE SDN. BHD.	6,399,096	1.63
15	BPSS NOMINEES SINGAPORE (PTE.) LTD.	5,980,500	1.52
16	DB NOMINEES (SINGAPORE) PTE. LTD.	4,553,614	1.16
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE. LTD.	4,167,340	1.06
18	HSBC (SINGAPORE) NOMINEES PTE. LTD.	3,501,911	0.89
19	IFAST FINANCIAL PTE. LTD.	3,273,927	0.83
20	MAYBANK SECURITIES PTE. LTD.	2,158,872	0.55
	<b>TOTAL</b>	<b>352,451,160</b>	<b>89.84</b>

## SHAREHOLDERS' INFORMATION

### List of Substantial Shareholders as at 25 March 2025

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>	106,859,423	27.24	19,978,452	5.09
S.K. Tiong Enterprise Sdn. Bhd. <sup>(2)</sup>	11,486,856	2.93	115,351,019	29.41
Hung Yung Enterprise Sdn. Bhd. <sup>(3)</sup>	6,399,096	1.63	120,438,779	30.70
Puan Sri Datin Wong Bak Hee <sup>(4)</sup>	1,770,000	0.45	125,067,875	31.88

#### 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 (1,770,000 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares), UOB Kay Hian Pte. Ltd. (322,000 shares) and Phillip 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 (106,859,423 shares), Puan Sri Datin Wong Bak Hee (1,770,000 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares), UOB Kay Hian Pte Ltd (322,000 shares) and Phillip 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 (106,859,423 shares), Puan Sri Datin Wong Bak Hee (1,770,000 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares), UOB Kay Hian Pte. Ltd. (322,000 shares) and Phillip 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 (106,859,423 shares), S.K. Tiong Enterprise Sdn. Bhd. (11,486,856 shares), Hung Yung Enterprise Sdn. Bhd. (6,399,096 shares), UOB Kay Hian Pte. Ltd. (322,000 shares) and Phillip Securities Pte. Ltd. (500 shares) by virtue of Section 4 and 133 of the Securities and Futures Act 2001.

#### Percentage of Shareholding in Public hands

Based on the information available to the Company as at 25 March 2025, approximately 60.35% 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 REPORT

Nam Cheong Limited (“Company”) is committed to continually maintaining 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”) have 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 2024 (“FY 2024”), 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 (“SGX-ST”)’s 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 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 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.

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.

## CORPORATE GOVERNANCE REPORT

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, the Board ensures that all incoming directors will receive an 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.

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, SGX-ST, 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.

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 quarter 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.

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 2024 are as follows:

	<b>Board Meeting</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>
<b>No. of meetings held</b>	4	4	1	1
<b>No. of meetings attended</b>				
Tan Sri Datuk Tiong Su Kouk	4	N.A.	N.A.	N.A.
Mr Leong Seng Keat*	2	N.A.	N.A.	N.A.
Mr Tiong Chiong Hiiung	4	N.A.	N.A.	1
Mr Ajaib Hari Dass*	2	2	1	1
Mr Yee Kit Hong*	2	2	1	1
Mr Kan Yut Keong, Benjamin*	1	1	1	N.A.
Datuk Lim Tong Lee^	3	2	N.A.	N.A.
Mr Tan Boon Yong Thomas^	3	2	N.A.	N.A.
Mr Yeoh Seng Huat Geoffrey^	3	2	N.A.	N.A.

^ Appointed on 1 April 2024

\* Retired at the conclusion of the Company's AGM held on 30 May 2024

## CORPORATE GOVERNANCE REPORT

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, provide 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 discontinued the distribution of hard copies meeting papers to Directors. In line with the Group's sustainability initiatives, meeting minutes and related documents are now provided in digital format prior to each meeting.

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

The Company Secretary collaborate closely with the Management in setting the agenda for Board meetings. She or, an authorized designate in her absence, attends all Board meetings to ensure 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 effective information flow within the Board and its Board Committees, and between Management and non-executive Directors. Where required, the Company Secretary organise orientation and training for new Directors, as well as provides updates and advice on governance matters. The Company's Constitution stipulates that the appointment and removal of the Company Secretary is subject to the approval of the Board.

### BOARD COMPOSITION AND GUIDANCE

**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.*

Currently, the Board comprises five members of whom three are Independent Directors:

#### **Executive Directors**

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)

Mr Tiong Chiong Hiiung (Executive Vice Chairman cum Finance Director)

#### **Independent Directors**

Datuk Lim Tong Lee (Lead)

Mr Tan Boon Yong Thomas

Mr Yeoh Seng Huat Geoffrey

The Board comprises highly skilled Directors, each with extensive experience in the Company's business segment. They bring a diverse range of invaluable experiences, extensive business network and expertise, including but not limited to admiralty and shipping matters, shipbuilding and vessel chartering, strategic planning, audit management, taxation, mergers and acquisitions, corporate finance and restructuring, accounting, financing, marketing business development and legal. The size, composition and varied expertise of the current Board members ensures that discussions on policy, strategy and performance are thorough, informed and effective.

The Board is committed to ensuring effective representation of its shareholders, with a focus on fully disclosing and examining issues related to strategy, performance and resources all while considering the long-term interests of the shareholders, employees, customers, suppliers and the industries in which the Group operates.

## CORPORATE GOVERNANCE REPORT

Directors complete an annual declaration of independence, assessing their independence in accordance with these considerations. This declaration is reviewed by the Nomination Committee (NC). While the annual confirmation of independence highlights potential situations where independent judgment could be affected, it is not conclusive. Directors 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. 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 CEO are assumed by different individuals.

The Board has a healthy proportion of independent and non-executive directors, where independent and non-executive directors comprise the majority of the Board. The Independent Directors play a key role in the Board processes by constructively challenging, developing, monitoring and reviewing the Management's performance against pre-determined goals, strategies and objectives. Their insights offer alternative perspectives on the Group's business and operations. Independent Directors exercise independent judgment and discretion in relation to the Group's business activities, particularly in situations involving conflicts of interest and other complexities. To facilitate a more effective check on the Management, the Independent Directors meet independently of Management, when necessary, with the chairman of such meetings providing feedback to the Board and/or Management as appropriate.

NC conducts an annual review to determine whether a Director or potential Board candidate meets the criteria for independence, in accordance with the Code's definition of an "independent director" and the guidance on relationships that would disqualify a Director from being considered independent (Principle 2). An independent director, as defined by the Code, is one who demonstrates independence 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 independent business judgment 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 Datuk Lim Tong Lee, Mr Tan Boon Yong Thomas and Mr Yeoh Seng Huat Geoffrey are, and continue to be, independent. Each member of the NC has abstained from deliberations in respect of the assessment on his own independence.

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 of nine years for Independent Directors, beyond which such directors will no longer be considered independent. As at the date of this Statement, none of the Independent Directors have served the Board for more than nine years.

The Board recognizes the importance of its continuity and stability, particularly in the current volatile oil market period, which significantly impacts the Company's business direction. The independent directors bring many years of experience in business, finance, legal and shipping and chartering industry, enabling them to effectively meet the Company's needs with their extensive knowledge and comprehensive understanding of the Group's operations and the markets. The Board will continuously assess the need for progressive refreshment of its Board, ensuring the balance and diversity are maintained in accordance with the Code. By reconstituting the Board early to align with the Code, the Company can minimise the disruption while preserving institutional knowledge and continuity.

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 five Directors are independent and non-executive.

While the Company complies with the requirement under Principles 2.2 and 2.3 of the Code, the NC takes the view that the Board's size should be based on the broader needs of the Company rather than solely on the majority independence criterion. The current composition of the Board, with its diverse experience and expertise, plays a critical role in supporting the Group's decision-making process. The Directors contribute significantly in terms of experience, expertise, professionalism, integrity, objectivity and independent judgment in engaging and challenging Management to the best interests of the Group as it performs its duties in good faith, which by all means are more prudent measures than merely ascertaining the majority independence of the Board size. 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.

## CORPORATE GOVERNANCE REPORT

The Board and NC will continue to conduct thorough and careful reviews when assessing the independence of the Board. In this process, they will consider various factors, including but not limited to any interest, business, relationship and/ or any other material contractual ties that Directors may have with the Group. These factors are evaluated to ensure that no circumstances could reasonably be perceived as compromising the independence of the Directors or interfering with their ability to exercise independent judgment in the best interests 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 their current and past directorship and chairmanship in listed companies over the preceding five years, as well as other principal commitments, are set out in the Board of Directors' section and on pages 14 to 17 which offers further details about their backgrounds and experience.

### 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 are distinct and carried out by separate individuals. Tan Sri Datuk Tiong Su Kouk, serves as the Executive Chairman, while Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director and Mr Leong Seng Keat, the CEO, are the key drivers driving the Group's growth. Together, they provide strong leadership and strategic direction, overseeing the formulation and execution of Company's overall business strategies and policies and steering the overall 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.

## CORPORATE GOVERNANCE REPORT

All strategic and major decisions 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 maintain an appropriate balance of power, enhanced accountability and ensure of the Board's ability to make independent decision.

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.
- 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.

Datuk Lim Tong Lee, 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.

Datuk Lim Tong Lee 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 Independent Director, Mr Tan Boon Yong Thomas is the Chairman of the NC.

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

Mr Tan Boon Yong Thomas (Chairman)

Datuk Lim Tong Lee

Mr Tiong Chiong Hiiung



## CORPORATE GOVERNANCE REPORT

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.

When selecting, nominating or re-nominating directors to the Board, the NC shortlists candidates who meet the required profile and recommends them to the Board for approval. The Committee actively seeks suitable candidates to ensure continuity and strength of the Board's talent pool. Some of the key selection criteria include integrity, independent-mindedness, diversity, ability to commit time and effort to Board duties, a strong track record of good decision-making, experience in high-performing companies and financial literacy. Where necessary, the Committee may seek advice from external search consultants to assist in the selection process.

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 strives to establish a robust succession plan to groom key executives to guide the Group through its next phase of development.

The NC has established 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 annually monitors and assesses whether Directors who have multiple board representations and other principal commitments, are able to devote sufficient time and attention to the affairs of the Company and effectively 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.

The NC is satisfied that in FY 2024, despite their other listed company board representations and 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 Tan Sri Datuk Tiong Su Kouk, who is retiring under the Company's Bye-Law 86(1) at the forthcoming AGM.

The Board has accepted the recommendation and the retiring Director, Tan Sri Datuk Tiong Su Kouk will be offering himself for re-election. The additional information of Tan Sri Datuk Tiong Su Kouk, a Director seeking for re-election are set out on pages 162 to 166 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## BOARD PERFORMANCE

**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.*

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 has the Directors completing a questionnaire to gather their views on various aspects of the Board and Board Committees' performance, including composition, information, process and accountability. The Company Secretary compiles the Directors' responses into a consolidated report which is discussed at the NC meeting and shares with the Board. The NC evaluates the Board's overall performance based on established performance criteria, which are determined by the NC and approved by the Board. These include the Board's composition and size, access to information, processes, accountability, standard of conduct, the performance of the Board's principal functions and fiduciary duties as well as its guidance to and communication with Management and stakeholders. These criteria remain consistent year to year, unless the NC deems it necessary to revise them for example, to align with any changes to the Code.

During FY 2024, 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.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**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 remuneration.*

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

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

Mr Yeoh Seng Huat Geoffrey (Chairman)  
Datuk Lim Tong Lee  
Mr Tan Boon Yong Thomas

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.

## CORPORATE GOVERNANCE REPORT

The recommendations of the RC are submitted for review and approval by the Board in its entirety. To ensure that RC exercises unbiased judgment and acts in the best interests of the Group and its shareholders, each RC member shall abstain from voting on any resolutions relating to their own or their associates' remuneration. No individual Director is involved in determining their own remuneration.

The RC also reviews the Company's obligations in the event of the termination of contracts for Directors and key management personnel ensuring that such contracts contain fair and reasonable termination clauses that are not excessively generous.

The RC may seek expert advice, both internal and external on the remuneration of Directors and staff. During FY 2024, the RC did not engage an external remuneration consultant.

### LEVEL AND MIX OF REMUNERATION

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**Principle 7:** *The level and structure of remuneration of the Board and key management personnel are 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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In determining the level and structure of remuneration of the Board and key management personnel, the RC and the Board ensure that these are appropriate and proportionate to the Group's sustained performance and value creation. This includes consideration of the Group's strategic objectives, long-term interests and risk policies. In designing remuneration packages, the RC ensures that the level and mix of remuneration are competitive, relevant and balanced, appropriate to strike a balance in remunerating the Board, the Company and the key management personnel. The RC takes into consideration the salary payments 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 both the Company and the individual. This package is 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 service agreements with the Company. They are compensated through Directors' fees, which are determined by the Board, based on their skills, experiences and contributions. Factors such as responsibilities, effort and time spent on Board and Committee duties are also taken into consideration. The fees for Non-Executive Directors' fees comprise a basic fee, fees for service on Board Committees and attendance fees, all of which are subject to shareholders approval at the AGM. Apart from Directors' fees, the Non-Executive Directors and Independent Directors do not receive any other remuneration from the Company.

The Group's remuneration policy for the CEO, Directors and key management personnel includes both a fixed component and a variable component. The fixed component consists of a base salary, while the variable component includes allowances, bonuses and benefits-in-kind, all linked to the Group's performance and individual contributions.

Having reviewed the variable component of the Executive Directors and key management personnel, the RC is of the view that there is no need to institute contractual provisions to allow the Group to reclaim incentive components of remuneration paid in prior years except in cases of misstatement of financial results, or misconduct resulting in financial loss. Additionally, the Executive Directors owe a fiduciary duty to the Company and the Group should be able to pursue remedies in the event of breach of such fiduciary duties.

## CORPORATE GOVERNANCE REPORT

### 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.*

Aligned 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 received Directors' fees, which are subject to the shareholders' approval at the AGM. Directors' fees include a basic retainer fee, fees for service on Board Committees, attendance fees, and, where applicable, fees for participation in special projects, ad hoc committees and subsidiary boards. These fees are designed to reflect the level of contribution, considering factors such as the time and taking into account factors such as effort involved as well as the responsibilities of the Directors. The structure of the Director's fees ensures that the independence of the non-executive Directors is not compromised by their compensation.

The remuneration for each individual Director and the CEO for FY 2024 is set out as follows:

Remuneration	Salary SGD (%)	Director's Fees & Meeting Allowances SGD (%)	Variable or Performance Related Income/ Bonus and Benefits-In-Kind SGD (%)	Total Compensation SGD (%)
Tan Sri Datuk Tiong Su Kouk	40.96%	0.36%	58.69%	1,684,705 (100%)
Mr Tiong Chiong Hiiung	74.70%	0.95%	24.36%	739,000 (100%)
Mr Leong Seng Keat	42.87%	0.21%	56.92%	1,877,974 (100%)
Mr Ajaib Hari Dass	-	100%	-	44,892 (100%)
Mr Yee Kit Hong	-	100%	-	44,575 (100%)
Mr Kan Yut Keong, Benjamin	-	100%	-	35,192 (100%)
Datuk Lim Tong Lee	-	100%	-	54,000 (100%)
Mr Tan Boon Yong Thomas	-	100%	-	54,000 (100%)
Mr Yeoh Seng Huat Geoffrey	-	100%	-	51,667 (100%)

The RC has recommended to the Board an amount of S\$301,326 as Directors' Fees for FY 2024. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. The Board concurred with the RC that the proposed Director's Fees for FY 2024 are appropriate and not excessive, considering the Directors skills, expertise, contributions, as well as the responsibilities, effort and time spent dedicated to for serving on the Board and its Committees. No Director was involved in deciding his own remuneration.

The remuneration package for key management personnels (who are not Directors or the CEO of the Company) includes a salary and a variable bonus element, both linked to the Company's performance and individual performance.

## CORPORATE GOVERNANCE REPORT

For FY 2024, 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 %	Variable or Performance Related Income/ Bonus and Benefits-In-Kind %	Total Compensation %
<b>S\$250,001 and above</b>				
Tiong Chiong Soon (Joseph)	Executive Director (Operations)	70.00	30.00	100
Leong Juin Zer Jonathan	Executive Director (Commercial)	40.59	59.41	100
Loo Hin Loy	General Manager (Marine Operations)	37.74	62.26	100
Kwan Seng Fatt	General Manager (Shipbuilding and Engineering)	78.90	21.10	100
<b>S\$250,000 and below</b>				
Chong Chung Fen	Chief Financial Officer	58.43	41.57	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 2024, the aggregate total remuneration for the key management personnel (who are not also Directors or the CEO of the Company) amounted to S\$1,838,213.

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. These targets, as determined by the RC, are designed to drive a high degree of business performance, while keeping the remuneration within a practical and competitive range. The individual performance targets are aligned with the Group's broader strategic, financial, and operational objectives, fostering shared growth and success. The performance targets, which differ individually, are based on the consistent criteria. Performance is evaluated against pre-agreed targets that encompasses both financial and non-financial along with other actions and performance metrics that contribute to the Group's long-term financial stability, robust risk management practices, strong internal controls and the safeguarding of the shareholders' interests and the Group's assets.

Save for Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan, there are no other employees who are substantial shareholders of the Company, or immediate family members of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeds S\$100,000 during the financial year, in bands no wider than S\$100,000. The relationship of Mr Tiong Chiong Soon (Joseph) and Mr Leong Juin Zer Jonathan with the Director or the CEO or substantial shareholder of the Company are set out in page 30 of this Corporate Governance Report.

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 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.

In line with this approval, the Shareholders also approved the termination of Nam Cheong Management Incentive Plan 2018, ensuring that the Company's incentive framework remains aligned with its evolving goals.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

**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.*

The Risk Management Committee (“RMC”) is tasked with overseeing the Groups’ risk governance framework, ensuring that the Management implements and maintains a robust system of risk management and internal controls to protect the interests of shareholders and safeguard the Group’s assets.

The RMC advises the Board on the nature and extent of the principal risks the Company is prepared to accept in pursuit of its strategic objectives and long-term value creation. It provides comprehensive risk management reports to the Board at least twice a year, ensuring ongoing oversight and alignment with the Group’s strategic direction.

The RMC is chaired by the CEO, Mr Leong Seng Keat, and comprises senior management members, including Mr Tiong Chiong Hiiung, Executive Vice Chairman cum Finance Director, Mr Tiong Chiong Soon (Joseph), Executive Director of Operations and Mr Chong Chung Fen (Chief Financial Officer (“CFO”)). The RMC regularly reviews the Group’s policies and procedures and business and operational activities to identify areas of significant risks. It also evaluates and determines the appropriate strategies to manage and mitigate these risks, subsequently reporting its findings and recommendations to the AC and Board.

The risk management and internal audit exercises are conducted by an independent advisory firm, Axcelasia Sdn Bhd (“Axcelasia”) (formerly known as Tricor Axcelasia Sdn Bhd) to monitor and manage the risks across the Group via an Enterprise Risk Management (“ERM”) framework.

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. Additionally, the internal auditors conduct a review of the Sustainability Reporting process to provide an independent and objective assessment of the robustness of internal controls over environmental, social, and corporate governance information disclosed by the Company.

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 are 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 tests over the operating effectiveness of certain controls relevant to the preparation of its financial statements. They will also highlight any material internal control weaknesses during the audit which is primarily aimed at forming an opinion on the financial statements. Any such material weaknesses and associated recommendations, from the external auditors are reported to the AC. The AC subsequently reviews the adequacy and effectiveness of the action taken by Management in response to the auditor’s opinions and recommendations.

## CORPORATE GOVERNANCE REPORT

The Board requires, discloses and confirms 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, the work performed by both internal and external auditors, and the regular reviews performed by Management, the AC, the RMC and the Board, it is concluded that the Group's internal controls encompassing financial, operational, compliance and information technology controls along with its risk management systems were adequate and effective throughout the financial year. These controls and systems effectively addressed the financial, operational, compliance and information technology risks deemed relevant and material to the Group's operations.

The Board is committed to continuously enhance and improve the Group's internal controls systems and risk management policies. Notwithstanding the foregoing, the Board acknowledges that while the internal control system provides reasonable assurance, the Group will not be immune from events that could be reasonably foreseen and mitigated in pursuit of its business objectives. 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 is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. This includes not only annual and quarterly financial results but also interim and other price sensitive public reports. The Board ensures the shareholders are kept informed of the Group's operations and financial status through timely announcements of quarterly and full year results, as well as other relevant matters in accordance with the applicable 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.

To support the Board in fulfilling its responsibilities, the Company ensures it provides timely and relevant updates regarding the Group's performance. The Board emphasizes transparency in the conduct of the Company's affairs, whilst preserving the Company's commercial interests.

The Management team regularly provides the Board with information including management accounts, to allow the Board to make balance and informed assessments 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:

Datuk Lim Tong Lee (Chairman)  
Mr Tan Boon Yong Thomas  
Mr Yeoh Seng Huat Geoffrey

The members of the AC bring with them a wealth of experience and professional expertise across the financial, legal, consultancy and administrative fields. The Board is of the view that the Chairman and members of the AC are suitably qualified to discharge their responsibilities. At least two members, including Datuk Lim Tong Lee, AC Chairman and Mr Yeoh Seng Huat Geoffrey, possess solid accounting and financial management expertise, as assessed 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 two years of ceasing such roles. None of the AC members holds any financial interest in the Group's existing auditing firm.

## CORPORATE GOVERNANCE REPORT

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 correctness, accuracy, integrity of 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;
- (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 for 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.

Beyond its core responsibilities, the AC is tasked with commissioning and reviewing the findings of internal assessments, as well as discussing matters with the internal and external auditors in cases of suspected fraud, irregularities, internal control failures or infringement of Singapore laws, rules or regulation, that could materially impact the Company's operating results or financial position. The AC will also ensure appropriate follow-up actions are taken. In instances where an AC member has a conflict of interest regarding any matter under consideration, he will abstain from reviewing or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to Management and the ability to invite any Director or executive officer to attend its meetings. The AC is also provided with reasonable resources to effectively discharge its responsibilities. Additionally, the RC has implemented procedures 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. In line with the SGX-ST Listing Manual requirements, the audit partner of the external auditors is rotated every five years.

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.



## CORPORATE GOVERNANCE REPORT

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. The AC also reviewed the scope, results and effectiveness of both the internal audit and external audit functions; the independence and objectivity of the external auditors, and the re-appointment of the external auditors and their remuneration.

The AC takes measures to keep abreast of the changes to accounting standards and issues that directly impact financial statements, with training sessions conducted by professionals or external consultants.

In accordance with Rule 712, a company must appoint an appropriate 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 external auditors' performance, using the Audit Quality Indicators Disclosure Framework recommended by ACRA as reference. The external auditors conduct audit of the Company's accounts, its Singapore-incorporated subsidiaries, while the affiliated firm audits its significant foreign-incorporated subsidiaries and associated companies. The Board, concurs with the AC's assessment that the appointment of the affiliated firm does not compromise the quality or the effectiveness of the Company's audit. Details of the aggregate amount of fees paid to the external auditors for FY 2024, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 134.

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 comprehensive review of the Group's internal controls and risk management system. The audit work performed by the internal auditors adheres to the International Standards for the Professional Practice of Internal Auditors, as outlined in the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal auditors are from integrated professional services group with extensive experiences in tax advisory, business consulting, enterprise management system applications and outsourced business process 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 is responsible for determining the appointment, termination and remuneration of the head of internal audit, as recommended by the Company and ultimately approved by the AC.

The Board recognises that it is responsible for maintaining a system of internal controls 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, sustainability reporting, and the risk management processes. They also provide advices on security and control in new systems development, recommend improvements to effectiveness and economy of operations, and contribute 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.

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 carry out their function in accordance with the standards set by international recognised professional bodies.

## CORPORATE GOVERNANCE REPORT

The internal auditors carry out their functions under the direction of the AC and report their findings and make 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 they are sufficiently resourced and able to perform their 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 implemented a Code of Conduct and Ethics which should be interpreted in conjunction with other policies, including the Whistleblowing Policy. This policy is clearly cascaded to the employees upon joining the Group and is an integral part of the Employees' Handbook. The Whistleblowing Policy, endorsed by the AC, outlines procedures for employees and other stakeholders to raise concerns regarding potential corporate improprieties related to financial reporting or other issues. It ensures that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. The Company is committed to maintaining confidentiality of whistleblower identities and protecting them from retaliation. Employees and other individuals can report concerns of improprieties directly to the members of the Audit Committee. The whistle-blowing policy included several key features: (i) providing employees with a safe channel to raise concerns without fear of unfair treatment and defining procedures for addressing these concerns; (ii) offering protection to whistleblowers who report in good faith from potential retaliation; and (iii) enabling Management to be informed of misconduct early. The Company pledges to fully investigate all disclosures or reports received and to treat all such reports, including whistleblower identities, with strict confidentiality. Where required, a separate independent committee will be formed to investigate the whistleblowing reports, which will then be reported to the AC for oversight and monitoring.

For the financial year under review, neither the AC nor the Company has received any whistleblowing reports. 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, in accordance with Rule 1207(19) of the SGX-ST Listing Manual, concerning dealings in securities of the Company.

The Company and its officers are prohibited from dealing in the securities of the Company during the following blackout periods; 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. To ensure compliance with Rule 1207(19) of the SGX-ST Listing Manual, quarterly reminders of these trading restrictions are issued to all Directors and officers of the Company.

Additionally, Directors and officers are reminded not to engage in short-term trading of the Company's securities 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 the Company of any dealings in its securities within two business days of the transaction.

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

# CORPORATE GOVERNANCE REPORT

## 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 actively encourages shareholders' participation, and ensures that shareholders have the opportunities to engage and vote effectively at general meetings. Shareholders are informed of the rules governing these meetings in advance.

At the AGMs and Special General meetings (if applicable), all Directors, including the chairmen of the AC, NC, RC and RMC, along with the senior Management, are in attendance. This allows shareholders to voice their views and ask questions regarding the Company's operations. The CFO and the external auditors are also present to address the shareholders' queries related to financial matters, the audit process and the preparation of the auditors' report.

The general meeting procedures ensure that shareholders can raise questions on each resolution being proposed and actively participate in discussion related to the Group. The Company tables separate resolutions for each significant issue, unless the issues are interdependent and form one proposal. In cases where resolutions are bundled, the Company provides an explanation of the reasons and material implications in the notice of the meeting. There are no bundled resolutions tabled or planned for the upcoming AGM.

All resolutions put forward at the general meetings are distinct and separate in line with the Code's recommendation to avoid "bundling" resolutions unless they are interdependent and form a single significant proposal.

Currently, the Company's Bye-Laws do not permit shareholders to vote in absentia at general meetings, except through a proxy, attorney or in the case of a corporation, a corporate representative, who may cast the vote in their stead.

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. All material information which would materially affect the price or value of the Company's shares is disseminated accurately and promptly via SGXNET, enabling shareholders to make informed decisions.

At general meetings, each distinct issue is proposed as a separate resolution. All resolutions are voted on electronically via poll voting. Independent scrutineers are appointed to oversee the voting process and verify the results for each resolution. The results of the electronic poll voting are announced immediately during the meeting.

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 are promptly announced on SGXNET after the general meeting.

As of FY 2024, 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. No interim and final dividends have been declared for FY 2024.

### **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).

# CORPORATE GOVERNANCE REPORT

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 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 make the same disclosure publicly to all others as promptly as possible.

The Group is committed to delivering consistent value growth and views its sustainability as a long-term journey towards building an enduring and high performing business. The Company will issue a standalone Sustainability Report no later than four months after the end of its financial year in accordance with SGX's Sustainability Reporting guidelines and where applicable, provide the necessary disclosure on Corporate Social Responsibility (CSR) policies and practices. The Company's Sustainability Report will primarily focus on the Group's stakeholder engagement; material environmental, social and governance (ESG) factors, safety management system, environmental protection; climate risk reporting; compliance; human resources community giving and business resilience. A copy of the Sustainability Report will be made available on the Company's website.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **ENGAGEMENT with SHAREHOLDERS**

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**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.*

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The Company adopts a balanced approach towards the needs and interests of key stakeholders groups, 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.

# CORPORATE GOVERNANCE REPORT

For FY 2024, 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>(1)</sup>	S\$263,289	Not applicable
Top Line Works (2008) Sdn Bhd <sup>(2)</sup>	S\$107,382	Not applicable

#### Notes on nature of relationship:

- (1) 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.
- (2) Mr. Tiong Chiong Soon (Joseph), a key executive officer of the Company and the son of Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company, has a direct interest of more than 30% in Top Line Works (2008) Sdn Bhd ("TOP"). During the period under review, Nam Cheong Dockyard Sdn Bhd, a subsidiary of the Company, purchased shipbuilding materials from TOP.

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

#### MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements, and the service agreements between the Executive Directors and the Company, there were no other material contracts (including loans) of involving the interest of the CEO, any directors, or controlling shareholders that are either still in effect as of FY 2024 or if no longer in effect, were 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 2024

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 2024 and statement of financial position of the Company as at 31 December 2024.

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 2024 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 matter described in Note 2(a) to the financial statements with respect to the Company’s ability to continue as going concern, 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
Datuk Lim Tong Lee	Lead Independent Director
Yeoh Seng Huat, Geoffrey	Independent Director
Tan Boon Yong, Thomas	Independent Director

In accordance with Bye-Law 86(1) of the Company’s Bye-Laws, Tan Sri Datuk Tiong Su Kouk 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 2024

## 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 in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.1.2024	As at <b>31.12.2024#</b>	As at 1.1.2024	As at <b>31.12.2024#</b>
The Company - <u>Nam Cheong Limited</u>				
		<u>Number of ordinary shares</u>		
Tan Sri Datuk Tiong Su Kouk	436,168,263	<b>108,629,423</b>	1,819,486,230	<b>18,208,452</b>
Tiong Chiong Hiiung	14,259,240	<b>142,592</b>	9,629,881	<b>96,298</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 2025.

## 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"). 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 ("NCMIP 2024"). No further awards shall be granted under the NCMI Plan upon its termination.

The NCMIP 2024 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 Yeoh Seng Huat Geoffrey, Mr Tan Boon Yong Thomas and Datuk Lim Tong Lee.

The salient features of the NCMIP 2024 is as follows:

- The NCMIP 2024 is a share incentive plan.
- The NCMIP 2024 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 NCMIP 2024 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 NCMIP 2024 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 NCMIP 2024 provided that they meet the aforesaid eligibility criteria and that all conditions for their participation in the NCMIP 2024 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 2024

### Share plan (Cont'd)

(i) Eligibility (Cont'd)

Directors and employees of an Associated Company may also be eligible to participate in the NCMIP 2024 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 NCMIP 2024 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 NCMIP 2024 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 NCMIP 2024 shall continue in force at the discretion of the Committee, subject to a maximum period of seven years commencing on the date on which the NCMIP 2024 is adopted by the Company in general meeting, provided always that the NCMIP 2024 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 NCMIP 2024 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 NCMIP 2024 is terminated, no further grants of Shares shall be made by the Company.

Notwithstanding the expiry or termination of the NCMIP 2024, any Awards which have been granted in accordance with the NCMIP 2024 will continue to remain valid.

The total number of Shares (and cash equivalents) to be issued and/or transferred under the NCMIP 2024 and any other share-based incentive schemes of the Company will be subject to a maximum limit of 10.5 per cent (10.5%) of the Company's total issued Shares (excluding treasury shares) from time to time.



# DIRECTORS' REPORT

For the financial year ended 31 December 2024

## 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 the 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 NCMIP 2024 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:	21 May 2024
Performance period:	31 March 2024 to 31 March 2025
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 6 months 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 since commencement and during the financial year pursuant to the NCMIP 2024 are as follows:

Grant date NCMIP 2024 21 May 2024	At grant date	At the beginning of the financial year	Shares granted during the financial year	Shares released during the financial year	Shares lapsed during the financial year	At the end of the financial year
For employees of the Group	4,118,660	-	4,118,660	-	-	4,118,660
For Director (Tiong Chiong Hiiung*)	588,380	-	588,380	-	-	588,380
For controlling shareholder of the Company (Tan Sri Datuk Tiong Su Kouk)	588,380	-	588,380	-	-	588,380
For associate of controlling shareholder of the Company (Tiong Chiong Soon)	588,380	-	588,380	-	-	588,380

\* Also an associate of controlling shareholder of the Company

# DIRECTORS' REPORT

For the financial year ended 31 December 2024

## 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:

Datuk Lim Tong Lee (Chairman)  
Tan Boon Yong, Thomas  
Yeoh Seng Huat, Geoffrey  
Ajaib Hari Dass (Retired on 30 May 2024)  
Yee Kit Hong (Retired on 30 May 2024)  
Kan Yut Keong, Benjamin (Retired on 30 May 2024)

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 2024

## **Independent auditor**

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

On behalf of the Directors

.....  
TAN SRI DATUK TIONG SU KOUK

.....  
TIONG CHIONG HIIUNG

Dated: 7 April 2025

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Report on the Audit of the Financial Statements

### 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 2024, 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, 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 2024 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 Opinion

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 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 opinion.

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## 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.

### Resolution of qualified opinion issued for the financial year ended 31 December 2023

The audit report dated 13 May 2024 on the financial statements for the previous year ended 31 December 2023 contained a qualified opinion on the following matters:

1. **Impairment assessment of cost of investment in subsidiaries and amount due from subsidiaries**

#### Financial year ended 31 December 2023

The audit opinion for the financial year ended 31 December 2023 was qualified in respect of the impairment assessment of the cost of investment in subsidiaries and the amount due from subsidiaries as 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 losses previously 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.

#### Financial year ended 31 December 2024

In the current financial year, we obtained the impairment assessment provided by management in accordance with IAS 36 - Impairment of Assets, which is based on the higher of fair value less costs of disposal and value-in-use. Following the conclusion of the debt restructuring exercise via New NCL Scheme and the debt restructuring master agreement ("DRMA") on 30 March 2024, management performed an impairment assessment on the Company's cost of investment in subsidiaries and the amounts due from subsidiaries to resolve the qualification raised for the financial year ended 31 December 2023. The recoverable amount is determined based on the higher of fair value less cost of disposal and value-in-use. Following management's assessment, a reversal of impairment loss amounting to RM995,216,000 (see Note 32) was recorded in the Company's statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023. The qualified opinion regarding the impairment assessment of the cost of investment in subsidiaries and the amount due from subsidiaries is now resolved and discharged.

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Resolution of qualified opinion issued for the financial year ended 31 December 2023 (Cont'd)

The audit report dated 13 May 2024 on the financial statements for the previous year ended 31 December 2023 contained a qualified opinion on the following matters: (Cont'd)

#### 1. Impairment assessment of cost of investment in subsidiaries and amount due from subsidiaries (Cont'd)

Our audit procedures included the following:

1. Reviewed management's assessment on whether there is a change in estimates used to determine the recoverable amount since the last impairment loss was recognised.
2. Reviewed the robustness of management's budgeting process by comparing the actual financial results against previous projection.
3. Assessed the valuation method used by management and evaluated the key assumptions used in the impairment analysis, in particular the discount rates, reasonable expectations of daily charter rates and vessel utilisation.
4. Evaluated the reasonableness of budgeted revenue by comparing the actual revenue achieved in the past against previous projections and discussed with management to understand the rationale for the variances.
5. Reviewed management's analysis of the sensitivity of the value-in-use calculations to reasonably possible changes in the key assumptions.
6. Tested management's assumptions used to determine the ECLs on the amount due from subsidiaries, by considering the Company's historical credit loss experience, ageing analysis of outstanding receivables, and comparison to forward-looking macroeconomic information affecting the recoverability of amount due from subsidiaries.
7. Considered the age of the debts as well as the trend of collections to identify the collection risks.
8. Obtained related party confirmations and reviewed for collectability by way of obtaining evidence of receipts from the subsidiaries subsequent to the balance sheet date.

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Resolution of qualified opinion issued for the financial year ended 31 December 2023 (Cont'd)

The audit report dated 13 May 2024 on the financial statements for the previous year ended 31 December 2023 contained a qualified opinion on the following matters: (Cont'd)

#### 2. Inventories (Note 8)

##### Financial year ended 31 December 2023

The audit opinion for the financial year ended 31 December 2023 was qualified in respect of the inventories, which 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 existed as at year end.

##### Financial year ended 31 December 2024

In the current financial year, management provided us with the relevant assessment of its inventories, including work-in-progress, along with sufficient and appropriate audit evidence to support the reversal of allowances for inventory write-downs. In addition, with the restatement now corrected as presented in the note to the financial statements (Note 8), the qualified opinion regarding inventories is now resolved and discharged.

Our audit procedures included the following:

1. Obtained the settlement agreement entered into with the supplier and reviewed the key terms to gain an understanding of the events.
2. Obtained an understanding of management's rationale supporting the reversal of previously written-down inventories.
3. Obtained a detailed breakdown of costs incurred from management for the respective inventories that were initially recognised in prior financial years.
4. Reviewed management's assessment supporting the reversal, and evaluated the appropriateness of the reversal in accordance with IAS 2 – Inventories, specifically considering the requirement to carry inventories at the lower of cost and net realisable value.

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Resolution of qualified opinion issued for the financial year ended 31 December 2023 (Cont'd)

The audit report dated 13 May 2024 on the financial statements for the previous year ended 31 December 2023 contained a qualified opinion on the following matters: (Cont'd)

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

##### Financial year ended 31 December 2023

The audit opinion for the financial year ended 31 December 2023 was qualified in respect of the unquoted debt securities measured 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.

##### Financial year ended 31 December 2024

In the current financial year, management provided us with the relevant workings of its unquoted debt securities to ascertain the appropriateness of fair value adjustments and impairment assessment workings. We were able to perform audit procedures by obtaining the market prices offered by the banks sourced from Bloomberg where the pricing inputs, which are commonly used by the market participant to determine the fair value adjustments. In addition, with the prior years' understatement now corrected retrospectively (see Note 32) as presented in the comparative information in the financial statements, the qualified opinion regarding the unquoted debt securities is now resolved and discharged.

Our audit procedures included the following:

1. Reviewed and assessed management's assessment on the accounting treatment on the unquoted debt securities in terms of recognition, measurement, presentation and classification, in accordance with IFRS 9.
2. Obtained supporting documents to evidence the existence of ownership in the unquoted debt securities, specifically independently requested and obtained confirmation replies from the custodian on the number and balances of the debt securities held as at each reporting date.
3. Ensure that the carrying amount of the unquoted debt securities is measured at market value and performed independent valuation check on the Group's unquoted debt securities.



# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

### Resolution of qualified opinion issued for the financial year ended 31 December 2023 (Cont'd)

The audit report dated 13 May 2024 on the financial statements for the previous year ended 31 December 2023 contained a qualified opinion on the following matters: (Cont'd)

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

##### Financial year ended 31 December 2023

The audit opinion for the financial year ended 31 December 2023 was qualified in respect of the foreign currency translation reserve 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 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.

##### Financial year ended 31 December 2024

In the current financial year, management provided us with the reconciliation to support the balances of its foreign currency translation reserve and the respective impact on the other comprehensive income. We were able to reconcile the balances of its foreign currency translation reserve as at 1 January 2023. In addition, with the prior years' understatement now corrected retrospectively (see Note 32) as presented in the comparative information in the financial statements, the qualified opinion regarding the foreign currency translation reserves as at 1 January 2023 is now resolved and discharged.

Our audit procedures included the following:

1. Reviewed and assessed management's workings and reconciliation relating to the movement and closing balance of the foreign currency translation reserves.
2. Obtained and reviewed the consolidation adjustments prepared by management that impact the foreign currency translation reserves, to ensure the accuracy and appropriateness of the translation differences recognised in accordance with IAS 21.
3. Reviewed and tested the underlying transactions that gave rise to foreign currency translation differences, including intercompany transactions, and verified the appropriate elimination of intra-group transactions in the consolidation process.

## 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 2024, the Group's property, plant and equipment amounted to RM712,397,000 as disclosed in Note 3 to the financial statements. The carrying amount of the Group's vessels and leasehold lands and buildings amounted to RM707,780,000, representing 99% of the Group's property, plant and equipment and 55% of the Group's total assets as at 31 December 2024. The Group identified 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 RM14,991,000 and RM13,637,000 respectively. The Group assessed all the vessels to be profit generating except for four vessels which were idle during the financial year ended 31 December 2024. 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 is recognised 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. The recoverable amounts of these vessels and leasehold lands and buildings exceeded their respective carrying amounts as at the balance sheet date and accordingly, 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.

# 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.

# 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 2024, the Group's trade and other receivables (including amounts due from joint ventures and associates) amounted to RM267,017,000 representing 21% 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.

# INDEPENDENT AUDITOR'S REPORT

To the members of Nam Cheong Limited

## Key Audit Matters (Cont'd)

Accounting for the extinguishment of liabilities under New Nam Cheong Limited ("NCL") Scheme (refer to Note 20 to the financial statements)

Risk:

As at 31 December 2024, the Group recognised a gain of waiver of debt of RM398,575,000 under other income in the current financial year's profit or loss. This represents a significant one-off gain following the completion of the debt restructuring.

During the financial year 2020, the Group breached the payment terms 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, fully resolving the breaches from the prior years.

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 Debt Restructuring Master Agreement ("DRMA") have become fully effective and unconditional on 30 March 2024. Subsequently, the maturity date of the Bilateral Facilities Debt has been restructured and extended to 31 March 2026.

This area is a key audit matter due to the financial significance of the debt waiver, the accounting treatment for the extinguishment of liabilities, and the need to assess the appropriateness of the waived amount and related disclosures in accordance with relevant financial reporting standards.

Our audit procedures included the following:

1. Obtained and reviewed the New NCL Scheme approved and to verify if the gain is calculated in accordance with the relevant clauses.
2. Reviewed management's computation of the gain by reconciling the payment of liabilities, releases and discharge of claims, obligations and liabilities under New NCL Scheme, to bank transactions, share registers and other underlying accounting records.
3. Performed re-calculation of the gain on extinguishment of the liabilities.
4. Considered the adequacy of the Group's disclosures in relation to accounting for the extinguishment of liabilities under new NCL scheme.

# 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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. We have nothing to report in this regard.

## **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.

## 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) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

# 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, actions taken to eliminate threats or safeguards applied.

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 Mr. Ong Soo Ann.

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 7 April 2025



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

		<b>31 December 2024</b>	<b>The Group</b>	
	Note	RM'000	31 December 2023	1 January 2023
			RM'000	RM'000
			(Restated)	(Restated)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	3	712,397	543,837	426,784
Associates	5	36,572	9,415	5,210
Joint ventures	6	4,145	8,996	3,315
Other investments	7	610	2,588	2,500
		<b>753,724</b>	<b>564,836</b>	<b>437,809</b>
<b>Current Assets</b>				
Other investments	7	1,816	-	-
Inventories	8	93,268	29,572	13,604
Trade and other receivables	9	267,017	254,206	180,205
Prepayments	10	27,916	6,511	1,789
Cash and bank balances	11	127,809	57,340	59,394
Fixed deposits	11	7,281	6,887	3,471
Current tax recoverable		41	184	811
		<b>525,148</b>	<b>354,700</b>	<b>259,274</b>
<b>Total assets</b>		<b>1,278,872</b>	<b>919,536</b>	<b>697,083</b>
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	12	227	3,977	3,904
Share premium	12	586,604	312,471	310,850
Treasury shares	13	(4,097)	(4,097)	(4,097)
Reserves	14	112,037	120,846	161,022
Accumulated losses		(133,989)	(922,008)	(1,096,989)
<b>Equity attributable to owners of the Company</b>		<b>560,782</b>	<b>(488,811)</b>	<b>(625,310)</b>
Non-controlling interests		13,780	6,988	3,133
<b>Total equity</b>		<b>574,562</b>	<b>(481,823)</b>	<b>(622,177)</b>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	15	17,803	8,143	6,365
Borrowings	16	423,131	262	1,097
Trade and other payables	17	22,762	28,093	-
		<b>463,696</b>	<b>36,498</b>	<b>7,462</b>
<b>Current Liabilities</b>				
Borrowings	16	35,230	1,043,316	989,596
Trade and other payables	17	171,322	267,029	268,971
Provision for financial guarantee	18	30,315	51,874	49,613
Current tax payable		3,747	2,642	3,618
		<b>240,614</b>	<b>1,364,861</b>	<b>1,311,798</b>
<b>Total liabilities</b>		<b>704,310</b>	<b>1,401,359</b>	<b>1,319,260</b>
<b>Total equity and liabilities</b>		<b>1,278,872</b>	<b>919,536</b>	<b>697,083</b>

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	31 December 2024 RM'000	The Company 31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Subsidiaries	4	1,558,181	995,216	-
		<b>1,558,181</b>	995,216	-
<b>Current Assets</b>				
Trade and other receivables	9	140	152	152
Prepayments	10	144	127	92
Cash and bank balances	11	170	171	38
Current tax recoverable		-	41	-
		<b>454</b>	491	282
<b>Total assets</b>		<b>1,558,635</b>	995,707	282
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	12	227	3,977	3,904
Share premium	12	586,604	312,471	310,850
Treasury shares	13	(4,097)	(4,097)	(4,097)
Reserves	14	784,600	781,384	781,384
Accumulated losses		(83,025)	(968,518)	(1,940,240)
<b>Total equity</b>		<b>1,284,309</b>	125,217	(848,199)
<b>Non-Current Liabilities</b>				
Borrowings	16	213,080	-	-
		<b>213,080</b>	-	-
<b>Current Liabilities</b>				
Borrowings	16	23,003	758,223	713,606
Trade and other payables	17	7,928	60,393	85,262
Provision for financial guarantee	18	30,315	51,874	49,613
		<b>61,246</b>	870,490	848,481
<b>Total liabilities</b>		<b>274,326</b>	870,490	848,481
<b>Total equity and liabilities</b>		<b>1,558,635</b>	995,707	282

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 2024

	Note	The Group	
		Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000 (Restated)
Revenue	19	684,714	475,273
Cost of sales		(321,429)	(306,673)
Gross profit		363,285	168,600
Other income	20	552,350	108,207
Administrative expenses		(59,762)	(43,215)
Other operating expenses		(14,270)	(12,022)
Finance costs	21	(18,365)	(27,407)
Share of results of associates, net of tax	5	27,684	4,131
Share of results of joint ventures, net of tax	6	(4,975)	5,696
Profit before taxation	22	845,947	203,990
Taxation	23	(45,749)	(23,360)
<b>Profit for the year</b>		<b>800,198</b>	<b>180,630</b>
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Fair value loss on financial asset at fair value through other comprehensive income		(96)	(28)
Foreign currency translation loss arising from foreign operations		(11,929)	(40,507)
<b>Other comprehensive loss for the year, net of tax of nil</b>		<b>(12,025)</b>	<b>(40,535)</b>
<b>Total comprehensive income for the year</b>		<b>788,173</b>	<b>140,095</b>
<b>Profit attributable to:</b>			
Owners of the Company		785,243	174,981
Non-controlling interests		14,955	5,649
		<b>800,198</b>	<b>180,630</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		773,218	134,446
Non-controlling interests		14,955	5,649
		<b>788,173</b>	<b>140,095</b>
<b>Earnings per share</b>			
- Basic (Malaysia sen)	24	235.95	217.46
- Diluted (Malaysia sen)	24	232.44	213.74

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 2024

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Contributed surplus RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Share Grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Balance as at 1 January 2024, restated</b>	3,977	312,471	(4,097)	-	121,137	359	(3,426)	2,776	(922,008)	(488,811)	6,988	(481,823)
Profit for the year	-	-	-	-	-	-	-	-	785,243	785,243	14,955	800,198
Other comprehensive income for the year	-	-	-	-	-	-	(96)	-	-	(96)	-	(96)
- Fair value gain/(loss) on financial assets through other comprehensive income	-	-	-	-	-	-	(96)	-	-	(96)	-	(96)
- Foreign currency translation loss arising from foreign operations	-	-	-	-	(12,085)	-	156	-	-	(11,929)	-	(11,929)
Total other comprehensive loss/(income) for the year	-	-	-	-	(12,085)	-	60	-	-	(12,025)	-	(12,025)
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	-	(12,085)	-	60	-	785,243	773,218	14,955	788,173
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-	-
- Share consolidation (Note 12)	(3,937)	-	-	3,937	-	-	-	-	-	-	-	-
- Issuance of Conversion shares (Note 12)	105	241,590	-	-	-	-	-	-	-	241,695	-	241,695
- Issuance of Settlement shares (Note 12)	7	2,618	-	-	-	-	-	-	-	2,625	-	2,625
- Issuance of Placement shares (Note 12)	75	29,925	-	-	-	-	-	-	-	30,000	-	30,000
- Cancellation of Share grant plan	-	-	-	-	-	-	-	(2,776)	2,776	-	-	-
- Recognition of Share grant plan	-	-	-	-	-	-	-	2,055	-	2,055	-	2,055
- Dividend paid to non-controlling interest of a subsidiary (Note 4)	-	-	-	-	-	-	-	-	-	-	(8,163)	(8,163)
<b>Transactions with owners in their capacity as owners</b>	(3,750)	274,133	-	3,937	-	-	-	(721)	2,776	276,375	(8,163)	268,212
<b>At 31 December 2024</b>	227	586,604	(4,097)	3,937	109,052	359	(3,366)	2,055	(133,989)	560,782	13,780	574,562

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 2024

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Share Grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Balance as at 1 January 2023, as previously reported</b>	3,904	310,850	(4,097)	185,901 (24,336)	-	(4,401) 1,082	2,776	(1,119,967) 22,978	(627,810) 2,500	3,133	(624,677) 2,500
<b>Balance as at 1 January 2023, as restated</b>	3,904	310,850	(4,097)	161,565	-	(3,319)	2,776	(1,096,989) 174,981	(625,310) 174,981	3,133 5,649	(622,177) 180,630
Profit for the year, as restated	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss)/income for the year, as restated	-	-	-	-	-	(28)	-	-	(28)	-	(28)
- Fair value loss on financial assets through other comprehensive income, as restated	-	-	-	-	-	(28)	-	-	(28)	-	(28)
- Foreign currency translation loss arising from foreign operations, as restated	-	-	-	(40,428)	-	(79)	-	-	(40,507)	-	(40,507)
Total other comprehensive loss for the year, as restated	-	-	-	(40,428)	-	(107)	-	-	(40,535)	-	(40,535)
<b>Total comprehensive (loss)/income for the year, as restated</b>	-	-	-	(40,428)	-	(107)	-	174,981	134,446	5,649	140,095
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 (Note 4)	-	-	-	-	-	-	-	-	-	(2,087)	(2,087)
<b>Transactions with owners in their capacity as owners</b>	73	1,621	-	-	359	-	-	-	2,053	(1,794)	259
<b>At 31 December 2023</b>	3,977	312,471	(4,097)	121,137	359	(3,426)	2,776	(922,008)	(488,811)	6,988	(481,823)

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 2024

	Note	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000 (Restated)
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		845,947	203,990
Adjustments for:			
Deposit forfeited	20	(11,144)	(12,094)
Depreciation of property, plant and equipment	3	37,613	26,448
Gain on waiver of debts	20	(398,575)	-
Gain on discounting of trade payables	20	-	(5,227)
Reversal of inventories written-down	8, 20	(74,488)	(36,764)
Impairment losses on trade and other receivables reversed (net)	20	(7,356)	(1,230)
Interest expense	21	18,365	27,407
Interest income	20	(1,315)	(1,760)
Gain on disposal of property, plant and equipment	3, B, 20	(31,168)	(44,318)
Property, plant and equipment written-off	3, 22	987	10
Share of post-tax results of equity-accounted joint ventures	6	4,975	(5,696)
Share of post-tax results of equity-accounted associates	5	(27,684)	(4,131)
<b>Operating profit before working capital changes</b>		<b>356,157</b>	<b>146,635</b>
Changes in inventories		(94,907)	(10,355)
Changes in trade and other receivables		20,908	(94,071)
Changes in prepayments		(21,412)	(4,694)
Changes in trade and other payables		(28,495)	12,836
<b>Cash generated from operations</b>		<b>232,251</b>	<b>50,351</b>
Interest paid		(6,553)	(3,666)
Income taxes paid		(34,757)	(21,897)
Income tax refunded		123	-
<b>Net cash generated from operating activities</b>		<b>191,064</b>	<b>24,788</b>
<b>Cash Flows from Investing Activities</b>			
Repayments from associates		9,097	7,544
Repayments to joint ventures		(55,001)	(12,456)
Interest received		1,315	1,760
Proceeds from disposal of property, plant and equipment	3, B	38,894	61,649
Purchase of property, plant and equipment	3, B	(98,239)	(78,258)
<b>Net cash used in investing activities</b>		<b>(103,934)</b>	<b>(19,761)</b>
<b>Cash Flows from Financing Activities</b>			
Repayments of borrowings	A	(37,614)	(828)
Repayments of lease liabilities	A	(834)	(793)
Repayments of lease liabilities interest	A	(31)	(95)
Dividend paid to non-controlling interests of a subsidiary	C	(8,163)	(1,452)
Proceeds from issuance of shares		30,000	-
Proceeds from issuance of shares to non-controlling interest of a subsidiary		-	17
Increased in restricted cash	A	(6,031)	(1,942)
Fixed deposits pledged as security for bank facilities	A	1,836	(3,380)
<b>Net cash used in financing activities</b>		<b>(20,837)</b>	<b>(8,473)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>66,293</b>	<b>(3,446)</b>
Cash and cash equivalents at beginning of the year		53,376	57,336
Effect of foreign exchange fluctuations on cash and cash equivalents		375	(514)
<b>Cash and cash equivalents at end of the year</b>	11	<b>120,044</b>	<b>53,376</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 2024

Note:

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

	Note	At 1 January 2024 RM'000	Cash Flows RM'000	Foreign exchange RM'000	Interest Expenses RM'000	Issuance of share and cash conversion RM'000	Waiver of debts RM'000	At 31 December 2024 RM'000
<i>Liabilities</i>								
Bilateral facilities debt	16	103,570	-	-	-	-	(52,642)	50,928
Term loans	16	938,912	(37,614)	(30,997)	-	(241,695)	(221,435)	407,171
Lease liabilities	16	1,096	(865)	-	31	-	-	262
<i>Assets</i>								
Restricted cash	11	(4,798)	(6,031)	-	-	-	-	(10,829)
Fixed deposits (pledged)	11	(6,053)	1,836	-	-	-	-	(4,217)
<hr/>								
	Note	At 1 January 2023 RM'000	Cash Flows RM'000	Foreign exchange RM'000	Interest Expenses RM'000	New leases RM'000	Termination of lease RM'000	At 31 December 2023 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>Assets</i>								
Restricted cash	11	(2,856)	(1,942)	-	-	-	-	(4,798)
Fixed deposits (pledged)	11	(2,673)	(3,380)	-	-	-	-	(6,053)

### B. Property, plant and equipment

During the financial year ended 31 December 2024, the Group acquired property, plant and equipment with an aggregate cost of RM126,080,000 (2023 – RM116,288,000). Cash payments of RM98,239,000 (2023 – RM78,258,000) were made to purchase property, plant and equipment, and RM27,841,000 (2023 – RM38,030,000) were offset with receivables.

The Group has disposed of plant and equipment with a total carrying amount of RM7,726,000 (2023 – RM17,331,000) for a sales consideration of RM38,894,000 (2023 – RM61,649,000). This resulted gain on disposal of RM31,168,000 (2023 – RM44,318,000) and was recognised as “other income” in profit or loss.

### C. Dividend paid

During the financial year ended 31 December 2024, SKOSV Sdn. Bhd. (“SSB”), an indirect owned subsidiary of the Company declared dividend paid amounting to RM16,000,000 (2023: RM6,955,000). The dividend paid to its non-controlling shareholder amounting to RM8,163,000 (2023: RM2,087,000).

In the previous financial year ended 31 December 2023, dividend paid to its 30% non-controlling shareholder has subsequently being offset with the subscription of additional shares in SSB on 31 July 2023 amounting to RM635,000.

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 2024

## 1 General information

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.

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.

The financial statements of Nam Cheong Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Report.

### Debt restructuring exercise

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 1 General information (Cont'd)

### Debt restructuring exercise (Cont'd)

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.

## 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.

### Going concern basis

The Company reported net current liabilities of RM60,792,000 (2023 – RM869,999,000) as at 31 December 2024. This indicates a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

The financial statements of the Company have been prepared on a going concern assumption basis as the subsidiary has provided continuing financial support to enable the Company to meet its obligation as and when they fall due. The directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements and that debts owing will be paid as and when they fall due as the directors believe that the subsidiary will be able to generate sufficient operating cash flows to support the Company. Accordingly, the financial statements do not include any adjustments that would be required should the Company fail to continue as a going concern.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### **Significant accounting estimates and judgements (Cont'd)**

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.

#### **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 Notes 15 and 23 to the financial statements, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### **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 increase/decrease by RM3,761,000 (2023 - RM2,645,000).

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

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

##### 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 require 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.

Investments in subsidiaries that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 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 to the financial statements.

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 2024, 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 (Annual periods beginning on 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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 (Annual periods beginning on or after)
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS	Volume 11	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Refencing Nature-dependent Electricity	1 January 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### Consolidation (Cont'd)

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 2024

### **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. 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.

#### **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 *Non-current Assets Held for Sale and Discontinued Operations*. 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 2024

### 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 *Impairment of Assets* 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 2024

### **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 2024

### 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 2024

### 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 2024

### 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 2024

### 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 2024

### 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 2024

### 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 2024

### 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 2024

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

### Borrowings

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

The covenants that the Group is required to comply with on or before the reporting date are taken into consideration when classifying the loan as current or non-current at the reporting date. The covenants that the Group is required to comply with after the reporting date do not affect the current or non-current classification of the loan at the reporting date.

### Bank borrowings

Bank borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Bank borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the bank borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Bank borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When the contractual cash flows of bank borrowings are modified but do not result in derecognition, difference between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### 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.

#### Restricted cash

Restricted cash consists of amounts set aside for specific purposes under contractual agreements. The Group maintains restricted cash for the payment of interest on secured loan facilities. These funds are legally or contractually restricted and are not available for general corporate use until the related obligations are settled.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### Leases (Cont'd)

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

(a) Lease liability (Cont'd)

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.

(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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

#### Leases (Cont'd)

(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 *Revenue from Contracts with Customers* 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.

#### 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### **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 2024

### 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 NCMIP 2024 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 2024

### 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 2024

### 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 right at the end of the reporting period to defer 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 2024

## 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 2024

### 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 2024

## 3 Property, plant and equipment

The Group	Leasehold lands RM'000	Buildings RM'000	Launching ways, plant and machinery RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Vessels RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
<u>Cost</u>									
At 1 January 2023	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
Transfers from inventories	-	-	-	-	-	100,600	-	-	100,600
Additions*	-	-	1,611	358	257	123,652	202	-	126,080
Disposals	-	-	-	-	-	(13,289)	-	-	(13,289)
Write-offs	-	-	-	(204)	-	(3,553)	-	-	(3,757)
Exchange differences	-	-	-	(4)	-	(19,564)	-	-	(19,568)
<b>At 31 December 2024</b>	<b>19,069</b>	<b>32,423</b>	<b>16,293</b>	<b>2,502</b>	<b>2,889</b>	<b>1,137,609</b>	<b>2,366</b>	<b>2,548</b>	<b>1,215,699</b>

\* Comprises property, plant and equipment of RM126,080,000 (2023 - RM115,659,000) and right-of-use assets of RM Nil (2023 - RM629,000) (Note 27).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

The Group	Leasehold lands RM'000	Buildings RM'000	Launching ways, plant and machinery RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Vessels RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
<u>Accumulated depreciation and impairment losses</u>									
At 1 January 2023	5,950	29,074	14,531	1,396	2,417	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
Depreciation	347	817	154	242	149	35,737	167	-	37,613
Disposals	-	-	-	-	-	(5,563)	-	-	(5,563)
Write-offs	-	-	-	(204)	-	(2,566)	-	-	(2,770)
Exchange differences	-	-	-	(4)	-	(7,770)	-	-	(7,774)
<b>At 31 December 2024</b>	<b>6,644</b>	<b>30,708</b>	<b>14,322</b>	<b>1,623</b>	<b>2,438</b>	<b>443,969</b>	<b>1,559</b>	<b>2,039</b>	<b>503,302</b>
<u>Carrying amount</u>									
<b>At 31 December 2024</b>	<b>12,425</b>	<b>1,715</b>	<b>1,971</b>	<b>879</b>	<b>451</b>	<b>693,640</b>	<b>807</b>	<b>509</b>	<b>712,397</b>
At 31 December 2023	12,772	2,532	514	763	343	525,632	772	509	543,837

Property, plant and equipment include right-of-use assets with carrying amount of RM12,425,000 and RM1,715,000 (2023 - RM12,772,000 and RM2,532,000) as at 31 December 2024 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 RM5,326,000 (2023 - RM5,489,000), RM1,484,000 (2023 - RM1,528,000) and RM35,357,000 (2023 - RM38,506,000), respectively (Note 16).



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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

For the financial year ended 31 December 2024, additions to property, plant and equipment (excluding right-of-use assets) amount to RM126,080,000 (2023 – RM115,659,000), of which RM98,239,000 (2023 – RM77,629,000) has been paid and RM27,841,000 (2023 – RM38,030,000) were offset with the advance payments made to suppliers included in trade and other receivables.

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 reported a net profit during the year of RM800,198,000 (2023 - RM180,630,000 (restated)). Leasehold lands and buildings and vessels are considered distinct cash generating unit. For the financial year ended 31 December 2024, most of the Group's chartering vessels are optimally utilised and profit generating except for four 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 four vessels were higher than the carrying amount of the vessels, management has assessed that no impairment is required for the four idle vessels.

As at 31 December 2024, 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 2024. 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 was 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 loss were recognised for the financial years ended 31 December 2024 as the recoverable amounts were higher than the carrying amounts of the leasehold lands and buildings.

### 4 Subsidiaries

	<b>31 December 2024</b>	31 December 2023	1 January 2023
<b>The Company</b>	<b>RM'000</b>	RM'000	RM'000
		(Restated)	
Unquoted equity investments, at cost	<b>1,140,777</b>	1,143,476	1,143,476
Employee share grants, at cost	<b>1,130</b>	1,323	1,323
Less: Allowance for impairment losses	<b>(147,358)</b>	(149,583)	(1,144,799)
	<b>994,549</b>	995,216	-
Amount due from subsidiaries (non-trade)	<b>660,262</b>	1,561,733	1,474,243
Less: Allowance for impairment loss	<b>(96,630)</b>	(1,561,733)	(1,474,243)
	<b>563,632</b>	-	-
Carrying amount	<b>1,558,181</b>	995,216	-

The non-trade amount due from subsidiaries is unsecured and bears interest at 4% (2023 - 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 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 SAR35,000 (equivalent to RM41,860).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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 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	359

### Impairment testing

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

	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000
<b>The Company</b>			
At 1 January	1,711,316	2,619,042	2,563,618
Impairment losses recognised	13,558	87,490	55,424
Reversal of impairment losses	(342,749)	(995,216)	-
Written-off	(1,137,023)	-	-
Share grant reversed	(1,114)	-	-
At 31 December	243,988	1,711,316	2,619,042

At the end of each reporting period, the Company carried out a retrospective review of the recoverable amount of its investments in subsidiaries, primarily Nam Cheong Dockyard Sdn. Bhd. and SKOM Sdn. Bhd., due to the significant cash inflows from operations reported by the subsidiaries. The review led to the net reversal of impairment loss of RM329,191,000 (2023 – RM907,726,000) in the Company's profit or loss.

During the financial year, the Company wrote off an amount of RM1,137,023,000 relating to amount due from subsidiaries. The write-off was made pursuant to a mutual agreement between the Company and the respective subsidiaries as part of the intercompany settlement.

The recoverable amount of the investment in subsidiaries was determined using the value in use ("VIU") method. Under this approach, management has estimated future cash flows expected to be generated from the subsidiaries and discounted them at an appropriate rate to reflect their present value. The key assumptions applied in the VIU calculation include revenue growth rates, operating margins, and the discount rate, which are subject to management's judgment. The fair value measurement remains categorised as Level 3 under the fair value hierarchy. Based on the VIU assessment, the recoverable amount exceeds its carrying amount. As a result, no impairment loss been recognised for the financial year ended 31 December 2024 and 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 4 Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Percentage of effective equity held</u>	
			<b>31 December 2024</b> %	31 December 2023 %
<b><u>Held by the Company</u></b>				
Nam Cheong Dockyard Sdn. Bhd. <sup>(2)</sup>	Shipbuilding	Malaysia	<b>100</b>	100
Nam Cheong Offshore Pte. Ltd. <sup>(1)</sup>	Shipbuilding	Singapore	<b>100</b>	100
<b><u>Held by Subsidiaries</u></b>				
Nam Cheong International Ltd. <sup>(2)</sup>	Shipbuilding	Federal Territory of Labuan, Malaysia	<b>100</b>	100
S.K. Marine Sdn. Bhd. <sup>(2)</sup>	Vessel chartering	Malaysia	<b>100</b>	100
Nam Cheong Heavy Industries Sdn. Bhd. <sup>(2)</sup>	Dormant	Malaysia	<b>100</b>	100
Nam Cheong Marine Pte. Ltd. <sup>(1)</sup>	Vessel chartering	Singapore	<b>100</b>	100
Nam Cheong Marine Sdn. Bhd. <sup>(3)</sup>	Dormant	Malaysia	<b>49</b>	49
NC Design Pte. Ltd. <sup>(1)</sup>	Design services	Singapore	<b>100</b>	100
Nam Cheong Pioneer Sdn. Bhd. <sup>(2)</sup>	Investment holding	Malaysia	<b>100</b>	100
SKOSV Sdn. Bhd. <sup>(2)</sup>	Vessel chartering	Malaysia	<b>49</b>	49
Nam Cheong OSV Ltd. <sup>(2)</sup>	Vessel chartering	Federal Territory of Labuan, Malaysia	<b>100</b>	100
Nam Cheong Venture Ltd. <sup>(2)</sup>	Vessel chartering	Federal Territory of Labuan, Malaysia	<b>100</b>	100
SK Venture Ltd. <sup>(2)</sup>	Vessel chartering	Federal Territory of Labuan, Malaysia	<b>100</b>	100
SK Machines Ltd. <sup>(2)</sup>	Trading	Federal Territory of Labuan, Malaysia	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 4 Subsidiaries (Cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of effective equity held	
			31 December 2024 %	31 December 2023 %
<b><u>Held by Subsidiaries (Cont'd)</u></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)</sup>	Vessel chartering	Malaysia	100	100
SKOM Australia Pty Ltd <sup>(4)</sup>	Dormant	Australia	100	100
SK Salasel Marine Transportation Company <sup>(5)(6)</sup>	Vessel chartering	Saudi Arabia	70	70

(1) Audited by Foo Kon Tan LLP, Singapore.

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

(3) Audited by Crowe Malaysia PLT, Malaysia.

(4) Not required to be audited.

(5) Audited by Rseen for professional consulting, Saudi Arabia.

(6) Incorporated on 1 March 2023

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
Current assets	279,376	244,472
Non-current assets	2,539	3,403
Current liabilities	(181,033)	(159,240)
Net assets	100,882	88,635
Less: Equity contribution made by holding company	(68,000)	(68,000)
Equity attributable to owners of the Company	32,882	20,635
Material subsidiaries with non-controlling interests	14,043	7,416
Individually immaterial subsidiaries with non-controlling interests	(263)	(428)
Non-controlling interests	13,780	6,988

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

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
Revenue	660,733	430,630
Profit for the year, represent total comprehensive income for the year	29,704	19,529
Attributable to:		
- owners of the Company	14,555	13,799
- non-controlling interests	15,149	5,730
	29,704	19,529
Dividend paid to non-controlling interests	8,163	2,087
Issuance of shares to non-controlling interests	-	635

#### Other summarised financial information

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
Net cash outflow from operating activities	(22,972)	(21,581)
Net cash inflow/(outflow) from investing activities	848	(6,410)
Net cash inflow from financing activities	52,989	19,709
Net cash inflow/(outflow) for the year	30,865	(8,282)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 5 Associates

<b>The Group</b>	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
Unquoted equity investment, at cost	492	492
Share of post-acquisition results	36,607	8,847
Exchange difference	(527)	76
	<b>36,572</b>	<b>9,415</b>

Details of the associate are as follows:

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>31 December 2024 %</u>	<u>31 December 2023 %</u>
SK Hull Sdn. Bhd. <sup>(1)</sup>	Offshore facilities	Malaysia	30	30
SK Majestic Ltd. <sup>(1)</sup>	Vessel chartering	Federal Territory of Labuan Malaysia	50	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.

During the financial year ended 31 December 2024, there were dividends receivable from SKMJ amounting to USD7,200,000 (equivalent to RM32,836,000).

The financial information of the associates are summarised below.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 5 Associates (Cont'd)

Statement of financial position

	SK Hull Sdn. Bhd.		SK Majestic Ltd.		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets and liabilities</b>						
Current assets	29,260	15,202	102,619	8,294	131,879	23,496
Non-current assets	348	782	4	15,347	352	16,129
Total assets	29,608	15,984	102,623	23,641	132,231	39,625
Current liabilities	(20,133)	(4,270)	(35,376)	(11,587)	(55,509)	(15,587)
Non-current liabilities	-	(275)	-	-	-	(275)
Total liabilities	(20,133)	(4,545)	(35,376)	(11,587)	(55,509)	(16,132)
Net assets	9,475	11,439	67,247	12,054	76,722	23,493
Proportion of the Group's ownership	30%	30%	50%	50%		
Share of net assets, net	2,843	3,432	33,624	6,027	36,467	9,459

Statement of profit or loss and other comprehensive income

	SK Hull Sdn. Bhd.		SK Majestic Ltd.		Total	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Income and expenses</b>						
Revenue	38,197	17,574	64	6,598	38,261	24,172
Operating expenses	(39,578)	(11,194)	(1,129)	(79)	(40,707)	(11,273)
Depreciation and amortisation	(438)	(441)	-	(1,108)	(438)	(1,549)
Other income/ Interest income	136	-	59,360	-	59,496	-
Interest expense	(22)	(40)	-	-	(22)	(40)
(Loss)/Profit before taxation	(1,705)	5,899	58,295	5,411	56,590	11,310
Taxation	(259)	(876)	(1,749)	(162)	(2,008)	(1,038)
(Loss)/Profit for the year, represent total comprehensive (loss)/income for the year	(1,964)	5,023	56,546	5,249	54,582	10,272



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 5 Associates (Cont'd)

Statement of profit or loss and other comprehensive income (Cont'd)

	SK Hull Sdn. Bhd.		SK Majestic Ltd.		Total	
	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
Proportion of the Group's ownership	30%	30%	50%	50%		
Share of post-tax (losses)/profit, net	(589)	1,506	28,273	2,625	27,684	4,131

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 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
<b>Share of net assets</b>						
At 1 January	3,432	1,925	5,983	3,285	9,415	5,210
(Loss)/Profit for the year	(589)	1,507	28,273	2,624	27,684	4,131
Exchange differences	-	-	(527)	74	(527)	74
At 31 December	2,843	3,432	33,729	5,983	36,572	9,415
Carrying amount of the Group's investment in associates	2,843	3,432	33,729	5,983	36,572	9,415

The investment in associate had no contingent liabilities and capital commitments at 31 December 2024 and 31 December 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 6 Joint ventures

	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group</b>		
Unquoted equity investments, at cost	15,849	15,849
Share of post-acquisition results	(10,334)	(5,359)
Allowance for impairment loss	(1,430)	(1,430)
Exchange differences	60	(64)
	<b>4,145</b>	<b>8,996</b>

Movement in the allowance for impairment of joint venture is as follows:

	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group</b>		
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 2024 and 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 6 Joint ventures (Cont'd)

Details of the joint ventures are as follows:

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Percentage of effective equity held</u>	
			<b>31 December 2024</b> %	31 December 2023 %
Synergy Kenyalang Offshore Sdn. Bhd. ("SKO") <sup>(1)</sup>	Vessel chartering	Malaysia	<b>40</b>	40
P.T. Bahtera Niaga Indonesia ("BNI") <sup>(2)</sup>	Vessel chartering	Indonesia	<b>49</b>	49
Marco Polo Offshore (IV) Pte Ltd ("MPO") <sup>(2)</sup>	Vessel chartering	Federal Territory of Labuan, Malaysia	<b>50*</b>	50*
SK Marco Polo Sdn. Bhd. ("SKMP") <sup>(1)</sup>	Vessel chartering	Malaysia	<b>50*</b>	50*
Pelayaran New Era (L) Bhd. ("PNEL") <sup>(1)</sup>	Vessel chartering	Federal Territory of Labuan, Malaysia	<b>51*</b>	51*
Pelayaran Era Sdn. Bhd. ("PESB") <sup>(1)</sup>	Vessel chartering	Malaysia	<b>51*</b>	51*
SK Wynnergy Offshore Marine Company Limited ("SK Wynnergy") <sup>(2)</sup>	Vessel chartering	Republic of China, Taiwan	<b>49</b>	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 2024

## 6 Joint ventures (Cont'd)

Statement of profit or loss and other comprehensive income

	MPO		SKO		PNEI		SK Wynnery		Total	
	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
<b>Income and expenses</b>										
Revenue	7,133	1,743	2	27	22,027	7,177	20,281	43,767	49,443	52,714
Operating expenses	(4,512)	(2,286)	182	(14)	(24,576)	(3,398)	(24,890)	(30,268)	(53,796)	(35,966)
Depreciation and amortisation	(1,530)	(383)	-	-	(889)	(776)	(1,032)	(2,897)	(3,451)	(4,056)
Interest income	-	-	-	-	-	939	513	398	513	1,337
Interest expense	-	-	-	-	(1,452)	(479)	(1,022)	(975)	(2,474)	(1,454)
Profit/(loss) before taxation	1,091	(926)	184	13	(4,890)	3,463	(6,150)	10,025	(9,765)	12,575
Taxation	-	-	(52)	(19)	531	-	(418)	(2,005)	61	(2,024)
Profit/(loss) for the year, represent total comprehensive income/(loss) for the year	1,091	(926)	132	(6)	(4,359)	3,463	(6,568)	8,020	(9,704)	10,551
Proportion of the Group's ownership	50%	50%	40%	40%	51%	51%	49%	49%	(4,842)	5,231
Share of post-tax profits/(losses)	546	(463)	53	(2)	(2,223)	1,766	(3,218)	3,930	(4,842)	5,231
Joint venture's losses in excess of equity interest	(546)	463	(53)	2	466	-	-	-	(133)	465
Net share of post-tax (losses)/profits	-	-	-	-	(1,757)	1,766	(3,218)	3,930	(4,975)	5,696

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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		SKO		PNEL		SK Wynnery		Total	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	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	3,196	1,430	7,181	3,315	37,896	32,264
(Loss)/Profit for the year	-	-	-	-	(1,757)	1,766	(3,218)	3,930	(4,975)	5,696
Exchange differences	-	-	-	-	-	-	122	(64)	122	(64)
At 31 December	19,322	19,322	8,197	8,197	1,439	3,196	4,085	7,181	33,043	37,896
Elimination of accumulated unrealised profits	(19,322)	(19,322)	(8,197)	(8,197)	-	-	51	49	(27,468)	(27,470)
Impairment loss	-	-	-	-	(1,430)	(1,430)	-	-	(1,430)	(1,430)
Carrying amount of the Group's investments in joint ventures	-	-	-	-	9	1,766	4,136	7,230	4,145	8,996

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 6 Joint ventures (Cont'd)

The joint ventures have no contingent liabilities and capital commitments as at 31 December 2024 and 31 December 2023.

The Group has not recognised losses relating to MPO, BNI and SKO 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 RM45,898,000 (2023 - RM46,444,000). The Group has no obligation with respect to these losses.

### 7 Other investments

The Group	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
<b>Non-current</b>			
Quoted equity shares at FVTPL			
- PT Pelayaran Nasional Bina Buana Raya Tbk, listed in Indonesia, 12.6%	-	-	-
Unquoted debt securities at FVOCI			
- SGD corporate variable rate notes - issued in Singapore	610	2,588	2,500
<b>Current</b>			
Unquoted debt securities at FVOCI			
- SGD corporate variable rate notes - issued in Singapore	1,816	-	-
<b>Balance at end of financial year</b>	<b>2,426</b>	<b>2,588</b>	<b>2,500</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 average effective interest rate of the unquoted debt securities is 4.75% to 5.35% (2023 - 1.49% to 1.51%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 8 Inventories

The Group	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000
<u>At cost:</u>			
Raw materials	10,102	6,559	35
Work in progress	-	-	5
<u>At net realisable value:</u>			
Work in progress	83,166	23,013	13,564
	<b>93,268</b>	<b>29,572</b>	<b>13,604</b>
Inventories recognised as an expense in cost of sales	153	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 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
At 1 January	152,063	187,794	140,718
Allowance made	186	5,613	39,437
Reversal of inventories write-down (Note 20)	(74,488)	(36,764)	-
Write-off	(65,930)	(12,020)	-
Exchange differences	(850)	7,440	7,639
At 31 December	<b>10,981</b>	<b>152,063</b>	<b>187,794</b>

Included in reversal of inventories written-down on the completed vessels amounting to RM72,040,000 (2023 – RM31,151,000) is recognised during the year ended 31 December 2024. These inventories have been written down to nil value in previous financial years in view of the uncertainty in delivery of these vessels pending finalisation of the settlement with Non-Fujian Group Shipyards (“NFGS”).

During the previous financial year ended 31 December 2023, the Group entered into written agreements with NFGS for the settlement of the remaining shipbuilding contracts. Arising from the agreements, the completed vessels were delivered to the Group during the current and previous financial years. These vessels were subsequently transferred to property, plant and equipment for the Group’s own use at costs, for chartering purpose. The net realisable value is assessed to be higher than the cost based on valuation carried out as at year end.

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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 9 Trade and other receivables

	The Group		The Company	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
<b>Non-current</b>				
Trade receivables from a third party (a)	288	7,585	-	-
Less: Allowance for impairment losses	(288)	(7,585)	-	-
	-	-	-	-
<b>Current</b>				
Trade receivables from third parties	225,113	226,269	-	-
Trade receivables from joint ventures	1,595	21,500	-	-
Trade receivables from an associate	8,025	-	-	-
Less: Allowance for impairment losses	(20,912)	(21,452)	-	-
	213,821	226,317	-	-
Amounts due from subsidiaries (non-trade) (b)	-	-	4,680	15,737
Amounts due from joint ventures (non-trade) (c)	68,621	41,103	57	62
Amount due from an associate (non-trade) (d)	2,579	1,762	-	-
Deposits	7,293	4,291	140	152
Other receivables	6,733	13,791	-	-
Less: Allowance for impairment losses				
- amounts due from subsidiaries (non-trade)	-	-	(4,680)	(15,737)
- amounts due from joint ventures (non-trade)	(27,742)	(29,374)	(57)	(62)
- amounts due from an associate (non-trade)	-	(635)	-	-
- other receivables	(4,288)	(3,049)	-	-
	53,196	27,889	140	152
Financial assets at amortised cost	267,017	254,206	140	152
<b>Total trade and other receivables</b>	<b>267,017</b>	<b>254,206</b>	<b>140</b>	<b>152</b>

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Malaysia ringgit	236,182	214,803	-	-
United States dollar	22,264	23,648	-	-
Taiwan dollar	4,624	8,338	-	-
Singapore dollar	338	6,171	140	152
Others	3,609	1,246	-	-
	267,017	254,206	140	152

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 1 to 2 months (2023 - 1 to 2 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 31 January 2026. The non-current trade receivables are credit-impaired as at 31 December 2024 and 31 December 2023.
- (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 RM20,458,000 (2023 - RM20,981,000), are unsecured, bear interest at 7.25% (2023 - 7.25%) per annum, and are repayable on demand. The remaining non-trade amounts due from joint ventures are unsecured, non-interest bearing and 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:

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
<b>The Group</b>		
Not impaired:		
Not past due	<b>56,810</b>	22,739
Past due 1 to 3 months	<b>113,268</b>	100,166
Past due 3 to 6 months	<b>30,052</b>	46,552
Past due more than 6 months	<b>13,691</b>	56,860
	<b>213,821</b>	226,317
Past due and impaired	<b>21,200</b>	29,037
	<b>235,021</b>	255,354

Comprises trade receivables from a third party (non-current) of RM288,000 (2023 - RM7,585,000), trade receivables from third parties (current) of RM225,113,000 (2023 - RM226,269,000), trade receivables from joint ventures of RM1,595,000 (2023 - RM21,500,000) and trade receivables from associate of RM8,025,000 (2023 - RM Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 9 Trade and other receivables (Cont'd)

Movement in the allowance for impairment of trade receivables is as follows:

The Group	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	29,037	31,275
Impairment losses recognised	-	1,418
Impairment losses reversed	(7,378)	(4,230)
Exchange differences	(459)	574
At 31 December	<b>21,200</b>	29,037

Comprises allowance for impairment of non-current trade receivables of RM288,000 (2023 - RM7,585,000), current trade receivables of RM19,958,000 (2023 - RM21,452,000) and trade receivables from joint ventures of RM954,000 (2023 - RM Nil). Reversal of impairment losses amounting to RM7,378,000 (2023 - RM4,230,000) is recognised when the amount is recovered.

Movement in allowance for impairment of other receivables is as follows:

	The Group		The Company	
	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	33,058	30,267	15,799	66,430
Impairment losses recognised	948	1,615	-	15,468
Impairment losses reversed	(926)	(33)	(11,062)	(66,099)
Exchange differences	(1,050)	1,209	-	-
At 31 December	<b>32,030</b>	33,058	<b>4,737</b>	15,799

Comprises allowance for impairment of amount due from joint ventures of RM27,742,000 (2023 - RM29,374,000), allowance for impairment of amount due from associate of RM Nil (2023 - RM635,000) and allowance of impairment of other receivables of RM4,288,000 (2023 - RM3,049,000). Reversal of impairment losses of the Group and of the Company amounting to RM926,000 and RM11,062,000 (2023 - RM33,000 and RM66,099,000) 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 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Cash in banks	127,749	57,264	170	171
Cash on hand	60	76	-	-
Cash and bank balances	<b>127,809</b>	57,340	<b>170</b>	171
Fixed deposits	7,281	6,887	-	-
	<b>135,090</b>	64,227	<b>170</b>	171

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 11 Cash and bank balances and fixed deposits (Cont'd)

The Group's fixed deposits mature on varying dates between 3 months to 12 months (2023 - 1 day to 12 months). The interest rates on the fixed deposits range from 2.75% to 3.10% (2023 - 2.60% to 3.10%) per annum.

As at 31 December 2024, the Group's fixed deposits of RM4,217,000 (2023 - RM6,053,000) and cash in banks of RM10,829,000 (2023 - RM4,798,000) 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 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
<u>Cash and bank balances</u>				
Malaysia ringgit	103,963	40,274	-	-
Singapore dollar	2,309	3,237	170	171
United States dollar	21,248	13,561	-	-
Euro	4	9	-	-
Japanese yen	8	18	-	-
Indonesian rupiah	86	73	-	-
Others	191	168	-	-
	<b>127,809</b>	<b>57,340</b>	<b>170</b>	<b>171</b>
<u>Fixed deposits</u>				
Malaysia ringgit	7,281	6,887	-	-
Total cash and bank balances and fixed deposits	<b>135,090</b>	<b>64,227</b>	<b>170</b>	<b>171</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group</b>		
Cash and bank balances	127,809	57,340
Fixed deposits	7,281	6,887
	<b>135,090</b>	<b>64,227</b>
Less: Restricted cash	(10,829)	(4,798)
Less: Fixed deposits pledged	(4,217)	(6,053)
	<b>120,044</b>	<b>53,376</b>

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 12 Share capital and share premium

### Share capital

	31 December 2024 '000	31 December 2023 '000	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group and The Company</b>				
	Number of ordinary shares			
<b>Authorised share capital</b>				
Ordinary shares	<b>12,000,000</b>	12,000,000	<b>163,145</b>	163,145
<b>Issued and fully paid</b>				
At 1 January	<b>8,078,216</b>	7,950,937	<b>3,977</b>	3,904
Share consolidation	<b>(7,997,434)</b>	-	<b>(3,937)</b>	-
Issuance of:				
- Term loan shares	-	127,279	-	73
- Conversion shares	<b>176,193</b>	-	<b>105</b>	-
- Settlement shares	<b>10,982</b>	-	<b>7</b>	-
- Placement shares	<b>125,508</b>	-	<b>75</b>	-
At 31 December	<b>393,465</b>	8,078,216	<b>227</b>	3,977

The ordinary shares of the Company have par value of HK\$0.001 each.

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.

On 11 March 2024, pursuant to the terms of the Schemes of Arrangement in 2024 ("2024 Scheme"), Share consolidation and Capital reorganisation has taken effect. Each issued share post share consolidation with a par value of HK\$0.10 shall be treated as one (1) fully paid Share with a par value of HK\$0.001 and any liability of the holder of such Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied.

On 12 March 2024, pursuant to the terms of the 2024 Scheme: -

- (a) 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;
- (b) an aggregate of 10,981,923 Settlement Shares were allotted and issued at an issue price of S\$0.0697 per Settlement Shares to the Company's financial advisors as a part payment of professional fees, in accordance with the terms of the 2024 Scheme; and
- (c) an aggregate of 125,507,689 Placement Shares were allotted and issued at an issue price of S\$0.0697 per Placement Shares to the Tan Sri Datuk Tiong Su Kouk as an interested person transaction.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 12 Share capital and share premium (Cont'd)

#### Share premium

	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group and The Company</b>		
At 1 January	312,471	310,850
Issuance of:		
- Term loan shares	-	1,621
- Conversion shares	241,590	-
- Settlement shares	2,618	-
- Placement shares	29,925	-
<b>At 31 December</b>	<b>586,604</b>	<b>312,471</b>

Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value.

### 13 Treasury shares

	31 December 2024 '000	31 December 2023 '000	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group and The Company</b>				
	Number of ordinary shares			
At 1 January and 31 December	67	6,678	4,097	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 2024 ("NCMIP 2024") in February 2024.

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.

As at 31 December 2024 and 31 December 2023, 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.

### 14 Reserves

	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
<b>The Group</b>			
Foreign currency translation reserve	109,052	121,137	161,565
Fair value reserve	(3,366)	(3,426)	(3,319)
Capital reserve	359	359	-
Contributed surplus	3,937	-	-
Share grant reserve	2,055	2,776	2,776
	<b>112,037</b>	<b>120,846</b>	<b>161,022</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 14 Reserves (Cont'd)

The Company	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
Capital surplus	778,608	778,608	778,608
Contributed surplus	3,937	-	-
Share grant reserve	2,055	2,776	2,776
	<b>784,600</b>	<b>781,384</b>	<b>781,384</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.

#### Contributed Surplus

Contributed surplus represents the credit arising from the capital reorganisation completed on 11 March 2024, pursuant to the Company 2024 Scheme. The capital reorganisation resulted in a reduction in the par value of each issued share from HK\$0.10 to HK\$0.001, leading to a corresponding reduction in the issued and paid-up share capital from HK\$8,078,000 to HK\$81,000. The cancelled paid-up capital amounting to HK\$7,997,000 (equivalent to RM3,937,000) was credited to the contributed surplus account.

#### Share grant reserve

Share grant reserve represents the conditional shares awarded under NCMIP 2024 to the selected management staff of the Group.

### 15 Deferred tax liabilities

The Group	31 December 2024 RM'000	31 December 2023 RM'000
At 1 January	8,143	6,365
Recognised in profit or loss: (Note 23)		
- Current year provision	8,303	3,079
- Under/(Over) provision in prior years	1,357	(1,301)
At 31 December	<b>17,803</b>	<b>8,143</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 RM17,803,000 (2023 - RM8,143,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 15 Deferred tax liabilities (Cont'd)

As at 31 December 2024, the undistributed earnings related to subsidiaries is amounting to RM64,209,000 (2023 - RM37,338,000). 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.

### 16 Borrowings

	Year of maturity	Currency	The Group		The Company	
			31 December 2024 RM'000	31 December 2023 RM'000	31 December 2024 RM'000	31 December 2023 RM'000
Bilateral facilities debt (secured)		RM	18,100	44,732	-	-
		USD	32,828	58,838	-	-
	2024 to 2026		50,928	103,570	-	-
Term loan (secured)	2024 to 2031	RM	20,784	-	-	-
Term loan (unsecured)		RM	83,779	114,870	-	-
		SGD	252,830	671,809	236,083	758,223
		USD	49,778	152,233	-	-
	2024 to 2031		386,387	938,912	236,083	758,223
Lease liabilities	2022 to 2025	RM	262	1,096	-	-
			458,361	1,043,578	236,083	758,223
Represented by:						
Non-current			423,131	262	213,080	-
Current			35,230	1,043,316	23,003	758,223
			458,361	1,043,578	236,083	758,223

The maturity analysis of lease liabilities of the Group at the end of the reporting period are as follows:

	The Group	
	31 December 2024 RM'000	31 December 2023 RM'000
Undiscounted lease payment due:		
- Year 1	265	866
- Year 2	-	265
	265	1,131
Less: Unearned interest cost	(3)	(35)
	262	1,096
Presented as:		
- Non-current	-	262
- Current	262	834
	262	1,096



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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. ("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.

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.

#### Non-sustainable Debt

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.

#### Term Loan - Sustainable Debt

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

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 2024

### 16 Borrowings (Cont'd)

#### 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

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.

#### Bilateral Facilities Debt

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.

#### Term Loan (Secured)

Pursuant to 2024 Scheme, RM21,932,080 of the Bilateral Facilities Debt was restructured as the Restructured Term Loan (Secured). The tenure of Restructured Term Loan ("RTL") 1A is from 30 March 2024 to 31 March 2031. Interest rates is charged at cost of funds plus 1 to 2% per annum. The principal of RTL 1A shall be repaid in 84 monthly instalments ranges between RM127,000 to RM468,000 per instalment commencing 30 April 2024.

#### Term Loan (Unsecured)

The Sustainable Debt was restructured as 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.

#### Lease Liabilities

As at 31 December 2024, the lease liabilities amounting to RM262,000 (2023 - RM1,096,000), of which RM262,000 (2023 - RM834,000) is payable within a year and RM Nil (2023 - RM262,000) is payable after one year.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 16 Borrowings (Cont'd)

Borrowings are secured by the underlying assets, comprising leasehold land, buildings and vessels with carrying amount of RM5,326,000 (2023 - RM5,489,000), RM1,484,000 (2023 - RM1,528,000) and RM35,357,000 (2023 - RM38,506,000), respectively.

Borrowings bear effective interest rates per annum ranging as follows:

	The Group		The Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	%	%	%	%
Bilateral facilities debt	<b>3.52 to 5.45</b>	3.10 to 8.51	-	-
Term loan	<b>3.00 to 7.30</b>	4.00	<b>3.00 to 7.30</b>	4.00
Lease liability	<b>3.83 to 5.48</b>	3.83 to 5.48	-	-

The maturities of the borrowings at the end of the reporting period are as follows:

	The Group		The Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Due not later than one year	<b>35,230</b>	1,043,316	<b>23,003</b>	758,223
Due later than one year and not later than two years	<b>78,419</b>	262	<b>15,417</b>	-
Due later than two years and not later than five years	<b>163,105</b>	-	<b>88,325</b>	-
Due later than five years	<b>181,607</b>	-	<b>109,338</b>	-
	<b>458,361</b>	1,043,578	<b>236,083</b>	758,223

Borrowings are denominated in the following currencies:

	The Group		The Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Malaysia ringgit	<b>122,925</b>	160,698	-	-
United States dollar	<b>82,606</b>	211,071	-	-
Singapore dollar	<b>252,830</b>	671,809	<b>236,083</b>	758,223
	<b>458,361</b>	1,043,578	<b>236,083</b>	758,223

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 17 Trade and other payables

The Group		31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000
<b>Non-Current</b>				
Trade payables - third parties	(a)	22,762	28,093	-
		<b>22,762</b>	<b>28,093</b>	<b>-</b>
<b>Current</b>				
Trade payables - third parties	(a)	94,937	116,853	156,178
Amounts due to joint ventures (trade)		25,664	22,267	13,596
Amounts due to associates (trade)		827	5,870	-
Accrued expenses		15,620	20,572	10,949
Deposits received		32	33	11,659
Other payables	(b)	11,496	8,378	10,679
Amounts due to joint ventures (non-trade)	(c)	5,087	63	63
Amounts due to associates (non-trade)	(d)	7,508	1,193	-
Interest payable		7,158	89,354	64,921
		<b>168,329</b>	<b>264,583</b>	<b>268,045</b>
Financial liabilities at amortised cost		191,091	292,676	268,045
Dividend payable		146	146	146
Service tax payable		2,820	2,077	638
Withholding tax payable		27	223	142
		<b>194,084</b>	<b>295,122</b>	<b>268,971</b>
Present as:				
- Current		171,322	267,029	268,971
- Non-current		22,762	28,093	-
		<b>194,084</b>	<b>295,122</b>	<b>268,971</b>

The Company		31 December 2024 RM'000	31 December 2023 RM'000
<b>Current</b>			
Accrued expenses		1,905	1,724
Other payables	(b)	1,461	259
Amounts due to subsidiaries	(e)	-	1,000
Interest payable		4,416	57,264
		<b>7,782</b>	<b>60,247</b>
Financial liabilities at amortised cost		7,782	60,247
Dividend payable		146	146
		<b>7,928</b>	<b>60,393</b>
Present as:			
- Current		7,928	60,393

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 17 Trade and other payables (Cont'd)

Trade and other payables (excluded dividend payable, service tax payable and withholding tax payable) are denominated in the following currencies:

<b>The Group</b>	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000
Malaysia ringgit	131,375	129,161	77,405
Singapore dollar	7,521	67,491	44,598
United States dollar	51,788	92,983	146,005
Euro	117	26	29
Others	290	3,015	8
	<b>191,091</b>	<b>292,676</b>	<b>268,045</b>

<b>The Company</b>	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000
Malaysia ringgit	1,458	466
Singapore dollar	6,323	59,526
United States dollar	1	255
	<b>7,782</b>	<b>60,247</b>

- (a) Trade payables amounting to RM41,092,000 (2023 - RM55,613,000) which includes non-current trade payables of RM24,992,000 (2023 - RM28,093,000) 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 (2023 - 30 to 60 days).
- (b) Other payables are non-interest bearing and are settled on an average period of six months (2023 - six months).
- (c) 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.
- (d) 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.
- (e) 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 18 Provision for financial guarantee

	31 December 2024 RM'000	31 December 2023 RM'000
<b>The Group and The Company</b>		
<b>Current</b>		
At 1 January	51,874	49,613
Gain on waiver of debts	(19,899)	-
Exchange differences	(1,660)	2,261
At 31 December	<b>30,315</b>	<b>51,874</b>

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.

During the financial year ended 31 December 2024, the debts restructuring exercise has been completed and the New NCL Scheme and DRMA became fully effective and unconditional on 30 March 2024. As a result, a gain on waiver of debts of RM19,899,000 is recognised within “other income” in profit or loss.

The provision for financial guarantee is denominated in United States dollar.

### 19 Revenue

	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
<b>The Group</b>		
<u>Revenue from contracts with customers:</u>		
Shipbuilding	-	-
Time chartering	684,714	474,844
Bareboat chartering	-	429
Total revenue of the Group	<b>684,714</b>	<b>475,273</b>
Over time (Time chartering and bareboat chartering)	<b>684,714</b>	<b>475,273</b>

The shipbuilding division did not record any revenue in the financial year ended 31 December 2024 and 31 December 2023 as there was no scheduled delivery of vessel sale.

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 20 Other income

The Group	Note	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000 (Restated)
Deposit forfeited		11,144	12,094
Gain on disposal of property, plant and equipment		31,168	44,318
Gain on waiver of debts	A	398,575	-
Gain on discounting of trade payable		-	5,227
Foreign exchange gain (net)		27,284	6,292
Impairment losses on trade and other receivables reversed (net)	9	7,356	1,230
Interest income		1,315	1,760
Rental income		18	32
Reversal of inventories write-down	8	74,488	36,764
Miscellaneous income		1,002	490
		<b>552,350</b>	<b>108,207</b>

Note A:

In the financial year ended 31 December 2024, gain on waiver of debts was recognised pursuant to the 2024 Scheme and the DRMA which have become fully effective and unconditional on 30 March 2024. The following table shows the movement of gain on waiver of debts that has been recognised:

	Note	Year ended 31 December 2024 RM'000
<u>Total liabilities discharged under the New NCL Scheme:</u>		
Borrowings		541,346
Trade and other payables		
- Interest payables		99,522
- Accrued expenses		8,549
Provision for financial guarantee	18	19,899
Exchange differences		4,946
		<b>674,262</b>
<u>Consideration paid to extinguish the liabilities:</u>		
Cash distribution to Scheme creditors		(30,000)
Issuance of 176,193,435 conversion shares to Scheme creditors		(241,695)
Repayment of borrowings and interest payable		(3,992)
		<b>(275,687)</b>
Gain on waiver of debts		<b>398,575</b>

## 21 Finance costs

The Group		Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
Interest expenses:			
- Bilateral facilities debt		5,910	5,459
- Term loans		10,111	21,853
- Trade payables		2,313	-
- Lease liabilities		31	95
		<b>18,365</b>	<b>27,407</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 22 Profit before taxation

Other than as disclosed elsewhere in these financial statements, profit before taxation has been arrived after charging:

<b>The Group</b>	Note	<b>Year ended 31 December 2024 RM'000</b>	Year ended 31 December 2023 RM'000 (Restated)
Audit fees:			
- auditor of the Company		<b>429</b>	340
- other auditors – network firms		<b>223</b>	187
Non-audit fees:			
• Non-audit related services			
- auditor of the Company		<b>131</b>	-
Bunker costs		<b>11,169</b>	4,898
Communication and information technology costs		<b>11,939</b>	18,814
Crew costs		<b>115,274</b>	111,786
Engine and desk stores		<b>52,713</b>	52,854
Charter fees		<b>54,183</b>	48,298
Insurance		<b>12,492</b>	5,125
Ship repair costs		<b>9,547</b>	2,510
Depreciation of property, plant and equipment	3	<b>37,613</b>	26,448
Employee benefits expense			
- salaries, wages and other benefits		<b>38,752</b>	27,438
- defined contribution plans		<b>2,642</b>	1,892
- share based payment expenses		<b>2,055</b>	-
Late payment charges		-	2,968
Property, plant and equipment written off	3	<b>987</b>	10
Restructuring expenses		<b>13,283</b>	3,100

Employee benefits expense includes the remuneration of directors and other key management personnel as disclosed in Note 25 to the financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 23 Taxation

The Group	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
Current taxation		
- Current year	36,771	20,484
- (Over)/Under provision in prior years	(682)	1,098
	<b>36,089</b>	<b>21,582</b>
Deferred taxation (Note 15)		
- Current year	8,303	3,079
- Under/(Over) provision in prior years	1,357	(1,301)
	<b>9,660</b>	<b>1,778</b>
	<b>45,749</b>	<b>23,360</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 31 December 2024 RM'000	Year ended 31 December 2023 RM'000 (Restated)
Profit before taxation	823,238	194,163
Share of results of equity-accounted associate and joint ventures	22,709	9,827
	<b>845,947</b>	<b>203,990</b>
Tax at statutory rates applicable to different jurisdictions	293,942	27,904
Expenses not deductible for tax purposes	114,461	5,136
Income not subject to tax	(354,075)	(10,149)
Utilisation of previously unrecognised deferred tax assets	(18,272)	(395)
Deferred tax assets not recognised on tax losses	9,018	1,067
(Over)/Under provision of income tax expenses in respect of prior years	(682)	1,098
Under/(Over) provision of deferred tax in prior years	1,357	(1,301)
	<b>45,749</b>	<b>23,360</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% (2023 - 17%) for the financial year ended 31 December 2024.

### Malaysia

The corporate income tax rate applicable to the subsidiaries incorporated in Malaysia is 24% (2023 - 24%) for the financial year ended 31 December 2024.

The corporate income tax rate applicable to the subsidiaries incorporated in the Federal Territory of Labuan, Malaysia is 3% (2023 - 3%) for the financial year ended 31 December 2024.

### Australia

The corporate income tax rate applicable to the subsidiary incorporated in Australia ranges from 25% to 30% (2023 - 25% to 30%), depending on annual turnover. The subsidiary 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 2024

### 23 Taxation (Cont'd)

As at 31 December 2024, the Group has unused tax losses of approximately RM207,749,000 (2023 – RM221,638,000) and unabsorbed capital allowances of approximately RM50,372,000 (2023 – RM67,774,000). 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 RM59,901,000 (2023 – RM68,758,000) 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 RM785,243,000 (2023 – RM174,981,000 (restated)), and a weighted average number of ordinary shares outstanding during the year of 332,796,000 (2023 – 80,464,000), calculated as follows:

#### Weighted average number of ordinary shares

	Year ended 31 December 2024	Year ended 31 December 2023
<b>The Group</b>		
Net earnings attributable to owners of the Company (RM'000)	785,243	174,981
Weighted average number of ordinary shares outstanding for basic earnings per shares ('000)	332,796	80,464
<b>Basic earnings per share (Malaysia sen)</b>	<b>235.95</b>	<b>217.46</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 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 RM785,243,000 (2023 – RM174,981,000 (restated)), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 337,831,000 (2023 – 81,868,000), calculated as follows:

#### Weighted average number of ordinary shares

	Year ended 31 December 2024 '000	Year ended 31 December 2023 '000
<b>The Group</b>		
Net earnings attributable to owners of the Company (RM'000)	785,243	174,981
Weighted average number of ordinary shares outstanding for diluted earnings per shares ('000)	337,831	81,868
<b>Diluted earnings per share (Malaysia sen)</b>	<b>232.44</b>	<b>213.74</b>

Contingently issuable shares relate to share awards granted pursuant to the new NCMIP 2024.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
Joint venture		
- interest income	-	964
- loan to joint venture	-	5,967
Other related parties in which directors and key management have interest		
- purchases <sup>(a) (b)</sup>	473	346
- rental expense <sup>(c)</sup>	866	859

- (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 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 25 Significant related party transactions (Cont'd)

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

	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
<b>The Group</b>		
Short-term employee benefits	20,114	11,555
Post-employment benefits	347	246
	<b>20,461</b>	<b>11,801</b>

These include the following directors' remuneration:

	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
<b>The Group</b>		
Directors of the Company	15,712	8,383
Directors of subsidiaries	2,757	2,028
	<b>18,469</b>	<b>10,411</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:

	Year ended 31 December 2024 RM'000	Year ended 31 December 2023 RM'000
<b>The Group</b>		
Vessels	14,408	14,776

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 40 years (2023 - 1 month to 41 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).

<b>The Group</b>	Leasehold lands RM'000	Buildings RM'000	Total RM'000
At 1 January 2023	12,490	3,349	15,839
Additions to right-of-use assets	629	-	629
Depreciation charge for the year	(347)	(817)	(1,164)
At 31 December 2023	12,772	2,532	15,304
Depreciation charge for the year	(347)	(817)	(1,164)
At 31 December 2024	<b>12,425</b>	<b>1,715</b>	<b>14,140</b>

Amounts recognised in profit or loss under IFRS 16 are as follows:

<b>The Group</b>	<b>Year ended 31 December 2024 RM'000</b>	Year ended 31 December 2023 RM'000
Interest on lease liabilities (Note 21)	<b>31</b>	95
Expenses relating to short-term leases	<b>163</b>	103
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>58</b>	56

Total cash outflows for all leases in the year amount to RM1,086,000 (2023 - RM1,047,000).

As at 31 December 2024, 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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 27 Leases (Cont'd)

Where the Group is the lessor, (Cont'd)

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.

The Group	2024 RM'000	2023 RM'000
Year 1	162,089	77,683
Year 2	109,469	-
Year 3	69,350	-
Year 4	5,010	-
	<b>345,918</b>	<b>77,683</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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>										
<b>Revenue</b>										
- External revenue	-	-	684,714	475,273	-	-	-	-	684,714	475,273
- Inter-segment revenue	87,310	-	-	-	-	-	(87,310)	-	-	-
<b>Results</b>										
Operating profit/(loss)	479,537	27,778	407,895	216,595	(44,168)	(9,456)	(1,661)	(13,347)	841,603	221,570
Finance costs	-	-	(12,067)	(24,147)	(6,298)	(16,607)	-	13,347	(18,365)	(27,407)
Share of results of associates	-	-	-	-	27,684	4,131	-	-	27,684	4,131
Share of results of joint ventures	-	-	(1,765)	1,766	(3,210)	3,930	-	-	(4,975)	5,696
Profit/(loss) before tax	479,537	27,778	394,063	194,214	(25,992)	(18,002)	(1,661)	-	845,947	203,990
<b>Profit or loss</b>										
Depreciation of property, plant and equipment	(5,173)	(4,762)	(32,438)	(21,683)	(2)	(3)	-	-	(37,613)	(26,448)
Deposit forfeited	11,144	-	-	12,094	-	-	-	-	11,144	12,094
Gain on waiver of debts	398,575	-	-	-	-	-	-	-	398,575	-
Gain on discounting of trade payable	-	5,227	-	-	-	-	-	-	-	5,227
Reversal of inventories write-down	74,488	36,764	-	-	-	-	-	-	74,488	36,764
Impairment losses on trade and other receivables reversed/(made)	4,790	(362)	2,552	135	14	1,457	-	-	7,356	1,230
Interest income	306	80	1,008	714	1	13,951	-	(12,985)	1,315	1,760
Gain on disposal of property, plant and equipment	-	-	31,168	44,318	-	-	-	-	31,168	44,318
Property, plant and equipment written off	-	-	(987)	(10)	-	-	-	-	(987)	(10)
Restructuring expenses	-	-	-	-	(13,283)	(3,100)	-	-	(13,283)	(3,100)





# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 28 Operating segments (Cont'd)

The Group	Sub-total		Elimination		Total	
	31 December 2024	1 January 2023	31 December 2024	31 December 2023	31 December 2023	1 January 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Assets and liabilities</i>						
Additions to non-current assets	228,609	130,347	(1,929)	-	147,439	130,347
Investment in associate	36,572	5,210	-	-	9,415	5,210
Investments in joint ventures	4,145	3,315	-	-	8,996	3,315
Segment assets	4,484,620	1,288,365	(3,205,789)	(1,728,273)	919,352	696,272
Segment liabilities	3,168,475	4,280,721	(2,485,715)	(4,089,696)	1,390,574	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		Sub-total	
	31 December 2024	1 January 2023	31 December 2023	1 January 2023	31 December 2023	1 January 2023	31 December 2023	1 January 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	1,006,228	225,549	1,616,011	1,032,874	1,559,091	29,942	4,484,620	1,288,365
Tax recoverable	40	811	-	-	1	-	41	184
Total assets	1,006,268	226,360	1,616,011	1,032,874	1,559,092	29,942	4,484,662	1,289,176
Segment liabilities	828,744	1,471,368	1,974,466	1,564,520	545,035	1,244,833	3,168,475	4,280,721
Deferred tax liabilities	-	-	8,143	8,143	-	-	17,803	8,143
Income tax payable	927	711	2,244	2,244	-	19	3,747	2,974
Total liabilities	829,671	1,472,079	1,984,853	1,997,015	545,035	1,244,852	3,190,025	4,291,838

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 28 Operating segments (Cont'd)

Reconciliation of the segment assets and liabilities to the Group's total assets and liabilities are as follows: (Cont'd)

The Group	31 December 2024		Sub-total		31 January 2023		Elimination		31 December 2024		31 January 2023		Total	
	RM'000	41	December 2023	31 December 2024	January 2023	31 December 2024	December 2023	31 December 2024	January 2023	31 December 2024	December 2023	31 January 2023	December 2023	31 January 2023
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	4,484,620		2,647,625	(3,205,789)	1,288,365	(3,205,789)	(1,728,273)	(592,093)	1,278,831	919,352	696,272			
Tax recoverable	41		184	-	811	-	-	-	41	184	811			
Total assets	4,484,662		2,647,809	(3,205,789)	1,289,176	(3,205,789)	(1,728,273)	(592,093)	1,278,872	919,536	697,083			
Segment liabilities	3,168,475		5,480,270	(2,485,715)	4,280,721	(2,485,715)	(4,089,696)	(2,971,444)	682,760	1,390,574	1,309,277			
Deferred tax liabilities	17,803		8,143	-	8,143	-	-	7	17,803	8,143	8,150			
Income tax payable	3,747		2,642	-	2,974	-	-	-	3,747	2,642	2,974			
Total liabilities	3,190,025		5,491,055	(2,485,715)	4,291,838	(2,485,715)	(4,089,696)	(2,971,437)	704,310	1,401,359	1,320,401			

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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:

	<b>Year ended 31 December 2024 RM'000</b>	Year ended 31 December 2023 RM'000
<b>The Group</b>		
<b>Revenue</b>		
Malaysia	<b>684,714</b>	475,273

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
<b>The Group</b>			
<b>Non-current assets</b>			
Malaysia	<b>753,723</b>	564,834	437,804
Singapore	<b>1</b>	<b>2</b>	<b>5</b>
	<b>753,724</b>	564,836	437,809

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position.

	<b>31 December 2024 RM'000</b>	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
<b>The Group</b>			
Property, plant and equipment	<b>712,397</b>	543,837	426,784
Associates	<b>36,572</b>	9,415	5,210
Joint ventures	<b>4,145</b>	8,996	3,315
Other investments	<b>610</b>	2,588	2,500
	<b>753,724</b>	564,836	437,809

#### Major customers

Revenue of RM427,962,000 (2023 - RM322,307,000) are derived from 3 (2023 - 3) customers which individually contributed 10% or more of the Group's total revenue. These revenues are attributable to the Group's chartering segment.

	<b>Year ended 31 December 2024 RM'000</b>	Year ended 31 December 2023 RM'000
<b>The Group</b>		
Customer A	<b>253,255</b>	193,858
Customer B	<b>91,777</b>	56,491
Customer C	<b>82,930</b>	71,958
	<b>427,962</b>	322,307

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### **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).

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 six major debtors (2023 - five major debtors) that represented 78% (2023 - 83%) 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 2024

### 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 RM'000	Past due 1 to 90 days RM'000	Past due 91 to 180 days RM'000	Past due more than 180 days RM'000	Total RM'000
<b>31 December 2024</b>					
Gross carrying amount	56,810	113,268	30,733	34,210	235,021
Expected credit loss rate	-	-	1%	60%	9%
Loss allowance	-	-	681	20,519	21,200
<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

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 2024, net loss allowance of RM22,000 (2023 – reversal of net loss allowance RM1,582,000) was recognised for other receivables.

##### Amounts due from subsidiaries (non-trade)

Non-trade amounts due from subsidiaries being debt instruments carried at amortised costs, are considered to have low credit risk and any loss allowance recognised during the period has taken into account the finances and business performance of the subsidiaries, and a forward-looking analysis of the financial performance of investments and projects 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 2024

## 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:

	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	Between 2 and 5 years RM'000	More than 5 years RM'000
<b>The Group</b>					
<b>31 December 2024</b>					
Bilateral facilities debt (Note 16)	50,928	54,384	2,765	51,619	-
Term loan (Note 16)	407,171	544,156	43,511	286,195	214,450
Lease liabilities (Note 16)	262	265	265	-	-
Trade and other payables (Note 17)	191,091	194,705	171,943	22,762	-
Provision for financial guarantee (Note 18)	30,315	30,315	30,315	-	-
	<b>679,767</b>	<b>823,825</b>	<b>248,799</b>	<b>360,576</b>	<b>214,450</b>
<b>31 December 2023 (Restated)</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)	292,676	292,676	264,583	28,093	-
Provision for financial guarantee (Note 18)	51,874	51,874	51,874	-	-
	<b>1,388,128</b>	<b>1,430,988</b>	<b>1,402,630</b>	<b>28,358</b>	<b>-</b>
<b>1 January 2023</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>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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)

<b>The Company</b>	Carrying Amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	Between 2 and 5 years RM'000	More than 5 years RM'000
<b>31 December 2024</b>					
Term loan (Note 16)	<b>236,083</b>	<b>256,203</b>	<b>20,105</b>	<b>119,534</b>	<b>116,564</b>
Trade and other payables (Note 17)	<b>7,782</b>	<b>7,782</b>	<b>7,782</b>	-	-
Provision for financial guarantee (Note 18)	<b>30,315</b>	<b>30,315</b>	<b>30,315</b>	-	-
	<b>274,180</b>	<b>294,300</b>	<b>58,202</b>	<b>119,534</b>	<b>116,564</b>
<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	-	-
	870,344	900,673	900,673	-	-

#### 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 29 Financial risk management (Cont'd)

#### 29.3 Interest rate risk (Cont'd)

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 2024 RM'000	31 December 2023 RM'000 (Restated)	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)
<b>Fixed rate instruments</b>				
Financial asset				
- fixed deposits	7,281	6,887	-	-
Financial liabilities				
- term loan	(195,014)	(938,912)	(151,045)	(758,223)
- lease liabilities	(262)	(1,096)	-	-
- trade payables	(41,092)	(55,613)	-	-
	<b>(236,368)</b>	<b>(995,621)</b>	<b>(151,045)</b>	<b>(758,223)</b>
	<b>(229,087)</b>	<b>(988,734)</b>	<b>(151,045)</b>	<b>(758,223)</b>
<b>Variable rate instruments</b>				
Financial asset				
- bank balances	127,749	57,264	170	171
Financial liability				
- bilateral facilities debt	(50,928)	(103,570)	-	-
- term loan	(212,157)	-	(85,038)	-
	<b>(135,336)</b>	<b>(46,306)</b>	<b>(84,868)</b>	171

#### 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 (2023 - 50) basis points higher/lower with all other variables held constant, the Group's results net of tax and equity would have been RM677,000 (2023 - RM232,000) 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 2024

### 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 (“USD”). The foreign currencies in which these transactions are denominated are primarily Singapore dollar (“SGD”) and New Taiwan dollar (“TWD”). 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:

The Group	SGD RM'000	USD RM'000	TWD RM'000	Euro RM'000	Total RM'000
<b>31 December 2024</b>					
Trade and other receivables	337	13,601	4,624	-	18,562
Cash and bank balances	1,572	13,971	-	4	15,547
Borrowings	(252,830)	-	-	-	(252,830)
Trade and other payables	(6,550)	(263)	-	(117)	(6,930)
Provision for financial guarantee	-	(30,315)	-	-	(30,315)
<b>Net exposure</b>	<b>(257,471)</b>	<b>(3,006)</b>	<b>4,624</b>	<b>(113)</b>	<b>(255,966)</b>
<b>31 December 2023 (Restated)</b>					
Trade and other receivables	6,169	22,245	8,338	-	36,572
Cash and bank balances	2,314	3,268	-	9	5,591
Borrowings	(671,809)	-	-	-	(671,809)
Trade and other payables	(62,738)	(93,712)	-	(26)	(156,476)
Provision for financial guarantee	-	(51,874)	-	-	(51,874)
<b>Net exposure</b>	<b>(726,064)</b>	<b>(120,073)</b>	<b>8,338</b>	<b>(17)</b>	<b>(837,816)</b>
<b>1 January 2023 (Restated)</b>					
Trade and other receivables	152	34,016	23,389	-	57,557
Cash and bank balances	1,560	4,711	-	8	6,279
Borrowings	(626,273)	(5,934)	-	-	(632,207)
Trade and other payables	(44,744)	(146,005)	-	(29)	(190,778)
Provision for financial guarantee	-	(49,613)	-	-	(49,613)
<b>Net exposure</b>	<b>(669,305)</b>	<b>(162,825)</b>	<b>23,389</b>	<b>(21)</b>	<b>(808,762)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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	SGD RM'000	USD RM'000	Total RM'000
<b>31 December 2024</b>			
Trade and other receivables	140	-	140
Cash and bank balances	170	-	170
Borrowings	(236,083)	-	(236,083)
Provision for financial guarantee	-	(30,315)	(30,315)
Trade and other payables	(6,469)	(1)	(6,470)
Net exposure	(242,242)	(30,316)	(272,558)
<b>31 December 2023</b>			
Trade and other receivables	152	-	152
Cash and bank balances	171	-	171
Borrowings	(758,223)	-	(758,223)
Provision for financial guarantee	-	(51,874)	(51,874)
Trade and other payables	(59,672)	(255)	(59,927)
Net exposure	(817,572)	(52,129)	(869,701)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in SGD, USD, TWD and other exchange rate (against the respective functional currencies of group entities), with all other variables held constant, of the Group's and the Company's results, net of tax and equity.

The Group	31 December 2024 RM'000	31 December 2023 RM'000 (Restated)	1 January 2023 RM'000 (Restated)
SGD - strengthened 5% (2023 - 5%)	(12,873)	(36,303)	(33,465)
- weakened 5% (2023 - 5%)	12,873	36,303	33,465
USD - strengthened 5% (2023 - 5%)	(150)	(6,004)	(8,141)
- weakened 5% (2023 - 5%)	150	6,004	8,141
TWD - strengthened 5% (2023 - 5%)	231	417	1,169
- weakened 5% (2023 - 5%)	(231)	(417)	(1,169)
Euro - strengthened 5% (2023 - 5%)	(6)	(1)	(1)
- weakened 5% (2023 - 5%)	6	1	1

The Company	31 December 2024 RM'000	1 January 2023 RM'000 (Restated)
SGD - strengthened 5% (2023 - 5%)	(12,112)	(40,879)
- weakened 5% (2023 - 5%)	12,112	40,879
USD - strengthened 5% (2023 - 5%)	(1,516)	(2,606)
- weakened 5% (2023 - 5%)	1,516	2,606

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 30 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently do not adopt any formal dividend policy.

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

The Group are not subject to externally imposed capital requirements.

The gearing ratio of the Group at the reporting date is as follows:

<b>The Group</b>	<b>2024 RM'000</b>
Debt <sup>(i)</sup>	458,361
Less: Fixed deposits, cash and bank balances (Note 11)	(135,090)
<b>Net debt</b>	<b>323,271</b>
<b>Equity <sup>(ii)</sup></b>	<b>574,562</b>
<b>Net debt to equity ratio (%)</b>	<b>56.3%</b>

(i) Debt is defined as long and short-term borrowings, including lease liabilities but excluding derivative financial instruments and financial guarantee contracts.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

No gearing ratio has been presented for the financial year ended 31 December 2023 as the Group had a deficit in total equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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 cost RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<b>31 December 2024</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 9)	267,017	-	267,017
Cash and bank balances and fixed deposits (Note 11)	135,090	-	135,090
	<b>402,107</b>	<b>-</b>	<b>402,107</b>
<b>Financial liabilities</b>			
Bilateral facilities debt (Note 16)	-	50,928	50,928
Term loans (Note 16)	-	407,171	407,171
Lease liabilities (Note 16)	-	262	262
Trade and other payables (Note 17)	-	191,091	191,091
Provision for financial guarantee (Note 18)	-	30,315	30,315
	<b>-</b>	<b>679,767</b>	<b>679,767</b>
<b>31 December 2023 (Restated)</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 loans (Note 16)	-	938,912	938,912
Lease liabilities (Note 16)	-	1,096	1,096
Trade and other payables (Note 17)	-	292,676	292,676
Provision for financial guarantee (Note 18)	-	51,874	51,874
	<b>-</b>	<b>1,388,128</b>	<b>1,388,128</b>
<b>1 January 2023 (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 loans (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>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 cost RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
<b>31 December 2024</b>			
<b>Financial assets</b>			
Trade and other receivables (Note 9)	140	-	140
Cash and bank balances and fixed deposits (Note 11)	170	-	170
	<b>310</b>	<b>-</b>	<b>310</b>
<b>Financial liabilities</b>			
Term loan (Note 16)	-	236,083	236,083
Trade and other payables (Note 17)	-	7,782	7,782
Provision for financial guarantee (Note 18)	-	30,315	30,315
	<b>-</b>	<b>274,180</b>	<b>274,180</b>
<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>870,344</b>	<b>870,344</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 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 \*

	Carrying amount RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>The Group</b>					
<b>31 December 2024</b>					
Trade payables	22,762	22,762	-	-	22,762
<b>31 December 2023</b>					
Trade payables	28,093	28,093	-	-	28,093

\* 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 2024

### 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).

	Valuation technique	Inter-relationship between key unobservable inputs and fair value measurement	Significant unobservable inputs
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>

*The remainder of the page is intentionally left blank.*



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

### 32 Prior year adjustments

Prior year adjustments have been made to the comparative figures as follows:

#### The Group

- (i) The Group made a prior year adjustment amounting to RM2,588,000 (1 January 2023: RM2,500,000) for the year ended 31 December 2023 to adjust the fair value of the other investments based on the assessment of the fair value carried out by management which was not carried out in prior years. (Note 7)
- (ii) The Group adjusted the understatement of raw materials amounting to RM5,613,000. These inventories had been wrongly written down to nil value in previous financial years. Management corrected the misstatement by reinstating the carrying amount of these raw materials based on the lower of cost and net realisable value of these raw materials as at 31 December 2023. (Note 8)

The corresponding adjustment has been made to rectify the understatement of the reversal on the allowance for write-down of inventories, recorded under “Other Income”, amounting to RM5,613,000 for the financial year ended December 2023. (Note 20)

- (iii) The Group adjusted the overstatement of deposits received, recorded under “Other Payables”, amounting to USD2,650,000 (equivalent to RM12,162,000 at the closing rate USD/RM 4.59). These deposits were forfeited during the financial year ended 31 December 2023, following the execution of a written termination agreement in the same year.

The corresponding adjustment has been made to rectify the understatement of deposit forfeited, recorded under “Other Income”, amounting to USD2,650,000 (equivalent to RM12,094,000 at the average rate USD/RM 4.564). The remaining difference of RM68,000 has been adjusted to the foreign currency translation reserve. (Note 17)

- (iv) The Group reclassified foreign translation loss from foreign currency translation reserve to accumulated losses due to incorrect classification in prior years. (Note 14)
- (v) The Group reclassified share grant reserve from accumulated losses amounting to RM2,776,000, which was not previously disclosed separately. There is no impact on the financial performance in relation to the financial year ended 31 December 2023 and 1 January 2023. (Note 14)
- (vi) Consequent to the prior year adjustments mentioned above, the profit for the year has been restated. As a result, the earnings per share have also been restated accordingly. (Note 24)

#### The Company

- (i) The Company made a prior year adjustment amounting to RM995,216,000 for the year ended 31 December 2023 to reverse the cost of investment in subsidiaries based on an impairment assessment carried out by the management which was not carried out previously in accordance with IAS 36. Accordingly, the reversal of impairment losses of RM995,216,000 has been recognised in the Company’s profit or loss for the year ended 31 December 2023. (Note 4)
- (ii) The Company reclassified share grant reserve from accumulated losses amounting to RM2,776,000, which was not previously disclosed separately. There is no impact on the financial performance in relation to the financial year ended 31 December 2023 and 1 January 2023. (Note 14)

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 2024

### 32 Prior year adjustments (Cont'd)

The following table summarises the impacts on the Group's consolidated financial statements:

The Group		As previously reported RM'000	Adjustments RM'000	As restated RM'000
<u>(i) Consolidated statement of financial position</u>				
<b>At 1 January 2023:</b>				
Other investments	(i)	-	2,500	2,500
Reserves				
- Foreign currency reserve	(iv)	185,901	(24,336)	161,565
- Fair value reserve	(i)	(4,401)	1,082	(3,319)
- Share grant reserve	(v)	-	2,776	2,776
Accumulated losses	(i)	(1,119,967)	1,418	(1,096,989)
	(v)		(2,776)	
	(iv)		24,336	
<hr/>				
<b>At 31 December 2023:</b>				
Other investments	(i)	-	2,588	2,588
Inventories	(ii)	23,959	5,613	29,572
Reserves				
- Foreign currency reserve	(i)	145,210	48	121,137
	(iii)		68	
	(iv)		(24,189)	
- Fair value reserve	(i)	(4,401)	975	(3,426)
- Share grant reserve	(v)	-	2,776	2,776
Accumulated losses	(i)	(962,693)	1,565	(922,008)
	(ii)		5,613	
	(iii)		12,094	
	(v)		(2,776)	
	(vi)		24,189	
Trade and other payables	(iii)	307,284	(12,162)	295,122
<hr/>				
<b>The Company</b>				
<u>(i) Statement of financial position</u>				
<b>At 1 January 2023:</b>				
Reserves				
- Share grant reserve	(ii)	-	2,776	2,776
Accumulated losses	(ii)	(1,937,464)	(2,776)	(1,940,240)
<hr/>				
<b>At 31 December 2023:</b>				
Subsidiaries	(i)	-	995,216	995,216
Reserves				
- Share grant reserve	(ii)	-	2,776	2,776
Accumulated losses	(i)	(1,960,958)	995,216	(968,518)
	(ii)		(2,776)	
<hr/>				

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 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 RM'000	Adjustments RM'000	As restated RM'000
<u>(ii) Consolidated statement of profit or loss and other comprehensive income</u>				
<b>For the year ended 31 December 2023:</b>				
Other income	(ii) (iii)	90,500	5,613 12,094	108,207
Fair value loss on financial asset at fair value through other comprehensive income	(i)	-	(28)	(28)
Foreign currency translation loss arising from foreign operations	(iv)	(40,691)	184	(40,507)
<b>Profit attributable to:</b>				
Owners of the Company	(ii), (ii)	157,274	17,707	174,981
Non-controlling interests		5,649	-	5,649
		162,923	17,707	180,630
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(i), (ii), (iii), (iv)	116,583	17,863	134,446
Non-controlling interests		5,649	-	5,649
		122,232	17,863	140,095
The Group		As previously reported	Adjustments	As restated
<u>(iii) Earnings per share</u>				
<b>For the year ended 31 December 2023:</b>				
Basic earnings per share (Malaysia sen)	(vi)	194.85	22.61	217.46
Diluted earnings per share (Malaysia sen)	(vi)	191.52	22.22	213.74
The Group		As previously reported RM'000	Adjustments RM'000	As restated RM'000
<u>(iv) Consolidated statement of cash flows</u>				
<b>For the year ended 31 December 2023:</b>				
Net cash generated from operating activities		24,302	486	24,788
Net cash used in investing activities		(19,761)	-	(19,761)
Net cash used in financing activities		(8,473)	-	(8,473)
Net (decrease)/increase in cash and cash equivalents		(3,932)	486	(3,446)
Cash and cash equivalents at beginning of the year		57,336	-	57,336
Effect of foreign exchange fluctuations on cash and cash equivalents		(28)	(486)	(514)
Cash and cash equivalents at end of the year		53,376	-	53,376

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Tan Sri Datuk Tiong Su Kouk is the Director seeking for re-election at the forthcoming Annual General Meeting of the Company to be convened on 22 April 2025 (the “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7.4.1. to the Listing Manual of the SGX-ST:

	<b>TAN SRI DATUK TIONG SU KOUK</b>
Date of appointment	28 April 2011
Date of last re-appointment	28 April 2023
Age	83
Country of principal residence	Malaysia
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 Tan Sri Datuk Tiong Su Kouk for re-appointment as an Executive Director of the Company. The Board have reviewed and concluded that Tan Sri Datuk Tiong Su Kouk possess the experience, expertise, knowledge and skills to contribute towards to the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman
Professional qualifications	-
Working experience and occupation(s) during the past 10 years	Tan Sri Datuk Tiong Su Kouk oversees the Company’s strategic direction and shipbuilding operations. He plays 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 South East Asia. He 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.
Shareholding interest in the listed issuer and its subsidiaries	Tan Sri Datuk Tiong Su Kouk has a direct interest of 106,859,423 shares and deemed interest of 19,978,452 shares.
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	Tan Sri Datuk Tiong Su Kouk is the father of Mr Tiong Chiong Hiiung, the Executive Vice Chairman cum Finance Director and Mr Tiong Chiong Soon, the Executive Director (Operations), the father-in-law of Mr Leong Seng Keat, the Chief Executive Officer and the grandfather of Mr Leong Juin Zer, Jonathan, the Executive Director (Commercial), all of whom are the directors and key executives of Nam Cheong Limited.
Conflict of Interest (including any competing business)	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	TAN SRI DATUK TIONG SU KOUK
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#  Past (for the last 5 years)  Present	Please refer to Annexure A
<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>	
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?	No
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
c) Whether there is any unsatisfied judgment against him?	No
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
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

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	TAN SRI DATUK TIONG SU KOUK
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
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
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
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
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> <li>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</li> <li>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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</li> </ul>	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

TAN SRI DATUK TIONG SU KOUK	
<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>	<p>No</p>
<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>	<p>Tan Sri Datuk Tiong Su Kouk is the Executive Director of Nam Cheong Limited, a company listed in Singapore. He is also a Director of CCK Consolidated Holdings Berhad, a company listed in Malaysia.</p>

## ANNEXURE

## A

**Past Directorships (for the last 5 years):**

1. Aqua Growth Marine Products Sdn. Bhd. (Dissolved)
2. Champion Automobile Sdn. Bhd. (Dissolved)
3. Grand Building Contractor Sdn. Bhd. (Dissolved)
4. UGK Resources Sdn. Bhd. (Dissolved)
5. Waja Setia Katering Sdn. Bhd. (Resigned with effect from 2.7.2020)
6. Sumbumi Sdn. Bhd. (Resigned with effect from 23.11.2023)

**Present Directorships:**

1. Beaufort City Mall Sdn. Bhd.
2. CCK Consolidated Holdings Bhd.
3. CCK Fresh Mart (West Malaysia) Sdn. Bhd.
4. CCK-Pelita Telaga Air Sdn. Bhd.
5. Central Coldstorage Kuching Sdn. Bhd.
6. Central Coldstorage Sarawak Sdn. Bhd.
7. Econsmix Concrete Sdn. Bhd.
8. Fabulous Enterprise Sdn. Bhd.
9. Hung Yung Enterprise Sdn. Bhd.
10. Kerawang Sdn. Bhd.
11. Kim Guan Siang Sdn. Bhd.
12. Kin Eastern Enterprise Sdn. Bhd.
13. Kuching City Mall Development Sdn. Bhd.
14. Kuching City Mall Realty Sdn. Bhd.
15. Kuotai Development Sdn. Bhd.
16. Pan Far Eastern Sdn. Bhd.
17. S.K. Gold Land Sdn. Bhd.
18. S.K. Tiong Development Sdn. Bhd.
19. S.K. Tiong Enterprise Sdn. Bhd.
20. S.K. Tiong Land Sdn Bhd.
21. S.K. Tiong Pioneer Sdn. Bhd.
22. S.K. Tiong Properties Sdn. Bhd.
23. S.K. Tiong Realty Sdn. Bhd.
24. Seven Star Enterprise Sdn. Bhd.
25. Unit Corporation Sdn. Bhd.
26. Kuok Sui Sea Products Industries (S) Sdn. Bhd.
27. Kin Eastern Frozen Food Sdn. Bhd.
28. Dominant Palms Development Sdn. Bhd.
29. Hua Shang Economic Corporation (Sibu) Berhad
30. Hua Shang Development Sdn. Bhd.
31. Hot Technology (Malaysia) Sdn. Bhd.





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