Annual Report & CG Report

MALAYSIAN BULK CARRIERS BERHAD

Annual Report for Financial Year Ended	31 Dec 2020
Subject	Annual Report & CG Report - 2020

Please refer attachment below.

Attachments

Malaysian Bulk - AR 2020 (Final).pdf
1.1 MB

CG Report 2020 (16 April 2021) - final.pdf
361.4 kB

Announcement Info

Company Name	MALAYSIAN BULK CARRIERS BERHAD
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MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)

2020

ANNUAL REPORT


ALAM SAYANG

CONTENTS

FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
FINANCIAL RESULTS (RM'000)					
Net revenue	**130,846**	206,543	198,265	197,744	165,723
Operating (loss)/profit	**(3,592)**	32,001	4,384	(9,861)	(52,067)
EBITDA #	**88,577**	99,078	19,363	14,553	(33,272)
(Loss)/profit before taxation	**(20,679)**	(6,099)	264,800	(128,992)	(496,298)
(Loss)/profit attributable to equity holders of the Company	**(20,781)**	(7,319)	263,838	(134,954)	(491,306)
BALANCE SHEET (RM'000)					
Total assets	**652,146**	957,268	1,022,740	1,206,939	1,579,116
Total liabilities	**377,893**	602,438	628,563	657,756	849,356
Cash and cash equivalents	**38,886**	79,480	289,124	72,233	69,641
Borrowings	**237,344**	356,839	409,157	410,143	543,869
Lease liabilities	**111,849**	204,941	-	-	-
Net debt (excludes lease liabilities)	**198,458**	277,359	120,033	337,910	474,228
Shareholders' equity	**274,253**	354,830	393,092	525,779	708,893
SHARE INFORMATION (sen)					
Per share					
Basic (loss)/earnings	**(2.08)**	(0.73)	26.38	(13.50)	(49.13)
Net assets	**27.43**	35.48	39.31	52.58	70.89
Share price as at 31 December	**54.0**	55.0	56.0	81.5	70.5
Market capitalisation (RM'million)	**540**	550	560	815	705
KEY RATIOS (%)					
Return on average equity	**(6.6%)**	(2.0%)	57.4%	(21.9%)	(52.0%)
Gearing ratio	**127.3%**	158.3%	104.1%	78.0%	76.7%
Net debt/equity ratio	**72.4%**	78.2%	30.5%	64.3%	66.9%
FLEET DATA *					
Number of vessels (at end of year)	**10**	14	15	18	20
Total tonnage in DWT (MT'000)	**555**	795	864	990	1,070
Average age of fleet (in years)	**5.6**	6.0	7.0	6.6	6.2
Total operating days (days)	**4,229**	5,615	5,364	6,886	7,893
Total hire days (days)	**4,103**	5,375	5,150	6,717	7,708
Daily Time Charter Equivalent Rate:					
- Dry bulk carriers (USD)	**8,676**	10,010	10,180	8,193	5,388
- Tankers (USD)	**n/a**	n/a	n/a	7,926	14,651

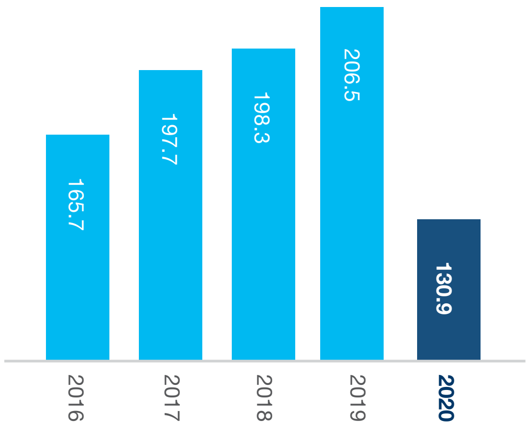
Note :

* *Includes jointly owned and long term chartered-in vessels*

\# *EBITDA excludes associate, joint ventures, impairments and provisions. The EBITDA for 2019 & 2020 excludes depreciation of right-of-use assets and interest expense on lease liabilities arising from the adoption of MFRS 16 Leases on 1 January 2019*

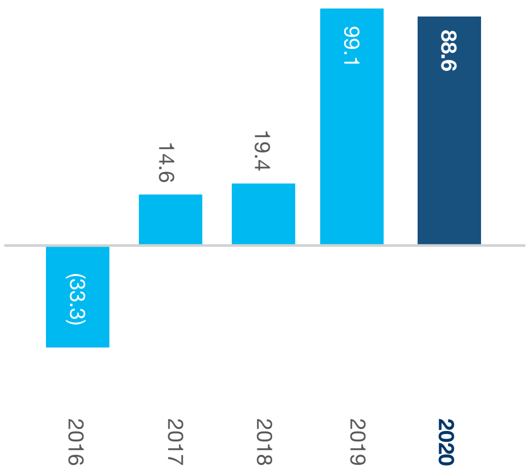
Financial Highlights (cont'd)

Net revenue
RM'million

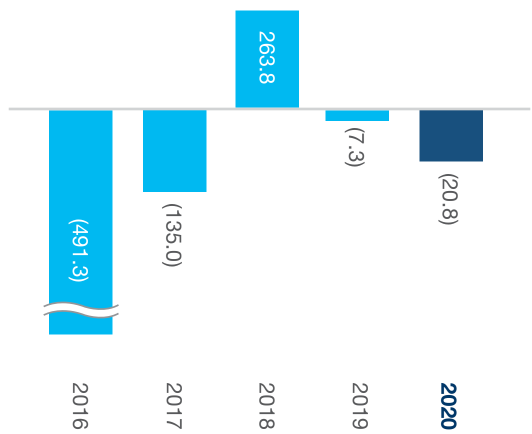


Operating Profit/(Loss)
RM'million

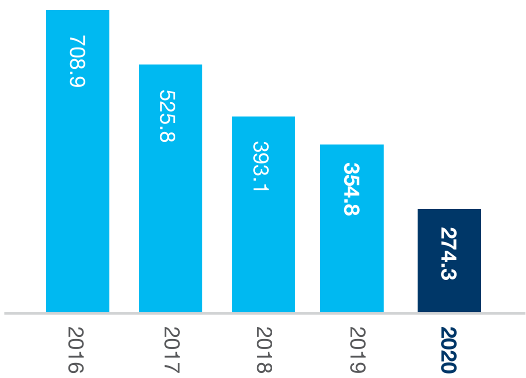
EBITDA *
RM'million



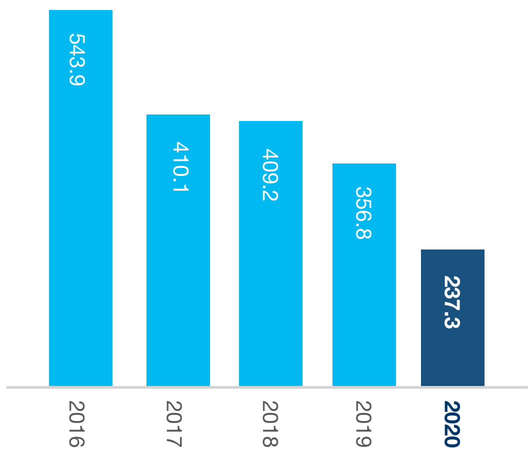
Attributable (Loss)/Profit
RM'million



Shareholders' Equity
RM'million



Borrowings
RM'million



* *EBITDA excludes associate, joint ventures, impairments and provisions. The EBITDA for 2019 & 2020 excludes depreciation of right-of-use assets and interest expense on lease liabilities arising from the adoption of MFRS 16 Leases on 1 January 2019*

CHAIRMAN'S STATEMENT

Dear Shareholders,

"Following 2019, this was yet another challenging year the Group weathered through amid rapidly changing market dynamics in the business landscape. Shoring up balance sheets to maintain a healthy financial position was and still is our foremost priority to deliver business sustainability."

Dato' Mohd Zafer Bin Mohd Hashim
Independent Non-Executive Chairman

2020 IN RETROSPECTIVE

2020 has been an extraordinary year where the world witnessed a health crisis of an unprecedented magnitude.

In MBC, it is pertinent for us to build greater resilience in our business portfolio to cushion the disruptive impact brought by the COVID-19 pandemic. The implementation of our business continuity plan has enabled operations to continue seamlessly amidst the confluence of unpredictable events. The Group reported an operating loss of **RM3.6 million** compared to 2019's profit of RM32.0 million. Net revenue slipped 37% to **RM130.8 million** from RM206.5 million in the corresponding year. The decline in revenue is mainly due to reduced hire days and the unfavourable economic circumstances that affected charter rates.

The dry bulk market was significantly impacted by the global economic recession last year. Seaborne trades of dry bulk commodities in particular coal and minor bulks dropped substantially due to a reduction in global commodity consumption whereas demand fundamentals of dry bulk shipping were disrupted by the pandemic. Data from the Baltic Exchange Dry Index (BDI) shows that average spot earnings in 2020 were the lowest recorded in recent years across all main bulker segments. The BDI averaged just 1,070 points for 2020, down 21% from 2019's average and the lowest level since the index averaged 673 points in 2016.

Chairman's Statement (cont'd)

Dry bulk trades are expected to continue facing potential restraints in growth due to the unpredictable market volatility this year. Consequently, major dry bulk importers like EU countries, Japan, India, South Korea were also affected by these challenging market conditions. Fleet growth remained subdued and the scale of demand undermined the fundamental market balance across 2020.

There will be on-going challenges in navigating this evolving landscape. Therefore, we need to be prudent in reviewing the growth potential of the markets we operate in. Our priority is to consolidate and strengthen our financial position to ensure business sustainability in the longer term.

CORPORATE SOCIAL RESPONSIBILITY

To deliver sustainable value to our key stakeholders, MBC is committed to taking responsibility when conducting our business by integrating environmental, social and governance factors into our operations. Our priorities will be to ensure the health and safety of our crew, set high ethical standards in operations, and reduce our environmental footprint. As a socially responsible business, we will continue to explore CSR-driven initiatives that will make a positive impact on the community we operate in.

STRENGTHENING OUR CORPORATE GOVERNANCE

The Group is committed to maintaining high governance standards and we have developed and implemented policies to protect our company and key stakeholders' rights.

We have continued to implement a series of awareness and refresher trainings on our Group's anti-corruption policy for all our staff. To further enhance the annual Internal Audit's (IA) Quality Assessment, a self-assessment was also performed this year based on a thematic study of the IA function commissioned in 2019 by Bursa Malaysia and the Institute of Internal Auditors (IIA) Malaysia.

Additionally, an external review of IA's Quality Assurance and Improvement Program (QAIP) was completed in accordance with the requirement of the International Standards for the Professional Practice of Internal Auditing and the IIA's Code of Ethics. Effective corporate governance requires dedicated focus of the Board of Directors, the CEO and senior management and through coordinated efforts we will continue to create, protect and maximise shareholder value.

TRANSITIONING INTO POST-PANDEMIC FUTURE

Following a challenging 2020 due to major disruptions from the COVID-19 pandemic, the Group remains prudent as it continues to grapple an industry battered by the unprecedented crisis. The dry bulk market has made a promising start to 2021, with positive improvement in the freight rates and asset values. However, we should be prepared for pressure on freight rates and likely volatilities as the impact of China stimulus wanes and recovery of other economies likely to be uneven during the post COVID-19 pandemic.

It is important for MBC to exercise caution in executing strategic business decisions and focus on shoring up liquidity and improving its financial position for the year.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my appreciation to all our staff and crew for forging through this incredibly challenging year with unyielding commitment. We are exceptionally grateful to our valued shareholders, customers, and business partners for their continued support and partnerships anchored on trust even in the most difficult times.

I wish to thank my fellow board members for their leadership and counsel in the past year. I would like to record our gratitude to Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid, our former Independent Non-Executive Chairman for his guidance and stewardship for growing MBC to what it is today. His devotion to his role is unmatched and we would like to thank him for the outstanding accomplishments during his term as the Independent Non-Executive Chairman. I would also like to record our appreciation to Ms. Thai Kum Foon who has stepped down as board member and thank her for her valuable contributions. We would like to welcome our new board members, Executive Director, Mr. Tho Leong Chye and Independent Non-Executive Director, Ms. Elsie Kok Yin Mei. I am confident that the Group will benefit from their wealth of experience and expertise.

Navigating this unpredictable operating environment requires concerted efforts from everyone in the organisation. I am heartened knowing we are backed by a dedicated team who can rise above the challenges in the face of adversity. Although uncertainties seem likely to persist in the year ahead, let us continue to work in unison to deliver sustainable value to all our shareholders.

Dato' Mohd Zafer Bin Mohd Hashim
Independent Non-Executive Chairman

CEO LETTER

Dear Shareholders,

2020 has been a phenomenal year where the world is faced with an unprecedented crisis, the COVID-19 pandemic where most sectors are still grappling with the ramifications to date. Shockwaves rippled through the maritime industry and major economies were brought to a grinding halt with lockdowns worldwide.

Set against the backdrop of a turbulent macro-economic climate in conjunction with the impairment of vessels and right-of-use assets that were recognised at the end of 2020, we reported a **pre-tax loss of RM20.68 million** in FY2020. Overall, the depressed market in dry bulk shipping, bunker volatility and business operational challenges consequent of the COVID-19 outbreak have affected MBC's financial results. The decline in revenue is mainly due to reduced hire days with a smaller fleet size and a decrease in charter rates in FY2020 as compared to FY2019.

DELIVERING STRATEGY TO NAVIGATE NEW UNCERTAINTIES

In 2020, we completed the disposal of three older vessels in our fleet namely the Alam Padu, Alam Manis and Alam Mulia. We also redelivered one of the long-term chartered vessels the Alam Setia, to its head owner. As of December 31, 2020, we have a total of 10 vessels (owned and operated) with an aggregate carrying capacity of 555,059 metric ton deadweight and an average age of 5.6 years.

Prior to the crisis, we have prepared mitigation measures to reduce the disruptive impact on our business in the event of any crises and to build resilience in our operations. We focused on strengthening our risk management processes and our corporate governance framework, cognizant of the fact that adherence to best practices in corporate governance is an integral part of risk management. Throughout the year, we have also established and improved our business processes to increase business efficiency and further augment our corporate governance. Through relentless efforts by our internal audit team in conducting audits, review by external third-party auditor and staff training, we have been striving to maintain a high level of accountability and transparency in our business operations driven by our strong emphasis on corporate governance to deliver value to our shareholders.

IN PURSUIT OF OPERATIONAL EXCELLENCE

A competent workforce underpins the Group's long-standing success and competitiveness in the industry. In light of the ever-changing business landscape, we recognise the need to constantly up-skill our employees and seek to ingrain continuous learning and training into the fabric of our culture. Last year, we scaled up our efforts by organising a broad range of training and development programmes for all levels of employees to strengthen their key capabilities.

In 2020, we continued to build on the key capabilities of our fleet management team and capitalised on our collective strengths to drive positive organisational changes and fleet management optimisation. Safety and Operational Efficiency are centric to our business and we spare no efforts to drive a high standard of safety onboard our vessels. A "Zero Accident" taskforce has been formed to launch various safety initiatives which have made good strides in improving the level of safety in our fleet operations. We believe a highly skilled and empowered workforce is integral in driving operational excellence throughout the Group.

Working remotely and utilising on-line communication platforms such as Microsoft Teams and Zoom have become the new normal since the COVID-19 outbreak. Ramping up cybersecurity efforts continually is crucial in mitigating any risk of business disruptions caused by malicious cyberattacks. As we leverage new technology innovations to continue working in post-pandemic times, we must remain vigilant and cautious against cybersecurity threats onshore or at sea.

CEO Letter (cont'd)

ENVIRONMENTAL COMPLIANCE

We play a pro-active role in the management and protection of the environment which includes emission mitigation. We have started retrofitting our newer ships with fuel-saving technological enhancements since 2019 to reduce fuel consumption and carbon emission. Our entire fleet are equipped with the Ballast Water Treatment System to prevent the introduction of non-native marine microorganisms. We will continue to enhance our efforts and commitment towards a greener environment. This is reflected in the various initiatives and measures rolled out as described in the Sustainability Statement.

PEOPLE AT OUR CORE

MBC has an established ethos that places people at the heart of what it does. Crew quality is a critical factor that affects vessel performance in relation to safety, regulatory compliance, operational efficiency and reliability, service quality and cost management.

The Group has been strengthening the fleet systems, processes, training, and equipment to ensure strict compliance with all the relevant safety regulations. Vessel and crew safety are of paramount importance to us. In 2020, we have continued to roll out various safety initiatives such as empowering our staff to 'Stop Work' whenever he/she feels that safety is being compromised at work.

Since the onset of COVID-19 pandemic, seafarers all around the world are faced with unprecedented adversities that are detrimental to their physical and emotional health. We continue to maintain close communication with our crew by keeping them abreast of the constantly evolving situation. One of our key communication outreach programmes last year was a series of on-going virtual conferences to keep our sea staff informed of the latest developments that arose from the unpredictable operating environment. During the height of the crisis, the Group continues to extend welfare support to our crew to ensure their safety and well-being onboard which also has a significant effect on performance and safe operations of vessels.

Proper safety management measures have been put in place to ensure the safety of staff who are required to return to the office and those who are working onboard the vessels. The Group continues to focus on protecting our staff from this unprecedented public health threat and support them through this difficult period.

2021 OUTLOOK

Industry projections for global seaborne trade growth in 2021 are moderate. Iron ore trade is expected to grow by 3%, supported by the recommencement of shipments from Samarco, Brazil, which was closed after a dam collapse in 2015 and increased demand from China. The recent enforcement of emissions quotas on a number of Chinese steel mills is however significant and reflects the rising environmental focus by the authorities to reduce carbon emissions generated by the steel industry.

Grain trade growth is projected to slow noticeably into the summer as the Latin American soybean harvest is not expected to match last year's record result due to drier weather. Furthermore, the 'strong rebound' in US-China trade in the later part of last year may not yield the similar growth this year. Despite a slower fleet growth, coupled with an orderbook of less than 6% of fleet capacity, there are influences that are likely to limit dry bulk trade performance in the following months due to divergent growth rates worldwide reflecting variation in pandemic-induced disruptions and the extent of policy support across countries. We will continue to run an effective operation against the backdrop of continually uncertain global operations.

COVID-19's challenges have exposed weak links in the business landscape and underscore the need for the nimbleness to cope with changes. MBC's business continuity plans (BCP) enable greater agility for the Group to ensure business operations remain undisrupted amid the crisis. We have executed our BCP to ensure normal operations and continuity of service with minimal disruptions amid the ensuing global crisis.

Going ahead, we will continue to work closely with the respective government authorities and stakeholders to overcome the rapidly changing crew change challenges posed by the COVID-19 pandemic. We have enrolled our crew in the national vaccination programmes to provide them an additional layer of protection and ease of mind when they are working onboard vessels. Correspondingly, we have rolled out a series of initiatives to protect the health and safety of all our office-based staff by implementing proper safety management measures in the workplace.

Although the effects of a global economic recession are receding and the shipping market has begun to show some signs of improvement from a very difficult past year, there are still significant global uncertainties and shipping rates are expected to experience much volatilities. In the coming years we would also expect increasingly stringent environmental regulations that may require a higher cost of compliance. It is therefore very important for the Group to maintain a prudent approach to balance sheet management, focus on continually improving its financial position and are able to seize opportunities when the market recovers.

In the face of the post COVID-19 conditions, we must continue to double down on our efforts to stay nimble and cope with rapid pace of change in the evolving business climate.

Hor Weng Yew
Chief Executive Officer

FINANCIAL REVIEW

		2020 RM'000	2019 RM'000	Variance RM'000
(Loss)/profit after share of results of joint ventures, but before associate and exceptional items		(19,225)	15	(19,240)
Exceptional items:				
i)	Loss on disposal of property, plant and equipment	-	(17,799)	17,799
ii)	Impairment loss on vessels	(55,782)	(21,759)	(34,023)
iii)	Net change in onerous contracts provision	-	4,640	(4,640)
iv)	Gains on liquidation of a subsidiary and a joint venture	54,328	28,804	25,524
		(1,454)	(6,114)	4,660
Loss before tax		**(20,679)**	**(6,099)**	**(14,580)**

MBC had a challenging year with the economic disruption brought about by the COVID-19 pandemic. Group revenue for FY2020 totaled RM130.8 million, 37% lower than FY2019 of RM206.5 million, and operating loss was RM3.6 million (FY2019: operating profit of RM32.0 million). The decrease in group revenue were mainly due to reduced hire days (FY2020: 3,848 days vs FY2019: 5,010 days), a smaller fleet and lower charter rates in FY2020 (USD8,566/day) as compared to FY2019 (USD9,921/day).

Interest expense on bank borrowings decreased by 36% to RM11.6 million mainly due to repayment of loans and lower borrowing costs.

During the year, the Group disposed - two ageing bulk carriers – the 55,652 DWT Alam Manis and 87,052 DWT Alam Padu with net proceeds of RM83.2 million. As the carrying amounts of these vessels have been adjusted to net proceeds in FY2019, there were no gains or losses on disposals recognised in FY2020. The Group also disposed a jointly owned vessel (61,254 DWT Alam Mulia) in September 2020 with a marginal net loss on disposal to the Group.

The Group recorded RM54.3 million gain on liquidation of its subsidiary (Ambi Shipping Pte Ltd) and a joint venture (Progress Shipping Pte Ltd) in FY2020. The gain on liquidation resulted from the reclassification of the cumulative foreign exchange differences from equity to profit or loss upon liquidation of these entities. This gain was offset against the impairment of vessels and right-of-use assets of RM55.8 million (FY2019: RM21.8 million) in FY2020.

Excluding the exceptional items, the Group reported a loss before tax of RM19.2 million in FY2020, compared to a profit before tax of RM15,000 in FY2019.

In summary, with the decline in revenue and asset impairments, the Group closed the year with a loss before tax of RM20.7 million in FY2020, compared to a loss before tax of RM6.1 million in FY2019.

The Group continues to manage its liquidity prudently, with a positive net cash of RM87.8 million generated from its operating activities, maintained a cash balance of RM38.9 million, and net debt to equity of 0.72 times.

Given the ongoing challenging business environment and the Group's focus on consolidating and improving its financial position, no dividend payment is proposed for FY2020.

SUSTAINABILITY STATEMENT

ABOUT THE SUSTAINABILITY STATEMENT

We are pleased to present our Group Sustainability Statement for year 2020 which is prepared in accordance with the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The aim of this Sustainability Statement ("Statement") is to communicate the way in which we identify the Economic, Environment and Social ("EES") risks and opportunities, as well as how we monitor and manage those sustainability matters that are material to us and our stakeholders on an annual basis.

SCOPE OF THE SUSTAINABILITY STATEMENT

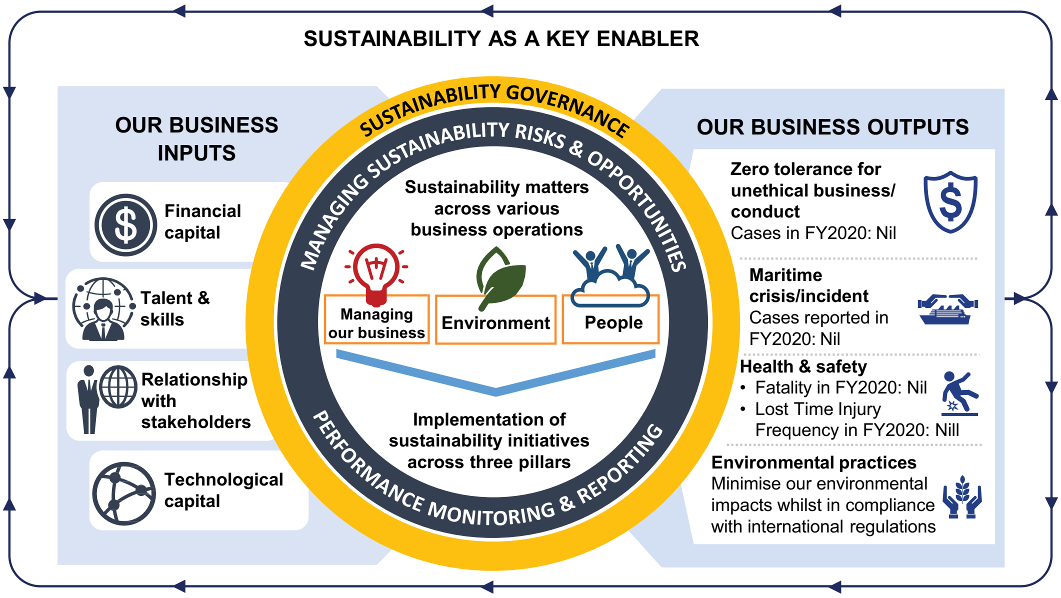
The reporting period for this Statement is from 1 January 2020 to 31 December 2020, unless otherwise stated. The scope for reporting covers the dry bulk shipping operations of Malaysian Bulk Carriers Berhad ("MBC") and its subsidiaries in Malaysia and Singapore, hereinafter collectively referred to as MBC Group. Our reporting focuses on our owned dry bulk fleet that we manage technically and have the authority to mandate and control the vessel's Health, Safety and Environment policies and actions. Inward time chartered-in vessels are not technically managed by us and therefore are not covered in this Statement. The policies, processes, programmes and the governance structure discussed in the Statement apply group wide, unless otherwise stated.

ANCHORING SUSTAINABILITY INTO MBC GROUP

At MBC Group, we strive to provide our services as a shipping provider in the most professional way possible. But merely focusing on reaping economic returns is not sufficient to ensure that we have a sustainable business that will overcome the increasing competitiveness and volatility in the shipping industry. Recognising this, we believe that propelling our business operations towards sustainability will better position us to manage our risks and opportunities, by taking into consideration the EES factors into our business strategies and daily operations to ensure long term success for its sustainable future.

As a responsible business, we have established and adopted policies and procedures to guide our employees and seafarers to discharge their roles and responsibilities in an ethical and appropriate manner. Through career development programme and technical/safety training, we desire to be an employer of choice for all the employees and seafarers at MBC Group. We are mindful that the environment is a sensitive aspect within the shipping industry and the Group is committed to operate in compliance with environmental regulations and to reduce any potential adverse impact on the environment.

Shaping our business strategies in accordance to such sustainability framework as shown below will enable us to differentiate and position ourselves as a responsible shipping provider with a strong commitment to both financial and non-financial aspects of our business.



SUSTAINABILITY GOVERNANCE

We recognise that governance is a crucial factor in determining the success of any sustainability implementations. Our Board of Directors has the oversight role and ultimate responsibility for sustainability. The Board sets the tone to integrate sustainability practices into the MBC Group's daily operations, including setting strategic direction, and is assisted by the Chief Executive Officer in the implementation of sustainability practices.

The Sustainability Working Group ("SWG"), led by the Group Financial Controller and supported by various function heads, assists in driving sustainability initiatives and reporting the performance of sustainability practices.

Our Sustainability Governance Structure

Board of Directors

↓

Chief Executive Officer

↓

Sustainability Working Group

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement will contribute towards promoting the Group's long-term growth and sustainability. The MBC Group identified and engaged the key stakeholders to obtain feedback on the priority of sustainability issues. In the process of identifying the key stakeholders for engagement, the Group took into consideration the degree of influence and dependence each stakeholder has on the Group. We consistently engage with our stakeholders through multiple channels and on a regular basis, to understand specific sustainability issues relevant to them and obtain feedback that form an integral part of its sustainability strategy and initiatives. Through this process, information is collected in a timely and accurate manner, which is necessary in ensuring that issues, risks, and opportunities are managed and addressed.

The key stakeholder groups identified based on a structured Stakeholder Prioritisation Exercise carried out in 2020 which is guided by Bursa Malaysia's Sustainability Reporting Guide are Board of Directors, shareholders/investors, employees, business partners, customers and financial providers.

MATERIALITY ASSESSMENT

The Materiality Assessment is a strategic business tool to identify, review and prioritise the material sustainability matters that affect our business and stakeholders. In 2020, the Group adopted a structured Materiality Assessment process, guided by Bursa Malaysia's Sustainability Reporting Guide to identify and assess the significance of sustainability matters to our business and stakeholder groups.

In identifying the material sustainability matters, a materiality analysis exercise was carried out on the Group stakeholders' views and responses on environmental, economic, and social aspects that contribute significantly to assessing the current EES risks, impact and opportunities within our business. We have also considered emerging global risks associated with the shipping industry as reported in industry-specific publications and references.

Materiality Matrix

MANAGING OUR BUSINESS	ENVIRONMENT	PEOPLE
1 Digitalisation and innovation 2 Business ethics and compliance 3 Business development and financial performance 4 Supply chain management 5 Customer satisfaction 6 Disaster response	7 Ocean health 8 Climate change and mitigation	9 Occupational health and safety 10 Human rights and fair employment practice 11 Training and development 12 Community development

Note: The numbers in the diagram above refer to the respective sustainability matters as numbered in the materiality matrix.

This year, we engaged with our internal and external stakeholders to gauge their perception on the level of importance of the identified sustainability matters. We also conducted workshops with the representatives of Management across various functions to determine the level of significance of each sustainability matter to the business, based on the degree of impact and likelihood of occurrence.

The table below summarises some of the key engagements that took place in 2020:

Stakeholder Group	Engagement Methods and Frequency	Issues/ Topics Raised	MBC's Response
Board of Directors	• Materiality survey and interviews (every 2 years) • Board Meetings (quarterly) • Annual General Meetings • Group and one-on-one meetings (ongoing)	• Business performance, strategy, operating landscape and business outlook. • Internal controls, compliance of regulatory and business requirements	• Provide timely and comprehensive information as requested. • Provide regular updates on risk registry, internal audit reviews and external review to evaluate our compliance programmes.
Shareholders/ Investors	• Materiality survey and interviews (every 2 years) • Updates through corporate announcement and emails (as needed). • Annual General Meetings	• Business sustainability and financial performance.	• Provide information through company announcements via Bursa Malaysia and Annual General Meetings. • Annual Reports
Employees	• Materiality survey (every 2 years) • MBC's Townhall session (annually) • Newsletters and Alerts; internal online portal (ongoing) • Internal employee survey to obtain employee feedback (annually) • Senior Officer Conferences (bimonthly) • Rolled out online learning platforms in FY2020 • Employee appraisals (mid-year and year end reviews) between supervisor and employee	• Development opportunities for both crew and shore staff • Occupational health and safety • Human Rights & Fair Employment Practices	• Continue to source for high quality learning content for employees • Implemented safe management measures to minimise risk of COVID-19 exposure to both crew and shore staff. • Reiterate fair recruitment and appraisal process.
Customer	• Communication from commercial team through emails/meetings etc (regularly) • Surveys and feedback	• Carbon emissions and safety • Upcoming regulations affecting the business	• Incorporation of COVID-19 prevention measures and crew change requirements. • Emissions reporting to support vessels' Rightship grading

Stakeholder Group	Engagement Methods and Frequency	Issues/ Topics Raised	MBC's Response
Business Partners	• Internal surveys and feedback (annually) • Company events/activities (regularly) • Internal/External meetings (regularly)	• Digitalisation and innovation to enable business under COVID-19 challenges • Operational and environmental matters	• Networking sessions between MBC and business partners • Embarked on various enhancements in improving financial reporting and fleet management systems. • Initiated cyber security programmes with user awareness and tighter controls.
Financial Providers	• Communication through emails/meetings (ongoing) • Bankers' engagement events • Materiality survey (every 2 years)	• Sustainable financing, and compliance with IMO guidelines	• Provision of relevant data to financial providers who are signatories to the Poseidon Principles.

We continue to enhance our disclosures on these material sustainability matters which are of high importance to MBC Group, namely Digitalisation and Innovation, Business Development and Financial Performance, Occupational Health & Safety, Business Ethics and Compliance, Ocean Health and Climate Change and Mitigation. Details of our initiatives and measures taken in managing these material sustainability matters are discussed in the subsequent sections of this Statement.

1. DIGITALISATION AND INNOVATION

With post COVID-19 pandemic and continual uncertainty in the freight market, companies are accelerating their adoption of digitalisation and innovation to enhance its competitive advantage for their businesses. The emergence of global security threats such as cyber-attacks pose great challenge to the Group's information system and reputation. The Group has in place cybersecurity programmes that cover comprehensive user awareness, tighten controls and a dedicated cybersecurity team.

The Group also invested in technology across processes to enhance productivity and ensure greater efficiency in financial reporting, fleet management and crew operations, as well as maintaining on-going communication and engagement with shore and sea-based staff during the COVID-19 outbreak. On crew operations, with data enhancements and optimising system utility, automated checks will be implemented for crew documentation and crew movement. The Group is also replacing the current fleet management system with a more integrated fleet management platform that can handle all aspects of fleet management including planned maintenance, purchasing, documentation, HSEQA, drydocking and voyage management.

2. BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE

The dry bulk trade deteriorated in early part of the year 2020 and the COVID-19 pandemic adversely affected world economies and global industrial activities. Freight rates were under pressure across all segments of the dry bulk markets. To secure consistent earnings and cushion the volatility of the spot market, the Group employed a combination of fixed and floating index rate charters on the Supramax vessels, and spot/shorter-term charters on the Kamsarmax vessels.

The Group has also rolled out cost management measures in procurement of parts and services, as well as optimise vessel maintenance programme that drives efficiency, reduce downtime and lowers total costs.

3. OCCUPATIONAL HEALTH AND SAFETY

At MBC Group, workplace safety is our utmost priority. We strongly believe our staff and crew, onshore or at sea, deserve a safe and healthy working environment, not only for the individual's well-being but for the interest of the Group as well.

The Group recognises the objectives as advocated in the IMO's International Safety Management Code which emphasises on safety at sea, prevention of human injury or loss of life and avoidance of damage to the environment, specifically the marine ecosystem which is aligned with our aspirations.

We have in place a Safety Management Manual (SMM), which complies with the requirements of the American Bureau of Shipping Guide for Marine Management Systems that have been largely derived from the sound management system principles reflected in the ISM Code, ISO14001:2015 and other industry-driven requirements. Detailed instructions and procedures that are formulated within the system are reviewed annually to ensure safe operations of ships and environmental protection in compliance with international and Flag State legislations.

In 2020, the Group developed and implemented a Pandemic Contingency Plan and participated in the International Seafarer's Welfare Assistance Network (ISWAN) as well as Sea Air Vaccination Exercise (SAVE) programmes to prioritise safety and wellbeing of the seafarers due to higher risk of exposure to COVID-19 outbreak.

Our other health and safety obligations are also set out in our Declaration of Maritime Labour Convention and Collective Agreement with the trade union.

3.1 Health, Safety and Environment Policy ("HSE Policy")

The Group is guided by the HSE policy, which is complemented by six other policies as shown in the diagram below.

The Management has established a complete and comprehensive HSE Safety Management Manual that clearly stipulates in detail, the procedures and measures required to meet the abovementioned objectives. The Manual underlines the importance of giving a high priority and compliance to the client's own rules, regulations, and standards.

To create awareness on health and safety among the sea staff and employees onshore, all the Policy Statements are posted on the notice boards at the various locations in our fleet of vessels and across the offices respectively.

Within our shipping operations, a Safety Committee is constituted onboard every ship. Whilst the Master is responsible for the overall safety of the ship and those onboard, the Ship's Safety Officer and Safety Committee have important roles to play in promoting an attitude of safety consciousness and accident prevention amongst the crew.

3.2 Personal Protective Equipment ("PPE")

At MBC Group, all personnel must adhere to HSE policy and shall wear adequate PPEs that is suitable for the nature of work being carried out. Our policy requires that adequate protective equipment to be utilised by our employees and seafarers, as one of the minimum safety requirements prior to carrying out any work onboard the vessels. Disciplinary action for non-compliance is a warning for initial offence and dismissal for a repeated offence. PPEs are regarded as the last defence barrier in the avoidance of personal injury. The conditions of PPEs are regularly checked.

3.3 Safety and Health Training

A workplace accident can change a life forever, which is why MBC Group is committed to empowering employees and crew with the tools, resources and training necessary to take charge of their own safety and look out for their colleagues. Onboard safety training begins at the cadet level and continues at all ranks throughout the career of a seafarer of MBC Group. Through training, drills and exercises, crew members learn or refresh vital skills and knowledge to recognise and mitigate workplace hazards and ensure the safe operation of our ships.

Extensive safety training, covering a wide range of areas, including emergency procedures and environmental awareness are provided to ship crew members. Prior to joining a vessel, a safety briefing is provided to the sea staff. During crew and officer's seminar, presentation on safety topic is carried out to increase safety awareness.

As part of our efforts to further improve the Group's safety performance, safety statistics and data are analysed to identify the most common injuries faced by our employees, as well as the most common basic risk factors. This in-depth analysis allows the Group to focus on areas of concerns and formulate action plans to mitigate the risks identified.

As Occupational Health and Safety programmes are part of our due diligence process, we target to eliminate or reduce risk to "As Low As Reasonably Practicable" with due regard to legal obligations of life safety, health and environment. Our tolerance level for Health and Safety impact per incident is zero loss of life and we are committed to working towards this ultimate goal.

In 2020, we achieved an excellent safety performance of zero Lost Time Injury Frequency Rate and zero fatalities.

Key Performance Indicator	2020 Performance	2019 Performance	2018 Performance
Fatality (no. of incidents)	*Nil*	*Nil*	*Nil*
Lost Time Injury Frequency (per million Exposure hours)	*Nil*	0.55	*Nil*
Major fire and/or explosion (no. of incidents)	*Nil*	*Nil*	*Nil*
Ship collision (no. of incidents)	*Nil*	*Nil*	*Nil*
Oil pollution (no. of incidents)	*Nil*	*Nil*	*Nil*
Detentions by Port or Flag State (no. of incidents)	*Nil*	*Nil*	1

4. BUSINESS ETHICS AND COMPLIANCE

Ethics and Integrity are the Group's core value and integral to the conduct of day-to-day business operations.

We demonstrate strong compliance with international and domestic regulations in the geographical areas where we operate. Compliance with the laws and regulations is a must-have for us to operate in the shipping industry and MBC Group's Board of Directors is fully committed to ensuring that the Group maintains the highest standards in this. The Board of Directors is assisted by Legal and Human Resource Departments, and ship managers in overseeing the implementation of the Group's policies and procedures as well as local and international regulations.

4.1 Internal policies and procedures

Below are MBC Group's internal policies and procedures:

4.1.1. Code of Ethics and Code of Conduct

Our Code of Ethics and Code of Conduct cover matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The following are some of the key initiatives carried out to encourage and promote ethical conduct within MBC Group:

i. All new employees to go through new hire orientation training which introduces them to our Code of Conduct and how to obtain a copy for their reference.
ii. The Employee Handbook provides guidance on both Code of Ethics and Code of Conduct, and describes a range of examples for greater clarity.
iii. Proper separation of duties and use of Financial Approval Limits (FAL).

The Group has **Zero Tolerance** for unethical business practices or conduct.

NIL fines or non-monetary sanctions resulting from unethical business practices in 2020.

4.1.2. Whistle Blowing Policy

This policy establishes a framework for whistle blowing without fear of reprisals and provides for independent investigations. It provides an avenue for all employees and other stakeholders to report any suspected wrongdoings or unethical or unlawful conduct involving our employees and provides reassurance that the whistle-blower will be protected from reprisals and their identity will not be disclosed to maintain confidentiality. Submission of complaint shall be made in person or in writing and be lodged with the Audit Committee. The Group did not receive any complaint during the year.

4.1.3. Anti-corruption Policy

MBC Group is committed to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Employees must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Any breaching or non-compliance is subjected to the requirements of The Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018, Section 17A that a commercial organisation is deemed to have committed an offence, if a person associated with the commercial organisation corruptly gives, agrees to give, promises or offers to any person any gratification to obtain or retain business or advantage for the organisation. If charged, a commercial organisation may, as a defence provide that it had in place adequate procedures designed to prevent persons associated with the organisation from undertaking the conduct that is subject of the offence.

4.1.4. Sanctions Compliance Policy

This policy explains the sanctions, its applicability and the importance, as well as provides guidelines and the Group's approach to compliance. Sanction checks are performed using Dow Jones and Datarama portals.

4.2 Seafaring regulations

Ship managers are responsible in ensuring that all our sea-going staff comply with local and international seafaring regulations, such as:

i. International Maritime Organisation (IMO) Standard of Training, Certification and Watch-keeping for Seafarers (STCW) Convention;
ii. Maritime Labour Convention (MLC) 2006;
iii. International Safety Management (ISM) Code;
iv. Minimum Safe Manning Document; and
v. Neptune Declaration 2021 for Seafarer Wellbeing and Crew Change

In ensuring that all crew members obtain the relevant qualifications and certifications, we provide in-depth training based on these regulations, onboard the vessels and ashore.

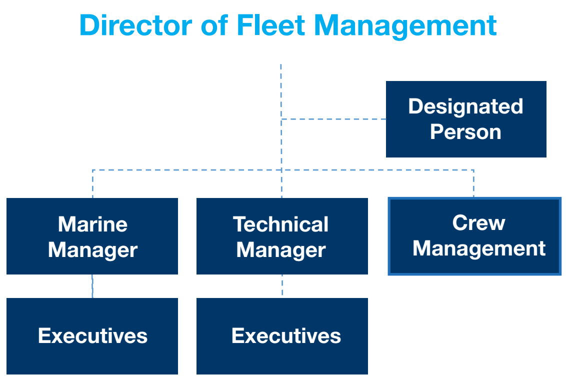
We regularly carry out inspections to check on the sea-going staff documentation upon hiring and joining the ship. In order to ensure comprehensive inspections, proper checklists are in place to assist monitoring and checking while immediate actions are taken on any reports of non-compliance. Any non-conformity raised by the Port State Control (PSC), ISM and MLC during inspections are strictly rectified to prevent recurrence.

5. ENVIRONMENTAL MANAGEMENT (OCEAN HEALTH AND CLIMATE CHANGE & MITIGATION)

MBC recognises the importance in preserving health and value of the marine ecosystem and biodiversity. Our newer Kamsarmaxes are environmentally friendly green vessels, and our entire fleet are equipped with the Ballast Water Treatment System to prevent the introduction of non-native marine microorganisms.

Operating in a highly regulated industry, we are committed to safeguarding the environment by ensuring that our vessels are in full compliance with all relevant local and international laws and regulations and operate efficiently to minimise the impact on the environment. Ashore and at sea, we comply with the mandatory ISM code and other relevant regulatory requirements that prescribe system controls, procedural safeguards and training to prevent and respond to oil spillage.

Sustainability Statement
(cont'd)



The Director of Fleet Management is ultimately responsible in establishing environmental objectives and targets for the vessels and office departments on an annual basis, assisted by the Departmental Managers. The Designated Person is responsible in monitoring the safety and pollution-prevention aspects of the operation of each ship and ensuring that adequate resources and shore-based support are applied, as required.

We strive to ensure that significant environmental aspects are considered in establishing, implementing, and maintaining our environmental management system. We also regularly identify the environmental aspects of all the Group's activities and services to determine those that have or can have significant impacts on the environment.

5.1 Greenhouse Gas Emission

To navigate towards a greener environment, we have taken pro-active initiatives in the management of our environment including emission mitigation. To align with International Maritime Organisation (IMO) of Greenhouse Gas Strategy, the Group has embarked on EU Monitoring, Reporting and Verification (MRV) and IMO Data Collection System (DCS) that are developed in the context of reduction of greenhouse gases (GHG)/ carbon dioxide (CO_2) emissions and with the target to measure and potentially reduce the CO_2 emissions in the maritime industry.

The Group has also implemented the Energy Efficiency Design Index (EEDI) for new vessels using the Ship Energy Efficiency Management Plan (SEEMP), a tool introduced by the IMO to monitor the amount of CO_2 emission and other greenhouse gas emissions from ships. Our Technical Department has been tasked to oversee and implement the SEEMP onboard the entire fleet. We have also retrofitted our existing ships with various fuel-saving technological enhancements with the aim to reduce fuel consumption and emissions. Our new builds are designed to be more fuel efficient and in compliance with the following latest regulations:

i. Nitrogen Oxides (NOx) Tier II – to limit the diesel engine NOx emissions;
ii. Energy Efficient Design Index (EEDI) – to monitor the amount of CO_2 emission and other greenhouse gas emissions from ships; and
iii. Ballast Water Treatment System.

Apart from taking initiatives based on regulatory standards and keeping ourselves abreast on the available technologies in the market on GHG emission reduction, we have also initiated the following:

- Use fuel oil additives to enhance engine combustion of our vessels;
- Hull cleaning which is fouled with marine growth which would increase the fuel consumption;
- Propeller cleaning when the propeller curve reaches the engine maker's indicator; and
- Safe and fuel-efficient route guidance system tool to reduce emissions.

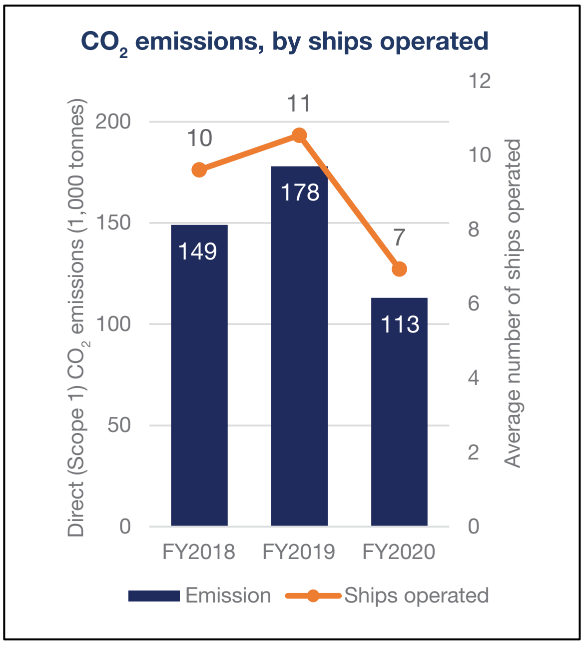
In compliance with Regulation 22A of MARPOL Annex VI which requires ships to collect, aggregate and report data on its fuel consumption starting from 1 January 2019, we have developed a ship-specific methodology for fuel consumption data collection as required by the regulation and reported to the Administration or any organisation duly authorised by it.

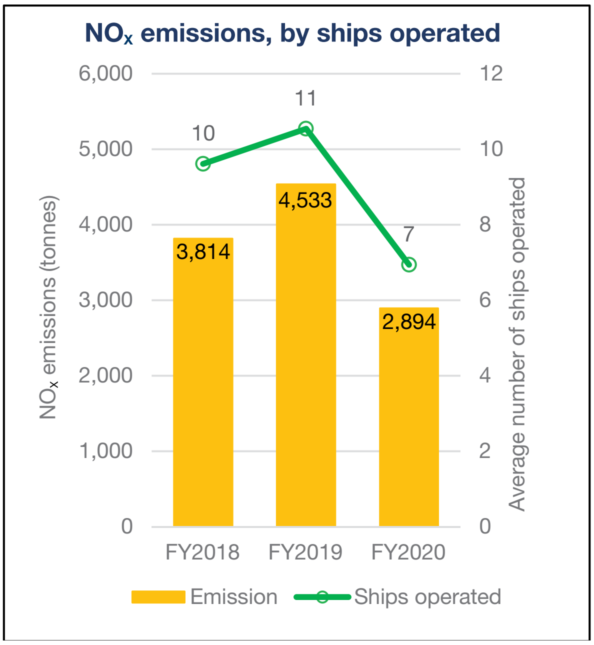
Within the Group, the Operations Department is responsible for the discharge of hold wash water, which might be harmful to the marine environment. We strictly ensure that our vessel discharges the hold wash water in line with the regulation under MARPOL Annex V.

There is no specific target set for reduction in GHG and air pollutants emissions as it is still under data collection and monitoring stage. Presently, there is no specific GHG emission target set by IMO, in view that it is a complex issue apart from the 0.5% sulphur cap and Tier 3 engine on NO_x control.

The GHG reduction plan for the future is very much dependent on the technology available in the market and its economic impact and the acceptance standard by the regulatory bodies. As a prudent Ship Manager and Ship Owner, our aim is to support and participate in any activities on GHG emission reduction that is within the scope of our business and within our means, and to be in full compliance with the IMO's rules and regulations.

MBC recorded a decrease in GHG emission in 2020 corresponding with the change in fleet size during the reporting year.





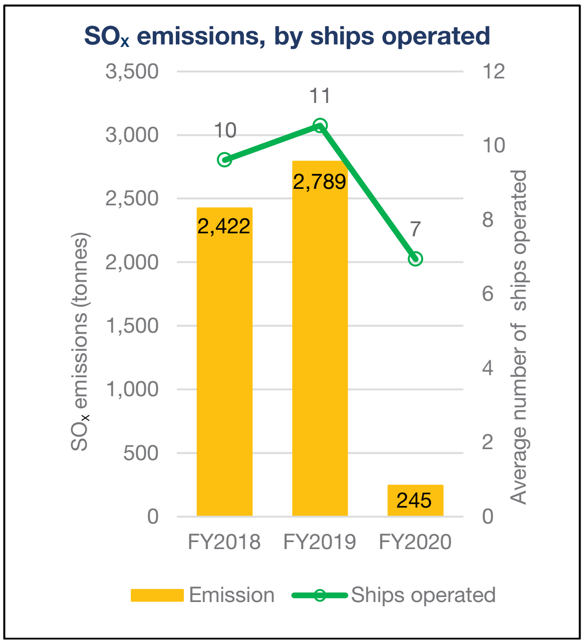
Note: Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the Group. We do not track Scope 2 and 3 emissions as the generation of electricity, heating and cooling or steam is operated within the vessels.

5.2 Sulphur Regulation

From 1 January 2020, IMO MARPOL Annex VI will reduce the maximum sulphur content in fuel oil used on vessels to 0.50% replacing the former limit of 3.5%.

In order to meet the regulation, vessels can switch to a new fuel with a lower sulphur content or install open or closed-loop Exhaust Gas Cleaning Systems (also known as scrubbers) that reduce the sulphur content from the exhaust gases.

The Group has retrofitted two (2) vessels with scrubbers and the remainder will switch to low sulphur bunkers.



5.3 Environmental Management Programme

The Group are committed to ensuring safety and environmental compliance at all levels and to ingrain our people the mentality to adopt the best environmental standard and contribute to the ecosystem resilience. We have rolled-out Environment Compliance Plan (ECP) and implemented an "Open and Transparent Reporting System (ORS)" to collate positive feedback that highlighted key areas for improvement on three most significant environmental aspects within the shipping operations:

i. **Seafarers' Compliance**
The seafarers play an important role in the implementation of, and compliance with pollution prevention requirements, regulations and standards through continuous review of Safety Management System manuals, circulars on environmental related matters and sea staff education via shipboard training, including computer based training, seminars and pre-joining ship briefings. Target for 2020 was set to have not more than 5 environmental related deficiencies issued during external inspection. There was no deficiency issued for the Group's owned fleet in 2020.

ii. **Handling of oily bilge water**
Reducing the production of oily bilge water from machinery space to minimise impact to the environment. It is achieved through various methods such as proper housekeeping and maintenance. Oily bilge water are processed through Oily Water Separator, and residual oil retained on board for subsequent disposal to approved reception facilities.

iii. **Garbage/waste disposal**
Preventing environmental pollution of garbage through various garbage/waste reduction methods such as reduce, reuse, recycle and repurpose, repair, return and refill. All accumulated garbage is compressed to its minimum possible size prior to disposal at shore facilities. The average monthly garbage production in 2020 was 1.16m^3 per ship, below our target of 1.25m^3.

The results from the monitoring and measurement of the EMP are analysed and evaluated on a bi-annual basis. These results are also discussed and reviewed during safety committee meetings to establish action plans for continual improvement.

6. MARITIME DISASTER MANAGEMENT

Maritime disaster management plays an important role in minimising MBC Group's risks in the event of maritime disasters (e.g. vessel collision, fire & explosion, security and piracy), which may result in financial losses, operational inefficiencies and environmental damage. In severe cases, it may even lead to the loss of customers and damage to brand reputation.

The overall responsibility of managing maritime disaster lies with the Crisis Management Team (CMT). CMT provides the required assistance and guides decision-making for our vessels in any emergency situations. Most of the Senior Management of CMT are trained for crisis management and media handling.

The Group has implemented the Emergency Response Manual which comprehensively details out the steps or actions and contingency plans to be taken during any emergency cases. All our ships have been provided with Shipboard Emergency Response Plan and a checklist for the employees and seafarers to use during any emergency.

A Crisis Management Plan is also in place for our shore management to ensure continuous safe operation in the event of an onboard emergency. The plan addresses matters ranging from safeguarding of life, preservation of property to the minimisation of environmental impact as a result of a crisis.

6.1 Trainings and drills

At MBC Group, trainings and drills are held as realistic as possible. Participation in the training and drills is mandatory to all relevant personnel. All the relevant equipment such as fire pumps, survival craft are maintained in readiness for use in emergencies.

We ensure that at least once a year, each ship is involved in a selected drill together with other parties such as Manning Agents, our clients, Oil Spill Response Organisations, Classification Society Emergency Response Service and media representatives to ensure adequate response to hazards, accidents and emergency situations at shipboard. An annual communication drill is also carried out between ship and shore offices.

Zero cases of maritime crisis / incident in 2020.

MBC'S CONTROLLED FLEET

(As at 31 March 2021)

	Vessel Name	Category	Year Built	DWT (MT)
BULK CARRIERS				
Owned				
1	Alam Kekal	Kamsarmax	Oct-18	82,079
2	Alam Kukuh	Kamsarmax	Jan-19	82,079
3	Alam Kuasa	Kamsarmax	Apr-19	85,020
4	Alam Madu	Supramax	Sep-14	58,045
5	Alam Molek	Supramax	Oct-14	58,074
Long Term Charter				
6	Alam Suria	Handysize	Jan-12	29,077
7	Alam Sayang	Supramax	Jul-13	61,410
Committed for sale				
8	Alam Sejahtera	Handysize	May-16	33,393
				489,177

BOARD OF DIRECTORS

DATO' MOHD ZAFER BIN MOHD HASHIM

Independent Non-Executive Chairman

Nationality : Malaysian
Age/Gender : 48/Male

Dato' Mohd Zafer Bin Mohd Hashim was appointed to the Board on 6 February 2015 and was subsequently re-designated as the Chairman on 1 July 2020. He is also a member of the Nomination & Remuneration Committee.

He was previously the President Group Managing Director of Bank Pembangunan Malaysia Berhad, Chief Financial Officer of Maybank Investment Bank Berhad and Bank Muamalat Malaysia Berhad. Prior to joining Bank Muamalat Malaysia Berhad, he was attached to MMC Corporation Berhad as its General Manager. He began his career with Price Waterhouse in London.

He graduated in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales.

HOR WENG YEW

Chief Executive Officer

Nationality : Singaporean
Age/Gender : 54/Male

Mr Hor Weng Yew was appointed to the Board on 16 January 2018 as an Executive Director and re-designated as Chief Executive Officer on 14 May 2018.

Mr Hor is currently the Chief Executive Officer of Pacific Carriers Limited Group. Prior to his current appointment, he was the Chief Operating Officer of Pacific Carriers Limited Group and Senior Director, Tanker and Strategic Business Development for the Kuok (Singapore) Limited Group.

He was the President/ Chief Executive Officer of American Eagle Tanker Inc. Ltd. (AET) Tanker Holdings Sdn. Bhd. from 1 January 2009 to 2015. Mr Hor Weng Yew began his career with Neptune Orient Lines Limited (NOL) in 1989 and was involved in the commercial operations and chartering, project management, strategy and business planning initiatives for NOL and AET, a subsidiary of NOL, since its inception in 1994. Prior to that he joined MISC Berhad in July 2003 following the acquisition of AET by MISC, holding various senior positions.

He holds a Bachelor of Arts (Economics) Degree from National University of Singapore and MSc in Shipping, Trade & Finance (Distinction) from City University Business School, London.

THO LEONG CHYE

Executive Director

Nationality : Singaporean
Age/Gender : 47 /Male

Mr Tho Leong Chye was appointed to the Board on 31 March 2021.

Mr Tho is presently the Group Chief Financial Officer of Kuok (Singapore) Limited Group ("KSL Group").

Prior to his current appointment, he was Group Treasurer and later Deputy Group Chief Financial Officer of KSL Group. Prior to joining KSL Group, he was Managing Director, Head of Institutional FX Sales, Apac of Credit Suisse AG from June 2011 to December 2017. He was previously Director, Head of Greater China FX Sales of Deutsche Bank AG from October 2005 to June 2011 and Vice President, FX Trading of Oversea-Chinese Banking Corporation Limited from December 2004 to September 2005. Prior to that, he was Assistant Director, Banking Department and later Portfolio Manager, Reserve & Monetary Management Department of Monetary Authority of Singapore.

Mr Tho holds a Bachelor of Business (Financial Analysis) from Nanyang Technological University and a Master of Science in Financial Engineering from the National University of Singapore. He is a CFA Charterholder and has also obtained the Association of Chartered Certified Accountants (ACCA) qualification.

Board of Directors (cont'd)

TAY BENG CHAI

Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 59/Male

Mr Tay Beng Chai was appointed to the Board on 14 October 2003. He is also Chairman of the Nomination & Remuneration Committee and a member of the Audit and Risk Management Committee.

He is the Managing Partner of Messrs Tay & Partners, Advocates & Solicitors and also a Partner of Bird & Bird ATMD LLP, Singapore. He holds a Bachelor of Law Degree from the National University of Singapore, and is an advocate and solicitor admitted to practice in Malaysia and Singapore. He has over 30 years' experience in corporate law, mergers and acquisitions, finance and securities law matters. Mr Tay is also a Fellow of the Singapore Institute of Arbitrators.

Mr Tay is also an Independent Non-Executive Director of Sungei Bagan Rubber Company (Malaya) Berhad, Kluang Rubber Company (Malaya) Berhad and Kuchai Development Berhad.

LIM SOON HUAT

Non-Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 56/Male

Mr Lim Soon Huat was appointed to the Board on 6 February 2015. He is also a member of the Audit and Risk Management Committee and Nomination & Remuneration Committee.

Mr Lim is currently the Managing Director of PPB Group Berhad. He also sits on board of Ponderosa Golf & Country Resort Berhad and FFM Berhad.

Mr Lim has many years of management experience in the field of finance, commodities trading, consumer goods manufacturing and marketing, hotel investments, sugar cane plantation and sugar milling operations. He held various senior executive positions in the Kuok Group of companies in Singapore, Thailand, Hong Kong, China and Indonesia including the post of Executive Director of Siam Seaport Warehouse & Terminal, Thailand; Group General Manager of Kerry Beverages Limited, Hong Kong and General Manager of Dalian Coca Cola Company, People's Republic of China.

He holds a Bachelor of Science (Honours) in Statistics from Universiti Kebangsaan Malaysia.

YEOH KHOON CHENG

Independent Non-Executive Director

Nationality : Malaysian
Age/Gender : 62 /Male

Mr Yeoh Khoon Cheng was appointed to the Board on 29 August 2019. He is also the Chairman of the Audit and Risk Management Committee.

Mr Yeoh Khoon Cheng started his career as Audit Assistant with Deloitte Malaysia in 1979. He joined Malayan Cement Berhad in 1987 as Finance Manager and has held various positions involving business development, mergers & acquisitions and corporate finance activities in addition to the position of Company Secretary from 1990 to 1998. He was appointed as Executive Director and Chief Financial Officer in January 1999 and held the position until August 2011. From August 2011 to December 2015, he was the Chief Financial Officer for Lafarge Cement China Limited and from January 2016 to July 2017, he was the Chief Financial Officer for Huaxin Cement Limited, China. He returned to Malayan Cement Berhad in August 2018 as Executive Director holding the position of Chief Financial Officer and later CEO until May 2019.

Mr Yeoh is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

He is currently also the Non-Independent Non-Executive Director of Malayan Cement Berhad.

Board of Directors (cont'd)

ELSIE KOK YIN MEI

Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **60/Female**

Madam Elsie Kok Yin Mei was appointed to the Board on 23 June 2020.

She is currently an Independent Director of Liberty Insurance Berhad. Prior to joining Liberty Insurance Berhad, she was the Head of Legal, General Counsel of HSBC Group in Malaysia from May 2003 to March 2016. She was a Legal Adviser of HSBC Group in Malaysia from August 1992 to April 2003. She began her career as a Legal Assistant with Advocates & Solicitors, Messrs Abdul Raman Saad & Associates, KL and Advocates & Solicitors, Messrs Tan Eng Choong & Co from January 1987 to July 1992.

Madam Elsie Kok Yin Mei holds a Bachelor of Jurisprudence and LLB from Monash University, Melbourne, Australia.

ANDREW CHARLES HOARE

Alternate to Hor Weng Yew

Nationality : **British**
Age/Gender : **51/Male**

Mr Andrew Charles Hoare was appointed as Alternate Director to Mr Hor Weng Yew on 12 June 2020.

He is currently the Singapore Head of Tanker & Gas, Drybulk (Gearless) business of Pacific Carriers Limited. Prior to joining Pacific Carriers Limited, he was the Group Chief Operating Officer of Navig8 Group and Managing Director of Navig8 Asia Pte. Ltd., Singapore from April 2016 to February 2019. From 2003 to 2016, he held various leadership positions and last role as Chief Commercial Officer in BW LPG Limited which is listed on Oslo Stock Exchange.

He holds a Master of Business Administration from Ashridge Management College, United Kingdom and a Master of Management with International Relations from University of St. Andrews, Scotland.

Notes:

- The total number of Board meetings held during the financial year ended 31 December 2020 was seven. The number of Board Meetings attended by the Directors in the financial year is set out on page 30 of this Annual Report.
- None of the directors has any family relationship with any other director of the Company. The disclosure of directors' family relationship with major shareholders is not applicable as the major shareholders are corporate entities.
- None of the directors has any conflict of interest with the Company.
- None of the directors had any convictions for offences within the past 5 years other than traffic offences.
- None of the directors have any public sanction and/or penalty imposed by any relevant regulatory bodies during the financial year ended 31 December 2020.

KEY SENIOR MANAGEMENT

HOR WENG YEW

Chief Executive Officer

His profile is disclosed on page 21 of this Annual Report.

ANDREW CHARLES HOARE

Alternate to Hor Weng Yew

His profile is disclosed on page 23 of this Annual Report.

LEE CHEE SEONG

Director of Pacific Ship-Managers Sdn Bhd and PSM Perkapalan Sdn Bhd

Nationality/Age/ Gender:

Singaporean / 59 / Male

Date of Appointment:

27 May 2020

Academic/ Professional Qualification:

- Master of Science in Maritime Studies

Present Directorship:

- Listed entity: Nil
- Other public companies: Nil

Working Experience:

- May 1980 – June 2004 : Marine Officer of American President Lines (APL)
- June 2004 – June 2007 : Manager, Fleet Controller of APL
- June 2007 – February 2014 : Managing Director of Neptune Shipmanagement Services Pte Ltd (NSSPL) & Director, Fleet Personnel Department of APL
- February 2014 – December 2015 : Vice President & Head of Global Marine Operations of APL
- January 2016 – July 2017 : Vice President, Network Operations of United Arab Shipping Company Ltd
- August 2017 – October 2017 : Group Business Development Director – Container of V.Group
- January 2018 – August 2019 : Chief Operations Officer of APL
- August 2019 – February 2020 : Chief Operations Officer of APL / Head of Operations of CMA CGM (APAC)
- March 2020 – present : Fleet Director of PACC Ship Managers Pte Ltd

THO LEONG CHYE

Executive Director

His profile is disclosed on page 21 of this Annual Report.

TAN SIEW MIN

Financial Controller

Nationality/Age/ Gender:

Malaysian / 44 / Female

Date of Appointment:

19 May 2020

Academic/ Professional Qualification:

- Member of the Malaysian Institute of Accountants
- Member of CPA Australia

Present Directorship:

- Listed entity: Nil
- Other public companies: Nil

Working Experience:

- Ms. Tan Siew Min started her career as an Audit Assistant with Ernst & Young in 2000. She joined Malaysian Bulk Carriers Berhad as an Assistant Manager in 2004 and was transferred to Pacific Carriers Limited, Singapore, as Group Finance Manager in 2008. From 2015 to October 2017, she was the Group Financial Controller for Pacific Carriers Limited, and Kuok (Singapore) Limited; she was attached to the Executive Office of Kuok (Singapore) Limited in 2018 and currently overseeing the Finance and Treasury operations for Kuok (Singapore) Limited.

Notes:

(1) none of the key senior management has any family relationship with any director of the Company. The disclosure of key senior management's family relationship with major shareholders is not applicable as the major shareholders are corporate entities.

(2) none of the key senior management has any conflict of interest with the Company.

(3) none of the key senior management had any convictions for offences within the past 5 years other than traffic offences.

(4) none of the key senior management have any public sanction and/or penalty imposed by any relevant regulatory bodies during the financial year ended 31 December 2020.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohd Zafer Bin Mohd Hashim
Independent Non-Executive Chairman

Hor Weng Yew
Chief Executive Officer

Tho Leong Chye
Executive Director

Lim Soon Huat
Non-Independent Non-Executive Director

Tay Beng Chai
Independent Non-Executive Director

Yeoh Khoon Cheng
Independent Non-Executive Director

Elsie Kok Yin Mei
Independent Non-Executive Director

Andrew Charles Hoare
Alternate to Hor Weng Yew

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Yeoh Khoon Cheng

Members
Tay Beng Chai
Lim Soon Huat

NOMINATION & REMUNERATION COMMITTEE

Chairman
Tay Beng Chai

Members
Dato' Mohd Zafer Bin Mohd Hashim
Lim Soon Huat

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC No.: 202008001023)

Tan Ai Ning (MAICSA 7015852)
(SSM PC No.: 202008000067)

REGISTRAR

PPB Corporate Services Sdn Bhd
12th Floor, UBN Tower
10, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : +603-2726 0088
Fax : +603-2726 0099

REGISTERED OFFICE

Unit 11.03a, Level 11, Mercu 2
No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2281 1388
Fax : +603-2281 1338

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board
Sector : Transportation & Logistics
Stock Name : Maybulk
Stock Code : 5077

AUDITORS

Ernst & Young PLT
Chartered Accountants
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") is committed to ensuring that high standards of corporate governance are practised throughout the Group in discharging its responsibilities to protect and enhance shareholders' value.

The Corporate Governance Overview Statement provides a summary of the corporate governance practices of the Group during the financial year ended 31 December 2020 with reference to the three (3) broad principles in the Malaysian Code on Corporate Governance ("Code"), as follows:

(a) board leadership and effectiveness;
(b) effective audit and risk management; and
(c) integrity in corporate reporting and meaningful relationship with stakeholders.

This statement is to be read together with the Company's Corporate Governance Report for financial year ended 31 December 2020 ("CG Report"), which is based on a prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The CG Report is available on the Company's website at www.maybulk.com.my.

The CG Report provides details on how the Company has applied each practices under the Code, any departures thereof and the alternative measures put in place within the Company during the financial year ended 31 December 2020. The Board considers that the Company has substantially complied with the Code save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is guided by the Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the Management and Board Committees. The Board Charter is available on the Company's website at www.maybulk.com.my.

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, ensuring the adequacy and integrity of internal control systems, establishing a succession plan and developing and implementing an investor relations program.

In carrying out its responsibilities, the Board delegated specific responsibilities to two (2) committees, namely, the Audit and Risk Management Committee ("ARMC") and the Nomination & Remuneration Committee ("NRC"), all of which discharge duties and responsibilities within their respective terms of reference. The responsibilities and authorities delegated to the Management is contained in the Group's Financial Authority Limits.

The schedule of matters reserved for the Board's decision includes corporate/ strategic direction and major business proposals; major capital commitments; acquisition and disposal of assets and investments; commitment to loans and long/ short term financing with banks; capital structure; adoption of any significant change in accounting policies and approval of annual audited financial statements and quarterly results.

Code of Ethics and Conduct

The Board is committed to maintain a corporate culture with good ethical conduct. This is formalised through the Company's Code of Ethics and Code of Conduct which are set out in the Company's Employment Handbook. The handbook covers matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out therein.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Anti-Corruption Policy

The Board had on 28 November 2018 adopted an Anti-Corruption Policy to ensure that the Company has adequate procedures in place to prevent employees and/or persons associated with the Group from undertaking corrupt conduct in relation to the business activities.

Whistle Blowing Policy

The Board adopted a Whistle Blowing Policy on 23 August 2018. The policy provides guidelines and procedures to report any corporate impropriety, malpractice, wrongdoing or misconduct relating to fraud, corrupt practices and/or abuse, on a timely basis for management action.

Roles and responsibilities between the Chairman and Chief Executive Officer

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Chief Executive Officer to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman of the Board (an Independent Non-Executive Director) is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business. The roles and responsibilities of the Chairman and the Chief Executive Officer are set out in the Board Charter.

Company Secretaries

The Board is supported by Company Secretaries who are qualified and responsible for ensuring that all Board procedures and relevant laws and regulations are complied with.

The Company Secretaries and/or their representatives facilitate and attend all meetings of the board, board committees and shareholders meetings, and ensure that meetings are properly convened and proceedings are properly recorded; maintain all corporate records required under the Companies Act and ensure compliance with all reporting obligations under the applicable law and regulations; communicate Board decisions to Management and advise Board on its roles and responsibilities.

Board Composition

During the financial year under review, the Board has nine (9) members, comprising two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) alternate director. The number of Independent Directors complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires one-third of the Board to be independent and is in accordance with the Code of having at least half of the Board members being independent.

On 8 February 2021, Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah has resigned as the Non-Independent Non-Executive Director due to other commitments.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. The Board considers that its composition, consisting of Directors with a diverse mix of skills and experience in shipping, business, corporate, finance and law, bring to the Board not only the essential commercial skills relevant for sound investment decisions, but also the practical and operational experience to professionally manage the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Gender Diversity

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board believes that a truly diverse and inclusive Board will leverage on different thought, perspective, cultural and geographical background, age, ethnicity and gender which will ensure that the Group has a competitive advantage.

The Board currently does not have a gender diversity policy and target in place. Nonetheless, the Board has two (2) female Directors as at 31 December 2020, which contributes 25% of the Board composition. With the composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.

Independent Directors

The Code recommends that the tenure of an independent director shall not exceed a cumulative period of nine (9) years. The Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

Mr Tay Beng Chai has served on the Board for a cumulative term of more than twelve (12) years. The Board, through the NRC, carried out an assessment and are satisfied that Mr Tay Beng Chai, fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and he is able to exercise independent judgement and act in the best interests of the Company. The length of his service does not in any way impair his objective and independent judgement nor his ability to act in the best interests of the Group. On the contrary, his years of service on the Board have imbued him with a sound knowledge of the Group's business operations which enable him to participate actively and contribute during deliberations at board meetings.

In this respect, the Board recommends the retention of Mr Tay Beng Chai as Independent Non-Executive Director of the Company, for shareholders' approval at the forthcoming AGM, through a single tier voting process. Mr Tay Beng Chai will abstain from the deliberation and voting on his retention as Independent Non-Executive Director of the Company.

Appointment to the Board

The NRC is responsible for assessing and making recommendations on new appointments to the Board. In assessing the suitability of candidates, the NRC considers the required mix of skills, knowledge, expertise, experience, professionalism and integrity of the candidate.

During the year, the Company had appointed the following persons:

(a) Mr Andrew Charles Hoare (Alternate to Mr Hor Weng Yew) on 12 June 2020;
(b) Madam Elsie Kok Yin Mei (Independent Non-Executive Director) on 23 June 2020; and
(c) *Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (Non-Independent Non-Executive Director) on 25 August 2020.

** Resigned on 8 February 2021.*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Re-election

In accordance with the Company's Constitution, one-third of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third shall retire from office at every AGM and be eligible for re-election.

The Company's Constitution also provides that a new Director appointed by the Board shall hold office only until the next AGM and be eligible for re-election. Such Director is not taken into account in determining the number of Directors who are to retire by rotation.

The following directors are due to retire at the forthcoming AGM and eligible for re-election:

(1) Mr Lim Soon Huat
(2) Dato' Mohd Zafer Bin Mohd Hashim
(3) Madam Elsie Kok Yin Mei
(4) Mr Tho Leong Chye

The NRC, considered the character, experience, integrity, competence, contribution and performance of the Directors who are due to retire at the forthcoming AGM, and recommended to the Board that their re-election be tabled for shareholders' approval at the forthcoming AGM.

Nomination & Remuneration Committee

The NRC comprises exclusively of Non-Executive Directors, with a majority of Independent Directors. The members are as follows:

1. Mr Tay Beng Chai (Independent Non-Executive Director)
2. Mr Lim Soon Huat (Non-Independent Non-Executive Director)
3. Dato' Mohd Zafer Bin Mohd Hashim (Independent Non-Executive Director)

The terms of reference, duties and responsibilities of the NRC are summarised as follows:
(a) recommend to the Board, the candidates for appointment as Directors and Board Committee members.
(b) review the Board structure, size and composition and make relevant recommendations to the Board.
(c) review the required mix of skills, experience and other qualities including core competencies of Directors.
(d) assess the effectiveness of the Board and the Board Committees as a whole and the contribution of the Directors.
(e) formulate the nomination, selection and succession policies for the members of the Board.
(f) review remuneration of the directors.

The NRC meets at least once a year and whenever required. In 2020, one (1) meeting was held with full attendance. A summary of activities of NRC during the year under review is as follows:

- recommended to the Board, the candidates for appointment as directors.
- reviewed the required mix of skills, experience, knowledge and competencies, required for an effective Board.
- reviewed board composition.
- reviewed and made recommendations to the Board on the re-election of directors retiring by rotation and the retention of Independent Non-Executive Directors.
- conducted an assessment of the Board, Board Committees and individual directors.
- reviewed the remuneration of Directors and made recommendations to the Board.
- reviewed the terms of office and performance of the Audit Committee.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Assessment

Assessment on the effectiveness of the Board as a whole and its Board Committees and contribution by each individual director, are conducted annually. The assessments cover the following areas:

- board size and composition
- mix of skills, experience, and core competencies of Directors
- governance and integrity
- effectiveness of board committees
- participation and contribution at meetings
- directors' training

Based on the assessment, the Board is satisfied that its composition is well balanced with the required mix of skills, experience, knowledge and competencies, required for an effective Board and that the Committees have carried out their duties in accordance with their terms of reference.

Time commitment

Directors are expected to set aside sufficient time to carry out their duties and responsibilities. In line with Paragraph 15.06 (Restriction on Directorships) of the Listing Requirements of Bursa Malaysia Securities Berhad, all Directors of the Company complied with the limits on the number of directorships held in public listed companies.

Board Meetings and Supply of Information

Board meetings are scheduled in advance to enable Directors to plan ahead. The Board meets at least four times a year with additional meetings to be convened as and when the Board's approval and guidance are required. Between scheduled meetings, for matters that require Board decisions, approvals are obtained via circular resolutions.

During the financial year ended 31 December 2020, the Board had seven (7) meetings and the record of attendance for each Director is set out below.

Name of Director	Number of meetings attended
Dato' Mohd Zafer Bin Mohd Hashim	7 / 7
Hor Weng Yew	7 / 7
Thai Kum Foon *(resigned on 31 March 2021)*	7 / 7
Lim Soon Huat	7 / 7
Tay Beng Chai	7 / 7
Yeoh Khoon Cheng	7 / 7
Andrew Charles Hoare *(Alternate to Hor Weng Yew)* *(appointed on 12 June 2020)*	3 / 3
Elsie Kok Yin Mei *(appointed on 23 June 2020)*	2 / 2
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah *(appointed on 25 August 2020 and resigned on 8 February 2021)*	1 / 1
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid *(retired on 1 July 2020)*	5 / 5
Ahmad Mochtar Bin Hashim *(resigned on 1 August 2020)*	5 / 5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meetings and Supply of Information (Cont'd)

The agenda and full set of board papers are distributed at least one (1) week prior to the meeting of the Board to ensure that sufficient time is given to the Directors to review the matters to be discussed. This includes various reports covering market conditions, outlook, investment opportunities and financial performance.

The Board's deliberation on the issues discussed and decisions are duly recorded in the minutes. The Chairman of the respective committees brief the Board on matters discussed and the outcome of deliberations of their respective committee meetings. The final decision is the responsibility of the Board after considering the recommendations of the respective committee.

The Board has access to the information of the Company and able to seek advices from Management and Company Secretaries. The Directors may also obtain independent professional advice, where necessary, in furtherance of their duties at the Company's expense.

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend training programmes/seminars from time to time, to enhance their knowledge and skills and to keep abreast with current developments in the industry as well as the current changes in laws and regulations.

All Directors, after assessing their own training needs, have attended conferences and seminars in areas that are relevant to the Group's business activities. Some of the conferences and seminars attended by the Directors during the financial year ended 31 December 2020 were as follows:

On Corporate, Financial and Governance issues

- Transforming Human Capital in Crisis
- Navigating Unprecedented Volatility
- BC2020 C-Suite Workshop
- Corporate Liability Provision Training
- Digital Marketing Ecosystem : Next Generation
- Macro Updates Green Shoots
- Annual Dialogue with Governor of Bank Negara Malaysia
- Covid-19 and Current Economic Reality: Implications for Financial Stability
- FRS Updates
- CEO-CFO Connect Series: Reset Financial Priorities Next

On Commercial and Business issues

- PSM Senior Crew Seminar
- MPA Future of Shipping Decarbonisation
- Singapore : Premier Maritime Cluster, Innovative Hub for Shipping, Global Example of State Support for a Critical Industry
- Global Maritime Forum 2020

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration

The NRC reviews and evaluates the remuneration policy for Directors ensuring that it is in line with market norms and industry practice. The level of remuneration of the Directors is commensurate with the level of experience and responsibilities undertaken by them.

The remuneration is deliberated on and decided by the Board as a whole before being tabled for shareholders' approval at the AGM. The respective Director shall abstain from the deliberation and voting of his own remuneration.

The details of the Company's Directors' remuneration paid/payable for the financial year ended 31 December 2020 are set out below. The Company's directors did not receive any remuneration from the subsidiaries for the financial year ended 31 December 2020.

	Fees (RM)	Meeting allowance (RM)	Salaries (RM)	Benefits in kind (RM)	Other emoluments (RM)	Total (RM)
Executive Directors						
Hor Weng Yew	60,000	3,500	–	–	–	63,500
Thai Kum Foon	60,000	4,000	–	–	–	64,000
Andrew Charles Hoare [(1)] *(Alternate to Hor Weng Yew)*	–	–	–	–	–	–
Non-Executive Directors						
Dato' Mohd Zafer Bin Mohd Hashim	85,000	7,500	–	–	–	92,500
Lim Soon Huat	70,287	5,500	–	–	–	75,787
Tay Beng Chai	87,486	9,500	–	–	–	96,986
Yeoh Khoon Cheng	75,260	6,000	–	–	–	81,260
Elsie Kok Yin Mei [(1)]	31,475	1,000	–	–	–	32,475
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah [(2)]	21,148	500	–	–	–	21,648
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid [(3)]	54,699	8,500	–	–	–	63,199
Ahmad Mochtar Bin Hashim [(4)]	36,188	3,000	–	–	–	39,188
Total	581,543	49,000	–	–	–	630,543

Notes:
(1) Mr Andrew Charles Hoare did not receive any remuneration during the financial year.

Fees payable to the following directors are pro-rated according to their appointment and resignation date:
(1) Madam Elsie Kok Yin Mei appointed as director on 23 June 2020.
(2) Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah appointed as director on 25 August 2020. He resigned as director on 8 February 2021.
(3) Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid retired as director on 1 July 2020.
(4) Encik Ahmad Mochtar Bin Hashim resigned as director on 1 August 2020.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

During the year, the Board has approved the merger of the Audit Committee and Risk Management Committee into a committee known as the Audit and Risk Management Committee ("ARMC"). The ARMC oversees the financial reporting process, risk management framework and process and internal control system of the Group.

The ARMC comprises three (3) members, majority of whom are Independent Non-Executive Directors. The members of the ARMC possess the required mix of skills, experience and knowledge to enable them to discharge their duties and responsibilities.

The Terms of Reference of the ARMC have been enhanced to reflect the Committee's responsibilities. The Terms of Reference is available on the Company's website at www.maybulk.com.my.

Annually, the Board, through the NRC assesses the ARMC's performance and effectiveness in carrying out its duties and responsibilities. Based on the annual assessment carried out, the Board is satisfied that the ARMC has carried out their duties in accordance with their terms of reference.

Further details on the ARMC's activities are set out on pages 35 to 37 of the Annual Report.

Suitability and Independence of External Auditors

The Board maintains a formal, professional and transparent relationship with the External Auditors through the ARMC.

The ARMC meets with the external auditors to discuss their audit plan and audit findings, without the presence of executive Board members and management staff. The external auditors, Messrs Ernst & Young PLT, have declared to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The ARMC, having considered the external auditors' work performance and independence, recommended to the Board for their consideration and approval, the re-appointment of Messrs Ernst & Young PLT as auditors of the Company.

Risk Management and Internal Control

The Board acknowledges its responsibility of maintaining a good system of internal controls and risk management, and for reviewing regularly the adequacy and effectiveness of the internal control and risk management systems to ensure that shareholders' investment and the Group's assets are safeguarded. This system can only provide reasonable, but not absolute assurance against any material misstatements, fraud or loss.

The Statement on Risk Management and Internal Control as set out on pages 38 to 42 of the Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The Internal Audit function reports directly to the ARMC. The activities carried out by the Internal Audit Department are set out on page 37 of the Annual Report.

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

Communications with Stakeholders

The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

The Group's financial results, announcements, annual report and circulars are the primary modes of disseminating information in relation to the Group's business activities and financial information and this can be accessed from the Company's website at www.maybulk.com.my or Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

Any queries or concern about the Group's business and development can be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board.

Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction between the Company and its shareholders. At the AGM, the Board presents the Group's business and financial performance for the financial year. Shareholders are encouraged to attend the meeting and seek clarification about the performance and operations of the Group. All members of the Board as well as external auditors are present at the AGM to address queries raised by the shareholders at the meeting. For shareholders who are unable to attend, they are allowed to appoint proxies to attend and vote on their behalf.

Amid Covid-19 pandemic in 2020, the Company leveraged on technology by conducting AGM through live streaming and using Remote Participation and Voting Facilities to facilitate shareholders participation at the AGM. As required by the Listing Requirements of Bursa Malaysia Securities Berhad, the Notice of the AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders have sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Yeoh Khoon Cheng
Independent Non-Executive Director
(appointed as member on 25 February 2020 and re-designated as Chairman on 1 July 2020)

Members
Tay Beng Chai
Independent Non-Executive Director

Lim Soon Huat
Non-Independent Non-Executive Director
(appointed as member on 25 August 2020)

During the year, the Board has approved the merger of the Audit Committee and Risk Management Committee into a committee known as the Audit and Risk Management Committee ("ARMC"). The ARMC comprises three (3) members, majority of whom are Independent Non-Executive Directors. The Chairman, Mr Yeoh Khoon Cheng, is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. None of the ARMC members are alternate director.

MEETINGS AND ATTENDANCE

The ARMC meets periodically to carry out its functions and duties in accordance with its Terms of Reference. During the financial year ended 31 December 2020, the ARMC held five (5) meetings and the record of attendance for each ARMC member is set out as below:

	Attendance
Yeoh Khoon Cheng	4 / 4
Tay Beng Chai	5 / 5
Lim Soon Huat	1 / 1
Dato' Mohd Zafer Bin Mohd Hashim *(ceased as member on 1 July 2020)*	3 / 3
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid *(ceased as member on 1 July 2020)*	3 / 3
Ahmad Mochtar Bin Hashim *(ceased as member on 1 August 2020)*	– / –

ROLES AND RESPONSIBILITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The purpose of the ARMC is to assist the Board of Directors in fulfilling its responsibilities relating to the financial reporting process, system of internal control and risk management, audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

The Terms of Reference of the ARMC is available on the Company's website at www.maybulk.com.my.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year ended 31 December 2020, the ARMC performed the following duties as set out in its terms of reference:

Financial statements

- reviewed the quarterly financial results/announcements of the Company and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad. The review and discussions were conducted with the Financial Controller.

- reviewed the annual audited financial statements of the Group/Company and made relevant recommendations to the Board of Directors for approval.

- for the review of annual financial results of the Group, the Committee communicated with the external auditors, with particular focus on:
  - significant matters highlighted including financial reporting issues and significant judgments made by Management, and how these matters are addressed; and
  - compliance with the applicable accounting/ auditing standards in Malaysia and any other relevant regulatory requirements.

Matters relating to External Audit

- reviewed the External Audit scope of work and audit plan for financial year 2020.

- reviewed the External Audit audit findings and recommendations to the Board of Directors for further action where appropriate.

- met with the External Auditors without the presence of any executive Board members and management staff. ARMC met with external auditors prior to commencement of their audit work as well as upon completion of their audit work to discuss issues arising from the course of their work.

- reviewed the performance and independence of the External Auditors and made recommendation to the Board for the re-appointment of the External Auditors.

Matters relating to Internal Audit

- reviewed and approved the Internal Audit plan.

- reviewed the Internal Audit reports along with their recommendation and Management's response to improve the internal controls system based on internal audit findings.

- reviewed the Internal Audit reports on related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions.

- reviewed the Internal Quality Assessment of the Internal Audit activity.

Matters relating to Risk Management and Internal Control

- reviewed quarterly on the key corporate risks, changes to the risk profiles of the Group and the measures implemented to manage these risks.

Matters relating to Related Party Transactions

- reviewed the Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and made recommendations to the Board for approval.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

Other matters

- reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and made recommendations to the Board for approval.
- reviewed report on MBC Anti-Corruption and Bribery Compliance Program Review.
- reviewed the Anti-Corruption Policy and Whistleblowing Policy and made recommendations to the Board for approval.
- reviewed report on Internal Audit Thematic Review Findings and Key Takeaways issued by Bursa Malaysia Securities Berhad.

INTERNAL AUDIT

The internal audit function of MBC Group is undertaken by the Internal Audit Department (IAD). The Head of Internal Audit Department reports directly to the ARMC. The IAD's scope is to undertake independent and objective reviews on the adequacy and effectiveness of Group's risk management and internal control system.

The authority and responsibility of the IAD are described in the Internal Audit Charter.

SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT DEPARTMENT

The IAD carried out its activities in accordance to Internal Audit Plan approved by the ARMC. The Internal Audit function adopts a risk-based approach and prepare the yearly audit plan based on results of a risk assessment undertaken, to determine prioritization of internal audit engagements.

During the year under review, activities carried out by the IAD were as follows:

- For internal audit engagements undertaken, reviewed adequacy and effectiveness of the applicable internal control framework.
- Internal audit reports incorporating audit observations, recommendations and management actions were issued to the ARMC. A total of 5 Internal Audit reports were issued in year 2020. There were no significant deficiencies in controls detected.
- Reviewed the related party transactions undertaken by the Group including the procedures monitoring recurrent related party transactions. It was noted that the accumulated recurrent related party transactions are within the shareholders' mandate.
- Report on IAD's performance on a quarterly basis which included the percentage completion of the audit plan, status of management action plans from internal audit recommendations and other initiatives undertaken.
- Engaged an external firm to independently validate review and confirm compliance of the IAD practices to Quality Assurance and Improvement Program ("QAIP") as part of the requirements from the International Standards for the Professional Practice of Internal Auditing.
- Performed a self-assessment against the 7 key criteria of IA function outlined in the Bursa Malaysia and Institute of Internal Auditors Malaysia 2019 thematic study (which was issued on 29 September 2020). Based on results of the self-assessment, IAD met the prescribed requirements.

The costs incurred by the Internal Audit Department for the financial year ended 31 December 2020 was RM516,873 (FY2019: RM539,469).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the scope of risk management and internal controls of the Group for the financial year ended 31 December 2020.

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board recognises that effective risk management and a sound system of internal control are fundamental to good corporate governance. The Board acknowledges its overall responsibility for the Group's risk management and internal control system. The Board is assisted by the Audit and Risk Management Committee with ongoing review process in ensuring the adequacy and effectiveness of the Group's internal control system.

The risk management and internal control system are designed to manage and mitigate risks, rather than eliminate the risk of failure to achieve business objectives and would therefore provide only reasonable and not absolute assurance against any material misstatements, fraud or loss.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of regulators, employees and the Group's assets.

MANAGEMENT RESPONSIBILITY

Management is accountable to the Board and is overall responsible for the effective implementation of the Board's policies and procedures on risk management and internal control. To this end, the key responsibilities of Management are as follows:

- Identifying and assessing all relevant and material risks associated with the Group's business operations and determining whether the risks are within the Group's risk appetite

- Designing, implementing and monitoring of risk management and internal control system in accordance with the Group's strategies and overall risk appetite

- Reporting in a timely manner to the Board on any changes to the key risks, or emerging risk and the correction actions taken

The responsibility of day-to-day risk management resides with heads of business units where they are the risk owners and are accountable for managing the risks identified and assessed. The heads of business units are responsible for ensuring that there is on-going monitoring of risks, the adequacy and effectiveness of its related controls, and that action plans are developed and implemented to manage these risks within the Group's risk appetite.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee assists the Board on the oversight of the Group's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The Audit and Risk Management Committee determines the Group's risk strategies and policies and oversee the management of all identified risks which includes the continuous identification, measurement, controlling and monitoring of all relevant and material risks of the Group, including the identification of emerging risks.

RISK MANAGEMENT PROCESS

The Board has made risk assessment an on-going exercise to effectively identify, evaluate, manage and review any changes in the risk faced by businesses in the Group. The risk management process involves a systematic application of the risk management methodology to facilitate risk identification, assessment, reporting as well as monitoring and review. Risks identified are assessed to determine the risk likelihood of occurrence and potential impact on the relevant business strategies or objectives. The assessed risks of business units are consolidated in a risk register which enable business units to report risks and risk status using a common platform.

All the risk owners are responsible to provide periodic updates on the risk mitigation actions and its effectiveness. Changes to risk profiles and emerging risks are also identified and promptly brought to the attention of the Audit and Risk Management Committee and the Board.

Risk appetite and risk tolerance policy, which set out the nature and extent of risks that the Group is willing to accept or retain in pursuit of its goals and objectives, are reviewed by the Audit and Risk Management Committee and approved by the Board.

KEY CORPORATE RISKS

The Audit and Risk Management Committee is supported by the Management in addressing the following risks:

(i) Market

A weak and uncertain market in dry bulk shipping, volatile freight environment, bunker volatility together with COVID-19 pandemic might pose a significant risk to the Group. The Group remains prudent in running the business through active revenue management and measures have been taken to minimise the negative impact from the volatile spot market.

(ii) Commercial / Customer

A weak and uncertain business environment and socio-economic factors might cause the Group to suffer from counterparty failure and loss of major customers. The Group has taken various measures such as strengthening counterparty and credit evaluation assessment, establish credit control management and collection policy as well as enhancing customer relationships and identify new growth areas or new commercial products for diversification to mitigate the risk associated.

(iii) Financial

Bearing continued losses and balance sheet erosion, the weaker financials may impede the Group's ability to raise funds. Ongoing revenue optimization and mitigation measures are implemented through better cost management and other restructuring exercises for future sustainability.

(iv) Operations / Technical

The Group's nature of operations is exposed to major maritime disasters such as vessel collisions, fires or explosions leading to loss of lives and serious environmental impacts. The Group is committed to mitigate such risk by strengthening ship safety management, providing rigorous safety trainings and protective equipment to the crew, undergoing vessel maintenance programs periodically and adequately insuring the Group against such losses.

COVID-19 travel restrictions, lockdowns and quarantine has impacted the group operations and crew mental health and well-being. Measures have been implemented to both comply with the relevant regulations and ensure safety of the crew with adequate supplies of personal protective equipment for all vessels, testing of crew prior to departure from homeport, safety management measures on shipboard and close communication between seafarers and their family members through our manning offices.

KEY CORPORATE RISKS (CONT'D)

The Audit and Risk Management Committee is supported by the Management in addressing the following risks: (Cont'd)

(v) People

Loss of staff in critical positions is a risk of business disruption to the Group. The Group is aware of the importance of succession planning, staff retention and actions has been taken to reduce staff turnover rate such as employee engagement programs and providing continuous learning and competencies development for the staff.

(vi) Regulatory

The implementation of the International Maritime Organisation (IMO) 2020 Sulphur Cap on and after 1 January 2020 require ships to use fuel oil on board with sulphur content of no more than 0.50% m/m (mass by mass) to reduce the sulphur oxide emissions from ships. Ships can meet the requirement by using low sulphur content compliant fuel oil or may use exhaust gas cleaning systems or "scrubbers", which "clean" the emissions before they are released into the atmosphere. In meeting this new requirement, some of the Group's vessels are installed with scrubbers and other vessels will use compliant fuel oil.

INTERNAL CONTROL

The Board acknowledges that the internal control system is designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It provides reasonable assurance against the occurrence of any material misstatement of management inclusive of financial information, business, operational, environmental, compliance and financial losses or fraud. The internal control system is embedded within the Group's operating activities and exist for fundamental business reasons. The system is reviewed regularly throughout the year by the Board, taking into consideration any changes in relevant regulations and laws or the business environment to ensure the adequacy and integrity of the internal control system.

The key elements of the Group's internal control system are as follows:

Control Structure

The Board has delegated authority to various Board Committees such as the Audit and Risk Management Committee, and the Nomination and Remuneration Committee to enable them to oversee certain specific responsibilities based on clearly defined terms of reference. Any change to the terms of reference for any Board Committee requires the Board's approval.

Further details on the structures of the Board and Board Committees are provided under Corporate Information as well as the Corporate Governance Statement and Audit and Risk Committee Report.

Internal controls, policies and procedures

The Group has put in place a system of internal controls based on segregation of duties, independent checks, system access control and multi-tier authorisation processes to ensure control procedures and limits are implemented and complied with. Authority limits aligned to the Group's organisational requirements in areas such as procurement, contracting, human resources and financial management are encapsulated in the Financial Authority Limit. Policies and procedures are formulated in support of the Group's internal control framework to ensure compliance with internal controls and relevant laws and regulations and to govern the business and operations of the Group. These policies and procedures are reviewed regularly to ensure adequacy, effectiveness and relevance to the changes in the operational needs, business environment or regulatory requirements.

INTERNAL CONTROL (CONT'D)

Annual business plans, budgets and performance

Annual business plans and budgets are developed in line with the Group's strategies and risk appetite, are reviewed and approved by the Board. Actual achievements are assessed against the approved budgets and actions are taken to address variances identified periodically.

The Board reviews management reports on the financial results, business and market activities and the Group's operations on a quarterly basis whereas the Executive Directors review these matters on a continuing basis.

Human Capital Management

Training and development programs are identified and arranged for the Group's employees, to enhance their competencies, knowledge and skills in carrying out their duties.

Disaster Recovery Plan (DRP)

A Disaster Recovery Plan is in place to ensure continuity of business operations in the event of a disaster. The DRP testing is carried out annually.

Code of Ethics and Code of Conduct

The Group's corporate values and standard of ethics and conduct is set out in the Company's Employment Handbook which is communicated to all employees of the Group.

Whistleblowing Policy

The Whistleblowing Policy outlines the Group's commitment towards enabling the employees and external parties to raise concerns in a responsible manner regarding any wrongdoings or malpractices without fear of reprisal, and to have such concerns independently investigated. All the disclosures made under the policy will be handled with strict confidence. The Policy aims to promote and maintain high standards of corporate governance within the Group.

Anti-Corruption Policy

In compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 where a company is strictly liable for the corrupt practices of its associated persons, the Group has established appropriate processes, systems and controls as well as Anti-Corruption Policy approved by the Board to mitigate specific corruption risk the business is exposed to. The Anti-Corruption Policy sets out the Group's commitment in preventing acts of bribery and corruption. The policy provides guidance on ethical business conduct for which employee should adhere to.

During the financial year, the Group has rolled out its Global Anti-Bribery Compliance Course to employees in compliance with the provisions of the Group's Anti-Corruption Policy & Guidelines.

INTERNAL CONTROL (CONT'D)

Monitoring and Review Activities

The processes for monitoring the risk management and internal control system are embedded in the periodic review undertaken by the Internal Auditors of the adequacy and effectiveness of the Group's risk management and internal control system.

During the financial year under review, Internal Audit reviewed and conducted audits and assessed the adequacy of the system of internal controls over the following areas: finance, technical, commercial and information technology. Five (5) Internal Audit Reports were issued and presented to the Audit Committee with the audit observations and recommended corrective actions. There were no significant deficiencies in controls detected.

The internal audit work was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and generally aligned with the internal control standards prescribed by the Committee on Sponsoring Organisations (COSO) 2013 as recommended by the Institute of Internal Auditors.

The Audit Committee reviews the reports from the Internal and External Auditors on issues relating to internal controls and financial reporting, and reports to the Board its conclusion on the effectiveness of the risk management and internal control system.

There were no material internal control failures or any reported weaknesses that have resulted in material financial losses or contingencies during the financial year under review.

CONCLUSION

The Board has received assurance from Chief Executive Officer, Financial Controller, Heads of Commercial and Technical Division that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects. The Board confirms that it has reviewed the effectiveness of the risk management and internal control system and is not aware of any significant weakness or deficiency for the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control.

There were no material losses that have arisen from any inadequacy or failure of Group's system of internal control which requires additional disclosure in the financial statements. The Board believes that the Group's risk management and internal control system are adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control ("Statement") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the External Auditor was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, ship owning and ship operating.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes to these principal activities during the year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the year, attributable to equity holders of the Company	(20,781)	(62,260)

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

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

DIVIDEND

The Directors do not propose the payment of any dividend in respect of the current financial year.

SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

DIRECTORS

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

Directors of the Company:
Dato' Mohd Zafer Bin Mohd Hashim
Lim Soon Huat
Hor Weng Yew**
Tay Beng Chai
Yeoh Khoon Cheng
Andrew Charles Hoare** (appointed as Alternate Director of Hor Weng Yew on 12 June 2020)
Elsie Kok Yin Mei (appointed on 23 June 2020)
Tho Leong Chye (appointed on 31 March 2021)
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (appointed on 25 August 2020 and resigned on 8 February 2021)
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid** (retired on 1 July 2020)
Ahmad Mochtar Bin Hashim (resigned on 1 August 2020)
Thai Kum Foon (resigned on 31 March 2021)

** These directors are also directors of the Company's subsidiaries.

DIRECTORS (CONT'D)

Directors of the Company's subsidiaries:
Chwa Poh Kew
Ooi Pooi Teng
Sunil Ganesh Kamath (appointed on 21 February 2020 and resigned on 27 May 2020)
Andrew Charles Hoare (appointed on 27 May 2020)
Lee Chee Seong (appointed on 27 May 2020)
Tan Siew Min (appointed on 27 May 2020)
Sia Geun Teck (resigned on 31 January 2020)
Gerald Teo Tse Sian (resigned on 27 May 2020)
Tan Kim Hoon (resigned on 27 May 2020)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During the financial year, a Directors' and Officers' Liability Insurance up to an aggregate limit of RM20,000,000 was maintained for the Directors and officers of the Company with a total insurance premium paid of RM34,500.

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At	During the year		At
	1.1.2020	Bought	Sold	31.12.2020
Direct interest				
Tay Beng Chai	**275,000**	**–**	**–**	**275,000**
Indirect interest				
Tay Beng Chai	**2,500**	**–**	**–**	**2,500**

None of the other Directors holding office at 31 December 2020 had any interest in the shares of the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

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

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

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

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

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

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

(f) In the opinion of the Directors:

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

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Significant event during the financial year is disclosed in Note 34 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENT

Details of significant event subsequent to the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

There were no indemnity amount given to or insurance effected for the auditors of the Group and of the Company during the financial year.

Auditors' remuneration is disclosed in Note 6 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2021.

Hor Weng Yew **Tay Beng Chai**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Hor Weng Yew and Tay Beng Chai, being two of the Directors of Malaysian Bulk Carriers Berhad, do hereby state that in the opinion of the Directors, the financial statements set out on pages 54 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2021.

Hor Weng Yew **Tay Beng Chai**

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Siew Min, being the Officer primarily responsible for the financial management of Malaysian Bulk Carriers Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 103 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Oaths and Declarations Act (Cap 211).

Subscribed and solemnly declared
by the abovenamed Tan Siew Min in
Singapore on 31 March 2021

Tan Siew Min

Before me,

Notary Public

INDEPENDENT AUDITORS' REPORT

to the members of Malaysian Bulk Carriers Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malaysian Bulk Carriers Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters in respect of the audit of the financial statements

(1) Impairment assessment of vessels classified as property, plant and equipment and right-of-use ("ROU") assets

We draw your attention to Note 2.16 (Accounting policies), Note 3 (Significant accounting judgements and estimates), Note 12 (Property, plant and equipment) and Note 13 (Right-of-use assets).

The Group and the Company operates vessels in the bulkers market. Management regularly monitors the carrying value of its fleet on a vessel-by-vessel basis. Arising from management's assessment, an impairment loss for vessels classified as property, plant and equipment and right-of-use assets of RM52.05 million and RM3.74 million respectively were recognised by the Group during the year. There is no impairment loss required for the Company level as at 31 December 2020.

Independent Auditors' Report
to the members of Malaysian Bulk Carriers Berhad (Incorporated in Malaysia)
(cont'd)

Key audit matters in respect of the audit of the financial statements (Cont'd)

(1) Impairment assessment of vessels classified as property, plant and equipment and right-of-use ("ROU") assets (Cont'd)

(i) Impairment of property, plant and equipment, including non-current asset held for sale

The Group and the Company estimated the recoverable amounts of its owned vessels based on the higher of fair value less cost to sell (by obtaining brokers' valuations which are indicative) and value in use ("VIU") (by estimating the future cash flows expected to be derived from the vessels and discounting these cash flows at an appropriate discount rate).

Management assesses the fair value less costs to sell for the vessels with the involvement of an external vessel valuation expert. The methodology applied is based on actual transactions in the industry for vessels with comparable characteristics.

(ii) Impairment of ROU assets

The Group estimated the recoverable amounts of its ROU based on the VIU calculated using a discounted cash flow ("DCF") model. The DCF model involves management estimating the expected future cash flows from the ROU over the remaining lease term and applying a suitable discount rate to calculate the present value of those cash flows.

For VIU method, significant judgements were applied in estimating the future cash flows expected to be derived from the vessels. The most critical assumptions are management's view on short-term and long-term charter rates, and the discount rate used to discount the cash flows.

These assessments are significant to our audit as they involved complex and subjective management judgements and are based on assumptions that are affected by expected future market and economic conditions, amid the COVID-19 pandemic environment.

Our response

We obtained an understanding of management's process for assessing impairment of vessels classified as property, plant and equipment and right of use assets.

In respect of the fair value less costs to sell of the vessels, we performed amongst others, the following procedures:

- considered the objectivity, independence, expertise and experience of the external vessel valuation expert;
- obtained an understanding of the methodology adopted by the vessel valuation expert in estimating the fair value of the vessels and assessed whether such methodology is consistent with those used in the industry; and
- involved our internal valuation specialists in the assessment of valuation report to perform benchmarking against actual contracted transactions, recent market transactions and shipping intelligence reports, taking into consideration comparable characteristics including the vessel type, builder, year of built and cargo capacity as well as the current market conditions due to COVID-19 pandemic.

In respect of the value in use cash flows, we performed amongst others, the following procedures:

- evaluated and assessed the appropriateness of the methodology and approach applied, including industry benchmarking;
- evaluated the key assumptions used particularly the short-term and the long-term charter rates applied in the cash flows by comparing to industry data, amid the COVID-19 pandemic environment; and
- involved internal valuation specialists in the assessment of the appropriateness of the discount rate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked either against risk rates in specific international markets in which the Group operates or equivalent data for peer companies.

Independent Auditors' Report
to the members of Malaysian Bulk Carriers Berhad (Incorporated in Malaysia)
(cont'd)

Key audit matters in respect of the audit of the financial statements (Cont'd)

(2) Impairment of investments in subsidiaries at MBC Company level

Refer to Note 2.16 (Accounting policies), Note 3 (Significant accounting judgements and estimates) and Note 14 (Subsidiaries).

As at 31 December 2020, the carrying amount of the Company's investments in subsidiaries amounted to RM237.46 million, being 61.4% of the Company's total assets. This is mainly contributed by the investment in Lightwell Shipping Inc. amounting to RM230.05 million.

The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired. In assessing the impairment assessment of the investment in Lightwell Shipping Inc., the recoverable amount was determined based on value in use calculation.

Our response

We performed amongst others, the following audit procedures:

- obtained an understanding from management on their assessment of the potential impact of COVID-19 pandemic has on the operations of Lightwell Shipping Inc;
- discussed with management and evaluated their assessment of the indication of the impairment loss;
- evaluated the appropriateness of the impairment assessment methodology; and
- evaluated assumptions applied in the impairment assessment.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Independent Auditors' Report
to the members of Malaysian Bulk Carriers Berhad (Incorporated in Malaysia)
(cont'd)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Independent Auditors' Report
to the members of Malaysian Bulk Carriers Berhad (Incorporated in Malaysia)
(cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

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

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

Phang Oy Lin
No. 02985/03/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
31 March 2021

INCOME STATEMENTS

for the year ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	**175,986**	257,993	**31,987**	38,906
Voyage expenses		**(45,140)**	(51,450)	**(13,244)**	(11,939)
		130,846	206,543	**18,743**	26,967
Operating expenses		**(134,438)**	(174,542)	**(10,990)**	(15,109)
Operating (loss)/profit		**(3,592)**	32,001	**7,753**	11,858
(Loss)/gain on disposal of property, plant and equipment		**–**	(17,799)	**–**	13,132
Impairment loss on vessels		**(52,045)**	(11,232)	**–**	–
Impairment loss on non-current assets classified as held for sale		**–**	(10,527)	**–**	–
Impairment loss on right-of-use assets		**(3,737)**	–	**–**	–
(Impairment loss)/reversal of impairment loss on investments in subsidiaries		**–**	–	**(55,090)**	156
Impairment loss on amount due from subsidiaries		**–**	–	**(11,285)**	(9)
Net change in provision for onerous contracts		**–**	4,640	**–**	–
Gain on liquidation of a subsidiary		**51,263**	9,523	**–**	–
Other operating income, net	5	**9,619**	4,720	**1,833**	3,990
Administration expenses		**(7,257)**	(9,466)	**(4,602)**	(4,923)
		(5,749)	1,860	**(61,391)**	24,204
Finance costs	6	**(19,187)**	(29,371)	**(786)**	(4,649)
Share of results of joint ventures		**1,192**	2,131	**–**	–
Gain on liquidation of a joint venture		**3,065**	19,281	**–**	–
(Loss)/profit before taxation	6	**(20,679)**	(6,099)	**(62,177)**	19,555
Taxation	9	**(102)**	(1,215)	**(83)**	(663)
(Loss)/profit for the year		**(20,781)**	(7,314)	**(62,260)**	18,892
Attributable to:					
Equity holders of the Company		**(20,781)**	(7,319)	**(62,260)**	18,892
Non-controlling interest		**–**	5	**–**	–
		(20,781)	(7,314)	**(62,260)**	18,892
Loss per share (sen)	10	**(2.08)**	(0.73)		

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

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit for the year	**(20,781)**	(7,314)	**(62,260)**	18,892
Other comprehensive (loss)/income:				
<u>Items that will be reclassified to profit or loss</u>				
Currency translation differences	**(4,810)**	(2,784)	**(6,263)**	(2,151)
Net change in cash flow hedge	**(658)**	(5,398)	**–**	(3,477)
Reclassification of reserves from equity to profit or loss upon the liquidation of:				
- a subsidiary	**(51,263)**	(9,523)	**–**	–
- a joint venture	**(3,065)**	(19,248)	**–**	–
Total comprehensive (loss)/income for the year	**(80,577)**	(44,267)	**(68,523)**	13,264
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	**(80,577)**	(44,266)	**(68,523)**	13,264
Non-controlling interest	**–**	(1)	**–**	–
	(80,577)	(44,267)	**(68,523)**	13,264

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Intangible assets	11	**669**	427	**669**	427
Property, plant and equipment	12	**466,617**	605,151	**122,623**	129,298
Right-of-use assets	13	**49,805**	115,929	**380**	–
Subsidiaries	14	**–**	–	**237,463**	297,798
Joint ventures	15	**16,398**	34,103	**–**	–
Total non-current assets		**533,489**	755,610	**361,135**	427,523
Current assets					
Consumable stores	16	**5,889**	11,055	**1,761**	2,401
Receivables and other current assets	17	**23,541**	28,556	**8,888**	1,881
Contract assets	4	**84**	452	**–**	452
Amounts due from subsidiaries	18	**–**	–	**249**	219
Short term deposits	19	**20,329**	56,131	**13,300**	10,290
Cash and bank balances		**18,557**	23,349	**1,725**	1,038
		68,400	119,543	**25,923**	16,281
Non-current assets classified as held for sale	20	**50,257**	82,115	**–**	–
Total current assets		**118,657**	201,658	**25,923**	16,281
Total assets		**652,146**	957,268	**387,058**	443,804

Statements of Financial Position
as at 31 December 2020
(cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	21	**338,791**	338,791	**338,791**	338,791
Cash flow hedge reserve	22(a)	**(2,579)**	(1,921)	**–**	–
Foreign currency translation reserve	22(b)	**121,984**	181,122	**398,738**	405,001
Accumulated losses		**(183,943)**	(163,162)	**(457,735)**	(395,475)
		274,253	354,830	**279,794**	348,317
Non-controlling interest		**–**	–	**–**	–
Total equity		**274,253**	354,830	**279,794**	348,317
Non-current liabilities					
Borrowings	24	**150,027**	325,232	**–**	83,603
Lease liabilities	25	**52,607**	115,398	**331**	–
Derivative financial liabilities	26	**3,016**	2,538	**–**	–
Provision for onerous contracts	27	**–**	–	**–**	–
Total non-current liabilities		**205,650**	443,168	**331**	83,603
Current liabilities					
Payables and other liabilities	23	**22,184**	33,141	**5,363**	5,499
Contract liabilities	4	**3,179**	4,415	**1,280**	–
Amounts due to subsidiaries	18	**–**	–	**100,216**	6,241
Borrowings	24	**87,317**	31,607	**–**	–
Lease liabilities	25	**59,242**	89,543	**74**	–
Derivative financial liabilities	26	**319**	243	**–**	–
Provision for taxation		**2**	321	**–**	144
Provision for onerous contracts	27	**–**	–	**–**	–
Total current liabilities		**172,243**	159,270	**106,933**	11,884
Total liabilities		**377,893**	602,438	**107,264**	95,487
Total equity and liabilities		**652,146**	957,268	**387,058**	443,804

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to Equity Holders of the Company						
			Non-distributable				
	Share capital RM'000	Accumulated losses RM'000	Cash flow hedge reserve (Note 22(a)) RM'000	Foreign currency translation reserve (Note 22(b)) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group							
At 1 January 2020	**338,791**	**(163,162)**	**(1,921)**	**181,122**	**354,830**	**–**	**354,830**
Total comprehensive loss for the year	**–**	**(20,781)**	**(658)**	**(59,138)**	**(80,577)**	**–**	**(80,577)**
At 31 December 2020	**338,791**	**(183,943)**	**(2,579)**	**121,984**	**274,253**	**–**	**274,253**
At 31 December 2018, as previously stated	338,791	(161,847)	3,477	212,671	393,092	1,085	394,177
Effect of adopting MFRS 16	–	6,004	–	–	6,004	–	6,004
Adjusted balance at 1 January 2019	338,791	(155,843)	3,477	212,671	399,096	1,085	400,181
Total comprehensive loss for the year	–	(7,319)	(5,398)	(31,549)	(44,266)	(1)	(44,267)
Dividend paid to non-controlling interest	–	–	–	–	–	(953)	(953)
Capital distribution to non-controlling interest	–	–	–	–	–	(131)	(131)
At 31 December 2019	338,791	(163,162)	(1,921)	181,122	354,830	–	354,830

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital RM'000	Accumulated losses RM'000	← Non-distributable Cash flow hedge reserve (Note 22(a)) RM'000	Foreign currency translation reserve (Note 22(b)) RM'000 →	Total RM'000
Company					
At 1 January 2020	**338,791**	**(395,475)**	**–**	**405,001**	**348,317**
Total comprehensive loss for the year	**–**	**(62,260)**	**–**	**(6,263)**	**(68,523)**
At 31 December 2020	**338,791**	**(457,735)**	**–**	**398,738**	**279,794**
At 1 January 2019	338,791	(414,367)	3,477	407,152	335,053
Total comprehensive income/ (loss) for the year	–	18,892	(3,477)	(2,151)	13,264
At 31 December 2019	338,791	(395,475)	–	405,001	348,317

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

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
(Loss)/profit before taxation	**(20,679)**	(6,099)	**(62,177)**	19,555
Adjustments for:				
Amortisation of intangible assets	**295**	122	**295**	122
Depreciation of property, plant and equipment	**27,716**	27,371	**4,743**	3,486
Depreciation of right-of-use assets	**62,521**	65,605	**68**	–
Bad debts written off	**–**	131	**–**	–
Loss/(gain) on disposal of property, plant and equipment	**–**	17,799	**–**	(13,132)
Unrealised foreign exchange (gain)/loss	**(1,283)**	100	**(1,083)**	108
Interest income	**(725)**	(3,476)	**(154)**	(1,957)
Finance costs	**19,187**	29,371	**786**	4,649
Impairment loss on vessels	**52,045**	11,232	**–**	–
Impairment loss on non-current assets classified as held for sale	**–**	10,527	**–**	–
Impairment loss on right-of-use assets	**3,737**	–	**–**	–
Impairment loss/(reversal of impairment loss) on investments in subsidiaries	**–**	–	**55,090**	(156)
Impairment loss on amount due from a subsidiary	**–**	–	**11,285**	9
Lease modification	**(166)**	–	**–**	–
Write back of payables	**(1,802)**	–	**–**	–
Net change in provision for onerous contracts	**–**	(4,640)	**–**	–
Share of results of joint ventures	**(1,192)**	(2,131)	**–**	–
Gain on liquidation of a subsidiary	**(51,263)**	(9,523)	**–**	–
Gain on liquidation of a joint venture	**(3,065)**	(19,281)	**–**	–
Operating profit before working capital changes	**85,326**	117,108	**8,853**	12,684
Changes in working capital:				
Consumable stores	**5,219**	(1,043)	**722**	900
Receivables and other current assets	**5,711**	4,798	**(5,230)**	1,997
Contract assets	**368**	511	**452**	(452)
Payables and other liabilities	**(6,702)**	(9,597)	**(705)**	292
Contract liabilities	**(1,255)**	(659)	**1,310**	–
Subsidiaries	**–**	–	**85,118**	45,905
Cash generated from operations	**88,667**	111,118	**90,520**	61,326
Tax paid, net of tax refund	**(883)**	(1,015)	**(496)**	(780)
Net cash generated from operating activities	**87,784**	110,103	**90,024**	60,546

Statements of cash flows for the year ended 31 December 2020 (cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(719)**	(192,223)	**(102)**	(93,738)
Acquisition of intangible assets	**(559)**	(266)	**(559)**	(266)
Dividends from joint ventures	**–**	2,041	**–**	–
Interest received	**725**	3,476	**154**	2,794
Proceeds from disposal of property, plant and equipment	**83,209**	80,437	**–**	43,012
Capital distribution to non-controlling interest	**–**	(131)	**–**	–
Capital distribution from joint venture	**136**	2,243	**–**	–
Loan repayment from joint venture	**18,862**	–	**–**	–
Net cash generated from/(used in) investing activities	**101,654**	(104,423)	**(507)**	(48,198)
Cash flows from financing activities				
Finance costs paid	**(20,228)**	(29,575)	**(773)**	(6,186)
Drawdown of borrowings	**21,382**	166,480	**21,382**	85,553
Repayment of borrowings	**(138,612)**	(215,355)	**(106,018)**	(198,913)
Payment of principal portion of lease liabilities	**(92,801)**	(75,754)	**(36)**	–
Payment for derivatives	**–**	(59,098)	**–**	(59,098)
Dividend paid to non-controlling interest	**–**	(953)	**–**	–
Net cash used in financing activities	**(230,259)**	(214,255)	**(85,445)**	(178,644)
Net change in cash and cash equivalents	**(40,821)**	(208,575)	**4,072**	(166,296)
Effects of foreign exchange rate changes	**227**	(1,069)	**(375)**	(1,203)
Cash and cash equivalents brought forward	**79,480**	289,124	**11,328**	178,827
Cash and cash equivalents carried forward	**38,886**	79,480	**15,025**	11,328
Cash and cash equivalents comprise:				
Short term deposits	**20,329**	56,131	**13,300**	10,290
Cash and bank balances	**18,557**	23,349	**1,725**	1,038
	38,886	79,480	**15,025**	11,328

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is at Unit 11.03a, Level 11, Mercu 2, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal activities of the Company are investment holding, ship owning and ship operating.

The principal activities of the subsidiaries are disclosed in Note 14.

There have been no significant changes to these principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

2.2 Changes in accounting policies

New and amended standards and interpretations

The Group and the Company have adopted all new amendments and interpretations which became effective in 2020, but do not have an impact on the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the new and amended standards that have been issued but not yet effective.

The Directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 by the subsidiaries for transactions and events in similar circumstances.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets given, the equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at fair value as at acquisition date.

Goodwill is measured as the excess of consideration transferred, and the amount recognised for non-controlling interest over the fair value of the Group's share of the identifiable net assets acquired. In the event that the fair value of the Group's share of identifiable net assets acquired exceeds the amount of consideration transferred, the entire resulting gain is recognised in the income statement of the Group.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

2.7 Joint ventures

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Joint ventures (Cont'd)

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. 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 legal or constructive obligations or made payments on behalf of the joint venture. The interest in a joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term receivables or loans that, in substance, form an extension of the Group's net investment in the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that investment in a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

In the investor's separate financial statements, investment in joint ventures is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.8 Consumable stores

Consumable stores such as lubricant oil stocks, bunkers and ship provisions are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

Cost is determined on a first-in, first-out basis and includes freight and handling charges.

2.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Costs relating to computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Leasehold properties are depreciated over the shorter of their estimated useful lives and the lease terms of 99 years.

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation of new vessels is calculated using the straight-line method to write off the cost, less estimated scrap value over their estimated useful lives of 25 years, whilst for used vessels purchased, depreciation is calculated using the straight-line method to write off the cost less estimated scrap value over their remaining useful lives. Cost includes the cost of any major enhancement which increases the future benefits from the vessels beyond their previously assessed standard of performance and is written off over the vessels' remaining useful lives. Expenditure for maintenance and repairs and replacement of equipment are charged to profit or loss when incurred.

Dry docking costs, which enhance the useful lives of the vessels, are capitalised in the year in which they are incurred and amortised over periods between 2 to 3 years until the next dry docking.

For acquisitions and disposals of vessels and dry docking costs during the financial year, depreciation is provided from the day of acquisition and to the earlier of the day before disposal or the day classified as asset held for sale respectively. Fully depreciated assets are retained in the books until they are no longer in use.

For other assets, depreciation is computed on a straight-line basis over the estimated useful lives of the assets from the month of acquisition and to the month before disposal as follows:

Vehicles	5 years
Office equipment	3 - 5 years
Renovations	3 years
Furniture and fittings	10 years

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, and loan to subsidiaries included under non-current financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets (Cont'd)

Subsequent measurement (Cont'd)

The subsequent measurement of financial assets depends on their classification as follows: (Cont'd)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. This category includes derivative instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when the rights to receive cash flows from the asset have expired.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. When estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Borrowing costs

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

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 Foreign currency

(i) 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, i.e. the functional currency. The functional currency of the Company is United States Dollar (USD). The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM), and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

(ii) Foreign currency transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than each entity's functional currency, i.e. foreign currencies, are translated into the functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rates ruling at the reporting date. Exchange differences arising on the settlement of monetary items or on translating monetary items at reporting date are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate prevailing at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at exchange rates at the date when the fair value is determined. Any exchange component of a gain or loss on a non-monetary item is recognised directly in other comprehensive income if the gain or loss on the fair value of the non-monetary item is recognised directly in other comprehensive income. Any exchange component of a gain or loss on a non-monetary item is recognised directly in profit or loss if the gain or loss on the fair value of the non-monetary item is recognised in profit or loss.

(iii) Consolidation of financial statements of foreign operations

The results and financial position of the Company and its subsidiaries, whose functional currencies are not the presentation currency of the Group, are translated into the presentation currency of the Group at average exchange rates prevailing at the date of the transactions and at the closing exchange rates as at reporting date respectively. All resulting exchange differences are recognised in other comprehensive income as a foreign currency translation reserve and are subsequently reclassified to profit or loss upon disposal of the foreign operation.

2.15 Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group does not have any non-derivative financial liabilities designated at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (Cont'd)

(ii) Financial liabilities carried at amortised cost

This is the category most relevant to the Group. After initial recognition, payables, other liabilities, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

2.18 Offsetting of financial instruments

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

2.19 Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

Vessels	1 - 3 years
Office lease	6 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policy in Note 2.16 Impairment of non-financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (Cont'd)

(ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease, when it is practicable to determine, otherwise the incremental borrowing rate of the Group at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of vessels (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Income tax

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income. Current taxes are recognised in profit or loss.

(ii) Deferred tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Income tax (Cont'd)

(ii) Deferred tax (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Derivative financial instruments and hedge accounting

Derivatives are categorised as trading unless they are designated as hedging instruments.

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates and documents certain derivatives as hedging instruments against the variability of future cash flows from highly probable forecast transactions. The effectiveness of such hedge is assessed at the inception and verified at regular intervals to ensure that the hedge has remained and is expected to remain highly effective.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recycled when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to profit or loss.

2.23 Dividends

Dividends declared on ordinary shares are accounted for as an appropriation of retained profits in the period in which they are approved.

2.24 Income recognition

(i) Revenue from contracts with customers

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

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for voyage charter include provisions whereby the charterer is required to pay demurrage if the time spent for loading or discharging the cargo exceeds the amount of time specified in the contract. Conversely, the ship-owner may be required to pay despatch if the time spent is less than that specified in the contract. Demurrage and despatch give rise to variable consideration.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Income recognition

(i) Revenue from contracts with customers (Cont'd)

Cost to obtain a contract

The Group pays commission to brokers for each contract that they obtain for freight services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense commissions (included under voyage expenses) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Contract balances

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

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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

(a) Revenue from freight services

Voyage charter

All freight income and voyage expenses are recognised rateably over the voyage duration as the freight services are rendered (percentage of completion). The percentage of completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. According to this method, freight income and related expenses are recognised in profit or loss according to the entered charter parties from the vessel's load date to the discharge of the cargo. The voyage begins from the loading to the discharging of cargo for the voyage (load-to-discharge). This applies to all spot transports and transport under Contracts of Affreightment (COAs). Costs directly attributable to relocating the vessel to the load port under the contract are capitalised to the extent that they are recoverable. Demurrage is recognised if the claim is considered probable.

Time charter

Revenue from time charter is recognised on a straight-line basis over the period of each charter, as service is performed.

(b) Brokerage and commission and ship management income are recognised when services are rendered.

(ii) Other revenue

(a) Dividend income is recognised when the Group's right to receive payment is established.

(b) Interest income is recognised on time-apportioned using the effective interest method.

(c) Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.26 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 the amount of the obligation can be estimated reliably.

The Group has entered into non-cancellable operating lease contracts to charter in vessels. Where the unavoidable costs of meeting the obligations under these contracts exceed the economic benefits expected to be received, an onerous contract provision is recognised.

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

2.27 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.28 Segment reporting

Segmental information are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

2.29 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals including close members of the individuals, or corporate entities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Fair value measurements

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique 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)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements of the Group and of the Company requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(i) Impairment of vessels and right-of-use assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of vessel is determined based on the higher of its fair value less costs to sell and its value in use, whereas the recoverable amount of right-of-use asset is based on its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash generating unit ("CGU") by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, management engages the services of professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. The carrying amounts of the Group's and of the Company's vessels and right-of-use assets are disclosed in Note 12 and Note 13 respectively.

(ii) Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is indication that the investments and amounts due from subsidiaries are impaired. Management considers various internal and external factors including the financial position of the subsidiaries. The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired.

In assessing the impairment assessment of the investments in subsidiaries, the management has determined the recoverable amount of the investments by making reference to the recoverable amount of the vessels held by the subsidiaries. The carrying amount of the Company's investments in subsidiaries as at 31 December 2020 are disclosed in Note 14.

4. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers:				
- Freight and charter hire	**175,056**	254,564	**31,987**	38,906
- Ship brokerage and management	**930**	3,429	**–**	–
	175,986	257,993	**31,987**	38,906

Revenue from contracts with customers is recognised over time when services are transferred.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contract balances				
Trade receivables (Note 17)	**15,861**	18,972	**6,315**	606
Contract assets	**84**	452	**–**	452
Contract liabilities	**3,179**	4,415	**1,280**	–

Contract assets are initially recognised for revenue earned from freight services rendered for voyage charterers as billing is only upon the complete loading of cargo. Contract assets relate to receivables in respect of uncompleted voyages at reporting date. As such, the balances of this account vary and depend on the number of uncompleted voyages at the end of the year.

Contract liabilities represent charter hire received in advance for freight services at reporting date and the balances of this account vary depending on the billing cycle on time charters. The amount of revenue recognised in the financial year that was included in contract liabilities of the Group at the beginning of the year was RM4,415,000 (2019: RM5,072,000).

Notes to the financial statements
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5. OTHER OPERATING INCOME, NET

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	**725**	3,476	**154**	1,957
Rental income from properties	**100**	845	**110**	938
Secretarial and accounting fees	**304**	331	**304**	331
Income from shared services	**129**	230	**788**	786
Foreign exchange (loss)/gain, net				
- realised	**(874)**	55	**(614)**	72
- unrealised	**1,283**	(100)	**1,083**	(108)
Bad debts written off	**–**	(131)	**–**	–
Write back of payables	**1,802**	–	**–**	–
Offhire claim from owner	**5,817**	–	**–**	–
Lease modification	**166**	–	**–**	–
Other income	**167**	14	**8**	14
	9,619	4,720	**1,833**	3,990

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- current year	**343**	326	**97**	93
- under provision in prior year	**2**	44	**4**	50
Amortisation of intangible assets (Note 11)	**295**	122	**295**	122
Depreciation of property, plant and equipment (Note 12)	**27,716**	27,371	**4,743**	3,486
Depreciation of right-of-use assets (Note 13)	**62,521**	65,605	**68**	–
Personnel expenses (Note 7)	**28,248**	35,189	**5,614**	6,676
Non-executive Directors' remuneration (Note 8)	**503**	477	**503**	477
Finance costs				
- term loans	**10,570**	16,482	**–**	4,066
- revolving credit	**771**	1,270	**771**	583
- lease liabilities (Note 25)	**7,582**	11,107	**15**	–
- others	**264**	512	**–**	–
	19,187	29,371	**786**	4,649
Operating lease expenses of vessels	**–**	10,643	**–**	–

Notes to the financial statements
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(cont'd)

7. PERSONNEL EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonus	**22,037**	27,731	**4,312**	5,393
Pension costs				
- defined contribution plans	**412**	335	**198**	148
Social security costs	**15**	14	**8**	8
Other staff related expenses	**5,784**	7,109	**1,096**	1,127
	28,248	35,189	**5,614**	6,676

Included in personnel expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM128,000 (2019: RM130,000) and RM128,000 (2019: RM130,000) respectively, as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group and Company	
	2020 RM'000	2019 RM'000
Directors of the Company		
Executive Directors:		
Fees	**120**	120
Attendance fees	**8**	10
	128	130
Non-executive Directors:		
Fees	**462**	425
Attendance fees	**41**	52
	503	477
Total	**631**	607

9. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
Malaysian income tax	**133**	1,188	**110**	697
Foreign tax	**2**	6	**–**	–
(Over)/under provision in prior years	**(33)**	21	**(27)**	(34)
	102	1,215	**83**	663

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit before taxation	**(20,679)**	(6,099)	**(62,177)**	19,555
Taxation at Malaysian tax rate	**(4,963)**	(1,464)	**(14,922)**	4,693
Effects of different tax rates in foreign jurisdictions	**(1)**	(2)	**–**	–
Tax exempt shipping income	**(17,035)**	(13,042)	**(2,287)**	(3,280)
Results of companies incorporated in British Virgin Islands (BVI)	**(27)**	5,206	**–**	–
Income not subject to tax	**(13,040)**	(6,833)	**–**	(3,187)
Expenses not deductible for tax purposes	**35,487**	17,840	**17,319**	2,471
Share of results of joint ventures	**(286)**	(511)	**–**	–
(Over)/under provision in prior years	**(33)**	21	**(27)**	(34)
Taxation for the year	**102**	1,215	**83**	663

10. LOSS PER SHARE

Basic loss per share

The basic loss per share is based on the Group's loss attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Group's loss attributable to equity holders of the Company (RM'000)	**(20,781)**	(7,319)
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic loss per share (sen)	**(2.08)**	(0.73)

There are no potential ordinary shares in issue as at the reporting date and therefore, diluted loss per share has not been presented.

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11. INTANGIBLE ASSETS

Group	Computer software RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2020			
Cost			
At 1 January 2020	**2,824**	**184**	**3,008**
Additions	**559**	**–**	**559**
Reclassification	**184**	**(184)**	**–**
Translation difference	**(31)**	**–**	**(31)**
At 31 December 2020	**3,536**	**–**	**3,536**
Accumulated amortisation			
At 1 January 2020	**2,581**	**–**	**2,581**
Amortisation for the year (Note 6)	**295**	**–**	**295**
Translation difference	**(9)**	**–**	**(9)**
At 31 December 2020	**2,867**	**–**	**2,867**
Net carrying amount			
At 31 December 2020	**669**	**–**	**669**
At 31 December 2019			
Cost			
At 1 January 2019	2,777	–	2,777
Additions	82	184	266
Translation difference	(35)	–	(35)
At 31 December 2019	2,824	184	3,008
Accumulated amortisation			
At 1 January 2019	2,491	–	2,491
Amortisation for the year (Note 6)	122	–	122
Translation difference	(32)	–	(32)
At 31 December 2019	2,581	–	2,581
Net carrying amount			
At 31 December 2019	243	184	427

Notes to the financial statements
31 December 2020
(cont'd)

11. INTANGIBLE ASSETS (CONT'D)

Company	Computer software RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2020			
Cost			
At 1 January 2020	**1,586**	**184**	**1,770**
Additions	**559**	**–**	**559**
Reclassification	**184**	**(184)**	**–**
Translation difference	**(52)**	**–**	**(52)**
At 31 December 2020	**2,277**	**–**	**2,277**
Accumulated amortisation			
At 1 January 2020	**1,343**	**–**	**1,343**
Amortisation for the year (Note 6)	**295**	**–**	**295**
Translation difference	**(30)**	**–**	**(30)**
At 31 December 2020	**1,608**	**–**	**1,608**
Net carrying amount			
At 31 December 2020	**669**	**–**	**669**
At 31 December 2019			
Cost			
At 1 January 2019	1,524	–	1,524
Additions	82	184	266
Translation difference	(20)	–	(20)
At 31 December 2019	1,586	184	1,770
Accumulated amortisation			
At 1 January 2019	1,238	–	1,238
Amortisation for the year (Note 6)	122	–	122
Translation difference	(17)	–	(17)
At 31 December 2019	1,343	–	1,343
Net carrying amount			
At 31 December 2019	243	184	427

Notes to the financial statements
31 December 2020
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12. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM'000	Dry docking RM'000	Assets under construction RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost						
At 1 January 2020	687,787	3,484	55	9,743	3,535	704,604
Additions	611	–	74	–	34	719
Reclassification	–	–	(129)	–	129	–
Reclassified as held for sale (Note 20)	(92,250)	(800)	–	–	–	(93,050)
Translation difference	(12,148)	(61)	–	(172)	(103)	(12,484)
At 31 December 2020	584,000	2,623	–	9,571	3,595	599,789
Accumulated depreciation and impairment losses						
At 1 January 2020	92,845	484	–	2,732	3,392	99,453
Charge for the year (Note 6)	26,172	1,330	–	105	109	27,716
Impairment loss on vessels	52,045	–	–	–	–	52,045
Reclassified as held for sale (Note 20)	(42,151)	(642)	–	–	–	(42,793)
Translation difference	(3,020)	(79)	–	(53)	(97)	(3,249)
At 31 December 2020	125,891	1,093	–	2,784	3,404	133,172
Net carrying amount						
At 31 December 2020	458,109	1,530	–	6,787	191	466,617

Notes to the financial statements
31 December 2020
(cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Vessels RM'000	Dry docking RM'000	Assets under construction RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost						
At 1 January 2019	525,440	3,110	73,554	9,862	3,535	615,501
Additions	321	3,488	188,344	–	70	192,223
Disposals and write off	(960)	–	–	–	(3)	(963)
Derecognition	–	(1,445)	–	–	–	(1,445)
Reclassification	261,843	–	(261,843)	–	–	–
Reclassified as held for sale (Note 20)	(89,777)	(1,647)	–	-	-	(91,424)
Translation difference	(9,080)	(22)	–	(119)	(67)	(9,288)
At 31 December 2019	687,787	3,484	55	9,743	3,535	704,604
Accumulated depreciation and impairment losses						
At 1 January 2019	105,286	1,237	–	2,662	3,363	112,548
Charge for the year (Note 6)	25,361	1,808	–	103	99	27,371
Disposals and write off	(504)	–	–	–	(3)	(507)
Derecognition	–	(1,445)	–	–	–	(1,445)
Impairment loss on vessels	11,232	–	–	–	–	11,232
Reclassified as held for sale (Note 20)	(46,914)	(1,095)	–	–	–	(48,009)
Translation difference	(1,616)	(21)	–	(33)	(67)	(1,737)
At 31 December 2019	92,845	484	–	2,732	3,392	99,453
Net carrying amount						
At 31 December 2019	594,942	3,000	55	7,011	143	605,151

Notes to the financial statements
31 December 2020
(cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Vessel RM'000	Assets under construction RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost					
At 1 January 2020	**125,387**	**55**	**9,743**	**4,451**	**139,636**
Additions	**–**	**74**	**–**	**28**	**102**
Reclassification	**–**	**(129)**	**–**	**129**	**–**
Translation difference	**(2,208)**	**–**	**(172)**	**(87)**	**(2,467)**
At 31 December 2020	**123,179**	**–**	**9,571**	**4,521**	**137,271**
Accumulated depreciation					
At 1 January 2020	**3,256**	**–**	**2,732**	**4,350**	**10,338**
Charge for the year (Note 6)	**4,549**	**–**	**105**	**89**	**4,743**
Translation difference	**(298)**	**–**	**(53)**	**(82)**	**(433)**
At 31 December 2020	**7,507**	**–**	**2,784**	**4,357**	**14,648**
Net carrying amount					
At 31 December 2020	**115,672**	**–**	**6,787**	**164**	**122,623**
Cost					
At 1 January 2019	–	32,211	9,862	4,472	46,545
Additions	–	93,702	–	36	93,738
Disposals and write off	–	–	–	(3)	(3)
Reclassification	125,858	(125,858)	–	–	–
Translation difference	(471)	-	(119)	(54)	(644)
At 31 December 2019	125,387	55	9,743	4,451	139,636
Accumulated depreciation					
At 1 January 2019	–	–	2,662	4,327	6,989
Charge for the year (Note 6)	3,301	–	103	82	3,486
Disposals and write off	–	–	–	(3)	(3)
Translation difference	(45)	–	(33)	(56)	(134)
At 31 December 2019	3,256	–	2,732	4,350	10,338
Net carrying amount					
At 31 December 2019	122,131	55	7,011	101	129,298

(a) Vessels with an aggregate net carrying amount of RM458,109,000 (2019: RM594,942,000) have been pledged as security for loans obtained by the Group (Note 24).

(b) During the year, the Group carried out an assessment of the recoverable amounts of its vessels due to a decline in the market charter hire rates. The recoverable amounts are determined based on the higher of fair value less costs to sell or value in use. The fair value less costs to sell was determined by an independent valuer. The discount rate applied to value in use computation was 8% per annum. As a result of the assessment, the Group recognised impairment loss on vessels and non-current assets held for sale of RM52,045,000 (2019: RM11,232,000) and RM NIL (2019: RM10,527,000) respectively for the financial year ended 31 December 2020.

Notes to the financial statements
31 December 2020
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13. RIGHT-OF-USE ASSETS

Group	Vessels RM'000	Office lease RM'000	Total RM'000
At 31 December 2020			
Cost			
At 1 January 2020	**238,994**	**–**	**238,994**
Additions	**–**	**448**	**448**
Derecognition	**(26,717)**	**–**	**(26,717)**
Translation difference	**(3,036)**	**–**	**(3,036)**
At 31 December 2020	**209,241**	**448**	**209,689**
Accumulated depreciation and impairment losses			
At 1 January 2020	**123,065**	**–**	**123,065**
Charge for the year (Note 6)	**62,453**	**68**	**62,521**
Derecognition	**(25,510)**	**–**	**(25,510)**
Impairment loss on vessels	**3,737**	**–**	**3,737**
Translation difference	**(3,929)**	**–**	**(3,929)**
At 31 December 2020	**159,816**	**68**	**159,884**
Net carrying amount			
At 31 December 2020	**49,425**	**380**	**49,805**
At 31 December 2019			
Cost			
At 1 January 2019, effect of adopting MFRS 16	241,914	–	241,914
Translation difference	(2,920)	–	(2,920)
At 31 December 2019	238,994	–	238,994
Accumulated depreciation and impairment losses			
At 1 January 2019, effect of adopting MFRS 16	58,973	–	58,973
Charge for the year (Note 6)	65,605	–	65,605
Translation difference	(1,513)	–	(1,513)
At 31 December 2019	123,065	–	123,065
Net carrying amount			
At 31 December 2019	115,929	–	115,929

13. RIGHT-OF-USE ASSETS (CONT'D)

Company	Office lease RM'000	Total RM'000
At 31 December 2020		
Cost		
At 1 January 2020	**–**	**–**
Additions	**448**	**448**
At 31 December 2020	**448**	**448**
Accumulated depreciation and impairment losses		
At 1 January 2020	**–**	**–**
Charge for the year (Note 6)	**68**	**68**
At 31 December 2020	**68**	**68**
Net carrying amount		
At 31 December 2020	**380**	**380**

14. SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		
At 1 January	**1,439,774**	1,420,539
Subscription of shares in subsidiaries	**–**	79,910
Redemption of preference shares by subsidiary	**–**	(42,564)
Translation difference	**(25,355)**	(18,111)
Unquoted shares, at cost	**1,414,419**	1,439,774
Less: Accumulated impairment losses		
At 1 January	**(1,141,976)**	(1,156,089)
(Impairment loss)/reversal of impairment loss	**(55,090)**	156
Translation difference	**20,110**	13,957
At 31 December	**(1,176,956)**	(1,141,976)
At 31 December	**237,463**	297,798

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are determined by making reference to the recoverable amount of the vessels held by the subsidiaries.

14. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2020	Equity interest 2019	Principal activities
PSM Perkapalan Sdn Bhd	Malaysia	**100%**	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	**100%**	100%	Ship operator, shipbroker and general shipping
- Spectrapoint Sdn Bhd	Malaysia	**100%**	100%	Investment holding
Lightwell Shipping Inc	British Virgin Islands (BVI)	**100%**	100%	Investment holding
- Everspeed Enterprises Limited	BVI	**100%**	100%	Ship operator
Velorum Shipping Pte Ltd [1]	Singapore	**100%**	100%	Ship operator
New Johnson Holdings Limited	BVI	**100%**	100%	Investment holding
- Madu Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Molek Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Manis Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Sejahtera Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Padu Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Bakti Shipping Pte Ltd [2][3]	Singapore	**100%**	100%	Owner and operator of ships
- Pintar Shipping Pte Ltd [2][3]	Singapore	**100%**	100%	Owner and operator of ships
- Kekal Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
- Kukuh Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of ships
Alam Budi Sdn Bhd [2]	Malaysia	**100%**	100%	Owner and operator of ships
Bistari Shipping Sdn Bhd [2][3]	Malaysia	**100%**	100%	Owner and operator of ships
MBC Capital Management Sdn Bhd [2]	Malaysia	**100%**	100%	Investment holding

[1] Subsidiaries audited by a member firm of Ernst & Young Global
[2] Subsidiaries not carrying on any business activities during the financial year
[3] Subsidiaries in members' voluntary winding-up

<u>Liquidation of subsidiary</u>
Ambi Shipping Pte Ltd was liquidated during the year.

Notes to the financial statements
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15. JOINT VENTURES

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares, at cost	**78,524**	80,421
Share of post-acquisition profits or losses	**(71,489)**	(91,614)
Translation difference	**9,497**	29,089
	16,532	17,896
Liquidated during the year	**(134)**	(2,210)
	16,398	15,686
Proportionate shareholder's advances to joint ventures	**–**	18,417
	16,398	34,103

At 31 December 2019, the proportionate shareholder's advances to joint ventures are unsecured and bear a weighted average interest rate of 3.16% per annum. The advances have been collected in the current financial year.

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2020	Equity interest 2019	Principal activities
Eminence Bulk Carriers Pte Ltd [2][3]	Singapore	–	50%	Owner and operator of ships
Novel Bright Assets Limited [1]	BVI	**50%**	50%	Investment holding
- Brilliant Star Shipping Pte Ltd [1]	Singapore	**50%**	50%	Owner and operator of ships
Progress Shipping Pte Ltd [2][3]	Singapore	–	50%	Investment holding
- Atlantic Progress Pte Ltd [2][3]	Singapore	–	50%	Owner and operator of ships
- Atlantic Dream Pte Ltd [2][3]	Singapore	–	50%	Owner and operator of ships

[1] Joint ventures audited by a member firm of Ernst & Young Global
[2] Joint ventures not carrying on any business activities during the financial year
[3] Joint ventures liquidated during the year

The summarised financial information of the joint ventures, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2020 RM'000	2019 RM'000
Total assets	**32,988**	89,553
Total liabilities	**192**	58,181
Revenue	**12,094**	16,922
Profit for the year	**2,384**	4,262
Dividends received from joint ventures during the year	**–**	2,041

16. CONSUMABLE STORES

Consumable stores are stated at cost.

Consumable stores of the Group and the Company of RM22,028,000 (2019: RM28,204,000) and RM8,613,000 (2019: RM7,380,000) respectively were charged to income statements during the financial year.

17. RECEIVABLES AND OTHER CURRENT ASSETS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade receivables:				
- third parties	**16,131**	14,900	**6,315**	606
- related parties	**1,454**	5,827	**–**	–
	17,585	20,727	**6,315**	606
Less: Provision for expected credit losses				
Third parties:				
At 1 January	**(1,755)**	(1,776)	**–**	–
Translation difference	**31**	21	**–**	–
At 31 December	**(1,724)**	(1,755)	**–**	–
Trade receivables, net	**15,861**	18,972	**6,315**	606
Tax recoverable	**473**	19	**269**	–
Deposits (refundable)	**119**	151	**83**	93
Prepayments	**2,001**	2,234	**919**	288
Other receivables	**4,278**	2,535	**102**	265
Amounts due from related parties	**809**	4,645	**1,200**	629
	23,541	28,556	**8,888**	1,881

Amounts due from related parties relate to advances for procurement of supplies and services on behalf of the Group. These balances are unsecured, interest-free and repayable on demand.

Trade receivables are non-interest bearing and are generally due upon invoicing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

17. RECEIVABLES AND OTHER CURRENT ASSETS (CONT'D)

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Past due less than 6 months not impaired	**14,347**	18,164	**5,098**	361
Past due over 6 months not impaired	**1,514**	808	**1,217**	245
Impaired	**1,724**	1,755	**–**	–
	17,585	20,727	**6,315**	606

Trade receivables are mainly due from customers that have good credit ratings. As at reporting date, the Group and the Company have significant concentration of credit risk in the form of outstanding balances due from 3 (2019: 5) and 1 (2019: 1) customers respectively, representing 63% (2019: 59%) and 100% (2019: 100%) of the Group's and the Company's trade receivables and amount due from related parties (trade) respectively.

At the reporting date, trade receivable that is impaired relates to a debtor which is assessed for expected credit losses individually in accordance with MFRS 9 Financial Instruments.

18. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Amounts due from subsidiaries	**11,543**	228
Less: Accumulated impairment losses	**(11,294)**	(9)
	249	219
Amounts due to subsidiaries	**100,216**	6,241

Balances with subsidiaries are unsecured, interest-free and repayable on demand. Funds are centralised at Group level and made available to subsidiaries as and when required.

The Company recognised an impairment loss on amounts due from subsidiaries of RM11,285,000 (2019: RM9,000) for the financial year ended 31 December 2020.

19. SHORT TERM DEPOSITS

At the reporting date, the short term deposits of the Group and the Company have the same maturities of less than 31 days (2019: less than 31 days) with weighted average interest rate of 1.26% (2019: 1.81%) and 1.72% (2019: 3.09%) per annum respectively.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale comprise of vessels which the Group expects to sell within the next 12 months from the reporting date.

As at the reporting date, the carrying amount of vessels reclassified as held for sale are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Vessels	**50,257**	82,115

21. SHARE CAPITAL

	Number of ordinary shares			
	2020 ('000)	**2019 ('000)**	**2020 RM'000**	**2019 RM'000**
Group and Company				
Issued and fully paid:				
At 1 January and 31 December	**1,000,000**	1,000,000	**338,791**	338,791

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

22. RESERVES

(a) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges which will be reclassified to the income statement only when the hedged transaction affects profit or loss.

(b) Foreign currency translation reserve

Foreign currency translation reserve comprise foreign exchange differences arising from the translation of financial statements of those entities, whose functional currencies are different from that of the Group's presentation currency.

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23. PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	**359**	1,363	**15**	–
Accruals	**12,816**	24,983	**3,833**	4,558
Due to ship managers and agents:				
- related parties	**2,243**	5,418	**–**	–
Amounts due to related parties	**4,744**	282	**927**	355
Other payables	**2,022**	1,095	**588**	586
	22,184	33,141	**5,363**	5,499

Trade payables generally have average credit terms of 30 to 90 (2019: 30 to 90) days.

Amounts due to related parties are in respect of shared services cost and reimbursable expenses. These balances are unsecured, interest-free and repayable on demand.

24. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loans - secured	**237,344**	273,236	–	–
Revolving credit - secured	**–**	83,603	–	83,603
	237,344	356,839	–	83,603
Repayable within 12 months	**(87,317)**	(31,607)	–	–
Repayable after 12 months	**150,027**	325,232	–	83,603

Maturity of borrowings is analysed as follows:

Within 1 year	**87,317**	31,607	**–**	–
Between 1 and 5 years	**77,231**	172,516	**–**	18,371
More than 5 years	**72,796**	152,716	**–**	65,232
	237,344	356,839	**–**	83,603

The borrowings are denominated in the following currencies:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
United States Dollar	**237,344**	356,839	**–**	83,603

The securities for secured loans are disclosed in Note 12(a).

The borrowings bear interest at a weighted average rate of 3.02% (2019: 4.21%) per annum.

25. LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for vessels with lease terms between 1 and 3 years and office lease of 6 years lease term including extension options. The leased vessels are subleased to its customers.

The Group also has certain leases of vessels, computers and other equipment with lease terms of 12 months or less or of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**204,941**	283,159	**–**	–
Addition	**441**	–	**441**	–
Accretion of interest	**7,582**	11,107	**15**	–
Payment of lease liabilities	**(94,566)**	(86,861)	**(51)**	–
Offhire claim from owner	**(5,817)**	–	**–**	–
Lease modification	**(1,373)**	–	**–**	–
Translation difference	**570**	(2,464)	**–**	–
Others	**71**	–	**–**	–
At 31 December	**111,849**	204,941	**405**	–
Repayable within 12 months	**59,242**	89,543	**74**	–
Repayable after 12 months	**52,607**	115,398	**331**	–
	111,849	204,941	**405**	–

The following are amounts recognised in profit or loss:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income from subleasing right-of-use assets	**42,858**	47,612	**–**	–
Lease modification	**166**	–	**–**	–
Offhire claim from owner	**5,817**	–	**–**	–
Depreciation of right-of-use assets	**62,521**	65,605	**68**	–
Interest expense on lease liabilities	**7,582**	11,107	**15**	–
Expense relating to short-term lease (included in operating expenses)	**–**	10,643	**–**	–
Expense relating to leases of low-value assets (included in administration expenses)	**11**	8	**7**	–

The Group and the Company had total cash outflows for leases of RM100,394,000 (2019: RM97,512,000) and RM58,000 (2019: RM NIL) respectively for the financial year ended 31 December 2020.

26. DERIVATIVE FINANCIAL LIABILITIES

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices and foreign exchange rates. The type of derivatives used by the Group and the fair value gain or loss on the derivative financial instruments are set out below.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Current		
Hedging derivatives		
Cash flow hedge		
Interest rate swap	**(319)**	(243)
Non-current		
Hedging derivatives		
Cash flow hedge		
Interest rate swap	**(3,016)**	(2,538)

Cash flow hedge

The Group uses interest rate swaps to manage the variability of future cash flows attributable to interest rate fluctuation on its borrowings. The hedged cash flows are expected to occur and affect profit or loss in the next 3 years. Gains and losses arising from the effective portion of the hedges are deferred in equity until the variability on the cash flow affects profit or loss, at which time the gains or losses are transferred to profit or loss.

The net gain or loss on cash flow hedges reclassified from other comprehensive income to the income statement is recognised in "Other operating income, net". In prior financial year, gain on cash flow hedges amounting to RM2,685,000 was recycled from other comprehensive income to the income statements of the Group and of the Company. The notional amount is included in Note 31 (b).

27. PROVISION FOR ONEROUS CONTRACTS

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 January	**–**	63,584
Effect of adopting MFRS 16	**–**	(58,973)
	–	4,611
Utilised during the year	**–**	(4,640)
Translation difference	**–**	29
At 31 December	**–**	–
Analysis of provision		
Current	**–**	–
Non-current	**–**	–
	–	–

Notes to the financial statements
31 December 2020
(cont'd)

28. COMMITMENTS

		Group	
		2020 RM'000	2019 RM'000
(a)	Capital commitments	–	67
(b)	Operating lease commitments - as lessor		
	Share of joint ventures' commitments	–	2,005
(c)	Contract of affreightment (COA)		
	Due within 1 year	**21,410**	21,853
	Due later than 1 year and not later than 5 years	**85,697**	87,234
	Due later than 5 years	**121,360**	145,329
		228,467	254,416

The amounts comprise of estimated freight receivable under a 15-year COA with TNB Fuel Services Sdn Bhd (a subsidiary of Tenaga Nasional Berhad).

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties at mutually agreed amounts took place during the financial years:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transactions with companies in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charter hire income	**50,789**	70,143	–	1,347
Commercial fee	**545**	3,429	–	–
Income from shared services	**129**	230	**129**	230
Rental income	**100**	845	**100**	845
Corporate secretarial fee and accounting fees	–	5	–	5
	51,563	74,652	**229**	2,427
Expenditure incurred:				
Commercial fee	**7,104**	6,015	**1,065**	995
Dry docking cost	**464**	2,407	–	–
Shared services cost	**3,154**	4,978	**740**	729
Management fee	**1,664**	2,630	–	–
Crewing agents fee	**367**	738	**128**	216
Commission on disposal of vessels	**857**	821	–	444
Procurement fee	**541**	1,038	**233**	353
Share registration fee	**12**	12	**12**	12
	14,163	18,639	**2,178**	2,749

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Transactions with joint ventures				
Income earned:				
Accounting fee	**304**	311	**304**	311

	Company 2020 RM'000	Company 2019 RM'000
Transactions with subsidiaries		
Income earned:		
Income from shared services	**659**	556
Rental income	**10**	93
	669	649
Expenditure incurred:		
Management fee	**212**	324

Directors are considered as the key management personnel. The remuneration of Directors is disclosed in Note 8.

30. SEGMENT INFORMATION

Segmental reporting is not presented as the Group is principally engaged in the dry bulk shipping services internationally. As the Group's shipping activities cover the world's shipping lanes, the Directors do not consider it meaningful to allocate revenue, results, assets and liabilities to specific geographical segments. This is consistent with internal reporting currently practice.

Major customers

Revenue from two major customers (2019: two) amounted to RM69,900,000 (2019: RM78,700,000) represents 40% (2019: 31%) of the total revenue of the Group.

31. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has investments in foreign subsidiaries and joint ventures, whose net assets are measured in their functional currency which is the United States Dollars, and are subject to foreign currency translation differences upon translation into Ringgit Malaysia for consolidation purposes.

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to interest-bearing debts. The Group manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings and a mix of interest revision dates. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

As at 31 December 2020, the Group has interest rate swap agreements with notional amounts totalling USD25,978,000 (2019: USD28,453,000) whereby it receives variable rates equal to LIBOR and pays fixed rate between 2.565% and 3.045% (2019: 2.565% and 3.045%) per annum on the notional amounts.

Sensitivity analysis for interest rate risk

At end of the reporting period, if interest rates had been 25 basis point higher/lower with all other variables held constant, the Group's loss after tax (2019: loss after tax) would have been RM542,000 (2019: RM752,000) higher/lower (2019: higher/lower).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's exposure to liquidity risk is manageable and is addressed via internal funding as well as through sourcing of external borrowings. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Notes to the financial statements
31 December 2020
(cont'd)

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

Analysis of undiscounted financial instruments by remaining contractual maturities

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

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
At 31 December 2020				
Payables and other liabilities	**22,184**	**–**	**–**	**22,184**
Borrowings	**93,380**	**95,857**	**73,095**	**262,332**
Lease liabilities	**62,614**	**54,959**	**–**	**117,573**
Derivative financial liabilities	**319**	**3,016**	**–**	**3,335**
	178,497	**153,832**	**73,095**	**405,424**
At 31 December 2019				
Payables and other liabilities	33,141	–	–	33,141
Borrowings	44,790	222,804	162,408	430,002
Lease liabilities	96,948	121,255	–	218,203
Derivative financial liabilities	243	2,538	–	2,781
	175,122	346,597	162,408	684,127
Company				
At 31 December 2020				
Payables and other liabilities	**5,363**	**–**	**–**	**5,363**
Lease liabilities	**87**	**357**	**–**	**444**
Amounts due to subsidiaries	**100,216**	**–**	**–**	**100,216**
	105,666	**357**	**–**	**106,023**
At 31 December 2019				
Payables and other liabilities	5,499	–	–	5,499
Amounts due to subsidiaries	6,241	–	–	6,241
Borrowings	2,678	34,405	72,431	109,514
	14,418	34,405	72,431	121,254

The Company's maximum potential liability under corporate guarantees amounted to RM238,242,000 (2019: RM284,422,000) as of 31 December 2020. The corporate guarantees were provided in respect of the borrowings of its subsidiaries. No liability is expected to arise.

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's association to business partners with good credit ratings. Trade receivables are monitored on an on-going basis via Group management reporting procedures.

Advances are made to subsidiaries and joint ventures in support of their respective principal activities. Surplus cash is placed with a number of reputable banks.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. The debt to equity ratio of the Group for the year ended 31 December 2020 was 1.27:1 (2019: 1.58:1).

The Group monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 2019.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The Group has designated derivatives as Level 2. Interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rates and interest rate curves.

There was no financial instrument being transferred between Level 1 and 2 during the financial year.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) The fair value of financial assets and liabilities by classes whose carrying amounts are reasonable approximation of fair value are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at amortised cost:				
Trade and other receivables	**21,067**	26,303	**7,700**	1,593
Short term deposits	**20,329**	56,131	**13,300**	10,290
Cash and bank balances	**18,557**	23,349	**1,725**	1,038
Amounts due from subsidiaries	**–**	–	**249**	219
Advance to joint venture	**–**	18,417	**–**	–
	59,953	124,200	**22,974**	13,140
Financial liabilities carried at amortised cost:				
Borrowings	**237,344**	356,839	**–**	83,603
Lease liabilities	**111,849**	204,941	**405**	–
Payables and other liabilities	**22,184**	33,141	**5,363**	5,499
Amounts due to subsidiaries	**–**	–	**100,216**	6,241
	371,377	594,921	**105,984**	95,343
Financial liability carried at fair value through other comprehensive income:				
Derivative financial liabilities	**3,335**	2,781	**–**	–

34. SIGNIFICANT EVENT

Two subsidiaries disposed one vessel each to third parties for a total consideration of RM83 million.

35. SIGNIFICANT SUBSEQUENT EVENT

A subsidiary, Sejahtera Shipping Pte Ltd signed a Memorandum of Agreement on 3 March 2021 to dispose its vessel to a third party for a net consideration of approximately RM55 million.

36. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings RM'000	Lease liabilities RM'000	Derivative financial liabilities RM'000	Total RM'000
Group				
At 1 January 2020	**356,839**	**204,941**	**2,781**	**564,561**
Cash flows:				
- Drawdown	**21,382**	**–**	**–**	**21,382**
- Repayment/payment	**(138,612)**	**(92,801)**	**–**	**(231,413)**
- Finance costs paid	**(12,646)**	**(7,582)**	**–**	**(20,228)**
Non-cash changes:				
- Addition	**–**	**441**	**–**	**441**
- Finance costs	**11,605**	**7,582**	**–**	**19,187**
- Changes in fair values	**–**	**–**	**658**	**658**
- Lease modification	**–**	**(1,373)**	**–**	**(1,373)**
- Others	**1,594**	**71**	**–**	**1,665**
- Translation difference	**(2,818)**	**570**	**(104)**	**(2,352)**
At 31 December 2020	**237,344**	**111,849**	**3,335**	**352,528**
At 31 December 2018, as previously stated	409,157	–	60,125	469,282
Effect of adopting MFRS 16	–	283,159	–	283,159
Adjusted balance at 1 January 2019	409,157	283,159	60,125	752,441
Cash flows:				
- Drawdown	166,480	–	–	166,480
- Repayment/payment	(215,355)	(75,754)	(59,098)	(350,207)
- Finance costs paid	(18,468)	(11,107)	–	(29,575)
Non-cash changes:				
- Finance costs	18,264	11,107	–	29,371
- Changes in fair values	–	–	2,713	2,713
- Others	(243)	–	–	(243)
- Translation difference	(2,996)	(2,464)	(959)	(6,419)
At 31 December 2019	356,839	204,941	2,781	564,561

Notes to the financial statements
31 December 2020
(cont'd)

36. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
Company			
At 1 January 2020	**83,603**	**–**	**83,603**
Cash flows:			
- Drawdown	**21,382**	**–**	**21,382**
- Repayment/payment	**(106,018)**	**(36)**	**(106,054)**
- Finance costs paid	**(758)**	**(15)**	**(773)**
Non-cash changes:			
- Addition	**–**	**441**	**441**
- Finance costs	**771**	**15**	**786**
- Others	**280**	**–**	**280**
- Translation difference	**740**	**–**	**740**
At 31 December 2020	**–**	**405**	**405**
At 1 January 2019	198,913	60,125	259,038
Cash flows:			
- Drawdown	85,553	–	85,553
- Repayment/payment	(198,913)	(59,098)	(258,011)
- Finance costs paid	(6,186)	–	(6,186)
Non-cash changes:			
- Finance costs	4,649	–	4,649
- Changes in fair values	–	792	792
- Others	1,537	–	1,537
- Translation difference	(1,950)	(1,819)	(3,769)
At 31 December 2019	83,603	–	83,603

LIST OF PROPERTIES HELD

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2020 RM'000
Level 17 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,447 sq. ft.	99 Year Lease/ 11.9.2088	23 Years	1,687
Level 17 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	23 Years	1,707
Level 18 (East Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,447 sq. ft	99 Year Lease/ 11.9.2088	23 Years	1,687
Level 18 (West Wing) PJ Tower No.18, Jalan Persiaran Barat Off Jalan Timur 46050 Petaling Jaya Selangor Darul Ehsan	Office/ 5,511 sq. ft.	99 Year Lease/ 11.9.2088	23 Years	1,707

Note:
All properties were acquired on 12 July 2001.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2021

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Issued Shares	% of Issued Shares
Less than 100	733	4.98	20,846	0.00
100 - 1,000	1,790	12.15	1,281,651	0.13
1,001 - 10,000	7,907	53.68	36,693,480	3.67
10,001 - 100,000	3,653	24.80	123,542,342	12.36
100,001 to less than 5% of issued shares	644	4.37	226,040,281	22.60
5% and above of issued shares	3	0.02	612,421,400	61.24
	14,730	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Pacific Carriers Limited (PCL)	344,615,000	34.46	–	–
Bank Pembangunan Malaysia Berhad (BP)	123,300,200	12.33	–	–
PPB Group Berhad (PPB)	140,000,000	14.00	20,000	–
Kuok (Singapore) Limited [(1)]	–	–	344,615,000	34.46
Minister of Finance Incorporated [(2)]	–	–	123,300,200	12.33
Kuok Brothers Sdn Berhad [(3)]	–	–	140,020,000	14.00

Notes :-

(1) *Deemed interest through its 100% direct interest in PCL*
(2) *Deemed interest through its 99.99% direct interest in BP*
(3) *Deemed interest through its 50.18% direct interest in PPB*

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
Name of Directors	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Dato' Mohd Zafer Bin Mohd Hashim	–	–	–	–
Hor Weng Yew	–	–	–	–
Andrew Charles Hoare (Alternate to Hor Weng Yew)	–	–	–	–
Tho Leong Chye	–	–	–	–
Lim Soon Huat	–	–	–	–
Tay Beng Chai	275,000	0.03	2,500 [(1)]	–
Yeoh Khoon Cheng	–	–	–	–
Elsie Kok Yin Mei	–	–	–	–

Notes :-

(1) *Deemed interest through family member*

Analysis of Shareholdings (cont'd)

THE THIRTY LARGEST SHAREHOLDERS
(As per Record of Depositors as at 31 March 2021)

	Name of Shareholders	No. of Issued Shares	% of Issued Shares
1.	Pacific Carriers Limited	344,615,000	34.46
2.	PPB Group Berhad	140,000,000	14.00
3.	Bank Pembangunan Malaysia Berhad	127,806,400	12.78
4.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Bank Julius Baer & Co. Ltd. (Singapore BCH)*	5,075,000	0.51
5.	Dinshaw a/l J Manecksha	4,500,000	0.45
6.	Goh Cheah Hong	4,491,000	0.45
7.	Chin Chin Seong	4,220,800	0.42
8.	CIMB Group Nominees (Asing) Sdn Bhd *Exempt AN* *For DBS Bank Ltd (SFS)*	3,850,200	0.39
9.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tiong Chiong Hee*	3,259,600	0.33
10.	HSBC Nominees (Asing) Sdn Bhd *For J.P. Morgan Securities Plc*	2,643,000	0.26
11.	Gan Kok Keng	2,281,700	0.23
12.	Kerajaan Negeri Pahang	2,153,850	0.22
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Kok Choy (8092812)*	1,900,000	0.19
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Le Wee Yap*	1,885,200	0.19
15.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Le Wee Tack*	1,844,700	0.18
16.	Yeoh Yew Choo	1,762,900	0.18
17.	Kah Hin Loong Sdn Bhd	1,720,250	0.17
18.	Gan Teng Siew Realty Sdn Berhad	1,700,000	0.17
19.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ker Foon Loo*	1,632,100	0.16
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lui Yuen Qiu (7001122)*	1,632,000	0.16
21.	How Kok Kong	1,580,000	0.16
22.	Nahoorammah a/p Sithamparam Pillay	1,500,000	0.15
23.	Chinchoo Investment Sdn Berhad	1,400,000	0.14
24.	Wan Poh Mining Company Sdn Bhd	1,341,600	0.13
25.	Kuok Khoon Kuan @ Kuo Khoon Kwong	1,268,750	0.13
26.	Quarry Lane Sdn Bhd	1,260,000	0.13
27.	Low Kok Kong	1,250,000	0.12
28.	Wong Soo Chai @ Wong Chick Wai	1,211,300	0.12
29.	Tee Ah Ling	1,120,750	0.11
30.	Lee Kong Jin Holdings Sdn Bhd	1,090,600	0.11
	Total	671,996,700	67.20

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad :

1. UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised from any corporate proposal.

2. AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid/payable to the external auditors for the financial year ended 31 December 2020 are set out below :

	Company RM	Group RM
Fees paid/payable to Ernst & Young PLT		
• Audit	101,000	345,000
• Non-Audit	8,500	8,500
	109,500	353,500

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests subsisting as at 31 December 2020 or entered into during the financial year ended 31 December 2020 except as disclosed in the Financial Statements as set out in this Annual Report.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT)

The details of the RRPT entered into by the Company and its subsidiaries during the financial year under review are disclosed in Note 29 to the financial statements on pages 96 to 97.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible in ensuring that the audited financial statements of the Group and the Company have been prepared to give a true and fair view of the state of affairs of the Group and the Company as at the financial year end and of their financial performance and cash flows for the financial year then ended in accordance with the requirements of the applicable Financial Reporting Standards in Malaysia, the provisions of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the annual financial statements for the year ended 31 December 2020, the Directors have ensured that appropriate and applicable accounting policies are applied on a consistent basis and fair and reasonable judgements and estimates are made.

The Directors have responsibility to ensure that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements.

The Directors also have overall responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second Annual General Meeting ("32nd AGM") of Malaysian Bulk Carriers Berhad ("MBC" or "the Company") will be conducted on a fully virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 17 May 2021 at 10.00 a.m. (Malaysia time) for the following purposes:

AS ORDINARY BUSINESS

(1) To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**

(2) To re-elect the following Directors who are retiring pursuant to Article 121 of the Company's Constitution:

(a) Lim Soon Huat **Resolution 1**

(b) Dato' Mohd Zafer Bin Mohd Hashim **Resolution 2**

(3) To re-elect the following Directors who are retiring pursuant to Article 128 of the Company's Constitution:

(a) Elsie Kok Yin Mei **Resolution 3**

(b) Tho Leong Chye **Resolution 4**

(4) To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

(5) To approve payment of Directors' fees of RM581,543 for the financial year ended 31 December 2020. **Resolution 6**

(6) To approve payment of meeting allowances to the Directors up to an amount of RM104,000 for the period from 1 July 2021 to 30 June 2022. **Resolution 7**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions:

(7) **Ordinary Resolution**
To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory authorities, if required, being obtained for such allotment and issue.

AND THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authority." **Resolution 8**

Notice of Annual General Meeting (cont'd)

(8) **Ordinary Resolution**
Renewal of and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"**THAT** pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("MBC Group") be and are hereby authorised to enter into the recurrent related party transactions as set out in the Circular to Shareholders dated 16 April 2021, which are necessary for MBC Group's day-to-day operations in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next AGM of the Company;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the breakdown of the aggregate value of the recurrent related party transactions based on the type of recurrent transaction made and the names of the related parties involved in each type of the recurrent related party transaction made and their relationship with MBC Group, shall be disclosed in the Annual Report of the Company as may be required by the governing authority.

AND FURTHER THAT the Directors be and are hereby authorised to do all such acts and things (including executing any relevant documents) in the interest of the Company, as they may consider expedient or necessary to complete and give effect to the aforesaid mandate." **Resolution 9**

(9) **Ordinary Resolution**
Retention of Independent Non-Executive Director

"**THAT** approval be and is hereby given to retain Mr Tay Beng Chai, who has served as Independent Non-Executive Director of the Company for more than twelve (12) years, to continue to serve as Independent Non-Executive Director of the Company until the conclusion of the next AGM." **Resolution 10**

(10) To transact any other business.

BY ORDER OF THE BOARD

Tai Yit Chan (MAICSA 7009143)(SSM PC No.: 202008001023)
Tan Ai Ning (MAICSA 7015852)(SSM PC No.: 202008000067)
Company Secretaries

16 April 2021
Kuala Lumpur

Notice of Annual General Meeting (cont'd)

Notes:

1. The 32nd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities which are available on the online portal of Boardroom Share Registrars Sdn. Bhd. at **https://web.lumiagm.com**. Please refer to the **Administrative Guide for Shareholders for the 32nd AGM** on the procedures to register, participate and vote remotely via the RPEV facilities.

2. For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the AGM. Members/Proxies/Corporate Representatives will not be allowed to attend this AGM in person at the broadcast venue on the day of the AGM.

3. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the forthcoming AGM shall be put by way of poll.

4. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

5. Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

8. The instrument appointing a proxy and the power of attorney or other authority, shall be deposited at the office of Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or at its website at https://boardroomlimited.my ("eProxy Lodgement"); not less than 48 hours before the time for holding the AGM or any adjournment thereof. For further information on electronic submission of Proxy Forms, please refer to the procedures in the **Administrative Guide for Shareholders for the 32nd AGM**.

9. Only depositors whose names appear in the Record of Depositors as at 7 May 2021 (General Meeting Record of Depositors) shall be regarded as members of the Company and entitled to attend, speak and vote at the 32nd AGM.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval. Hence, this agenda item will not be put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. To authorise the Issue of Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten percent (10%) of the total number of issued shares of the Company for the time being.

The proposed Resolution 8 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company. The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

The Company had obtained the general mandate to issue shares in the last AGM. There were no proceeds raised from the previous mandate.

2. Renewal of and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will enable the Company and its subsidiaries to enter into the recurrent related party transactions, which are necessary for MBC Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on the proposed Ordinary Resolution is set out in the Circular to Shareholders dated 16 April 2021.

3. Retention of Independent Director

Mr Tay Beng Chai has been appointed as Independent Director of the Company for more than 12 years. The Board, through the Nomination & Remuneration Committee has carried out an assessment and satisfied that Mr Tay Beng Chai is able to exercise independent judgement and act in the best interest of the Company. His experience and knowledge enable him to participate actively and contribute during deliberations at board meetings. He is also in compliance with the relevant criteria and provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on independent directors.

Mr Tay Beng Chai abstained from all deliberations at the Board meeting in relation to the recommendation of Resolution 10.

Shareholders' approval for the proposed Ordinary Resolution 10 will be sought through a single tier voting process.

The proposed Ordinary Resolution 10, if passed, will enable Mr Tay Beng Chai to continue serving as the Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election are as follows:

a. Lim Soon Huat
b. Dato' Mohd Zafer Bin Mohd Hashim
c. Elsie Kok Yin Mei
d. Tho Leong Chye

The details of the above Directors are as set out on pages 21 to 23 of this Annual Report and their interests in shares of the Company and its subsidiaries are disclosed on page 105 of this Annual Report.

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MALAYSIAN BULK CARRIERS BERHAD
Registration No.: 198801008597 (175953-W)

PROXY FORM

Number of shares held	CDS Account No.

I/We, ______________________________NRIC/Registration No.______________________
of____
telephone no. ______________________being a member/members of MALAYSIAN BULK CARRIERS BERHAD hereby appoint the person(s) below as my/our proxy(ies) to vote for me/us and on my/our behalf at the Thirty-Second Annual General Meeting ("32nd AGM") of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 17 May 2021 at 10.00 a.m. (Malaysia time) and at any adjournment thereof:

Option#	Name of proxy(ies)	NRIC/ Registration No.	Email Address	Proportion of shareholding to be represented
☐ The Chairman of the Meeting				%
☐ **Appoint ONE proxy only** (Please complete details of proxy below)				
				%
☐ **Appoint MORE THAN ONE proxy** (Please complete details of proxies below)				
First Proxy				%
Second Proxy				%
				100%

Please tick ONE box only.

IMPORTANT NOTE
Please (i) tick [√] **ONLY ONE** of the above boxes, (ii) complete the details of your proxy/proxies and the proportion of your holding to be represented (if applicable), and (iii) sign or execute this form. The appointment will be **INVALID** if this form is not completed correctly in accordance with the said instructions.

My/Our proxy/proxies shall vote as indicated below:

No.	Resolutions	For	Against
1	To re-elect Mr Lim Soon Huat as a Director		
2	To re-elect Dato' Mohd Zafer Bin Mohd Hashim as a Director		
3	To re-elect Madam Elsie Kok Yin Mei as a Director		
4	To re-elect Mr Tho Leong Chye as a Director		
5	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise Directors to fix their remuneration		
6	To approve payment of Directors' fees of RM581,543 for the financial year ended 31 December 2020		
7	To approve payment of meeting allowances to the Directors up to an amount of RM104,000 for the period from 1 July 2021 to 30 June 2022		
8	To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	To approve the renewal of and additional shareholders' mandate for recurrent related party transactions		
10	To retain Mr Tay Beng Chai as an Independent Non-Executive Director		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting on the resolutions at his/their discretion)

Dated this ________________day of________________2021   Signature of Shareholder:______________________________

Notes:

1. The 32nd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities which are available on the online portal of Boardroom Share Registrars Sdn. Bhd. at https://web.lumiagm.com. Please refer to the **Administrative Guide for Shareholders for the 32nd AGM** on the procedures to register, participate and vote remotely via the RPEV facilities.
2. For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the AGM. Members/Proxies/Corporate Representatives will not be allowed to attend this AGM in person at the broadcast venue on the day of the AGM.
3. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the forthcoming AGM shall be put by way of poll.
4. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
8. The instrument appointing a proxy and the power of attorney or other authority, shall be deposited at the office of Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or at its website at https://boardroomlimited.my ("eProxy Lodgement"); not less than 48 hours before the time for holding the AGM or any adjournment thereof. For further information on electronic submission of Proxy Forms, please refer to the procedures in the **Administrative Guide for Shareholders for the 32nd AGM.**
9. Only depositors whose names appear in the Record of Depositors as at 7 May 2021 (General Meeting Record of Depositors) shall be regarded as members of the Company and entitled to attend, speak and vote at the 32nd AGM.

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Stamp

The Company Secretaries

Malaysian Bulk Carriers Berhad
Registration No.: 198801008597 (175953-W)

c/o Boardroom Share Registrars Sdn. Bhd.
Ground Floor or 11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan
Malaysia

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MALAYSIAN BULK CARRIERS BERHAD Registration No. 198801008597 (175953-W)

Unit 11.03a, Level 11, Mercu 2, No. 3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia

Tel: +603 2281 1388   Fax: +603 2281 1338

www.maybulk.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5077
COMPANY NAME	**:**	MALAYSIAN BULK CARRIERS BERHAD
FINANCIAL YEAR	**:**	December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application :	Applied
Explanation on application of the practice :	The Board has the overall stewardship responsibilities of providing: • strategic leadership The Board is responsible to lead and control the Group's strategic direction, objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives. • overseeing the business conduct A formal schedule of matters specifically reserved for the decision of the Board and Management has been established and this is contained in the Group's Financial Authority Limits. The matters reserved for the collective decision of the Board are outlined in the Board Charter. The Board has delegated specific responsibilities to two (2) committees namely, Audit and Risk Management Committee and Nomination & Remuneration Committee. All the committees discharge their duties and responsibilities within their terms of reference. • identification and management of principal risks ensuring the adequacy and integrity of internal control systems The Board recognises the importance of sound internal controls and risk management practices as integral to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and effectiveness of the internal control and risk management systems to ensure that shareholders' investment and the Group's assets are safeguarded. • establishing a succession plan The Board seeks to ensure that the members of Management team are qualified, professional and have competence to lead the operations of the Group. • developing and implementing an investor relations program. The Board is committed in providing effective and timely communication with its shareholders, investors and other stakeholders. The Group's financial results, announcements, annual

	report and circulars are the primary modes of disseminating information in relation to the Group's business activities and financial information and this can be accessed from the Company’s website at www.maybulk.com.my or Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Chairman is responsible for leadership, orderly conduct and working of the Board.

As outlined in the Board Charter, the responsibilities of the Chairman, amongst others, are as follows:

• to lead the Board in establishing and monitoring good corporate governance practices in the Company;
• to ensure the efficient organisation and conduct of the Board's function and meetings;
• to facilitate the effective contribution of all Directors at Board meetings;
• to encourage active participation and allowing dissenting views to be freely expressed; and
• to ensure effective communication with shareholders and relevant stakeholders.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

Application :	Applied	
Explanation on application of the practice :	The Chairman and Chief Executive Officer (CEO)'s position are held by different individuals. There is a distinct division of roles and responsibilities of the Chairman and CEO to ensure balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman of the Board is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business. Their roles and responsibilities of the Chairman and CEO are defined in the Board Charter, which is available on the Company's website at www.maybulk.com.my	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied	
Explanation on application of the practice	:	The Company Secretaries of the Company are Ms Tan Ai Ning and Ms Tai Yit Chan. Both of the Company Secretaries are a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries: • facilitate and attend all meetings of the board and board committees and ensure that meetings are properly convened and proceedings are properly recorded. • maintain all corporate records required under the Companies Act and ensure compliance with all reporting obligations under the applicable law and regulations. • communicate Board decisions to Management. • advise the Board on its roles and responsibilities. • update the Board on the Company's application towards the best practices recommended by the Malaysian Code of Corporate Governance. The Company Secretaries attended seminar/workshop in relation to Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad during the year to keep themselves updated on the changes of regulations or listing requirements.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application :	Applied	
Explanation on application of the practice :	The Board is supplied with information in a timely manner. The agenda and full set of board papers are distributed within a reasonable period or at least one (1) week prior to the meeting of the Board to ensure that sufficient time is given to the Directors to review the matters to be discussed. The board paper includes minutes of previous meeting and various reports such as market conditions, outlook, investment opportunities and financial performance. The deliberations and decision of those matters discussed at the Board Meetings are duly recorded in the meeting minutes. Decisions of the Board are also communicated in a timely manner to the Management for their further action.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–
- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised a Board Charter in November 2018, which provides: (i) the respective roles and responsibilities of the Board, board committees, individual directors and management. The board committees have their own terms of reference which set out the authority, scope and responsibilities. (ii) the schedule of matters reserved for the Board's decision includes the following: • review and approve corporate/strategic direction and major business proposals; • review and approve major capital commitments, acquisition and disposal of assets and investments; • review and approve commitment to loans and long/short term financing with banks; • review capital structure of the Company; • declaration of dividends; • the adoption of any significant change in accounting policies of the Company and Group; • the approval of annual audited financial statements and quarterly results; and • any other matters requiring the Board's approval under the financial authority limits adopted by the Company and Group. A copy of the Board Charter is available on the Company's website at www.maybulk.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application :	Applied	
Explanation on application of the practice :	The Board is committed to maintain a corporate culture with good ethical conduct. This is formalised through the Company's Code of Ethics and Code of Conduct which are set out in the Company's Employment Handbook. The handbook covers matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out in the handbook. The Board has also adopted Anti-Corruption Policy in November 2018. The Anti-Corruption Policy was updated on 24 February 2021. A copy of the Code of Ethics of Directors and Anti-Corruption Policy are available on the Company's website at www.maybulk.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Board adopted a Whistle Blowing Policy on 23 August 2018 and it was updated on 24 February 2021. The Whistle Blowing Policy outlines the Group's commitment towards enabling the employees and external parties to raise concerns in a responsible manner regarding any wrongdoings or malpractices without fear of reprisal, and to have such concerns independently investigated. All the disclosures made under the policy will be handled with strict confidence. The policy aims to promote and maintain high standards of corporate governance within the Group. The Whistle Blowing Policy is available on the Company's website at www.maybulk.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">As at 31 December 2020, excluding the Alternate Director, the Board comprises of eight (8) directors, of whom four (4) are Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors, one (1) Chief Executive Officer, one (1) Executive Director.

The four (4) independent directors have been able to provide an unbiased, independent and objective views and judgement during board meetings and deliberations on all matters concerning the Group.

The Nomination & Remuneration Committee has assessed the board composition and is satisfied that the current size and composition has the required mix of skills, experience, knowledge and competencies, required for an effective Board.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	There are four (4) Independent Non-Executive Directors on Board. As at 31 December 2020, tenure of the Independent Non-Executive Director, namely Mr Tay Beng Chai has exceeded 12 years term. Based on the annual assessment carried out, the Board (except for Mr Tay Beng Chai) is of the view that Mr Tay Beng Chai continue to be independent as: • he has met the criteria under the definition of Independent Non-Executive Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; • he has exercised care in performing his duties, and provided unbiased, independent and objective views and judgement during board meetings and deliberations on all matters concerning the Group; • his length of service does not in any way impair his objective and independent judgement nor his ability to act in the best interests of the Group. On the contrary, the years of service he served on the Board have imbued him with a sound knowledge of the Group's business operations which enable him to participate actively and contribute during deliberations at board meetings. This together with his individual professional experience, awareness of corporate governance and business acumen, have contributed positively to the Board's deliberations on all matters of the Group, and intend to retain Mr Tay Beng Chai, as Independent Non-Executive Director of the Company and that the resolution to retain the Independent Non-Executive Director be tabled at the forthcoming AGM for shareholders' approval. The Board recommends that the resolution be voted through a single-tier voting process, as every shareholder should exercise their voting rights on the same platform or level and each share shall entitled to one vote.

	The Board recognises the importance of the independence and objectivity in the decision-making process and will continue to assess and evaluate the Independent Non-Executive Directors to ensure that they: • are independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. • have no family relationship with Directors or major shareholders of the Company. • have no conflict of interest with the Company. • can exercise care in performing their duties, and provide unbiased, independent and objective views and judgement during board meetings and act in the best interest of the Company.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied	
Explanation on application of the practice :	Appointment of board and senior management are based on their experience, character, integrity and competence. During the year 2020, the Nomination & Remuneration Committee (NRC) reviewed 3 candidates for appointment as Alternate Director, Non-Independent Non- Executive Director and Independent Non-Executive Director. In assessing the suitability of the candidates, the NRC considers the required mix of skills, knowledge, expertise, experience, professionalism and integrity of the candidates.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Board does not have policies on gender diversity and targets in place. The Board believes that appointment of board members, regardless of gender, should be based on skills, experience, character, integrity and competence. In 2020, there are two (2) female directors, Ms Thai Kum Foon and Madam Elsie Kok Yin Mei on the board, representing 25% of the board composition. Nevertheless, the Board understand the importance of having a diverse Board and is supportive of diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Group.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Nomination & Remuneration Committee (NRC) is responsible for recommending suitable candidates for new appointment to the Board. In evaluating potential candidates, the NRC consider candidates' skills, knowledge, expertise, experience, professionalism and integrity. In the case for the position of Independent Non-Executive Director, the NRC evaluates the candidates' ability to discharge such responsibilities/functions as expected from Independent Non- Executive Director. In 2020, the NRC reviewed 3 candidates for appointment as Alternate Director, Non-Independent Non-Executive Director and Independent Non-Executive Directors before recommending the appointment to the Board for approval. The candidates were recommended by major shareholder/director. Nonetheless, the NRC is open to referrals from external sources available.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application :	Applied	
Explanation on application of the practice :	The Chairman of the Nomination & Remuneration Committee is Mr Tay Beng Chai, an Independent Non-Executive Director.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination & Remuneration Committee (NRC) is responsible to assess the effectiveness of the Board and Board Committees and the contribution of each individual director and Board Committee member on annual basis. In 2020, the assessment was conducted internally using a self and peer rating model. The assessment consists of detailed questionnaires covering the areas of board size and composition, mix of skills, experience, and core competencies of Directors, governance and integrity, effectiveness of board committees, participation and contribution at meetings and directors' training. Every Director and Board Committee member completes the questionnaires and submits it to the Company Secretaries who then collates the results and table the same to NRC. The NRC after reviewing the results, submits its findings to the Board for assessment of the performance and effectiveness of the Board and Board Committees. The Board upon its annual assessment carried out for financial year 2020, concurred with the NRC that the composition of the Board is well balanced with the required mix of skills, experience, knowledge and competencies, required for an effective Board and that the Committees have carried out their duties in accordance with their terms of reference.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1
The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Nomination & Remuneration Committee reviews and evaluates the remuneration policy for Directors and senior management to ensure that it is in line with market norms and industry practice. The level of remuneration of the Directors and senior management is commensurate with the level of experience and responsibilities undertaken by them. The level of Directors' fees is benchmarked against the shipping related companies and mid cap companies listed on Bursa Malaysia Securities Berhad. The remuneration package of senior management is linked to the Company and individual performance. The Board had in February 2019 adopted a Remuneration Policy for Directors and Senior Management. The policy is to establish a framework for remuneration that is designed to: (a) determine the level of remuneration packages of the Directors and Senior Management; (b) reward Directors and Senior Management commensurate with the contribution, experiences and level of responsibilities undertaken by them; and (c) attract and retain the right talent in the Board and Senior Management in order to drive the Company's long-term objectives. The policy is available on the Company's website at www.maybulk.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure :		
Timeframe :		

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board has in place a Nomination & Remuneration Committee (NRC) which comprises of majority Independent Non-Executive Directors. The NRC is responsible to review the level of remuneration of the members of the Board and Board Committees and ensure that they reflect the experience and level of responsibilities undertaken by them and in line with market practice. Subsequent to the review, the NRC will make recommendation to the Board. The remuneration is deliberated on and decided by the Board before being tabled for shareholders' approval at the Annual General Meeting. The respective Director shall abstain from the deliberation and voting of his own remuneration. The Terms of Reference of NRC is available on the Company's website at www.maybulk.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied	
Explanation on application of the practice :	The detailed disclosure on named basis of the remuneration of individual directors are set out on page 32 of the Company's 2020 Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied	
Explanation on application of the practice	:	The Executive Directors are the Senior Management and their remuneration on a named basis are set out on page 32 of the Company's 2020 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application :	Applied	
Explanation on application of the practice :	The positions of the Chairman of the Board and Audit and Risk Management Committee (ARMC) are held by different individuals. Mr Yeoh Khoon Cheng (Independent Non-Executive Director) is the Chairman of ARMC whilst Chairman of the Board is Dato' Mohd Zafer Bin Mohd Hashim. The ARMC discharged duties and responsibilities within its Terms of Reference. The Chairman of the ARMC briefed the Board on matters discussed and the outcome of deliberations of its meeting. The activities of ARMC are set out on pages 36 to 37 of the Company's 2020 Annual Report. The Terms of Reference of the ARMC is available on the Company's website at www.maybulk.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the former key audit partner has been appointed as member of the Audit and Risk Management Committee (ARMC). The Terms of Reference of the ARMC has outlined that former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the ARMC.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Under the Terms of Reference, the Audit and Risk Management Committee (ARMC) is responsible for assessing the effectiveness and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment, resignation or dismissal of the external auditors.

The ARMC reviews the suitability, objectivity and independence of the external auditors of the Company on an annual basis. The review process covers the assessment of the independence of the external auditors, the evaluation of the external auditor's work scope and results of the audit undertaken in relation to the audited financial statements of the Group for financial year ended 31 December 2020.

During the financial year, the ARMC met with the external auditors namely, Ernst & Young PLT, in the absence of Management. The ARMC has reviewed the performance and independence of Ernst & Young PLT and is satisfied that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee. External auditors have also given declaration that they are and have been independent throughout the conduct of their audit engagement in accordance with the By-Laws (On Professional Ethics, Conduct and Independence) of the Malaysian Institute of Accountants.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	The members of Audit and Risk Management Committee (ARMC) have accounting and financial background and relevant experience in financial services industry to discharge their duties and responsibilities. All members of ARMC have been updated and attended seminars/ workshops on Malaysian Financial Reporting Standards, Financial Reporting developments and Malaysian Code on Corporate Governance and Corporate Governance Guide during the year.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application :	Applied	
Explanation on application of the practice :	Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, in the Company's 2020 Annual Report. The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Internal Auditors to assess its adequacy and effectiveness.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application :	Applied	
Explanation on application of the practice :	The Board has disclosed the key features of its risk management and internal control framework as well as its adequacy and effectiveness in its Statement on Risk Management and Internal Control. The Statement on Risk Management and Internal Control is set out on pages 38 to 42 of the Company's 2020 Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted Following the merger of the Audit Committee and Risk Management Committee, namely Audit and Risk Management Committee ("ARMC") on 1 July 2020, the Risk Management Committee is now within the ARMC.
Explanation on adoption of the practice	:	

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	The Head of Internal Audit Department (IAD) reports directly to the Audit and Risk Management Committee (ARMC). The IAD's scope is to undertake independent and objective reviews on the adequacy and effectiveness of Group's risk management and internal control system. The authority and responsibility of the IAD are described in the Internal Audit Charter. The ARMC reviews and approves the Annual Internal Audit Plan. On quarterly basis, IAD table their performance report to the ARMC, to ensure that internal audit works are on track and sufficient resources to carry out the audit work. The ARMC reviews the internal audit report, audit processes and results of the internal audit report, and ensure the processes or investigation undertaken and there is appropriate action taken up.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2
The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	In 2020, the IAD is staffed by a team of 9 internal auditors and is headed by Mr Lim Sze Chien, Head of Internal Audit, Compliance & Risk. He is a Certified Internal Auditor ("CIA") and Certified Practicing Accountant from CPA Australia. The audit personnel are free from any relationships or conflicts of interest, which impair their objectivity and independence. The IA function adheres to the Code of Ethics and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied	
Explanation on application of the practice :	The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders. The primary modes of disseminating the Group's business activities and financial performance are as follows: • annual report of the Company; • quarterly financial results; • announcements made to Bursa Malaysia Securities Berhad; • company's website; and • annual general meeting Any queries or concern about the Group's business and development can be conveyed through the Company Secretaries, who would then refer the matter to the attention of the Board.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">The Group does not fall within the definition of large companies as defined by the Malaysian Code on Corporate Governance.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2">In 2020, the Notice of 31st Annual General Meeting was served to the shareholders at least 21 days before the Annual General Meeting held on 23 June 2020, which is required by Paragraph 9.19(6) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company understands the importance of giving shareholders ample time to read through the Annual Report and make necessary voting arrangement and therefore, at least 28 days' notice period are given for the upcoming Annual General Meeting.

The Notice of AGM is available at the Company's website at www.maybulk.com.my or Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended the Company's Annual General Meeting (AGM) held in 2020. The Chairman of the Board encouraged shareholders to participate during the AGM and to seek clarification about the performance and operations of the Group. External auditors were also present at the AGM to address any queries raised by the shareholders at the meeting. The Chairmen of respective Committees were present to address any questions that shareholders may have in relation to matters that fall under the purview of the Committees.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">In view of the Covid-19 outbreak and as part of the safety measures, the 31st Annual General Meeting (AGM) of the Company was conducted fully virtual via live streaming. The entire AGM proceedings were held through Tricor's TIIH online website and Remote Participation and Voting Facilities.

The Administrative Guide with the detailed user guide on the registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.

The virtual AGM has improved quality engagement with the shareholders by allowing them to attend, participate, speak (by posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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