MALAYSIAN BULK CARRIERS BERHAD

Registration No. 198801008597 (175953-W)

ANNUAL REPORT 2021


MBC
ALAM SAYANG


ALAM KEKAL

CONTENTS

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
FINANCIAL RESULTS (RM'000)					
Net revenue	**181,093**	130,846	206,543	198,265	197,744
Operating profit/(loss)	**93,010**	(3,592)	32,001	4,384	(9,861)
EBITDA #	**231,285**	88,577	99,078	19,363	14,553
Profit/(loss) before taxation	**195,381**	(20,679)	(6,099)	264,800	(128,992)
Profit/(loss) attributable to equity holders of the Company	**195,245**	(20,781)	(7,319)	263,838	(134,954)
BALANCE SHEET (RM'000)					
Total assets	**627,623**	652,146	957,268	1,022,740	1,206,939
Total liabilities	**158,601**	377,893	602,438	628,563	657,756
Cash and cash equivalents	**207,174**	38,886	79,480	289,124	72,233
Borrowings	**65,908**	237,344	356,839	409,157	410,143
Lease liabilities	**74,194**	111,849	204,941	-	-
Net debt (excludes lease liabilities)	**n/a**	198,458	277,359	120,033	337,910
Shareholders' equity	**469,022**	274,253	354,830	393,092	525,779
SHARE INFORMATION (sen)					
Per share					
Basic earnings/(loss)	**19.52**	(2.08)	(0.73)	26.38	(13.50)
Net assets	**46.90**	27.43	35.48	39.31	52.58
Share price as at 31 December	**52.5**	54.0	55.0	56.0	81.5
Market capitalisation (RM'million)	**525**	540	550	560	815
KEY RATIOS (%)					
Return on average equity	**52.5%**	(6.6%)	(2.0%)	57.4%	(21.9%)
Gearing ratio	**29.9%**	127.3%	158.3%	104.1%	78.0%
Net debt/equity ratio	**n/a**	72.4%	78.2%	30.5%	64.3%
FLEET DATA *					
Number of vessels (at end of year)	**5**	10	14	15	18
Total tonnage in DWT (MT'000)	**340**	555	795	864	990
Average age of fleet (in years)	**5.5**	5.6	6.0	7.0	6.6
Total operating days (days)	**2,511**	4,229	5,615	5,364	6,886
Total hire days (days)	**2,372**	4,103	5,375	5,150	6,717
Daily Time Charter Equivalent Rate:					
- Dry bulk carriers (USD)	**18,092**	8,676	10,010	10,180	8,193
- Tankers (USD)	**n/a**	n/a	n/a	n/a	7,926

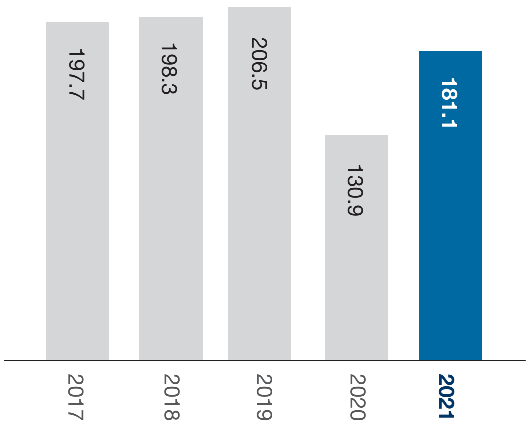
Note :

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

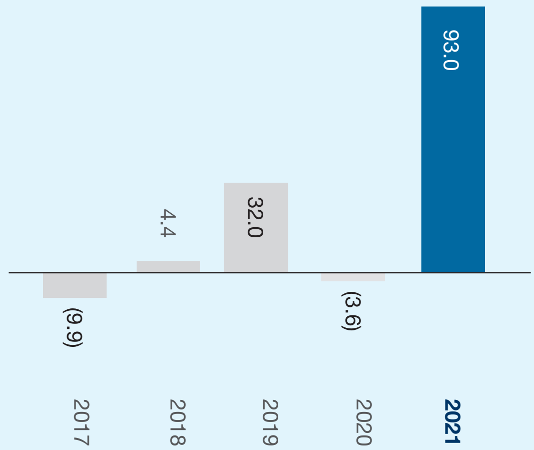
\# *EBITDA excludes associate, joint ventures, impairments and provisions. From 2019 onwards, the EBITDA excludes depreciation of right-of-use assets and interest expense on lease liabilities arising from the adoption of MFRS 16 Leases on 1 January 2019.*

FINANCIAL HIGHLIGHTS
(CONT'D)

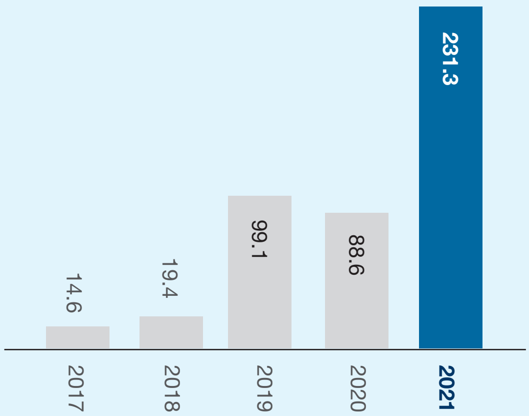
Net revenue
RM'million



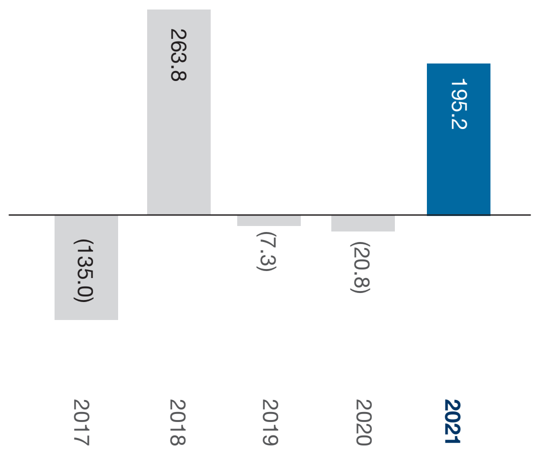
Operating Profit/(Loss)
RM'million



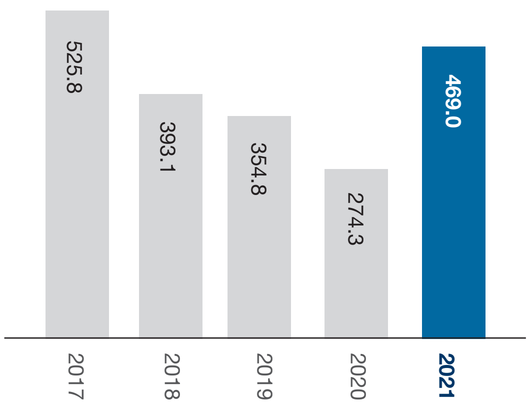
EBITDA
RM'million



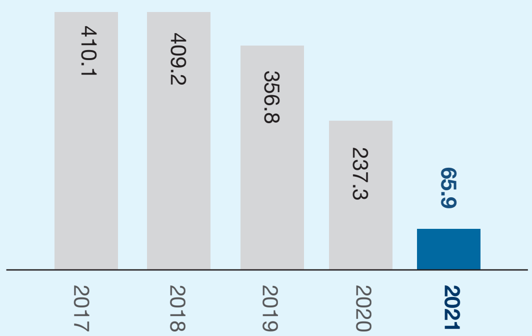
Attributable Profit/(Loss)
RM'million



Shareholders' Equity
RM'million



Borrowings
RM'million



EBITDA excludes associate, joint ventures, impairments and provisions. From 2019 onwards, the EBITDA 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,

"As we navigate extraordinary times, MBC has responded to challenges nimbly scoring exceptional financial results in a sterling FY2021. Keeping pace with operational changes and customers' needs amid heightened market volatility is the key to delivering sustainable value to our stakeholders. As countries worldwide watch the Russia-Ukraine conflict with concern, we are closely monitoring the war's potential impact on economies globally to prepare ourselves for any uncertainties. We believe the Group is poised to meet the challenging economic threats as well as to seize opportunities amid pandemic recovery."

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

KEYNOTE EVENTS IN 2021

In 2021, the dry bulk freight market has seen a spectacular start recording outstanding results as operators reaped the benefits of a strong market. The Group reported a net revenue of **RM181.09 million** which is 38% higher than FY2020 RM130.85 million, and a multi-year high operating profit of **RM93.01 million**. The improvement in operating performance was due to a 111% increase in charter rates (FY2021: USD18,092/day vs FY2020: USD8,566/day).

It was a bumper year for the dry bulk shipping industry, with average earnings outshining any profits made in the past few years. Vessel earnings across all main bulker sizes spiked to a decade high buoyed by increased demand in commodities amid global economic recovery. There has been strong growth in grain exports from the world's largest exporters as we see an incremental growth of 6.3% in the first half of the year. Driven by strong demand, iron ore cargo volumes rose to record levels in 2021 with little weather-related supply disruptions and coal markets surged as energy consumption bounced back with industrial production ramping up most part of the year.

CHAIRMAN'S STATEMENT (CONT'D)

The pandemic COVID-19 situation has led to vast economic disruptions worldwide sending shockwaves across industries. Given the volatile market conditions, the MBC team has risen to the challenges with exceptional dedication ensuring business continuity and undisrupted operations. Our asset preservation strategy has enabled us to minimise critical machinery failure and reduce vessel downtime resulting in optimal operational efficiency and effective cost management. Our focus remained on building resilience in the business portfolio and are constantly keeping an eye on the market identifying threats, risks in the macro environment to cope with uncertain changes.

EMBEDDING ENVIRONMENTAL, SOCIAL AND GOVERNANCE INTO OUR CULTURE AND STRATEGY

Ensuring the health and safety of our people and environmental compliance across operations is at the core of our business. Our deeply rooted workplace safety culture creates a healthy and safe environment for our people. The Company has a safety policy in place to outline safety rules and regulations to prevent occupational hazards and ensure safety onboard. Safety awareness is also iterated through our regular safety training as we roll out Health and Well-being campaigns through online audio-visual training.

The Group has been actively rolling out vaccination programmes to all our sea and shore employees and we have achieved a high vaccination rate to date. As the COVID-19 situation remains fluid, we seek to provide all our employees an additional layer of protection against the highly transmissible coronavirus with wide-scale vaccination. Essentially, we have implemented our Pandemic Contingency Plan (PCP) to ensure a 'safe bubble" quarantine for all crew signing on/off, to/from home.

After International Maritime Organization (IMO) has mandated the 2030/50 emission target, there has been worldwide focus on paving the pathway to zero-emission shipping. Environmental sustainability remains an integral part of our business practices, policies and operations and we will continue to sharpen our focus on managing our environmental footprint by reducing emissions.

It is our duty as a shipowner and operator to take a lead in safeguarding the environment by ensuring compliance with all relevant local and global environmental laws and regulations. As part of our continued efforts to contribute to ecosystem resilience, we constantly engage with our employees to reinforce the importance of environmental compliance and ingrain in them the mentality to adopt the best practices at work.

The Group is firmly committed to integrating greater transparency into the corporate governance framework to protect our Company and key stakeholders' rights. We are continuously improving our corporate governance standards and the monitoring process particularly in the regulatory compliance that covers areas like anti-corruption, sanctions, whistleblowing and data privacy. In order to strengthen the Company's internal control and risk management system, we have conducted e-learning courses, workshops and training to instil in our people the importance of compliance in our scope of work.

LOOKING AHEAD

The global COVID-19 pandemic has compelled us to relook at how the maritime sphere will change, emerging trends that will dominate the industry and what lies ahead. We need to learn and adapt on the fly with a sharpened focus on recovery amid headwinds and uncertainties in the dynamic business landscape.

As the world transitions into a sustainable economy, we are anchoring sustainability at the heart of our corporate strategy. We have clearly defined our sustainability goals and deliverables throughout the value chain focusing on areas with the greatest business impact.

While dry bulk freight rates periodically hit historical highs in 2021, we remain cautiously optimistic as we continue to monitor the pandemic-related impact on the global economic outlook coupled with geo-political tensions. Depending on how the pandemic evolves and the unfolding Ukraine-Russian conflict, it is imperative for MBC to exercise prudence when exploring new strategic business opportunities and focus on strengthening business resilience and agility while augmenting its financial position in 2022.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my gratitude to all our employees for their unyielding dedication and remarkable performance as we transform and adapt to evolving challenges during difficult times. Most importantly, we should commemorate the selfless contribution of our frontline workers particularly our crew who have been working tirelessly around the clock even at the height of the COVID-19 pandemic. We are also exceptionally thankful to our shareholders, customers, and business partners for their unwavering support.

For our Board of Directors who have been relentlessly maintaining strict oversight of the Group's performance in the past year, I wish to thank every one of them for their leadership and stewardship. Leveraging our collaborative efforts across the Group, let us continue to work in unison to deliver long-term value to our shareholders.

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

CEO LETTER

Dear Shareholders,

The dry bulk industry recorded a remarkably profitable year in 2021 with our earnings recording its highest level in the last decade. Freight rates surged to a decade's high as the resumption of global economic activities led to an increase in dry bulk commodity demand. Besides the stimulus driven demand, supply chain bottlenecks caused by COVID-19 port restrictions in conjunction with the pandemic-related delays and congestion have continued to support earnings in the dry bulk market.

In FY 2021, we reported a **profit before tax of RM195.38 million**. Overall, the accelerated recovery in the dry bulk space due to the post COVID-19 global trade recovery has bolstered MBC's financial performance. The improved charter rates, redelivery of loss-making chartered-in vessels and lower operating expenses attributed to the increase in operating profit.

Following the unfolding Russian-Ukraine crisis, we are monitoring the situation closely as the geopolitical tension might potentially stall the global economic growth as the world battles against inflation and the risk of possible stagflation.

FRAMING CORPORATE STRATEGIES DURING TRANSITIONS

Last year, the global economic recovery and the rebound in the dry bulk market have seen freight rates hit decade-highs. We recorded the highest operating profit in 11 years which was achieved with an increase in charter rates despite lower ship days. The Group has adopted a combination of fixed and floating index rate charters on the Supramax vessels, and spot/ short-term charters on the Kamsarmax vessels leveraging on improving market conditions as well as to secure stable earnings during the year.

Although we could see the aftermath effects of COVID-19 waning, uncertainty still prevails with the unknown impact arising from the ongoing Omicron wave. Our established risk management approach has enabled us to function with minimal disruption despite the myriad of challenges arising from the ongoing pandemic situation.

People and vessels are our most valuable assets. Our crew have been working under extraordinary circumstances during the COVID-19 pandemic and we have actively rolled out crew welfare initiatives to ensure their health, safety, and well-being during this challenging time. In our concerted efforts to scale up operational efficiency, we are constantly adopting the best practices in vessel preservation to maintain our vessels' optimal performance.

Second-hand vessel sale prices reached historical highs in 2021 and against the backdrop of a buoyant market, we seized the opportunity to monetise our assets. The vessel disposal gains from Alam Sejahtera and two other older vessels in our fleet namely the Alam Molek and Alam Madu contributed positively to our earnings. As of December 31, 2021, we own and operate a total of 5 vessels with an aggregate carrying capacity of **339,665 metric ton deadweight** and an average age of **5.5 years**.

While charter rates underline the current strength of the market, the prospect of a slower than expected economic recovery could weigh on dry bulk freight rates in 2022. Shaping our business strategies in accordance with emerging trends in the ever-changing business climate enables us to stay ahead of the competition.

STRENGTHENING RESILIENCE

2021 has been a fruitful year where we balanced our business priorities and continued to strengthen our adaptability, digital fluency and learning agility as the COVID-19 pandemic wears on.

In line with the carbon emissions reduction goals set out in the IMO (International Maritime Organization) Initial Strategy, we are stepping up our efforts to integrate sustainability into our core strategies and business operations. Energy efficiency is the cornerstone for building a green economy and active operational measures are underway to achieve fuel savings in our operations.

In today's digital age, phishing, ransomware remain the top critical cyber security threat affecting businesses worldwide. We have seen a spike in malicious cyber activities since remote and hybrid working started becoming the new norm. Regular training sessions are implemented to keep employees informed of the latest phishing tactics. Additionally, the Group has proactively deployed anti-malware and cyber security solutions on board all owned vessels and ensured compliance to IMO 2021 Maritime Cyber Risk Management Regulation.

CEO LETTER (CONT'D)

COMMITMENT TO CORPORATE GOVERNANCE AND ENVIRONMENTAL COMPLIANCE

MBC is committed to conducting its business with integrity and good governance, and this guiding principle is ingrained in all employees. We have whistle-blowing policy, anti-bribery policy and sanctions compliance policy in place to ensure compliance with laws and regulations and will continue to hold ourselves and our business partners to the highest level of ethics and business conduct.

Environmental compliance is undoubtedly an important priority of the group. Our Kamsarmaxes are environmentally friendly and fuel-efficient green vessels, and our entire fleet are equipped with the IMO approved Ballast Water Treatment System to prevent the introduction of non-native marine microorganisms. Moving ahead, we continue to stay on top of the changing international environmental requirements to enhance our vessel efficiency and environmental performance. Most importantly, we will continue to embed sustainability practices in all aspects of our operations and core business strategy in our pursuit to conserve the environment and marine ecosystem.

INTEGRATING HEALTH AND SAFETY, WELL-BEING

MBC places the utmost importance on the health and safety, well-being of our people amid the fluid COVID-19 conditions. In the last quarter of 2021, a Mental Health and Well-being campaign was launched to address safety and health risks in the workplace and raise awareness of the importance of mental well-being.

We recognise seafarers as key frontline workers and are aligned with the government's national vaccination efforts to curb the spread of coronavirus by ensuring all our crew are fully vaccinated. To date, our seafarers are among the highest vaccinated pool in the industry with 99% vaccinated. Managing crew health remains an important priority and the Group will continue its close collaboration with the key stakeholders in maritime to champion the safety and well-being of our seafarers.

A safe and inclusive workplace always remains our priority. The Company has a safety policy in place because we believe it is crucial to protect our employees from occupational injury and illness. To prevent occupational hazards at work, we need to constantly reinforce in crew the proper usage of protective gear and equipment. We have conducted a series of safety training to stress the importance of observing safety measures and staying compliant with all rules and regulations onboard vessels. These health and safety programmes aim to inculcate safety awareness among our people and ensure everyone adheres to the safety policy and guidelines and follows safe practices in our daily operations.

At the height of the pandemic, we seek to deepen our bonding with employees through ongoing employee engagement initiatives. Everyone is kept abreast of the latest corporate news and development through our communication channels such as e-news bulletin, e-newsletter, and virtual Town Hall.

2022 OUTLOOK

In the year that has passed, we saw a very buoyant dry bulk market with freight rates soaring to historical highs mainly due to pandemic-induced disruptions, quarantine measures, supply-chain constraints, geopolitics, port congestion and elevated demand for core commodities. The euphoric sentiment of the previous year has since been tapered by a more cautious outlook for 2022 given the increased geo-political risks and global economic uncertainties.

We will continue to capitalise on our key strengths in commercial management in dry bulk shipping, technical expertise, digital capabilities and stay grounded on our core business to maintain a healthy balance sheet.

The Group will continue to strengthen its portfolio resilience taking a prudent approach in search of business opportunities and continually harnessing synergistic collaboration to optimise its current portfolio and deliver value for all our stakeholders.

Hor Weng Yew
Chief Executive Officer

FINANCIAL REVIEW

	2021 RM'000	2020 RM'000	Variance RM'000
Net Revenue	**181,093**	130,846	50,247
Operating profit/(loss)	**93,010**	(3,592)	96,602
Profit/(loss) after share of results of joint ventures, but before exceptional items	**76,204**	(19,225)	95,429
Exceptional items:			
i) Gain on disposal of property, plant and equipment	**98,014**	–	98,014
ii) Reversal of impairment loss/ (impairment loss) on vessels	**14,833**	(55,782)	70,615
iii) (Loss)/gain on liquidation of a subsidiary and a joint venture	**(539)**	54,328	(54,867)
iv) Derecognition of a joint venture	**6,869**	–	6,869
	119,177	(1,454)	120,631
Profit/(loss) before tax	**195,381**	(20,679)	216,060

Shipping markets performed well in 2021 amid the ongoing supply chain disruption arising from COVID-19 pandemic, with the dry bulk rates at its highest level in over a decade. Group net revenue for FY2021 totaled RM181.1 million, 38% higher than FY2020 of RM130.8 million, and recorded the highest operating profit in 11 years of RM93.0 million (FY2020: operating loss of RM3.6 million). The significant improvement in operating performance was achieved with the 111% increase in charter rates in FY2021 (USD18,092/day) as compared to FY2020 (USD8,566/day) despite lower hire days (FY2021: 2,372 days vs FY2020: 3,848 days).

Included in profit after share of results of joint ventures are finance costs of RM10.6 million, a drop of 45% from RM19.2 million in FY2020. This decrease is mainly due to repayment of loans, lower borrowing costs and reduced lease liabilities with the redelivery of 2 charter-in vessels during the year.

The strong dry bulk freight market has also lifted second-hand prices for dry bulk vessels back towards historical highs. This provided the Group with the opportunity to monetise its dry bulk assets with the disposal of three bulk carriers in FY2021 ie the 33,393 DWT Alam Sejahtera, 58,045 DWT Alam Madu and 58,074 DWT Alam Molek with net proceeds of RM269.9 million, and recording a total gain on disposal of RM98.0 million. In addition, the Group reversed an impairment loss of RM14.8 million (FY2020: impairment loss of RM55.8 million) on its vessels and right-of-use assets.

The Group recorded RM0.5 million loss on liquidation of its subsidiaries (Pintar Shipping Pte Ltd and Bakti Shipping Pte Ltd) in FY2021. The loss on liquidation resulted from the reclassification of the cumulative foreign exchange differences from equity to profit or loss upon liquidation of these entities.

During the year, the Group acquired the remaining 50% share in the joint venture company, Novel Bright Assets Ltd, that resulted in a gain of RM6.9 million from the reclassification of the foreign exchange differences from equity to profit or loss upon the derecognition of the joint venture.

Excluding the exceptional items, the Group reported a profit before tax of RM76.2 million in FY2021, compared to a loss before tax of RM19.2 million in FY2020.

In summary, with the increase in revenue, gain on disposal of vessels and reversal of asset impairments, the Group closed the year with a profit before tax of RM195.4 million in FY2021, compared to a loss before tax of RM20.7 million in FY2020.

The Group continues to manage its liquidity prudently, with a positive net cash inflow of RM168.2 million mainly generated from its operating activities, and proceeds from disposal of vessels. The cash and cash equivalents at end FY2021 were RM207.2 million. Total equity as at 31 December 2021 stood at RM469.0 million from RM274.3 million in FY2020.

The Group does not recommend any payment of dividend for the year.

SUSTAINABILITY STATEMENT

ABOUT THE SUSTAINABILITY STATEMENT

The Board of Directors ("the Board") of Malaysian Bulk Carriers Berhad ("MBC") are pleased to present the Group Sustainability Statement for year 2021. This Sustainability Statement ("Statement") is prepared in compliance with the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The aim of this Statement is to communicate our corporate commitment and the way in which we identify, evaluate and manage the Economic, Environment, 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. Our sustainability practices aim to generate long term benefits to ensure business continuity in a sustainable future.

SCOPE OF THE SUSTAINABILITY STATEMENT

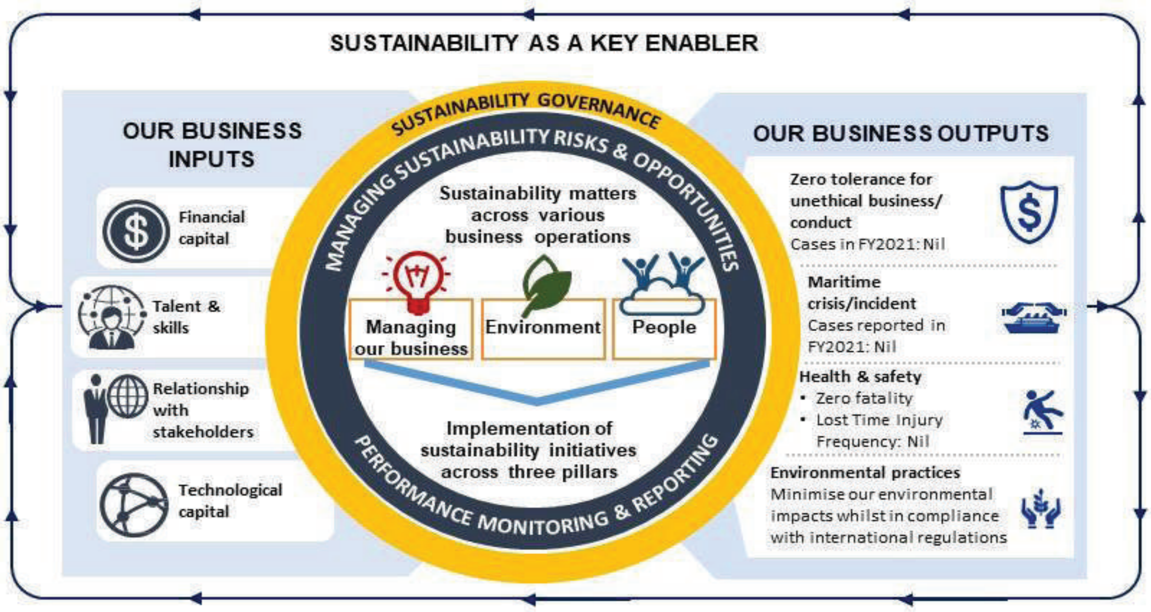
The reporting period for this Statement is from 1 January 2021 to 31 December 2021, unless otherwise stated. The scope covers the entire dry bulk shipping operations of MBC and its subsidiaries in Malaysia and Singapore, hereinafter collectively referred to as MBC Group. Our reporting focuses on our 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. Chartered-in vessels are not technically managed by us and therefore are not covered in this Statement.

ANCHORING SUSTAINABILITY INTO MBC GROUP

MBC Group is committed to promote sustainability and 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.

The Group has established and embedded policies and procedures in its operations to guide our employees and seafarers to discharge their roles and responsibilities in an ethical manner. Through career development programmes and technical/ safety trainings, 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 minimise adverse impact on the environment.

Shaping our business strategies in accordance with the sustainability framework as shown below enables 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 STATEMENT
(CONT'D)

SUSTAINABILITY GOVERNANCE

The Board of MBC Group is overall responsible for the Group's sustainability efforts and sets the tone to integrate sustainability practices into the MBC Group's daily operations, including setting strategic sustainability direction and purpose and values of MBC. The Board is assisted by the Chief Executive Officer whose responsibilities include advising and recommending sustainability initiatives, policies for adoption, and 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, management of sustainability matters and reporting the performance of sustainability practices.

Our Sustainability Governance Structure

Board of Directors

↓

Chief Executive Officer

↓

Sustainability Working Group

STAKEHOLDER ENGAGEMENT

We recognise that effective stakeholder engagement and their feedback is crucial towards promoting the Group's long-term growth and sustainability. The 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 formal and informal approaches, using 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 is guided by Bursa Malaysia's Sustainability Reporting Guide are Board of Directors, shareholders/investors, employees, business partners, customers and financial providers.

MATERIALITY ASSESSMENT

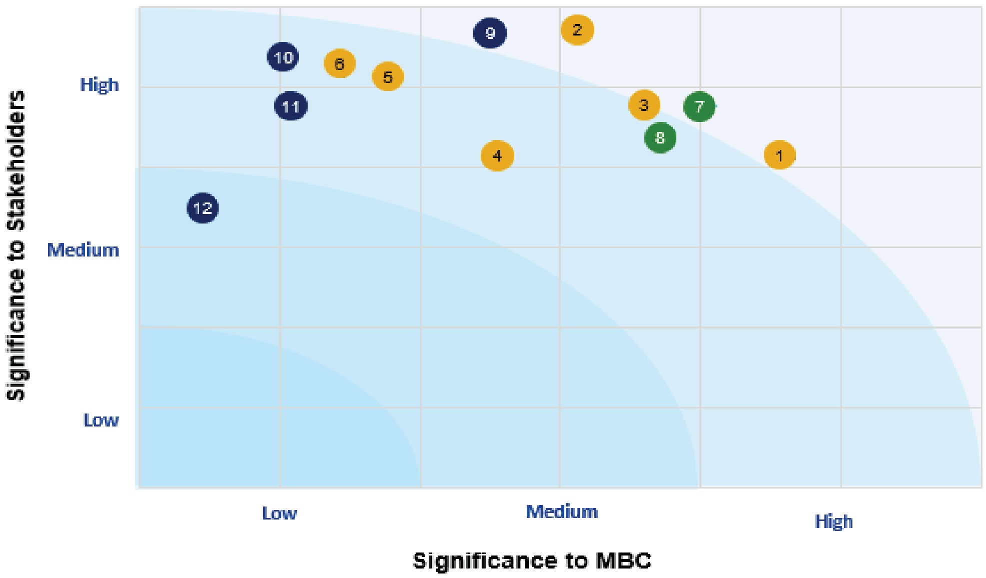
The Materiality Assessment is a strategic business tool to identify, review and prioritise the material sustainability matters that affect our business and stakeholders. MBC Group adopted a structured Materiality Assessment process, guided by Bursa Malaysia's Sustainability Reporting Guide to identify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

In 2020, we conducted a robust materiality analysis exercise and stakeholder engagement to identify and evaluate the sustainability matters that are material and of importance to the Group. This exercise includes obtaining the Group's stakeholders' views and responses on significant environmental, economic, and social aspects that contribute significantly in 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.

This year, the material sustainability matters remain the same as previously identified based on the materiality assessment conducted in 2020. 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.

SUSTAINABILITY STATEMENT
(CONT'D)

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.

SUSTAINABILITY STATEMENT
(CONT'D)

The following table below summarises the Group's key engagements as at end of FY2021

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, policies and procedures • 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	• Updates through corporate announcement, circular and emails (as needed) • Annual General Meetings • Corporate website	• Business sustainability and financial performance	• Provide information through company announcements via Bursa Malaysia and Annual General Meetings. • Annual Reports.
Employees	• MBC's townhall session (annually) • Newsletters and alerts; internal online portal (ongoing) • Internal employee survey to obtain employee feedback (annually) • Senior officer conferences (bimonthly) • Learning and development programs (ongoing) • Employee appraisals (mid-year and year end reviews) between supervisor and employee	• Development opportunities for both employees and crew • Occupational health and safety • Human rights & fair employment practices • Upskilling talent	• Continue to source for high quality learning content for employees through skills building workshops and digital learning platforms. • Implemented safety management measures to minimise risk of COVID-19 exposure to both employees and crew. • Reiterate fair recruitment and appraisal process. • Regular communications on the pandemic situation, work from home arrangements (where possible), rolling out of mental health and wellbeing programs.
Customer	• Communication from commercial team through emails/meetings etc (regularly) • Surveys and feedback	• Carbon emissions and safety • Cargo and data security • Upcoming regulations affecting the business	• Incorporation of COVID-19 prevention measures and crew change requirements. • Compliance with COVID-19 guidelines imposed by local jurisdictions. • Emissions reporting to support vessels' Rightship grading.

SUSTAINABILITY STATEMENT (CONT'D)

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)	• Continuous digitalisation and innovation initiatives • 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 • Compliance with regulatory and IMO guidelines	• We provide relevant data to financial providers who are signatories to the Poseidon Principles. • Exercise strong corporate governance.

1. DIGITALISATION AND INNOVATION

The COVID-19 pandemic not only accelerated digitalisation and innovation but also the evolution of cybercrime and cyber-threats which pose a great challenge to the Group's information system.

The hacking of vessels' Information Technology and Operational Technology systems pose a danger to seafarers and vessels. The Group ensured its IMO 2021 compliance in cybersecurity by putting in place user awareness programs, policies and procedures and NextGen technologies by deploying various tools such as AI powered NextGen anti-malware, passive network monitoring tool and enhanced security email systems onboard all owned vessels. The Group also has in place cybersecurity programmes that cover comprehensive user awareness, tighten controls and a dedicated cybersecurity team. During the year, the Group enhanced cybersecurity measures to monitor and protect the systems and network from malicious cyberattacks including strengthening endpoint server, mobile security and end-user education.

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 crew. The Group has replaced the current fleet management system with an integrated platform that can handle all aspects of fleet management including planned maintenance, purchasing, documentation, HSEQA, drydocking and voyage management. On crew operations, with data enhancements and optimising system utility, automated checks and validation will be implemented for crew documentation and crew movement.

2. BUSINESS DEVELOPMENT AND FINANCIAL PERFORMANCE

The dry bulk sector experienced a firm rebound in 2021 with freight rates at a decade's high. Dry bulk commodity demand increased as global economic activities resumed, together with supply chain bottlenecks caused by COVID-19 restrictions enforced at various ports. Port congestions have remained for most parts of 2021.

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/short-term charters on the Kamsarmax vessels.

The Group has also rolled out cost management measures in procurement of parts and services, improve operational efficiency in minimising critical machinery failure, reduce vessel downtime and operating costs.

SUSTAINABILITY STATEMENT (CONT'D)

3. OCCUPATIONAL HEALTH AND SAFETY

At MBC Group, workplace safety is our utmost priority. We strongly believe our employees 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.

One of the biggest issues has been the challenges on changing of crew due to pandemic restrictions. Relief of crew is essential in ensuring the safety, health and welfare of seafarers. In 2021, the Group continues to champion the safety and wellbeing of our seafarers and offshore employees through the following programs and initiatives:

- Participated in the International Seafarer's Welfare & Assistance Network (ISWAN) to provide 24x7 assistance via helpline for crew;
- Sea Air Vaccination Exercise (SAVE) programmes for crew including supply of ART kits and oxygen ventilators on board vessels;
- Participated in the Neptune Declaration for Seafarer Wellbeing and Crew Change that prioritises safety and wellbeing of seafarers;
- Revised Pandemic Contingency Plan (PCP) to ensure a "safe bubble" quarantine for all crew signing on/off, to/from home; and
- Rolled out Health and Wellbeing campaign through online audio-visual training.

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 on the right.

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 crew 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. OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

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. The Group practices good hygiene to mitigate the impact of the outbreak and ensure adequate supplies of PPE for employees and crew. All employees and crew are required to maintain high level of personal hygiene and adhere to the safety management measures. 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 crew. 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. A Zero Accident task force was established to enhance pandemic protocols, usage of ART kits in addition to other measures, and ensure all vessels are equipped with sufficient safety equipment.

In 2021, we achieved an excellent safety performance of zero Lost Time Injury Frequency Rate and zero fatalities.

Key Performance Indicator	2021 Performance	2020 Performance	2019 Performance
Fatality *(no. of incidents)*	Nil	Nil	Nil
Lost Time Injury Frequency *(per million exposure hours)*	Nil	Nil	0.55
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	Nil

SUSTAINABILITY STATEMENT
(CONT'D)

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 in ensuring that the Group maintains the highest standards in the conduct of business. 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 employees are required to comply with the Code of Ethics and Code of Conduct.
ii. The Code of Ethics and Code of Conduct is communicated through Employee Handbook that provides guidance and describes a range of examples for greater clarity.
iii. Proper separation of duties and use of Financial Authority Limits (FAL).
iv. The code sets out MBC Group's zero tolerance towards any form of unethical business practices, corruption, bribery or fraud.

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

NIL fines or non-monetary sanctions resulting from unethical business practices in 2021.

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 observed improprieties, 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 and Risk Management 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. BUSINESS ETHICS AND COMPLIANCE (CONT'D)

4.1 Internal policies and procedures (cont'd)

4.1.3. Anti-corruption Policy (cont'd)

The Global Anti-Bribery Compliance training is rolled out to employees on an annual basis in compliance with the provisions of the Group's Anti-Corruption Policy & Guidelines.

The following table below summarises the Group's anti-corruption key indicators and actual performance for the financial year under review.

Anti-Corruption Indicators	Actual 2021
Employees training on annual anti-corruption course *(%)*	90% *
Operations assessed for corruption related risks *(%)*	100%
Confirmed incidents of corruption and action taken *(no. of incidents)*	Nil
Cost of fines, penalties or settlements in relation to corruption *(no. of incidents)*	Nil
Staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies *(no. of staff)*	Nil

* *100% completed in 2022*

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. In addition, the Group has a comprehensive sanctions screening process that includes a broader positive-match criteria, screening of end-customers and vendor/crew bank accounts and clear escalation process of positive-matches to corporate functions for immediate action.

4.2 Seafaring regulations

Ship managers are responsible in ensuring that all our crew 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; and
iv. Minimum Safe Manning Document.

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 documentation of the crew upon hiring and joining the ship. 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.

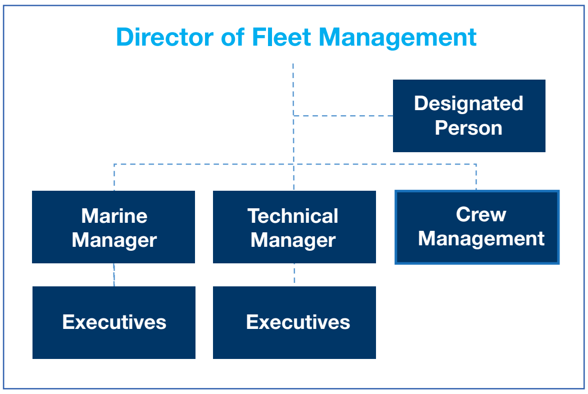
We work with various forums in the maritime industry, such as Neptune Declaration 2021 for Seafarer Wellbeing and Crew Change, to recognise seafarers as key workers and giving them priority access to COVID-19 vaccines, increase collaboration between ship operators and charterers to facilitate crew changes and ensure air connectivity between key maritime hubs for seafarers.

SUSTAINABILITY STATEMENT
(CONT'D)

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

MBC recognises the importance in preserving health and value of the marine ecosystem and biodiversity. Environmental compliance is one of the highest priorities of MBC group and our Kamsarmaxes are environmentally friendly green vessels, and our entire fleet are equipped with the IMO approved 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.



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 our 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 (NO_x) Tier II – to limit the diesel engine NO_x 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 coating or anti-fouled coating to slow marine growth on the underwater which would enhance vessels performance and durability;
- Propeller cleaning when the propeller curve reaches the engine maker's indicator;
- Safe and fuel-efficient route guidance system tool to reduce emissions; and
- White box to enhance vessels operation and monitoring of oily water separator.

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

5.1 Greenhouse Gas Emission (cont'd)

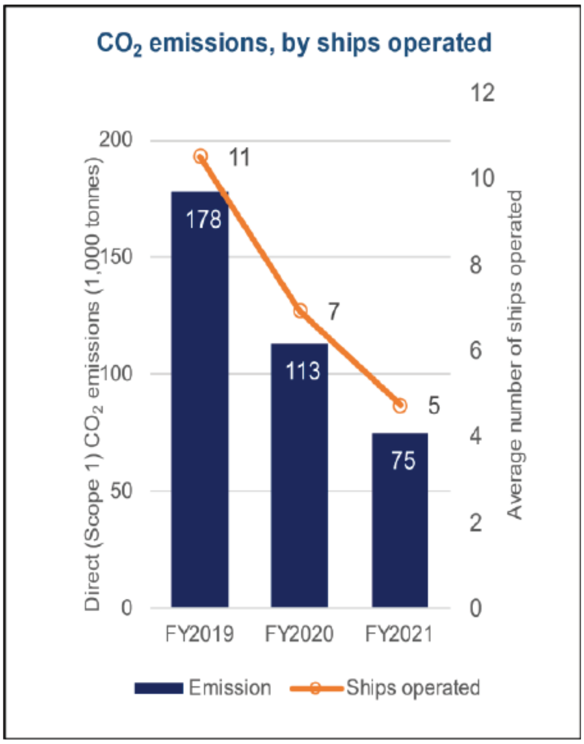
In compliance with Regulation 22A of MARPOL Annex VI which requires ships to collect, aggregate and report data on its fuel consumption starting from 1 January 2019, we have developed a ship-specific methodology for fuel consumption data collection as required by the regulation and reported to the Administration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

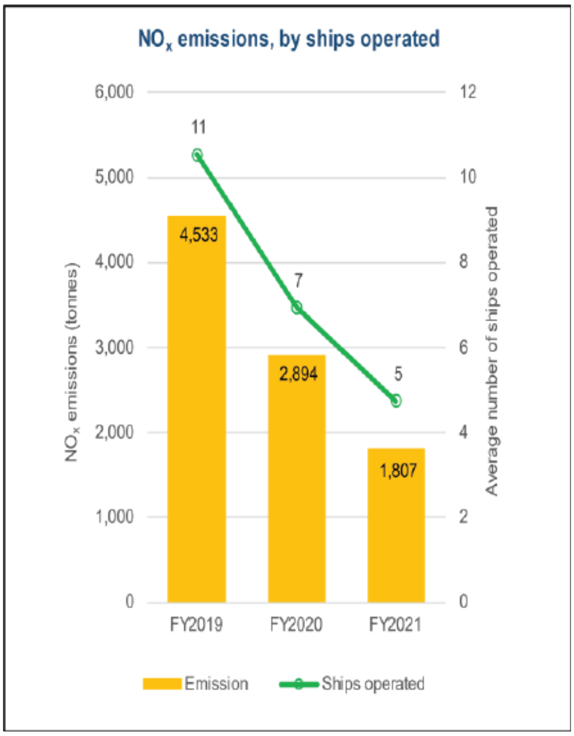
Within the Group, the Operations Department is responsible for the discharge of hold wash water, which might be harmful to the marine environment. We strictly ensure that our vessel discharges the hold wash water in line with the regulation under MARPOL Annex V.

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 2021 corresponding with the change in fleet size during the reporting year. The average carbon and other gas emitted per vessel decrease with the disposal of older and less efficient vessels during the year. The Group's Kamsarmaxes are environmentally friendly green vessels with enhancements that improve vessel efficiency and lowers fuel consumption.





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.

SUSTAINABILITY STATEMENT
(CONT'D)

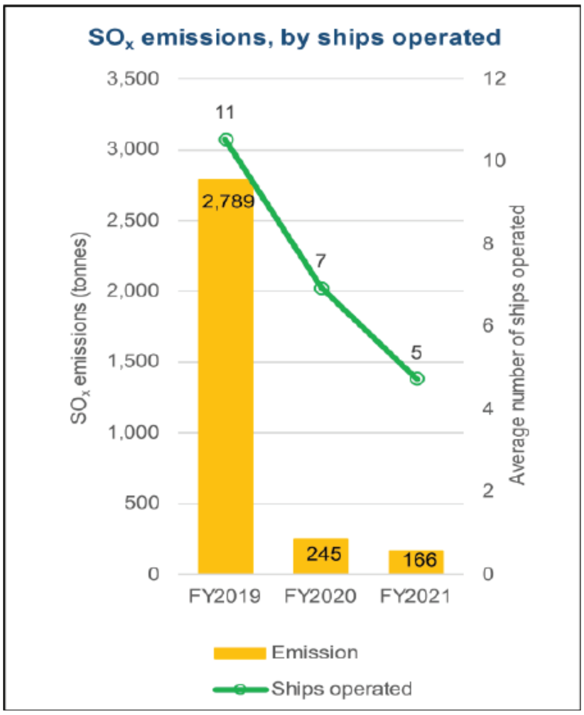
5. ENVIRONMENTAL MANAGEMENT (OCEAN HEALTH AND CLIMATE CHANGE & MITIGATION) (CONT'D)

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 0.5% replacing the former limit of 3.5%. The mandatory limit is expected to reduce emissions of harmful sulphur oxide (SO_x) from ships.

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

During the year, the Group has complied with the IMO emission standards by using LSFO with low sulphur content of 0.1% for its owned vessels to improve air quality and preserve the environment.



5.3 Environmental Management Programme

The Group is committed in 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 seafarer's education via shipboard training, including computer based training, seminars and pre-joining ship briefings. Target for 2021 was set to have not more than 5 environmental related deficiencies issued during external inspection. There was no deficiency issued from ECP annual audit for the Group's owned fleet in 2021.

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. During the year, the Group installed additional protection system to enhance monitoring and control, and to prevent illegal discharge of oily bilge water.

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

5.3 Environmental Management Programme (cont'd)

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 2021 was 1.18m^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, climate/bad weather, 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 2021.

MBC'S CONTROLLED FLEET
As at 31 March 2022

	Vessel Name	Category	Year Built	DWT (MT)
BULK CARRIERS				
Owned				
1	Alam Kekal	Kamsarmax	Oct-18	82,079
2	Alam Kuasa	Kamsarmax	Apr-19	85,020
Long Term Charter				
3	Alam Suria	Handysize	Jan-12	29,077
4	Alam Sayang	Supramax	Jul-13	61,410
Committed for sale				
5	Alam Kukuh	Kamsarmax	Jan-19	82,079
				339,665

BOARD OF DIRECTORS

DATO' MOHD ZAFER BIN MOHD HASHIM
Independent Non-Executive Chairman

Nationality **Malaysian** | Age **49** | Gender **Male**

Date of appointment: **6 February 2015**

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 **55** | Gender **Male**

Date of appointment: **16 January 2018**

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 **47** | Gender **Male**

Date of appointment: **31 March 2021**

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 **60** | Gender **Male**

Date of appointment: **14 October 2003**

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 was previously 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 **57** | Gender **Male**

Date of appointment: **6 February 2015**

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, FFM Berhad and Kuok Foundation 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 **63** | Gender **Male**

Date of appointment: **29 August 2019**

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 **61**
Gender **Female**

Date of appointment:
23 June 2020

Madam Elsie Kok Yin Mei was appointed to the Board on 23 June 2020. She is also a member of the Audit and Risk Management Committee.

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.

Notes:

(1) The total number of Board meetings held during the financial year ended 31 December 2021 was seven. The number of Board Meetings attended by the Directors in the financial year is set out on page 32 of this Annual Report.

(2) 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.

(3) None of the directors has any conflict of interest with the Company.

(4) None of the directors had any convictions for offences within the past 5 years other than traffic offences.

(5) None of the directors have any public sanction and/or penalty imposed by any relevant regulatory bodies during the financial year ended 31 December 2021.

KEY SENIOR MANAGEMENT

HOR WENG YEW

Chief Executive Officer

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

THO LEONG CHYE

Executive Director

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 / 60 / 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

TAN SIEW MIN

Financial Controller

Nationality / Age / Gender:

Malaysian / 45 / 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 2021.

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Yeoh Khoon Cheng

Members
Tay Beng Chai
Lim Soon Huat
Elsie Kok Yin Mei

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
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : +603-7495 8000
Fax : +603-2095 9076

WEBSITE: www.maybulk.com.my

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 2021 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 2021 ("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 2021. 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. There is a clear division of functions between the Board and the Management to ensure that no single individual or group dominates the decision-making process.

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.

Anti-Corruption Policy

The Board 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Whistle Blowing Policy

The Board adopted a Whistle Blowing Policy which 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.

Sustainability

The Board acknowledges the importance of sustainability relating to environmental, social and governance ("ESG") including their risks and opportunities to/for our Group. The Company will continuously and constantly communicate the targets and performances of the ESG, and if necessary, communicate to all the stakeholders of the Group.

Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Statement as set out on pages 9 to 21 of the Annual Report.

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 seven (7) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. 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 31 March 2021, Ms Thai Kum Foon resigned as the Executive Director due to transition to another role in Kuok Group and Mr Tho Leong Chye has been appointed as the Executive Director on the same date.

Mr Andrew Charles Hoare had on 25 October 2021 resigned as an Alternate Director to Mr Hor Weng Yew, subsequent to his resignation from Pacific Carriers Limited Group.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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 one (1) female Director as at 31 December 2021, which contributes 14.3% 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 Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NRC assesses each Director's independence to ensure on-going compliance with this requirement annually.

The Code recommends that the tenure of an independent director shall not exceed a term limit of nine (9) years. The Board must justify the decision and seek shareholders' approval through a two-tier voting process if the Board intends to retain the Director as Independent Director after the ninth year.

Save for Mr Tay Beng Chai who is retiring at the conclusion of 33rd Annual General Meeting, none of the Independent Directors has served the Company beyond nine (9) years.

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 Mr Tho Leong Chye (Executive Director) on 31 March 2021.

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 Hor Weng Yew
(2) Mr Tay Beng Chai

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. Mr Tay Beng Chai has indicated that he will not seek for re-election at the forthcoming AGM and hence he will be retiring at the conclusion of the 33rd Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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 on annual basis.
(d) assess the effectiveness of the Board and 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 2021, 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 and Risk Management Committee.

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 Main Market 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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 2021, 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	6 / 7
Hor Weng Yew	7 / 7
Lim Soon Huat	7 / 7
Tay Beng Chai	7 / 7
Yeoh Khoon Cheng	7 / 7
Elsie Kok Yin Mei	7 / 7
Tho Leong Chye *(appointed on 31 March 2021)*	5 / 5
Thai Kum Foon *(resigned on 31 March 2021)*	2 / 2
Andrew Charles Hoare *(Alternate to Hor Weng Yew)* *(resigned on 25 October 2021)*	6 / 6
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah *(resigned on 8 February 2021)*	- / -

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 committees.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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 2021 were as follows:

<u>On Corporate, Financial and Governance issues</u>
- Update on Malaysian Code on Corporate Governance 2021
- Securities Commission Guidelines on the conduct of Directors of Listed Corporations and their subsidiaries
- Environmental, Social & Governance Trends
- Cyber Security Awareness
- CFO Connect Virtual Symposium
- The Future of Malaysia's Financial Sector
- Annual Dialogue with Governor of Bank Negara Malaysia
- The Board's role and responsibilities in Crisis Communication
- The Role of Independent Directors in Embracing Present and Future Challenges
- Audit Committee Conference - Agility, Empathy and Resilience - How the Audit Committee Will Thrive in the New Normal
- Building Risk Awareness & Culture of Accountability
- Risk-Based Capital Framework for Insurers and Takaful Operators

<u>On Commercial and Business issues</u>
- SEA Asia 2021
- Singapore Registry of Ships 55th Anniversary Forum
- Opportunities in Real Estate: The Post-COVID-19 Landscape
- ASEAN Real Estate: Path to Recovery
- Ecosperity Week 2021 - Decarbonisation and Climate Action, Reimagining Nature and Resources
- Overview of Renewable Energy Certificates (RECs) market in Southeast Asia

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/her own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Directors' Remuneration (Cont'd)

The details of the Company's Directors' remuneration paid/payable for the financial year ended 31 December 2021 are set out below. The Company's directors did not receive any remuneration from the subsidiaries for the financial year ended 31 December 2021.

	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 (2)	14,630	1,000	–	–	–	15,630
Tho Leong Chye (3)	45,370	2,500	–	–	–	47,870
Andrew Charles Hoare (1) *(Alternate to Hor Weng Yew)*	–	–	–	–	–	–
Non-Executive Directors						
Dato' Mohd Zafer Bin Mohd Hashim	85,000	3,500	–	–	–	88,500
Lim Soon Huat	80,000	7,000	–	–	–	87,000
Tay Beng Chai	85,000	7,000	–	–	–	92,000
Yeoh Khoon Cheng	80,000	6,500	–	–	–	86,500
Elsie Kok Yin Mei	60,000	3,500	–	–	–	63,500
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (4)	6,247	–	–	–	–	6,247
Total	516,247	34,500	–	–	–	550,747

Notes:
(1) Mr Andrew Charles Hoare did not receive any remuneration during the financial year. He resigned as alternate director to Mr Hor Weng Yew on 25 October 2021.

Fees payable to the following directors are pro-rated according to their appointment and resignation date:
(2) Ms Thai Kum Foon resigned as director on 31 March 2021.
(3) Mr Tho Leong Chye appointed as director on 31 March 2021.
(4) Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah resigned as director on 8 February 2021.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") oversees the financial reporting process, risk management framework and process and internal control system of the Group.

The ARMC comprises four (4) 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 36 to 38 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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 39 to 44 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 38 of the Annual Report.

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

Engagement 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 2021, 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 and in compliance with the recommendation of the Code, the Notice of the AGM is circulated at least twenty-eight (28) 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

Members
Tay Beng Chai
Independent Non-Executive Director

Lim Soon Huat
Non-Independent Non-Executive Director

Elsie Kok Yin Mei
Independent Non-Executive Director
(appointed on 18 April 2022)

The Audit and Risk Management Committee ("ARMC") comprises four (4) 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 2021, the ARMC held six (6) meetings and the record of attendance for each ARMC member is set out as below:

	Attendance
Yeoh Khoon Cheng	6 / 6
Tay Beng Chai	6 / 6
Lim Soon Huat	6 / 6

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 2021, 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 annual financial results of the Group, the Committee reviewed the areas of audit emphasis highlighted by the external auditors, the significant judgements made by Management and how these matters are addressed.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

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

Matters relating to External Audit

- reviewed the External Audit scope of work and audit plan for financial year 2021.
- 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 external validation report of the Internal Audit Department's Quality Assurance and Improvement Program.

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 and Additional Shareholders' for Recurrent Related Party Transactions of a Revenue or Trading Nature and made recommendations to the Board for approval.

Other matters

- reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control and made recommendations to the Board for approval.
- reviewed the Terms of Reference of ARMC and made recommendations to the Board for approval.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT DEPARTMENT

The IAD carried out its activities in accordance with 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 6 Internal Audit reports were issued in year 2021. 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.

The costs incurred by the Internal Audit Department for the financial year ended 31 December 2021 was RM561,807 (FY2020: RM516,873).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) is pleased to present the Group’s Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This statement has been prepared in accordance with the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers (“the Guidelines”) endorsed by the Bursa Malaysia Securities Berhad as well as Malaysian Code on Corporate Governance (“MCCG”).

BOARD RESPONSIBILITY

The Board is responsible for the establishment and maintenance of a sound risk management and internal control system for the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group’s risk management and internal control system. The Board recognises that effective risk management and a sound system of internal control are fundamental to good corporate governance and the Board empowered the Audit and Risk Management Committee (“ARMC”) to oversee the implementation of the Group’s risk management system with ongoing review process in ensuring the adequacy and effectiveness of the Group’s internal control system and resilience in the current business environment. The Board is of the view that the risk management and internal control system is adequate and operating effectively in all material aspects dealing with risks for the financial year under review and up to the date of approval of this Statement of Risk Management and Internal Control.

MANAGEMENT RESPONSIBILITY

Management is accountable to the Board in implementing the Group’s policies and procedures of risk management and internal control system and is overall responsible for cultivating a risk awareness culture within the Group as managing risk is everyone’s responsibility.

Its roles include:

- Identifying, evaluating, and assessing all relevant and material risks faced by the Group’s business operations and determining whether the risks are within the Group’s risk appetite and tolerance policy

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

- Reporting to the ARMC periodically for deliberation and subsequently to the Board on any changes to the key risks, or emerging risk and corrective actions taken.

Risk management is an integral part of the Group’s daily business operations, and the risk owners resides with the heads of business units. The heads of business units are responsible in managing day to day risk management and accountable for on-going monitoring of risks, assessment of adequacy and effectiveness of its controls mechanism as well as develop and implement action plans to manage these risks.

AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

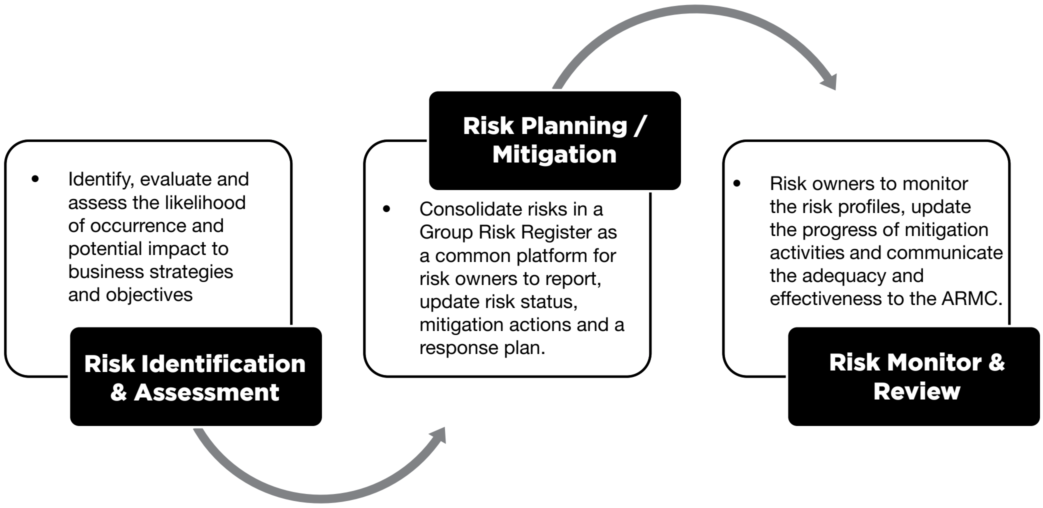
The ARMC comprises of two (2) Independent Non-Executive Director & one (1) Non-Independent Non-Executive Director and assists the Board on the oversight of the Group’s management of key risks, including strategic and operational risks, as well as policies and processes for monitoring and mitigating such risks. The ARMC 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT PROCESS

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 ARMC and approved by the Board.

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, planning, mitigation as well as monitoring and review. The risk approach is summarised as follows.



Changes to risk profiles and emerging risks are identified and promptly brought up to the attention of the ARMC and the Board.

KEY CORPORATE RISKS

The ARMC is supported by the Management in addressing the following risks:

(i) Market

During the financial year under review, emphasis is placed on the process for identifying and evaluating the significant risk affecting the business following a volatile freight environment, bunker volatility, pandemic outbreaks that impacted the global markets led to supply chain, market and operational disruptions. The Group remains prudent in running the business through active revenue management and measures have been taken to minimise the risk in loss of revenue from the volatile spot market and appropriate mechanisms on bunker inventory management to secure visible earnings.

(ii) Commercial / Customer

Despite a rebound in the freight market, the Group continues to be prudent with our various measures such as strengthening counterparty and credit evaluation assessments and tightening collections in line with credit control management and collection policy. The Group also has a comprehensive sanctions screening process that includes a broader positive-match criteria, screening of end-customers and vendor/crew bank accounts and clear escalation process of positive-matches for immediate action.

(iii) Financial

The Group is exposed to financial risk arising from external factors such as foreign currency as excessive fluctuations in non-functional currency causing significant impact to balance sheet erosion and profitability, may impede the Group's ability to meet its long-term financial obligations. Ongoing revenue optimisation and mitigation measures are implemented through better cost management and other restructuring exercises such as early redelivery of loss-making long term chartered-in vessel for future sustainability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

KEY CORPORATE RISKS (CONT'D)

The ARMC is supported by the Management in addressing the following risks: (Cont'd)

(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 risks by strengthening and enhancing vessels' safety standards, providing rigorous safety trainings and protective equipment to the crew, undergoing vessel maintenance programs periodically and adequately insuring the Group against such losses.

The evolving nature of COVID-19 contributed to the rapid changing travel restrictions, varying testing regimes and quarantine guidelines at different ports which has an impact to the health and well-being of the Group's seafarers. The Group implemented various measures on board to ensure the safety of the crew which include access to vaccines, adequate supplies of personal protective equipment, comprehensive testing of crew prior to departure from home port and before embarkation, online audio-visual training sessions on mental health and wellbeing, and maintained close communication between seafarers and their family members through our manning offices.

(v) People

The Group is aware of the importance of succession planning and staff retention, as a loss of personnel in critical positions and the failure to retain top talent is a risk of business disruption to the Group. Measures were taken in talent identification, rolling out of learning and competencies development programs and employee engagement activities to retain talent, increase employee motivation and performance.

(vi) Regulatory

The Group is fully compliant with International Maritime Organisation (IMO) regulation whereby ships are using low sulphur compliant fuel oil and recorded a significant reduction in sulphur oxide emissions from ships. Our Kamsarmaxes are designed to be more fuel efficient and in compliance with the latest regulations. The Group is also compliant with relevant flag state authorities in ensuring seafarers' certification and contracts are valid whilst serving on board, as non-compliance may lead to vessel detainment by the Port State authorities.

INTERNAL CONTROL PROCESS

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 exists 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:

(a) Control Structure

The Board has delegated authority to various Board Committees such as the ARMC 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESS (CONT'D)

The key elements of the Group's internal control system are as follows: (Cont'd)

(b) Internal Controls

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.

- **Financials**

  (i) Authority Limits

  The Financial Authority Limits provides a framework of authority and accountability for timely decision making that is aligned to the Group's organisational requirements in areas of procurement, contracting, human resources and financial management.

  (ii) Annual Business Plans, Budget and Performance

  The Group's annual business plans and budgets are developed in line with the Group's strategies and risk appetite and are reviewed and approved by the Board. Financial performance and non-financial metrics such as sustainability indicators 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 Chief Executive Officer and the Executive Director review these matters on a continuing basis.

- **Policies and Procedures**

  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 and updated as and when necessary to ensure adequacy, effectiveness, and relevance to the changes in the operational needs, business environment or regulatory requirements.

- **Human Capital Management**

  Employees' developmental needs are identified and addressed through both group wide and individual initiatives using the 70-20-10 development framework of learning through experience, informal learning through others, and structured courses and programs. The Group's performance management system is established to measure employees' performance, clarify expectations and to initiate and formalise development opportunities.

- **Business Continuity Plan**

  The Group has a Business Continuity Plan ("BCP") in place to ensure business is resilient and capable in continuing its critical business operations in the event of a crisis. The BCP system testing is carried out on annual basis.

- **Ethical Conduct and Compliance**

  (i) Code of Ethics and Code of Conduct

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL PROCESS (CONT'D)

The key elements of the Group's internal control system are as follows: (Cont'd)

(b) Internal Controls (Cont'd)

- **Ethical Conduct and Compliance (Cont'd)**

(ii) 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.

(iii) 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 and procedures in preventing acts of bribery and corruption. The policy has adequate procedures to mitigate specific corruption risk the business is exposed to and provides guidance on ethical business conduct for which employees should adhere to.

The Group refreshes its Global Anti-Bribery Compliance course to employees in compliance with the provisions of the Group's Anti-Corruption Policy & Guidelines annually.

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 Auditor reviewed and conducted audits and assessed the adequacy of the system of internal controls over the following areas: finance, technical, health, safety & environment 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

CONCLUSION

The Board has received assurance from Chief Executive Officer and Financial Controller 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, contingency or uncertainty arisen from any inadequacy or failure of Group's system of internal control that would require a separate disclosure in the Group's 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.

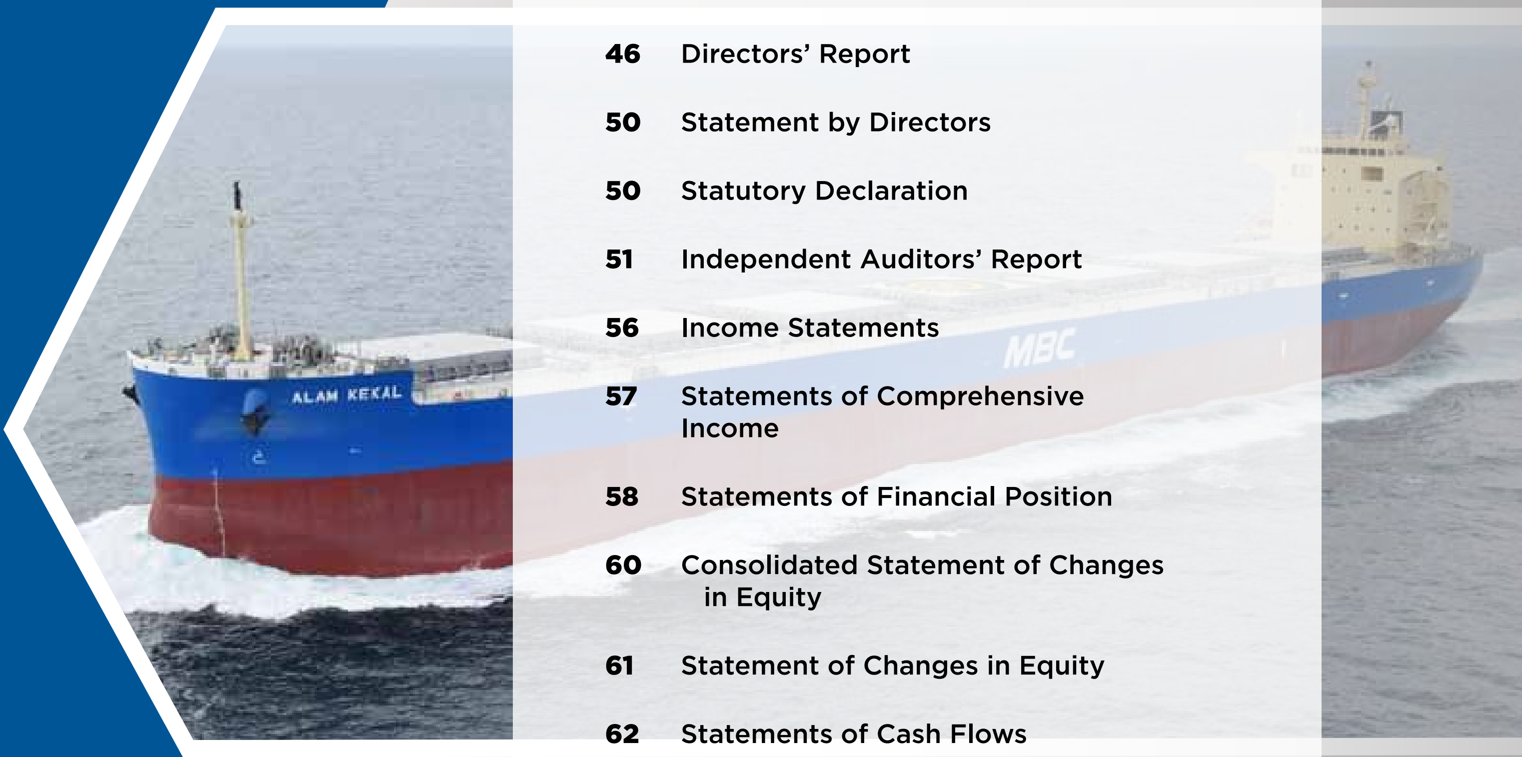
The Board will continue to maintain an on-going commitment to strengthen the Group's Risk Management and Internal Control system.

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 2021, 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 have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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 financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to equity holders of the Company	195,245	149,445

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
Hor Weng Yew**
Tho Leong Chye (appointed on 31 March 2021)
Lim Soon Huat
Tay Beng Chai
Yeoh Khoon Cheng
Elsie Kok Yin Mei
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (resigned on 8 February 2021)
Thai Kum Foon (resigned on 31 March 2021)
Andrew Charles Hoare** (resigned as Alternate Director of Hor Weng Yew on 25 October 2021)

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

DIRECTORS' REPORT
(CONT'D)

DIRECTORS (CONT'D)

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: (cont'd)

Directors of the Company's subsidiaries:

Chwa Poh Kew
Lee Chee Seong
Ooi Pooi Teng
Tan Siew Min

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 financial year		At
	1.1.2021	Bought	Sold	31.12.2021
<u>Direct interest</u>				
Tay Beng Chai	**275,000**	**–**	**–**	**275,000**
<u>Indirect interest</u>				
Tay Beng Chai	**2,500**	**–**	**–**	**2,500**

None of the other Directors holding office at 31 December 2021 had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT
(CONT'D)

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 SUBSEQUENT EVENT

Details of significant event subsequent to the financial year are disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT
(CONT'D)

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 18 April 2022.

Hor Weng Yew

Tho Leong Chye

STATEMENT BY DIRECTORS

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

We, Hor Weng Yew and Tho Leong Chye, 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 56 to 108 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 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2022.

Hor Weng Yew **Tho Leong Chye**

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 56 to 108 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 18 April 2022

Tan Siew Min

Before me,

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 2021 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 56 to 108.

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 2021, and of their financial performance and 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, a reversal of impairment loss for vessels classified as property, plant and equipment and ROU assets of RM3.09 million and RM11.75 million respectively were recognised by the Group during the year. There is no impairment loss required for the Company level as at 31 December 2021.

INDEPENDENT AUDITORS' REPORT
(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

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 assets 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 assets 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 ROU assets.

In respect of the fair value less costs to sell of the vessels, we performed amongst other, 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
(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 2021, the carrying amount of the Company's investments in subsidiaries amounted to RM386.49 million, being 70.6% of the Company's total assets. This is mainly contributed by the investment in Lightwell Shipping Inc. amounting to RM296.49 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 subsidiaries, 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 subsidiaries;
- 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
(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; and

- 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
(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. 02985/03/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2022

INCOME STATEMENTS

for the financial year ended 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	4	**207,044**	175,986	**35,256**	31,987
Voyage expenses		**(25,951)**	(45,140)	**(15,025)**	(13,244)
		181,093	130,846	**20,231**	18,743
Operating expenses		**(88,083)**	(134,438)	**(11,800)**	(10,990)
Operating profit/(loss)		**93,010**	(3,592)	**8,431**	7,753
Gain on disposal of property, plant and equipment		**98,014**	–	**5**	–
Reversal of impairment loss/ (impairment loss) on vessels		**3,086**	(52,045)	**–**	–
Reversal of impairment loss/ (impairment loss) on right-of-use assets		**11,747**	(3,737)	**–**	–
Net reversal of impairment loss/ (impairment loss) on investments in subsidiaries		**–**	–	**133,769**	(55,090)
Net reversal of impairment loss/ (impairment loss) on amount due from subsidiaries		**–**	–	**11,692**	(11,285)
(Loss)/gain on liquidation of subsidiaries		**(539)**	51,263	**5**	–
Other operating income, net	5	**2,436**	9,619	**1,124**	1,833
Administration expenses		**(8,650)**	(7,257)	**(5,175)**	(4,602)
		199,104	(5,749)	**149,851**	(61,391)
Finance costs	6	**(10,588)**	(19,187)	**(328)**	(786)
Share of results of joint ventures		**(4)**	1,192	**–**	–
Gain on liquidation of a joint venture		**–**	3,065	**–**	–
Gain on derecognition of joint venture		**6,869**	–	**–**	–
Profit/(loss) before taxation	6	**195,381**	(20,679)	**149,523**	(62,177)
Taxation	9	**(136)**	(102)	**(78)**	(83)
Profit/(loss) for the year		**195,245**	(20,781)	**149,445**	(62,260)
Attributable to:					
Equity holders of the Company		**195,245**	(20,781)	**149,445**	(62,260)
Earnings/(loss) per share (sen)	10	**19.52**	(2.08)		

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

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2021

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) for the year	**195,245**	(20,781)	**149,445**	(62,260)
Other comprehensive income/(loss):				
<u>Items that will be reclassified to profit or loss</u>				
Currency translation differences	**3,766**	(4,810)	**10,905**	(6,263)
Net change in cash flow hedge	**2,627**	(658)	**–**	–
Reclassification of reserves from equity to profit or loss upon the liquidation of:				
- a subsidiary	**–**	(51,263)	**–**	–
- a joint venture	**(6,869)**	(3,065)	**–**	–
Total comprehensive income/(loss) for the year	**194,769**	(80,577)	**160,350**	(68,523)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**194,769**	(80,577)	**160,350**	(68,523)

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Non-current assets					
Intangible assets	11	**382**	669	**382**	669
Property, plant and equipment	12	**338,878**	466,617	**115,733**	122,623
Right-of-use assets	13	**55,034**	49,805	**305**	380
Subsidiaries	14	**–**	–	**386,485**	237,463
Joint ventures	15	**–**	16,398	**–**	–
Total non-current assets		**394,294**	533,489	**502,905**	361,135
Current assets					
Consumable stores	16	**6,999**	5,889	**3,127**	1,761
Receivables and other current assets	17	**11,455**	23,541	**2,213**	8,888
Contract assets	4	**756**	84	**756**	–
Amounts due from subsidiaries	18	**–**	–	**668**	249
Short term deposits	19	**18,000**	20,329	**15,800**	13,300
Cash and bank balances		**189,174**	18,557	**14,788**	1,725
		226,384	68,400	**37,352**	25,923
Non-current assets classified as held for sale	20	**6,945**	50,257	**6,945**	–
Total current assets		**233,329**	118,657	**44,297**	25,923
Total assets		**627,623**	652,146	**547,202**	387,058

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 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)	**48**	(2,579)	**–**	–
Foreign currency translation reserve	22(b)	**118,881**	121,984	**409,643**	398,738
Retained earnings/ (accumulated losses)		**11,302**	(183,943)	**(308,290)**	(457,735)
Total equity		**469,022**	274,253	**440,144**	279,794
Non-current liabilities					
Borrowings	24	**59,102**	150,027	**–**	–
Lease liabilities	25	**30,508**	52,607	**255**	331
Derivative financial liabilities	26	**314**	3,016	**–**	–
Total non-current liabilities		**89,924**	205,650	**255**	331
Current liabilities					
Payables and other liabilities	23	**15,833**	22,184	**6,113**	5,363
Contract liabilities	4	**1,808**	3,179	**–**	1,280
Amounts due to subsidiaries	18	**–**	–	**100,614**	100,216
Borrowings	24	**6,806**	87,317	**–**	–
Lease liabilities	25	**43,686**	59,242	**76**	74
Derivative financial liabilities	26	**522**	319	**–**	–
Provision for taxation		**22**	2	**–**	–
Total current liabilities		**68,677**	172,243	**106,803**	106,933
Total liabilities		**158,601**	377,893	**107,058**	107,264
Total equity and liabilities		**627,623**	652,146	**547,202**	387,058

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

	← Attributable to Equity Holders of the Company →				
			← Non-distributable →		
	Share capital RM'000	Retained earnings/ (accumulated losses) RM'000	Cash flow hedge reserve (Note 22(a)) RM'000	Foreign currency translation reserve (Note 22(b)) RM'000	Total equity RM'000
Group					
At 1 January 2021	**338,791**	**(183,943)**	**(2,579)**	**121,984**	**274,253**
Total comprehensive income/(loss) for the year	**–**	**195,245**	**2,627**	**(3,103)**	**194,769**
At 31 December 2021	**338,791**	**11,302**	**48**	**118,881**	**469,022**
At 1 January 2020	338,791	(163,162)	(1,921)	181,122	354,830
Total comprehensive loss for the year	–	(20,781)	(658)	(59,138)	(80,577)
At 31 December 2020	338,791	(183,943)	(2,579)	121,984	274,253

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

			Non-distributable	
	Share capital RM'000	Accumulated losses RM'000	Foreign currency translation reserve (Note 22(b)) RM'000	Total RM'000
Company				
At 1 January 2021	**338,791**	**(457,735)**	**398,738**	**279,794**
Total comprehensive income for the year	**–**	**149,445**	**10,905**	**160,350**
At 31 December 2021	**338,791**	**(308,290)**	**409,643**	**440,144**
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

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	**195,381**	(20,679)	**149,523**	(62,177)
Adjustments for:				
Amortisation of intangible assets	**374**	295	**374**	295
Depreciation of property, plant and equipment	**19,064**	27,716	**4,758**	4,743
Depreciation of right-of-use assets	**27,404**	62,521	**75**	68
Fair value changes in derivative	**22**	–	**–**	–
Gain on remeasurement of existing equity interest	**(112)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(98,014)**	–	**(5)**	–
Unrealised foreign exchange loss/(gain)	**287**	(1,283)	**191**	(1,083)
Interest income	**(367)**	(725)	**(171)**	(154)
Finance costs	**10,588**	19,187	**328**	786
(Reversal of impairment loss)/ impairment loss on vessels	**(3,086)**	52,045	**–**	–
(Reversal of impairment loss)/ impairment loss on right-of-use assets	**(11,747)**	3,737	**–**	–
(Net reversal of impairment loss)/ impairment loss on investments in subsidiaries	**–**	–	**(133,769)**	55,090
(Net reversal of impairment loss)/ impairment loss on amount due from subsidiaries	**–**	–	**(11,692)**	11,285
Lease modification	**(1,179)**	(166)	**–**	–
Write back of payables	**–**	(1,802)	**–**	–
Share of results of joint ventures	**4**	(1,192)	**–**	–
Loss/(gain) on liquidation of a subsidiary	**539**	(51,263)	**(5)**	–
Gain on liquidation of a joint venture	**–**	(3,065)	**–**	–
Gain on derecognition of joint venture	**(6,869)**	–	**–**	–
Operating profit before working capital changes	**132,289**	85,326	**9,607**	8,853
Changes in working capital:				
Consumable stores	**(840)**	5,219	**(1,304)**	722
Receivables and other current assets	**12,435**	5,711	**6,383**	(5,230)
Contract assets	**(672)**	368	**(757)**	452
Payables and other liabilities	**(6,688)**	(6,702)	**972**	(705)
Contract liabilities	**(1,371)**	(1,255)	**(1,310)**	1,310
Subsidiaries	**–**	–	**2,139**	85,118
Cash generated from operations	**135,153**	88,667	**15,730**	90,520
Tax paid, net of tax refund	**(279)**	(883)	**(215)**	(496)
Net cash generated from operating activities	**134,874**	87,784	**15,515**	90,024

STATEMENTS OF CASH FLOWS
(CONT'D)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(3,110)**	(719)	**–**	(102)
Acquisition of intangible assets	**(63)**	(559)	**(63)**	(559)
Dividends from joint ventures	**16,716**	–	**–**	–
Interest received	**367**	725	**171**	154
Proceeds from disposal of property plant and equipment and non-current assets classified as held for sale	**269,943**	83,209	**5**	–
Capital distribution from joint venture	**–**	136	**–**	–
Loan repayment from joint venture	**–**	18,862	**–**	–
Acquisition of a subsidiary, net of cash acquired	**319**	–	**–**	–
Net cash generated from/(used in) investing activities	**284,172**	101,654	**113**	(507)
Cash flows from financing activities				
Finance costs paid	**(10,329)**	(20,228)	**(298)**	(773)
Drawdown of borrowings	**–**	21,382	**–**	21,382
Repayment of borrowings	**(181,312)**	(138,612)	**–**	(106,018)
Payment of principal portion of lease liabilities	**(59,180)**	(92,801)	**(74)**	(36)
Net cash used in financing activities	**(250,821)**	(230,259)	**(372)**	(85,445)
Net change in cash and cash equivalents	**168,225**	(40,821)	**15,256**	4,072
Effects of foreign exchange rate changes	**63**	227	**307**	(375)
Cash and cash equivalents brought forward	**38,886**	79,480	**15,025**	11,328
Cash and cash equivalents carried forward	**207,174**	38,886	**30,588**	15,025
Cash and cash equivalents comprise:				
Short term deposits	**18,000**	20,329	**15,800**	13,300
Cash and bank balances	**189,174**	18,557	**14,788**	1,725
	207,174	38,886	**30,588**	15,025

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2021

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 financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 April 2022.

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 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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:

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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 - 2 years
Office lease	5 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Derivative financial instruments and hedge accounting (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Income recognition (cont'd)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Key sources of estimation uncertainty (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 2021 are disclosed in Note 14.

4. REVENUE

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue from contracts with customers:				
- Freight and charter hire	**206,228**	175,056	**35,256**	31,987
- Ship brokerage and management	**816**	930	**–**	–
	207,044	175,986	**35,256**	31,987

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Contract balances				
Trade receivables (Note 17)	**6,366**	15,861	**128**	6,315
Contract assets	**756**	84	**756**	–
Contract liabilities	**1,808**	3,179	**–**	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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. REVENUE (CONT'D)

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 RM3,179,000 (2020: RM4,415,000).

5. OTHER OPERATING INCOME, NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income	**367**	725	**171**	154
Rental income from properties	**–**	100	**–**	110
Secretarial and accounting fees	**–**	304	**–**	304
Income from shared services	**315**	129	**1,057**	788
Foreign exchange (loss)/gain, net				
- realised	**(8)**	(874)	**(22)**	(614)
- unrealised	**(287)**	1,283	**(191)**	1,083
Write back of payables	**–**	1,802	**–**	–
Offhire claim from owner (Note 25)	**541**	5,817	**–**	–
Lease modification (Note 25)	**1,179**	166	**–**	–
Fair value changes in derivatives	**(22)**	–	**–**	–
Gain on remeasurement of existing equity interest (Note 14)	**112**	–	**–**	–
Other income	**239**	167	**109**	8
	2,436	9,619	**1,124**	1,833

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration				
- current year	**328**	343	**114**	97
- under provision in prior year	**33**	2	**8**	4
Amortisation of intangible assets (Note 11)	**374**	295	**374**	295
Depreciation of property, plant and equipment (Note 12)	**19,064**	27,716	**4,758**	4,743
Depreciation of right-of-use assets (Note 13)	**27,404**	62,521	**75**	68
Personnel expenses (Note 7)	**27,686**	28,248	**6,208**	5,614
Non-executive Directors' remuneration (Note 8)	**424**	503	**424**	503
Finance costs				
- term loans	**6,210**	10,570	**–**	–
- revolving credit	**341**	771	**314**	771
- lease liabilities (Note 25)	**3,466**	7,582	**14**	15
- others	**571**	264	**–**	–
	10,588	19,187	**328**	786

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. PERSONNEL EXPENSES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Wages, salaries and bonus	**18,274**	22,037	**4,654**	4,312
Pension costs				
- defined contribution plans	**342**	412	**237**	198
Social security costs	**15**	15	**8**	8
Other staff related expenses	**9,055**	5,784	**1,309**	1,096
	27,686	28,248	**6,208**	5,614

Included in personnel expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM127,000 (2020: RM128,000) and RM127,000 (2020: RM128,000) respectively, as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group and Company	
	2021 RM'000	**2020 RM'000**
Directors of the Company		
Executive Directors:		
Fees	**120**	120
Attendance fees	**7**	8
	127	128
Non-executive Directors:		
Fees	**396**	462
Attendance fees	**28**	41
	424	503
Total	**551**	631

9. TAXATION

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income tax:				
Malaysian income tax	**132**	133	**85**	110
Foreign tax	**21**	2	**–**	–
Over provision in prior years	**(17)**	(33)	**(7)**	(27)
	136	102	**78**	83

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit/(loss) before taxation	**195,381**	(20,679)	**149,523**	(62,177)
Taxation at Malaysian tax rate	**46,891**	(4,963)	**35,885**	(14,922)
Effects of different tax rates in foreign jurisdictions	**(9)**	(1)	**–**	–
Tax exempt shipping income	**(38,020)**	(17,035)	**(2,537)**	(2,287)
Results of companies incorporated in British Virgin Islands (BVI)	**612**	(27)	**–**	–
Income not subject to tax	**(19,183)**	(13,040)	**(34,911)**	–
Expenses not deductible for tax purposes	**9,862**	35,487	**1,648**	17,319
Share of results of joint ventures	**–**	(286)	**–**	–
Over provision in prior years	**(17)**	(33)	**(7)**	(27)
Taxation for the year	**136**	102	**78**	83

10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

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

	Group	
	2021	**2020**
Group's profit/(loss) attributable to equity holders of the Company (RM'000)	**195,245**	(20,781)
Weighted average number of ordinary shares in issue ('000)	**1,000,000**	1,000,000
Basic earnings/(loss) per share (sen)	**19.52**	(2.08)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. INTANGIBLE ASSETS

Group	Computer software RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2021			
Cost			
At 1 January 2021	**3,536**	**–**	**3,536**
Additions	**63**	**–**	**63**
Translation difference	**90**	**–**	**90**
At 31 December 2021	**3,689**	**–**	**3,689**
Accumulated amortisation			
At 1 January 2021	**2,867**	**–**	**2,867**
Amortisation for the year (Note 6)	**374**	**–**	**374**
Translation difference	**66**	**–**	**66**
At 31 December 2021	**3,307**	**–**	**3,307**
Net carrying amount			
At 31 December 2021	**382**	**–**	**382**
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. INTANGIBLE ASSETS (CONT'D)

Company	Computer software RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2021			
Cost			
At 1 January 2021	**2,277**	**–**	**2,277**
Additions	**63**	**–**	**63**
Translation difference	**86**	**–**	**86**
At 31 December 2021	**2,426**	**–**	**2,426**
Accumulated amortisation			
At 1 January 2021	**1,608**	**–**	**1,608**
Amortisation for the year (Note 6)	**374**	**–**	**374**
Translation difference	**62**	**–**	**62**
At 31 December 2021	**2,044**	**–**	**2,044**
Net carrying amount			
At 31 December 2021	**382**	**–**	**382**
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Vessels RM'000	Dry docking RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost					
At 1 January 2021	**584,000**	**2,623**	**9,571**	**3,595**	**599,789**
Additions	**–**	**3,099**	**–**	**11**	**3,110**
Disposals and write off	**(223,323)**	**(2,623)**	**–**	**(1,812)**	**(227,758)**
Reclassified as held for sale (Note 20)	**–**	**–**	**(9,938)**	**–**	**(9,938)**
Translation difference	**13,822**	**(3)**	**367**	**131**	**14,317**
At 31 December 2021	**374,499**	**3,096**	**–**	**1,925**	**379,520**
Accumulated depreciation and impairment loss					
At 1 January 2021	**125,891**	**1,093**	**2,784**	**3,404**	**133,172**
Charge for the year (Note 6)	**18,106**	**766**	**106**	**86**	**19,064**
Disposals and write off	**(102,665)**	**(1,609)**	**–**	**(1,812)**	**(106,086)**
Reversal of impairment loss on vessels	**(3,086)**	**–**	**–**	**–**	**(3,086)**
Reclassified as held for sale (Note 20)	**–**	**–**	**(2,993)**	**–**	**(2,993)**
Translation difference	**380**	**(34)**	**103**	**122**	**571**
At 31 December 2021	**38,626**	**216**	**–**	**1,800**	**40,642**
Net carrying amount					
At 31 December 2021	**335,873**	**2,880**	**–**	**125**	**338,878**

NOTES TO THE FINANCIAL STATEMENTS
(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 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 loss						
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 (CONT'D)

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

Company	Vessel RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost				
At 1 January 2021	123,179	9,571	4,521	137,271
Disposals and write off	–	–	(1,261)	(1,261)
Reclassified as held for sale (Note 20)	–	(9,938)	–	(9,938)
Translation difference	4,720	367	99	5,186
At 31 December 2021	127,899	–	3,359	131,258
Accumulated depreciation				
At 1 January 2021	7,507	2,784	4,357	14,648
Charge for the year (Note 6)	4,583	106	69	4,758
Disposals and write off	–	–	(1,261)	(1,261)
Reclassified as held for sale (Note 20)	–	(2,993)	–	(2,993)
Translation difference	178	103	92	373
At 31 December 2021	12,268	–	3,257	15,525
Net carrying amount				
At 31 December 2021	115,631	–	102	115,733

NOTES TO THE FINANCIAL STATEMENTS
(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

(a) Vessels with an aggregate net carrying amount of RM335,873,000 (2020: RM458,109,000) 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. 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% (2020: 8%) per annum. The recoverable amount determined based on fair value less costs of disposal of the Group is higher than net carrying amount by RM42,372,000 (2020: lower by RM52,045,000). As a result of the assessment, the Group recognised a reversal of impairment loss on vessels of RM3,086,000 (2020: impairment loss of RM52,045,000) for the financial year ended 31 December 2021. There is no reasonable possible change in the significant assumptions that would cause the assets to be further impaired or resulting in further reversal of impairment loss.

The fair value measurement was categorised as Level 3 fair value as defined in Note 2.30.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. RIGHT-OF-USE ASSETS

Group	Vessels RM'000	Office lease RM'000	Total RM'000
At 31 December 2021			
Cost			
At 1 January 2021	**209,241**	**448**	**209,689**
Additions	**20,528**	**–**	**20,528**
Lease modification	**(59,759)**	**–**	**(59,759)**
Translation difference	**5,998**	**–**	**5,998**
At 31 December 2021	**176,008**	**448**	**176,456**
Accumulated depreciation and impairment loss			
At 1 January 2021	**159,816**	**68**	**159,884**
Charge for the year (Note 6)	**27,329**	**75**	**27,404**
Lease modification	**(58,769)**	**–**	**(58,769)**
Reversal of impairment loss on vessels	**(11,747)**	**–**	**(11,747)**
Translation difference	**4,650**	**–**	**4,650**
At 31 December 2021	**121,279**	**143**	**121,422**
Net carrying amount			
At 31 December 2021	**54,729**	**305**	**55,034**
At 31 December 2020			
Cost			
At 1 January 2020	238,994	–	238,994
Additions	–	448	448
Lease modification	(26,717)	–	(26,717)
Translation difference	(3,036)	–	(3,036)
At 31 December 2020	209,241	448	209,689
Accumulated depreciation and impairment loss			
At 1 January 2020	123,065	–	123,065
Charge for the year (Note 6)	62,453	68	62,521
Lease modification	(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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Company	**Office lease RM'000**
At 31 December 2021	
Cost	
At 1 January 2021 and 31 December 2021	**448**
Accumulated depreciation	
At 1 January 2021	**68**
Charge for the year (Note 6)	**75**
At 31 December 2021	**143**
Net carrying amount	
At 31 December 2021	**305**
At 31 December 2020	
Cost	
At 1 January 2020	–
Additions	448
At 31 December 2020	448
Accumulated depreciation	
At 1 January 2020	–
Charge for the year (Note 6)	68
At 31 December 2020	68
Net carrying amount	
At 31 December 2020	380

During the year, the Group carried out an assessment of the recoverable amounts of its right-of-use assets. The recoverable amounts are determined based on the value-in-use. The charter hire rates used for value-in-use are based on the Forward Freight Agreements (FFAs) which are commodity derivatives derived from the underlying physical shipping markets.The discount rate applied to value-in-use computation was 8% (2020: 8%) per annum. The recoverable amount of the Group is RM58,414,000 (2020: RM48,712,000). As a result of the assessment, the Group recognised a reversal of impairment loss on vessels of RM11,747,000 (2020: impairment loss of RM3,737,000) for the financial year ended 31 December 2021. There is no reasonable possible change in the significant assumptions that would cause the assets to be further impaired or resulting in further reversal of impairment loss.

The value-in-use measurement was categorised as Level 3 fair value as defined in Note 2.30.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost		
At 1 January	**1,414,419**	1,439,774
Subscription of redeemable preference shares ("RPS")	**6,299**	–
Liquidation of a subsidiary	**(111)**	–
Translation difference	**54,170**	(25,355)
Unquoted shares, at cost	**1,474,777**	1,414,419
Less: Accumulated impairment loss		
At 1 January	**(1,176,956)**	(1,141,976)
Net reversal of impairment loss/(impairment loss)	**133,769**	(55,090)
Translation difference	**(45,105)**	20,110
At 31 December	**(1,088,292)**	(1,176,956)
At 31 December	**386,485**	237,463

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.

During the financial year, the Company subscribed to 375 units of RPS at USD4,000 per unit issued by a subsidiary, Velorum Shipping Pte Ltd, by capitalising the amount due from the subsidiary amounting to RM6,299,000.

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2021	Equity interest 2020	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
- Novel Bright Assets Limited [4]	BVI	**100%**	–	Investment holding
- Brilliant Star Shipping Pte Ltd [4]	Singapore	**100%**	–	Owner and operator of vessels

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Equity interest 2021	Equity interest 2020	Principal activities
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 vessels
- Molek Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of vessels
- Manis Shipping Pte Ltd [3][4]	Singapore	**100%**	100%	Owner and operator of vessels
- Sejahtera Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of vessels
- Padu Shipping Pte Ltd [3][4]	Singapore	**100%**	100%	Owner and operator of vessels
- Kekal Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of vessels
- Kukuh Shipping Pte Ltd [1]	Singapore	**100%**	100%	Owner and operator of vessels
Alam Budi Sdn Bhd [2]	Malaysia	**100%**	100%	Owner and operator of vessels
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
[4] Not audited by Ernst & Young PLT or a member firm of Ernst & Young Global

Liquidation of subsidiaries
Bakti Shipping Pte Ltd, Pintar Shipping Pte Ltd and Bistari Shipping Sdn Bhd were liquidated during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. SUBSIDIARIES (CONT'D)

Acquisition of 50% equity interest in Novel Bright Assets Limited and its subsidiary ("NBAL")

On 21 June 2021, Lightwell Shipping Inc entered into a share purchase agreement to acquire the remaining 50% equity interest in NBAL for a total cash consideration of USD100 (equivalent to RM413). Following the acquisition, NBAL became a wholly-owned subsidiary of the Group.

(i) The fair values of the identifiable assets and liabilities of NBAL as at the date of acquisition were:

	RM
Assets	
Cash and bank balances	319,261
Liabilities	
Payables	(93,487)
Total identifiable net assets at fair value	225,774
Fair value of previously held interest	(112,887)
Gain on remeasurement of existing equity interest (Note 5)	(112,474)
Fair value of consideration transferred	413

(ii) Effect of acquisition on cash flows:

	RM
Fair value of consideration transferred	(413)
Cash and cash equivalents of subsidiary acquired	319,261
Net cash inflows on acquisition	318,848

(iii) Effect of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiary contributed the following revenue and profit for the year (net of tax):

	RM'000
Revenue	–
Profit for the year	17

If the acquisition had occurred on 1 January 2021, the consolidate results for the financial year ended 31 December 2021 would have been as follows:

	RM'000
Revenue	207,044
Profit for the year	195,237

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. JOINT VENTURES

	Group 2021 RM'000	Group 2020 RM'000
Unquoted shares, at cost	**39,786**	78,524
Share of post-acquisition profits or losses	**(46,542)**	(71,489)
Translation difference	**6,869**	9,497
	113	16,532
Liquidated during the year	**–**	(134)
	113	16,398
Derecognition	**(113)**	–
	–	16,398

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2021	Equity interest 2020	Principal activities
Novel Bright Assets Limited [1]	BVI	–	50%	Investment holding
- Brilliant Star Shipping Pte Ltd [1]	Singapore	–	50%	Owner and operator of vessels

[1] Not audited by Ernst & Young PLT or a member firm of Ernst & Young Global

During the year, the Group acquired the remaining equity interests in these joint ventures which became subsidiaries of the Group as disclosed in Note 14.

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

	2021 RM'000	2020 RM'000
Total assets	**–**	32,988
Total liabilities	**–**	192
Revenue	**–**	12,094
(Loss)/profit for the year	**(8)**	2,384
Dividends received from joint ventures during the year	**16,716**	–

16. CONSUMABLE STORES

Consumable stores are stated at cost.

Consumable stores of the Group and the Company of RM13,491,000 (2020: RM22,028,000) and RM9,582,000 (2020: RM8,613,000) respectively were charged to income statements during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. RECEIVABLES AND OTHER CURRENT ASSETS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Trade receivables:				
- third parties	**8,156**	16,131	**128**	6,315
- related parties	**–**	1,454	**–**	–
	8,156	17,585	**128**	6,315
Less: Provision for expected credit losses Third parties:				
At 1 January	**(1,724)**	(1,755)	**–**	–
Translation difference	**(66)**	31	**–**	–
At 31 December	**(1,790)**	(1,724)	**–**	–
Trade receivables, net (Note 4)	**6,366**	15,861	**128**	6,315
Tax recoverable	**636**	473	**406**	269
Deposits (refundable)	**120**	119	**83**	83
Prepayments	**1,928**	2,001	**627**	919
Other receivables	**1,756**	4,278	**165**	102
Amounts due from related parties	**649**	809	**804**	1,200
	11,455	23,541	**2,213**	8,888

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.

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Past due less than 6 months not impaired	**6,149**	14,347	**128**	5,098
Past due over 6 months not impaired	**217**	1,514	**–**	1,217
Impaired	**1,790**	1,724	**–**	–
	8,156	17,585	**128**	6,315

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 4 (2020: 3) and 1 (2020: 1) customers respectively, representing 84% (2020: 63%) and 100% (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Amounts due from subsidiaries	**703**	11,543
Less: Accumulated impairment losses	**(35)**	(11,294)
	668	249
Amounts due to subsidiaries	**100,614**	100,216

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 a reversal of impairment loss on amounts due from subsidiaries of RM11,692,000 (2020: impairment loss of RM11,285,000) for the financial year ended 31 December 2021.

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 (2020: less than 31 days) with weighted average interest rate of 1.70% (2020: 1.26%) and 1.70% (2020: 1.72%) per annum respectively.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

As at the reporting date, the carrying amount of leasehold property reclassified as held for sale is as follows:

	Group	
	2021 RM'000	2020 RM'000
Vessel	**–**	50,257
Leasehold property	**6,945**	–
	6,945	50,257

	Company	
	2021 RM'000	2020 RM'000
Leasehold property	**6,945**	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. SHARE CAPITAL

	Number of ordinary shares 2021 ('000)	Number of ordinary shares 2020 ('000)	2021 RM'000	2020 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.

23. PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	**2,194**	359	**260**	15
Accruals	**8,643**	12,816	**5,274**	3,833
Due to ship managers and agents:				
- related parties	**102**	2,243	**–**	–
Amounts due to related parties	**3,705**	4,744	**415**	927
Other payables	**1,189**	2,022	**164**	588
	15,833	22,184	**6,113**	5,363

Trade payables generally have average credit terms of 30 to 90 (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. BORROWINGS

	Group	
	2021	**2020**
	RM'000	**RM'000**
Term loans - secured	**65,908**	237,344
Repayable within 12 months	**(6,806)**	(87,317)
Repayable after 12 months	**59,102**	150,027

Maturity of borrowings is analysed as follows:

Within 1 year	**6,806**	87,317
Between 1 and 5 years	**27,294**	77,231
More than 5 years	**31,808**	72,796
	65,908	237,344

The borrowings are denominated in the following currencies:

	Group	
	2021	**2020**
	RM'000	**RM'000**
United States Dollar	**65,908**	237,344

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

The borrowings bear interest at a weighted average rate of 2.24% (2020: 3.02%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At 1 January	**111,849**	204,941	**405**	–
Addition	**20,528**	441	**–**	441
Accretion of interest (Note 6)	**3,466**	7,582	**14**	15
Payment of lease liabilities	**(62,105)**	(94,566)	**(88)**	(51)
Offhire claim from owner (Note 5)	**(541)**	(5,817)	**–**	–
Lease modification	**(2,169)**	(1,373)	**–**	–
Translation difference	**3,166**	570	**–**	–
Others	**–**	71	**–**	–
At 31 December	**74,194**	111,849	**331**	405
Repayable within 12 months	**43,686**	59,242	**76**	74
Repayable after 12 months	**30,508**	52,607	**255**	331
	74,194	111,849	**331**	405

The following are amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Income from subleasing right-of-use assets	**51,355**	42,858	**–**	–
Lease modification (Note 5)	**1,179**	166	**–**	–
Offhire claim from owner (Note 5)	**541**	5,817	**–**	–
Depreciation of right-of-use assets (Note 6)	**27,404**	62,521	**75**	68
Interest expense on lease liabilities (Note 6)	**3,466**	7,582	**14**	15
Expense relating to leases of low-value assets (included in administration expenses)	**9**	11	**7**	7

The Group and the Company had total cash outflows for leases of RM62,655,000 (2020: RM100,394,000) and RM95,000 (2020: RM58,000) respectively for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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	
	2021	**2020**
	RM'000	**RM'000**
Current		
Hedging derivatives		
Cash flow hedge		
Interest rate swap	**(522)**	(319)
Non-current		
Hedging derivatives		
Cash flow hedge		
Interest rate swap	**(314)**	(3,016)

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 2 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 (expenses)/income, net". During the financial year, loss on cash flow hedges amounting to RM267,000 was recycled from other comprehensive income to the income statement of the Group. The notional amount is included in Note 30(b).

27. COMMITMENTS

		Group	
		2021	**2020**
		RM'000	**RM'000**
(a)	Operating lease commitments - as lessor		
	Due within 1 year	**23,007**	–
(b)	Contract of affreightment (COA)		
	Due within 1 year	**22,230**	21,410
	Due later than 1 year and not later than 5 years	**88,981**	85,697
	Due later than 5 years	**103,781**	121,360
		214,992	228,467

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions with companies in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charter hire income	**50,471**	50,789	**–**	–
Commercial fee	**816**	545	**–**	–
Income from shared services	**315**	129	**315**	129
Rental income	**–**	100	**–**	100
	51,602	51,563	**315**	229
Expenditure incurred:				
Commercial fee	**9,310**	7,104	**1,218**	1,065
Dry docking cost	**1,760**	464	**–**	–
Shared services cost	**3,998**	3,154	**701**	740
Management fee	**1,252**	1,664	**–**	–
Crewing agents fee	**206**	367	**127**	128
Commission on disposal of vessels	**2,783**	857	**–**	–
Procurement fee	**228**	541	**228**	233
Share registration fee	**12**	12	**12**	12
Supervision fee	**402**	–	**140**	–
	19,951	14,163	**2,426**	2,178

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with joint ventures				
Income earned:				
Accounting fee	–	304	–	304
	–	304	–	304

	Company	
	2021	**2020**
	RM'000	**RM'000**
Transactions with subsidiaries		
Income earned:		
Income from shared services	**742**	659
Rental income	–	10
	742	669
Expenditure incurred:		
Management fee	**208**	212

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

29. 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 practiced.

Major customers

Revenue from four major customers (2020: two) amounted to RM130,951,000 (2020: RM69,900,000) represents 63% (2020: 40%) of the total revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. 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 2021, the Group has interest rate swap agreements with notional amounts totalling USD11,803,000 (2020: USD25,978,000) whereby it receives variable rates equal to LIBOR and pays fixed rate between 2.610% and 3.045% (2020: 2.565% and 3.045%) per annum on the notional amounts.

<u>Sensitivity analysis for interest rate risk</u>

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 profit after tax (2020: loss after tax) would have been RM120,000 (2020: RM542,000) lower/higher (2020: 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
(CONT'D)

30. 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 2021				
Payables and other liabilities	**15,833**	**–**	**–**	**15,833**
Borrowings	**8,552**	**31,833**	**32,187**	**72,572**
Lease liabilities	**45,955**	**32,623**	**–**	**78,578**
Derivative financial liabilities	**522**	**314**	**–**	**836**
	70,862	**64,770**	**32,187**	**167,819**
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

	Within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Company			
At 31 December 2021			
Payables and other liabilities	**6,113**	**–**	**6,113**
Lease liabilities	**87**	**270**	**357**
Amounts due to subsidiaries	**100,614**	**–**	**100,614**
	106,814	**270**	**107,084**
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

The Company's maximum potential liability under corporate guarantees amounted to RM66,273,000 (2020: RM238,242,000) as of 31 December 2021. The corporate guarantees were provided in respect of the borrowings of its subsidiaries. No liability is expected to arise.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. 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 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.

31. 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 2021 was 0.30:1 (2020: 1.27:1).

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 2021 and 2020.

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

32. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. 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	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Financial assets at amortised cost:				
Trade and other receivables	**8,891**	21,067	**1,180**	7,700
Short term deposits	**18,000**	20,329	**15,800**	13,300
Cash and bank balances	**189,174**	18,557	**14,788**	1,725
Amounts due from subsidiaries	**–**	–	**668**	249
	216,065	59,953	**32,436**	22,974
Financial liabilities carried at amortised cost:				
Borrowings	**65,908**	237,344	**–**	–
Lease liabilities	**74,194**	111,849	**331**	405
Payables and other liabilities	**15,833**	22,184	**6,113**	5,363
Amounts due to subsidiaries	**–**	–	**100,614**	100,216
	155,935	371,377	**107,058**	105,984
Financial liability carried at fair value through other comprehensive income:				
Derivative financial liabilities	**836**	3,335	**–**	–

33. SIGNIFICANT SUBSEQUENT EVENT

A subsidiary, Kukuh Shipping Pte Ltd signed a Memorandum of Agreement on 18 March 2022 to dispose off its vessel to a third party for a net consideration of approximately RM158 million.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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 2021	**237,344**	**111,849**	**3,335**	**352,528**
Cash flows:				
- Repayment/payment	**(181,312)**	**(59,180)**	**–**	**(240,492)**
- Finance costs paid	**(6,863)**	**(3,466)**	**–**	**(10,329)**
Non-cash changes:				
- Addition	**–**	**20,528**	**–**	**20,528**
- Finance costs	**7,122**	**3,466**	**–**	**10,588**
- Changes in fair values	**–**	**–**	**(2,605)**	**(2,605)**
- Lease modification	**–**	**(2,169)**	**–**	**(2,169)**
- Others	**320**	**–**	**–**	**320**
- Translation difference	**9,297**	**3,166**	**106**	**12,569**
At 31 December 2021	**65,908**	**74,194**	**836**	**140,938**
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
Company			
At 1 January 2021	**–**	**405**	**405**
Cash flows:			
- Repayment/payment	**–**	**(74)**	**(74)**
- Finance costs paid	**(284)**	**(14)**	**(298)**
Non-cash changes:			
- Finance costs	**314**	**14**	**328**
- Others	**(20)**	**–**	**(20)**
- Translation difference	**(10)**	**–**	**(10)**
At 31 December 2021	**–**	**331**	**331**
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

LIST OF PROPERTIES HELD

Address/Description	Existing Use/ Approximate Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @ 31.12.2021 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	24 Years	1,726
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	24 Years	1,746
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	24 Years	1,726
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	24 Years	1,747

Note:
All properties were acquired on 12 July 2001.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2022

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	747	4.38	21,147	0.00
100 - 1,000	1,906	11.16	1,355,787	0.14
1,001 - 10,000	8,985	52.63	43,558,256	4.36
10,001 - 100,000	4,629	27.11	154,811,711	15.48
100,001 to less than 5% of issued shares	804	4.71	315,638,099	31.56
5% and above of issued shares	2	0.01	484,615,000	48.46
	17,073	100.00	1,000,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Issued Shares	Direct Interest % of Issued Shares	Deemed Interest No. of Issued Shares	Deemed Interest % of Issued Shares
Pacific Carriers Limited (PCL)	344,615,000	34.46	–	–
PPB Group Berhad (PPB)	140,000,000	14.00	20,000	–
Kuok (Singapore) Limited [1]	–	–	344,615,000	34.46
Kuok Brothers Sdn Berhad [2]	–	–	140,020,000	14.00

Notes :

[1] *Deemed interest through its 100% direct interest in PCL*

[2] *Deemed interest through its 50.18% direct interest in PPB*

DIRECTORS' INTERESTS IN SHARES

Name of Directors	Direct Interest No. of Issued Shares	Direct Interest % of Issued Shares	Deemed Interest No. of Issued Shares	Deemed Interest % of Issued Shares
Dato' Mohd Zafer Bin Mohd Hashim	–	–	–	–
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	–	–	–	–

Note :

[1] *Deemed interest through family member*

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THE THIRTY LARGEST SHAREHOLDERS
(As per Record of Depositors as at 31 March 2022)

	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.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Yee Hui (KLC/KEN)*	7,950,000	0.80
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	5,000,000	0.50
6.	Goh Cheah Hong	4,891,000	0.49
7.	Public Invest Nominees (Asing) Sdn Bhd *Pledged Securities Account for Muhamad Aloysius Heng (M)*	4,504,600	0.45
8.	Chin Chin Seong	4,220,800	0.42
9.	Muhamad Aloysius Heng	4,179,000	0.42
10.	Universal Trustee (Malaysia) Berhad *For KAF Tactical Fund*	4,075,000	0.41
11.	Cartaban Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad for KAF Vision Fund*	3,875,000	0.39
12.	KAF Trustee Berhad *KIFB For Lagmuir Holdings Ltd*	3,000,000	0.30
13.	Ong Beng Kee	2,615,000	0.26
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ker Foon Loo*	2,611,000	0.26
15.	Low Chu Mooi	2,593,700	0.26
16.	Gan Kok Keng	2,300,000	0.23
17.	Chang Yee Fong	2,250,000	0.23
18.	Lee Phei Ying	2,243,800	0.22
19.	Kerajaan Negeri Pahang	2,153,850	0.22
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeoh Ooi Chat (E-BBB/BBA)*	2,100,000	0.21
21.	Key Development Sdn Berhad	2,049,300	0.20
22.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for TNTT Realty Sdn Bhd*	2,020,900	0.20
23.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Credit Suisse (SG BR-TST-Asing)*	2,000,000	0.20
24.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Le Wee Yap*	1,885,200	0.19
25.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Le Wee Tack*	1,844,700	0.18
26.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee See Kwan (AL0089)*	1,800,000	0.18
27.	Universal Trustee (Malaysia) Berhad *For KAF Core Income Fund*	1,732,000	0.17
28.	Kah Hin Loong Sdn Bhd	1,730,250	0.17
29.	Gan Teng Siew Realty Sdn Berhad	1,700,000	0.17
30.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Kim Jhew (E-TMI)*	1,699,300	0.17
Total		**568,714,400**	**56.87**

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 2021 are set out below :

	Company RM	Group RM
Fees paid/payable to Ernst & Young PLT		
• Audit	121,500	361,000
• Non-Audit	10,000	10,000
	131,500	371,000

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 2021 or entered into during the financial year ended 31 December 2021 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 28 to the financial statements on page 101 to 102.

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 2021, 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-Third Annual General Meeting ("33rd AGM") of Malaysian Bulk Carriers Berhad ("MBC" or "the Company") will be conducted on a 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, 30 May 2022 at 2.00 p.m. (Malaysia time) for the following purposes:

AS ORDINARY BUSINESS

(1) To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**

(2) To re-elect Mr Hor Weng Yew who retires by rotation in accordance with Article 121 of the Company's Constitution and who being eligible offer himself for re-election. **Resolution 1**

Mr Tay Beng Chai who also retires by rotation in accordance with Article 121 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retire at the conclusion of the Annual General Meeting.

(3) To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 2**

(4) To approve payment of Directors' fees of RM516,247 for the financial year ended 31 December 2021. **Resolution 3**

(5) To approve payment of meeting allowances to the Directors up to an amount of RM94,000 for the period from 1 July 2022 to 30 June 2023. **Resolution 4**

AS SPECIAL BUSINESS

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

(6) **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 5**

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(7) **Ordinary Resolution**
Renewal of 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 29 April 2022, 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 6

(8) 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

29 April 2022
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes:

1. The 33rd AGM of the Company will be conducted on a 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://meeting.boardroomlimited.my**. Please refer to the **Administrative Guide for Shareholders for the 33rd 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 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://investor.boardroomlimited.com ("Submit eProxy Form"); 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 33rd AGM**.

9. Only depositors whose names appear in the Record of Depositors as at 23 May 2022 (General Meeting Record of Depositors) shall be regarded as members of the Company and entitled to attend, speak and vote at the 33rd AGM.

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.

2. Re-election of Mr Hor Weng Yew

In deliberating the re-election of the retiring Director, the Nomination & Remuneration Committee ("NRC") had taken into consideration the performance and contribution of Mr Hor Weng Yew based on the outcome of the annual Board assessment conducted for financial year 2021 and the criteria prescribed by Paragraph 2.20A of Main Market Listing Requirements of Bursa Securities on the qualification of Directors.

On the recommendation of NRC, the Board is satisfied with his performance and contributions and supports his re-election.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

2. Re-election of Mr Hor Weng Yew (Cont'd)

Mr Hor Weng Yew shows exemplary leadership in building businesses and creating value, he has contributed significantly to the Group by providing valuable inputs and steered the Group forward in the past years with notable achievements during his tenure as Chief Executive Officer of the Company.

The profile of Mr Hor Weng Yew who is standing for re-election under Agenda item no. 2 is set out in the Board of Directors' profile of the Annual Report.

3. Payment of Directors' fees

Payment of Directors' fees under Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

Details of the Directors' fees for the financial year ended 31 December 2021 are set out in the Corporate Governance Overview Statement of this Annual Report and Corporate Governance Report 2021.

4. Payment of Meeting Allowances

The Company has considered various factors in determining the estimated total amount of meeting allowances, which includes the number of scheduled and special meetings for the Board, Board Committees and based on the current number of Directors as well as provisional sum as a contingency for future appointment on the Board and increase in the number of Board and Board Committees meetings.

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 Ordinary Resolution 5, if passed, 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 Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 6, 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 29 April 2022.

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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-Third Annual General Meeting ("33rd AGM") of the Company to be conducted on a 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, 30 May 2022 at 2.00 p.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 shareholding 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 Hor Weng Yew who is retiring pursuant to Article 121 of the Company's Constitution		
2	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise Directors to fix their remuneration		
3	To approve payment of Directors' fees of RM516,247 for the financial year ended 31 December 2021		
4	To approve payment of meeting allowances to the Directors up to an amount of RM94,000 for the period from 1 July 2022 to 30 June 2023		
5	To authorise the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6	To approve the renewal of shareholders' mandate for recurrent related party transactions		

(Please indicate with an "X" in the space provided 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___________________2022   Signature of Shareholder:_____________________________

Notes:

1. The 33rd AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities which are made available on the online portal of Boardroom Share Registrars Sdn. Bhd. at **https://meeting.boardroomlimited.my**. Please refer to the **Administrative Guide for Shareholders for the 33rd AGM** on the procedures to register, participate and vote remotely via the RPEV facilities.
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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.
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6. Where a member is an exempt authorised nominee which holds 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://investor.boardroomlimited.com ("Submit eProxy Form"); 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 33rd AGM**.
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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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